

# Interim Financial Report

## RAC Finance Limited

For the year ended 31 December 2024



**For the better**

**RAC Finance Limited**

ABN 77 009 066 862  
Australian Credit Licence 387972

# **RAC Finance Limited**

ABN 77 009 066 862

## **Interim Financial Report for the half-year ended 31 December 2024**

**RAC Finance Limited** ABN 77 009 066 862  
**Interim financial report - 31 December 2024**

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## Directors' report

Your Directors present their report on RAC Finance Limited ("the company") for the half-year ended 31 December 2024.

### Directors

The following persons held office as Directors of RAC Finance Limited during the financial period and up to the date of this report unless otherwise stated:

Jim Walker (Chair)  
Andrew Crane  
Yasmin Broughton  
Jacqueline Ronchi  
Timothy Shanahan  
Dalton Gooding  
Vicki Robinson  
Robert Slocombe (Executive Director, Group Chief Executive Officer)

### Review of operations

The entity's profit after tax for the half-year ended 31 December 2024 was \$2,977,987 (2023: \$2,299,092).

Market and economic conditions for the car loan and property development finance were stable during the half-year, with the company's focus to maintain liquidity and a conservative credit risk profile. The company made a profit before income tax of \$4,254,267 (2023: \$3,284,417), increasing from the prior half-year mainly driven by higher interest revenue.

This report is made in accordance with a resolution of Directors.



Jim Walker  
Chair

Perth, W.A.  
18 February 2025

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**RAC Finance Limited**  
**Income statement**  
**For the half-year ended 31 December 2024**

	Notes	31 December 2024 \$	31 December 2023 \$
<b>Revenue</b>			
Interest revenue		18,867,216	16,359,716
Interest expense		<u>(8,789,363)</u>	<u>(6,998,627)</u>
<b>Net interest income</b>		<b>10,077,853</b>	<b>9,361,089</b>
Other income	1	271,731	265,640
<b>Expenses</b>			
Management fees		(1,965,537)	(1,567,450)
Depreciation and amortisation expense	2	(22,652)	(29,615)
Other operating expenses		(898,633)	(987,931)
Advertising		(547,788)	(695,395)
Employee benefits expense	2	(2,105,355)	(2,675,120)
Credit loss expense		(88,427)	(19,983)
Expected credit loss expense movement	5(a)	(19,863)	(7,365)
Commissions and fees		(347,894)	(252,407)
Borrowing costs	2	<u>(99,168)</u>	<u>(107,046)</u>
<b>Profit before income tax</b>		<b>4,254,267</b>	<b>3,284,417</b>
Income tax expense		<u>(1,276,280)</u>	<u>(985,325)</u>
<b>Profit for the period</b>		<b>2,977,987</b>	<b>2,299,092</b>
Profit is attributable to:			
Owner of RAC Finance Limited		<b>2,977,987</b>	<b>2,299,092</b>

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

**RAC Finance Limited**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2024**

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Profit for the period</b>	<b>\$ 2,977,987</b>	<b>\$ 2,299,092</b>
Total comprehensive income for the period is attributable to:		
Owner of RAC Finance Limited	<u><b>2,977,987</b></u>	<u><b>2,299,092</b></u>
	<u><b>2,977,987</b></u>	<u><b>2,299,092</b></u>

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

**RAC Finance Limited**  
**Balance sheet**  
**As at 31 December 2024**

	Notes	31 December 2024 \$	30 June 2024 \$
<b>ASSETS</b>			
Cash and cash equivalents	3	19,123,455	21,800,872
Other financial assets	6	6,054,953	2,008,860
Trade and other receivables		3,963	3,078
Loans and advances	5	396,083,558	401,056,894
Deferred tax assets		640,469	711,470
Property, plant and equipment		16,798	21,480
Intangible assets		56,368	68,235
Other assets		54,780	118,256
<b>Total assets</b>		<b>422,034,344</b>	<b>425,789,145</b>
<b>LIABILITIES</b>			
Trade and other payables	4	10,454,562	10,102,520
Interest bearing loans and borrowings	8	350,368,202	353,448,692
Provisions		495,648	499,988
<b>Total liabilities</b>		<b>361,318,412</b>	<b>364,051,200</b>
<b>Net assets</b>		<b>60,715,932</b>	<b>61,737,945</b>
<b>EQUITY</b>			
Contributed equity	9	30,000,000	30,000,000
Retained earnings	10	30,715,932	31,737,945
<b>Total equity</b>		<b>60,715,932</b>	<b>61,737,945</b>

