2023–24

RACV Annual Report

Corporate Governance Statement:

The Board of Directors of Royal Automobile Club of Victoria (RACV) Limited ("RACV") is responsible for the corporate governance of the RACV and its subsidiaries (the Group).

The Corporate Governance Statement outlines the principal corporate governance practices and policies that the Board has established to ensure that the interests of members are protected. RACV's detailed 2024 Corporate Governance Statement is available on our website at **www.racv.com.au/ourbusiness**

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President and Chairman’s Report

Geoffrey O Cosgriff

On behalf of the RACV Board of Directors, I am pleased to present the Chairman’s Report for the 2023 - 2024 financial year. RACV had a good year financially and once again made considerable progress in our chosen strategic areas of Motoring, Home and Energy and Leisure. The solid profit performance allowed us to significantly increase our financial support to Members with a range of cost of living initiatives. We also ramped up our efforts in service improvements, notably through our online channels.

RACV reported an after tax profit of $157.0 million, which once again enabled us to strengthen our balance sheet to help cater for future natural perils events impacting our Members. During FY24 we serviced over 194,000 insurance claims valued at over $1.7 billion.

The key drivers of our financial results in FY24 were:

1. A record year for our Leisure business with revenue from Club and Resorts up by $25.6 million, representing a 13.7% year on year increase. Discounts to Members in this business increased from $24.7m in FY23 to $28m in FY24.

2. Income of $134.1 million from our Associate investments which includes our share of profits from our insurance joint-venture with Insurance Manufacturers of Australia (IMA), Club Assist (subsidiary of Club Assets), Repairhub and Australian Motoring Services (AMS).

3. Global equities and bond markets led to an increase in trust distributions of over 46.4% although the capital gain decreased by 27.3% year on year. The value of the investment portfolio grew by 3.1% year on year to $544.6 million.

4. Completion of our redevelopment at Noble Park, and an uplift in revenue per available room of leisure properties, led to a $28.8 million (2.8%) increase in the fair value of our property assets.

In FY24 Insurance in all areas - Motor, Home and Travel saw a very challenging market. RACV has regrettably had to move prices up across the board given the inflationary pressures locally on labour and materials. In good news, this is finally seeing some easing, so we expect lower price increases this financial year.

Globally, and over the last two years, reinsurance costs have nearly doubled as capital markets have significantly reset given the higher climate risk settings. For RACV this has seen largely a flat outturn in Motor Insurance policies but with some growth in Home and Travel.

RACV provided numerous options to Members to help moderate the insurance price impacts as best we could. These included:

- A renewed focus on making sure Members were aware of our Multi Policy Discount (MPD) as this extra 10% discount when holding more than one qualifying product can provide good savings.
- Offering flexible insurance excess options to reduce premium amounts.
- No cancellation fees for insurance products, allowing members to swap providers easily without penalty.
- Providing clarity and information on Policy Coverage Options on Emergency Road Assistance (ERA) and Insurance – giving members the ability to access lower cost products that still provide good benefits.
- Pay by the month, or annually to help better manage spending, for each person's needs.
- Making sure that financial hardship support was and is available, and we enhanced our website and all communication channels to promote the availability of this. This included payment plans for Members under duress.

Away from Insurance, we also increased our efforts to ensure Members and customers were aware of all the discounts we have available. These included:

- Extra marketing of our cross-sell discounts, notably Multi Product.
- We moved to offering up to 50% discount on ERA and Emergency Home Assist (EHA) for new motor insurance customers.
- A significant expansion of our Member Benefit partners, particularly for everyday purchases, notably fuel. Our fuel offer with EG, the major Ampol partner, has seen over 400,000 Victorians access it and can provide up to 13 cents per litre discount.
- 487,000 Members used our benefits platform in FY24, nearly double the prior year allowing us to provide discounts to Members of $22 million. A record year.

For this current financial year, we plan to keep on offering all the above and to add to these options. You will see us advertise more about what we have available on discounts and we will further enhance our hardship provisions. For details of RACV's financial hardship support please refer to the following **www.racv.com.au/membership/assistance/financial-hardship**.