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



**RAC Finance Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2024**

	Notes	Contributed Equity \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2023</b>		30,000,000	36,723,841	66,723,841
Profit for the year		-	2,299,092	2,299,092
Dividends provided for or paid	11	-	(5,000,000)	(5,000,000)
		-	(2,700,908)	(2,700,908)
<b>Balance at 31 December 2023</b>		<b>30,000,000</b>	<b>34,022,933</b>	<b>64,022,933</b>
		-	-	-
	Notes	Contributed Equity \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2024</b>		30,000,000	31,737,945	61,737,945
Profit for the year		-	2,977,987	2,977,987
Dividends provided for or paid	11	-	(4,000,000)	(4,000,000)
		-	(1,022,013)	(1,022,013)
<b>Balance at 31 December 2024</b>		<b>30,000,000</b>	<b>30,715,932</b>	<b>60,715,932</b>

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

**RAC Finance Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2024**

	Notes	31 December 2024 \$	31 December 2023 \$
<b>Cash flows from operating activities</b>			
Interest and other operating income from customers		18,351,091	15,940,896
Interest received from deposits		710,242	745,725
Interest payments		(9,019,176)	(6,930,229)
Recoveries on loans previously written off		7,387	24,069
Cash payments to employees and suppliers		(6,406,615)	(5,675,291)
Customer loans advanced		(117,159,939)	(127,315,436)
Customer loan repayments received		121,972,280	120,540,486
Proceeds from borrowings		37,222,487	30,555,769
Repayment of borrowings		(40,302,978)	(43,878,167)
Income taxes paid		-	(1,002,678)
<b>Net cash inflow/(outflow) from operating activities</b>	3(a)	<u>5,374,779</u>	<u>(16,994,856)</u>
<b>Cash flows from investing activities</b>			
Payments for intangible assets		-	(4,756)
Payments for property, plant and equipment		(6,103)	(6,665)
(Payments)/proceeds from other financial assets		<u>(4,046,093)</u>	<u>5,977,243</u>
<b>Net cash (outflow)/inflow from investing activities</b>		<u>(4,052,196)</u>	<u>5,965,822</u>
<b>Cash flows from financing activities</b>			
Dividends paid to parent entity	11	<u>(4,000,000)</u>	<u>(5,000,000)</u>
<b>Net cash outflow from financing activities</b>		<u>(4,000,000)</u>	<u>(5,000,000)</u>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial period		21,800,872	27,414,563
<b>Cash and cash equivalents at end of period</b>	3	<u>19,123,455</u>	<u>11,385,529</u>

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

## Notes to the financial statements

### About this report

#### (a) General Information

These interim financial statements are for RAC Finance Limited ("the company") which provides financial services to members of The Royal Automobile Club of W.A. (Incorporated) and the public through a distribution network in Australia. RACWA Holdings Pty Ltd is the immediate parent of RAC Finance Limited.

The registered office of RAC Finance Limited is located at:

832 Wellington Street  
West Perth W.A. 6005

#### (b) Basis of preparation (interim report)

This condensed interim report for the half-year reporting period ended 31 December 2024 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

This condensed interim report does not include all the notes of the type normally included in an annual financial report, and should be read in conjunction with the 30 June annual report.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Some prior year numbers have been reclassified to ensure consistency with current year presentation.

#### (c) Changes in accounting policy

Since 1 July 2024, the company has adopted all applicable new Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2024. The adoption of these Standards and Interpretations had no material effect on the financial position or performance of the company.

#### (d) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

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## Performance

This section provides additional information about the individual line items in the company statement of profit or loss that the directors considers most relevant in the context of the operations of the company.

### 1 Other income

	31 December 2024	31 December 2023
	\$	\$
Fees and commissions	264,344	241,571
Bad debts recovered	7,387	24,069
	<u>271,731</u>	<u>265,640</u>

### 2 Expenses

	31 December 2024	31 December 2023
	\$	\$
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Depreciation</i>		
Office machines and equipment	7,170	8,215
Motor vehicles	3,615	3,615
Total depreciation	<u>10,785</u>	<u>11,830</u>
<i>Amortisation</i>		
Intangibles	<u>11,867</u>	<u>17,785</u>
<i>Finance costs</i>		
Borrowing and finance charges paid / payable	<u>99,168</u>	<u>107,046</u>
<i>Employee benefits expenses</i>		
Wages and salaries	1,765,652	2,309,768
Workers' compensation costs	759	13,930
Defined contribution superannuation expense	216,157	222,598
Payroll tax	122,787	128,824
Total employee benefits expenses	<u>2,105,355</u>	<u>2,675,120</u>

## Liquidity, working capital and other operating balances

This section provides information about the working capital and other operating balances of the company and the ability of the company to convert its operating performance into cashflows.

### 3 Assets - Cash and cash equivalents

	31 December 2024	30 June 2024
Cash and cash equivalents	\$ 19,123,455	\$ 21,800,872

#### (a) Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

	31 December 2024	31 December 2023
Profit for the period	\$ 2,977,987	\$ 2,299,092
Depreciation and amortisation	22,652	29,615
Allowance for expected credit losses	19,863	7,365
Credit loss expense	88,427	19,983
Change in operating assets and liabilities:		
(Decrease)/increase in employee entitlements	(4,340)	18,935
(Increase)/decrease in other assets	(6,751)	83,629
(Decrease)/increase in accrued interest payable	(229,813)	68,398
(Decrease)/increase in trade and other payables	(623,424)	316,016
Increase in amount payable to head entity under tax funding agreement	1,205,280	19,514
Decrease/(increase) in loans and advances	4,934,387	(6,498,137)
Decrease in borrowings	(3,080,490)	(13,322,399)
Decrease/(increase) in deferred tax assets	71,001	(36,867)
Net cash Inflow/(outflow) from operating activities	<u>5,374,779</u>	<u>(16,994,856)</u>

**4 Liabilities - Trade and other payables**

	<b>31 December 2024</b>	<b>30 June 2024</b>
	\$	\$
Trade payables	139,152	394,527
Accrued Interest	6,865,376	7,095,189
Amounts due to related parties	840,738	955,804
Accrued expenses	590,365	843,349
Payable to controlling entity under tax funding agreement	2,018,931	813,651
	<u>10,454,562</u>	<u>10,102,520</u>

The carrying amount of trade and other payables excluding amount due to related parties approximates its fair value and is non interest bearing. Repayment is expected to occur within 30 days, except for amounts due to related parties which is at call, and payable to the controlling entity under the tax funding agreement, which is 12 months.

## Investments

This section provides information about the assets used to generate the revenues and other income of the company.

### 5 Assets - Loans and Advances

	31 December 2024	30 June 2024
Term Loans	\$ 397,281,801	\$ 402,228,276
Unearned Income	(797,281)	(790,283)
Allowance for expected credit losses	5(a) (400,962)	(381,099)
Net loans and advances	<u>396,083,558</u>	<u>401,056,894</u>

#### (a) Allowance for expected credit losses

	31 December 2024	30 June 2024
Opening balance	\$ (381,099)	\$ (433,298)
Expected credit losses	(19,863)	52,199
	<u>(400,962)</u>	<u>(381,099)</u>

Allowance for expected credit loss has increased in the current period as a result of an increase in hardship loans.

### 6 Assets - Other financial assets

	31 December 2024	30 June 2024
Other financial assets	\$ 6,054,953	\$ 2,008,860

Other financial assets consist of term deposits held to their maturity within three to six months and carry an average fixed interest rate of 4.92% (2023: 4.80%). The deposits are carried at amortised cost. Due to the short term nature of the other financial assets, their carrying amount is considered to approximate their fair value.