Insurance policies in force:	Motor	Home	Travel
FY24	1.16m	900k	93k
FY23	1.19m	879k	109k

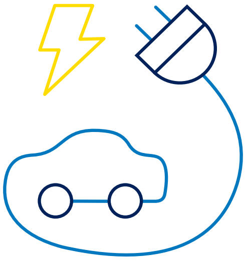
Motoring and Mobility

During this year our Emergency Roadside Assistance teams assisted Members with more than 813,000 call outs in Victoria.

Our Nationwide towing business continued to expand its footprint into other States, and we now have 160 vehicles (roadside and towing/transport) providing services to NRMA Insurance, NRMA Roadside, RACWA and other commercial customers. Nationwide is a business we think has great growth potential nationally including the provision of commercial car storage services, notably with EVs as this market develops.

The EV market had another strong year of growth, albeit with some global and local headwinds emerging during the year, but our investments in this space are about the medium to long term. There are numerous views on what the number of EVs will be at varying points in the future. The RACV view is that they will be a large part of the future fleet mix, and we are investing now so that we can play our role in assisting many drivers as they transition to EVs.

The arevo mobility app continued to be enhanced and saw an additional 138,000 downloads in FY24, with over 47,000 active monthly users, up from over 28,000 in FY23. Arevo is now a fully separate brand.



The EV market had another strong year of growth, albeit with some global and local headwinds emerging during the year.

Home and Energy

This year nearly 53,000 home emergencies were attended by our Emergency Home Assist Team, largely the same as in FY23.

We now have over 100,000 EHA customers, up by 2,000 from FY23. Our Trades product continued to grow and we did more than 19,000 jobs over FY24, a 49% increase year on year. In the last year we provided a service in Victorian homes every 6 minutes, 45 seconds. Whilst we grew versus FY23, our growth was somewhat hampered by the labour market challenges but we remain confident that both EHA and Trades will grow rapidly over the next few years.

Home Trades Hub Australia (HTHA) has been a 100% owned RACV company for just over 12 months and has continued to expand with a twofold focus. Firstly, it is the service delivery provider for all RACV Home Products (excluding Insurance which is managed by our IMA Joint Venture) which means we now have our own Home workforce management under one team. Secondly, it has some equity investments made by RACV which it manages on behalf of the Group. These include Before You Buy and Proptech Labs, both businesses providing digital services to customers on a national basis.

As was the case in FY23, our Solar business was affected by the rise in interest rates causing a slowdown in residential demand. Commercial demand was and remains good. We remain the biggest premium Solar installer in Victoria. As RACV's Solar service delivery team now sits within HTHA, it is well positioned along with all our other businesses in this space as a core asset to help with Australia's electrification journey. To this end, we are now confident in our electricity trial, Arcline by RACV, and you will see us promote this much more in FY25.

Leisure

The Leisure business had its best ever year. All sites, except the City Club, had their best or close to best years in terms of accommodation nights and overall demand.

413,000 room nights were booked across RACV, up from 351,000 in the prior year. Royal Pines continued to see significant upgrades and we also completed a refurbishment of our Hobart Apartment Hotel.

The City Club, as per FY23, remains the only property still seeing lower occupancy demand than before COVID-19, due to the changing demand patterns of the CBD. This being said, all our newer facilities, those built in the last five years, including Sojourn, Bourke Street Green, the Shared Workspace and the Wine Bar have seen very strong in day time demand meaning that more people are engaged with the City Club on a day to day basis.

The CBD of Melbourne continues to see different demand patterns, which are harder for many businesses to manage around. It has been sad to hear about some of the business failures driven by the lack of demand and higher cost inputs. RACV's view remains that cities and offices are very important to the social fabric of all our lives, and working in offices remains an integral part of what we expect from all our office-based staff. Most of our staff do not work in offices, they are out and about serving Members and customers on the road, in their homes and providing holiday experiences.

Supporting Victorians and Australians

Over the last 12 months RACV invested in and increased our support of a number of charities and foundations.

Yalari Educating Indigenous Children

Since 2005, Yalari has been providing Indigenous children from regional and remote communities across Australia the opportunity to receive a full boarding school scholarship for their entire secondary education.

GIVIT

GIVIT is a national not-for-profit that partners with local charities and organisations to connect those in need with generous donors, ensuring that Australians experiencing hardship receive the essential items and services they need, when they need them most. This saw RACV help donate over 170,000 individual items of goods in FY24.