## 7 Assets - Fair Values

The fair values and carrying values of financial assets of the company are as follows:

	31 December 2024		30 June 2024	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Cash	19,123,455	19,123,455	21,800,872	21,800,872
Other financial assets	6,054,953	6,054,953	2,008,860	2,008,860
Other receivables	3,963	3,963	3,078	3,078
Loans and advances - Real estate	89,393,433	89,390,603	93,229,161	93,229,161
Loans and advances - Consumer	307,092,665	291,511,740	308,208,298	290,988,522

The carrying amounts for cash and other receivables approximate fair value. The fair values of loans and advances are estimated using a discounted cash flow analysis, based on current lending rates for similar types of lending arrangements ranging from 10.38% to 10.90% (2023: 10.23% to 10.90%).

For the purpose of fair value disclosure under *AASB 13 Fair Value Measurement*, the loans would be categorised as a level 2 asset where the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

## Capital

This section provides additional information on how the company funds the assets of the business through debt and equity (the capital structure).

### 8 Liabilities - Interest bearing loans and borrowings and fair values

	At 31 December 2024		At 30 June 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Investment Notes	<u>350,368,202</u>	<u>350,699,533</u>	<u>353,448,692</u>	<u>353,570,429</u>

None of the classes are readily traded on organised markets in standardised form.

The fair values of investment notes are estimated using discounted cash flow analysis, based on current borrowing rates for similar types of borrowing arrangements ranging from 4.50% to 4.95% (2023: 4.60% to 5.00%).

For the purposes of fair value disclosure under *AASB 13 Fair Value Measurement*, the investment notes would be categorised as a level 2 liability where the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

### 9 Contributed equity

	31 December 2024	30 June 2024	31 December 2024	30 June 2024
	Shares	Shares	\$	\$
<b>Ordinary shares</b>				
Issued and paid up capital	<u>60,000,000</u>	<u>60,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>

### 10 Retained Earnings

Movements in retained earnings were as follows:

	Notes	31 December 2024	30 June 2024
Opening balance		\$ 31,737,945	\$ 36,723,841
Net profit for the period		2,977,987	5,014,104
Dividends paid	11	(4,000,000)	(10,000,000)
Closing balance		<u>30,715,932</u>	<u>31,737,945</u>

## **11 Dividends**

### **(a) Ordinary shares**

\$4,000,000 of dividends were paid during the half-year ended 31 December 2024 (2023: \$5,000,000).

## **Unrecognised items**

This section of the notes provides information about items that are not recognised in the financial statement, but could potentially have a significant impact on the company's financial position and performance.

## **12 Contingencies**

### **(a) Contingent liabilities**

The company had no contingent liabilities at 31 December 2024 (2023: nil).

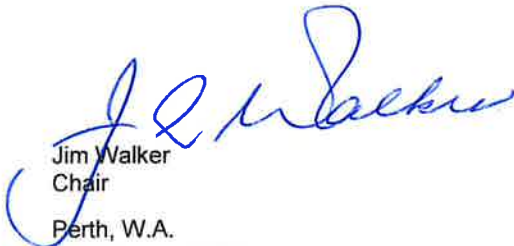
## **13 Events occurring after the reporting period**

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial periods.

**Directors' declaration**

- (a) the financial statements and notes set out on pages 2 to 17 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date, and
- (b) at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Jim Walker  
Chair  
Perth, W.A.  
18 February 2025



**Shape the future  
with confidence**

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## **Auditor's independence declaration to the directors of RAC Finance Limited**

As lead auditor for the review of the half-year financial report of RAC Finance Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'J K Newton' in a cursive style.

J K Newton  
Partner  
18 February 2025



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## **Independent auditor's review report to the members of RAC Finance Limited**

### **Conclusion**

We have reviewed the accompanying half-year financial report of RAC Finance Limited (the Company), which comprises the balance sheet as at 31 December 2024, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### **Directors' responsibilities for the half-year financial report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'J K Newton' in a cursive style.

J K Newton  
Partner  
Perth  
18 February 2025