Paralympics Australia

RACV Resorts has been a proud official partner of Paralympics Australia since February 2024, with a three-year partnership continuing over the 2026 Paralympic Winter Games in Milano-Cortina.

STREAT

STREAT is a social enterprise supporting young people in Melbourne. It runs a range of hospitality businesses that power youth programs, and where our trainees get valuable work experience.

We have also donated smaller more specific amounts to organisations such as The Royal Women's Hospital. We provided funding to The Royal Women's Hospital to fit out and lease a vehicle for three years to provide maternity services education across regional and rural Victoria to help them improve clinical outcomes for rural and regional women and their babies by training 477 midwives, nurses, urgent care and other medical services from 14 different locations across the State.

Focus on Yalari

The money granted to Yalari was used to provide driving lessons to Indigenous students from regional and remote communities across Australia. Equipped with training from professional instructors, these students developed into safer and more confident drivers, and obtained their driver's licences. We also partner with Yalari across our resorts, notably at Royal Pines, where we host all their major events and meetings.

RACV's Workplace Giving Program provides staff who wish to donate with choice on how much they give, when, and to whom. We take donations of $2 and above. This also links into staff volunteering and we saw just over 1,000 volunteer days completed in FY24. This outcome is facilitated by making volunteering days a compulsory part of some staff's objectives. By offering to match giving and focusing on volunteering, RACV has created pathways for staff to contribute to causes of importance in their teams and as individuals.

Member Engagement and Benefits

During the year, RACV provided Members with benefits of over $518 million through discounts - notably Years of Membership Benefit, Multi Policy Discounts, Resort discounts and discounts from benefit partners such as fuel.

This is an increase of over $106 million from FY23 and nearly double what we provided five years ago, reflecting the ongoing growth of our organisation and our continued focus on balancing growth with value for Members. This will continue to be a strong focus for RACV in FY25 and beyond.

Looking Back and Looking Forward

As this will be my last year as a Director of RACV and President and Chairman of the Board for the last five years, I thought it appropriate for me to share some reflections from my time and more importantly briefly look forward to what I think the future could hold for RACV.

When I joined the Board, we had 16 Directors. By this time next year we will have nine. This is an important change and has been well supported by Members in the two votes to achieve this. When appointing a Director, we now have a vigorous selection process run by an external recruitment firm and all Directors, including those standing for re-election, have to go through a comprehensive skills assessment process.

RACV is no longer the organisation I joined. It has expanded significantly and done this well. RACV has a much more national presence, a Home and Energy business, a range of equity investments in other companies and has significantly grown the businesses it had 12 years ago notably Resorts and Insurance.

RACV is now starting to leverage this into new digital products such as the RACV App which will be launched in the first half of FY25.

All of this has been done to make sure that RACV is a strong company for the future so that we can continue to serve Australians for the next 100 years.

Conclusion

The last 12 months was again, on balance, a good year for RACV and I am confident that RACV can and will achieve much in the coming period. We have some excellent businesses across our areas of Strategic Intent, all of which are growing and have great growth potential.

As always, I recognise that none of RACV's success can be achieved without the work of all our staff. I thank them all for their work over the last 12 months and for the ongoing work to continue to take the organisation forward. I thank all our Members and customers for your continued support of RACV.

I also wish to thank all Members of the Board, Neil Taylor and his Leadership Team, all employees of RACV and our Members for allowing me the opportunity to serve you as President and Chairman of RACV. I look forward to continuing as a loyal Member in the future after the AGM when I will step down as a Director. It has been an honour.

Geoffrey O Cosgriff
President and Chairman

Managing Director and CEO's Report

Neil Taylor

As Geoff has outlined, the last financial year was a good one for RACV, with the biggest challenge and focus for the Group being around trying to manage the challenges presented by the inflationary issues for the company and for Members and customers. The company rightly put an increased focus on offering Members and customers more options to help reduce price increases.

We get many sources of feedback from our Members and customers, and whilst we make mistakes and cannot respond positively to every individual request, we do take these seriously. The challenges presented by inflation saw inquiries increase in the last year, and I thank our call centre and retail teams for their time seeking to help resolve the queries received.

Ultimately, RACV exists because people want to buy products or services from us, and we have to make profits as otherwise we will not be able to keep re-investing in people, processes and systems to make our offers compelling. In FY24, we welcomed just over 23,000 new Members to RACV giving us 2.245 million Members. On top of this, we serve over 500,000 customers per annum - notably conference and event guests in our Leisure business who are non-members.

We also need to make sure we have enough capital in our Insurance and Finance companies to comply with regulations and to make sure we can handle any major shocks, which of course we did when COVID-19 hit.

The ongoing, and significant increase in Member Benefits, to now over $500 million does in part illustrate how we are always trying to get the balance of profit, returns to Members and service right. On service, the below are some examples of how we have measured this over the last 12 months:

Continued growth in digital service, payments and sales.

Digital	FY24	FY23
% of member interactions self-served	47%	46%
Monthly Logins	257k	188k
% of Members with an online account	50%	41%
Members with an online account	1.1m	0.9m

I said last year that we had a strong focus on productivity and efficiency, and this continued over FY24 which has helped us moderate the issues for our Members and customers. As an example, the value of our now five-year investment, made with IAG, Repairhub continues to show its worth as this business continues to grow and do more car repairs for RACV. We expect to add up to 20 more Repairhub sites into the network over the next 12 months.

We will continue to seek opportunities to expand Nationwide whose scale is allowing us to manage service and costs effectively in Motor Insurance and Roadside.

Once again, we had an increasing amount of demand for digital sales. Across the year we saw:

Digital Sales Performance (percentage of online sales) in June 2024:

- Motor Insurance – 43% (compared to 13% in 2019)
- Home Insurance – 31% (compared to 7% in 2019)
- ERA – 28% (compared to 12% in 2019)

In the very near term, we will launch our App. We see this as a new product, not just another app. This development will allow us to engage much more regularly with Members on products, service and discounts. Our launch of the App will focus on four spaces:

RACV App Initial Features

Self-serve

- Updating contact details
- View and manage products
- Access digital membership card
- Make and manage payments
- Make insurance claims
- ERA call out number
- Push notifications

Fuel & EV charging

- Find fuel prices
- Redeem Member fuel discount offer
- Find Chargefox EV charge points

Member benefits

- Explore Member benefits
- Access the existing Member benefits platform via the app
- Redeem Member benefits

Quote & products

- Obtain quote on new product
- Explore products and services
- Buy new products

Once in market, and after six months, we will start to expand what is available through the App but will do so in a strategic and managed way to make sure it delivers everything it does in a high quality and impactful way for as many users as possible.

Cleaner Energy and Electrification

As I look back over the last two years, I think it fair to say that the World, and Australia, has become a lot more uncertain.

RACV needs to continue to strike the balance of managing today's more known risks whilst taking bold steps for the future. We need to continue to take positive steps forward and stay in the right spaces through potentially uncomfortable times, and times when we doubt ourselves. I think cleaner energy and the Electrification of Australia is one of these spaces.

Cleaner energy has once again expanded in its role across RACV. It has great growth potential. As but one example, I have seen estimates that to electrify Victorian homes could cost up to $100 billion over the next twenty years and see a doubling of demand for electricity. Whatever it costs, and however long it takes, the businesses we have so far invested in - Home Trades Hub, Chargefox, RACV Solar, JET Charge and our retail energy offer, Arcline by RACV, position us well. As Geoff said, you can expect to see us talk a lot more about Arcline over the next 12 months.

As an example of the downside of new spaces, our hopes for a trial of hydrogen tow trucks, which would have been a world first, have not eventuated given the supplier Hyzon was placed into administration by the USA parent. For RACV, the only impact is some disappointment for all the local Hyzon staff who were doing a terrific job.

Of course, the provision of electricity to all RACV owned sites remains from cleaner energy.

What we do is only a very small part of the global push to manage greenhouse gas emissions. In good news RACV has been working on reducing our greenhouse gas emissions for many years.

- Since 2019, RACV has invested ~$10.5 million in Energy Efficiency initiatives which have delivered a reduction in our energy usage of approximately 25% and $1.5 million cost savings annually against the FY19 benchmark.
- Solar installations have generated over 8.7 million kWh of solar power and reduced RACV's emissions footprint by approximately 9,000 tCO_2 from FY19 to FY24.
- GreenPower® purchasing has abated more than 99% of all the remaining Scope 2 emissions from electricity usage.

As such, to substantially progress towards zero Scope 1 and Scope 2 emissions, not net zero, RACV only has to reduce our current footprint by the equivalent of the emissions of circa only 4,200 cars or 1,300 homes.

We have embedded a program of work to address a significant proportion of our remaining scope 1 emissions from gas into a 10 year capital plan, at an estimated cost of $50 million, and are extremely confident we will achieve this. As new accounting standards emerge, we will report on this in our business financials from FY26. Again, we are well prepared to do this. If we can do this earlier, economically and practically given some technologies are not yet available, then we will do so. An example of some of the challenge is tow trucks that do not run on diesel – hence our disappointment with Hyzon's outcome.

We are also well aware that in a more inflationary world balancing this work with costs for Members is important.

Energy Efficiency Program

Program duration update FY2019 to FY2024

Approximate reduction of energy consumption across the property portfolio:

7,000MWh
aggregate savings

17%
energy reduction across property portfolio

$1.6M
energy savings per annum

24,000+
light fittings replaced with LEDs

95%
of LED replacements completed

4,000+MWh
saved

Estimated on-site solar generation (FY24)

2.1MWh
Total photovoltaic system system size across RACV sites

2,700
solar panels installed across RACV sites

10,000+MWh
solar generated to date

EV Charging Network (FY24)

82,000+
charging sessions

59
EV charging stations across the portfolio

Renewable Energy Supply (FY24)

100%
energy supplied from renewable sources across the whole RACV group

2,500t CO_2
approximate greenhouse gas emissions avoided

41,700
equivalent to carbon sequestered by approximate number of trees (based on Environmental Protection Authority calculator)

ESG initiatives

RACV is committed to sustainability, as demonstrated by a diverse range of initiatives across the business.

Environment

Solar panel and battery installations

ARCLINE
Carbon neutral electricity

In-home energy efficiency assessments

CHARGEFOX
EV infrastructure investments

EV home charger services

Virtual power plant trial at RACV Torquay and RACV Inverloch

EV loans for members and customers

RACV
EV inclusion to Motor Insurance & ERA products

arevo
Journey Planner App

Bike Assist

Chemical reduction initiatives

Reduction of plastic use in resorts

Removal of single use amenities at all properties

Golf cart fleet transition to 100% electric

Water efficiency initiatives at resorts

Earth check accreditation at some resorts

Energy Efficiency Program

Governance

Willis Towers Watson ESG investment management

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Social

RACV Online Safe Driver Training

E-scooter education & safety awareness

Biketober sponsorship

Bike ride to School Program

Cycling & E-scooter impact report & research

Diversity Equity and Inclusion Improvement Plan &Training

LGBTQIA+ and RACV Pride Group

First Nations Partnerships

Public Policy advocacy

RACV Safety Squad program

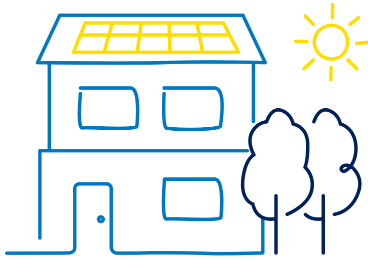
the beehive
Workplace giving platform

Yalari Educating Indigenous Children
STREAT
Lifeline
Partnerships

Family and domestic violence support

Financial hardship support

Interpreter services



The word Sustainability or ESG reporting is used a lot, and means different things to different people, but in RACV we treat this like any other part of the business.

For us, it is language about being a good corporate citizen. We have plans for key spaces, we make choices, and then look to deliver good outcomes for the company and all who interact with us. The illustrations on this and the previous page seek to give a snapshot of these initiatives.

Safety performance sits in this area and as always, will remain a strong area of focus for RACV. Helping staff and all who interact with us, remain safe is for us, like all large organisations, a key to success. We reported a LTIFR (long term injury frequency rate) rate of 6.2 versus 6.5 in FY23. This is a good number, and below all industry benchmarks, across a very diverse portfolio of businesses.

Numbers like LTI's (lost time injury rate) and MTI's (medical treatment injury rate) are outcomes. To seek to get good outcomes we have a very large and comprehensive training programme, of which safety is a major part, and in FY24 we once again provided over 60,000 hours of staff training.

Motor and Home

Our Motor Insurance business saw a small decline in policies in force in FY24, the first time it has not grown year on year for six years showing the challenges of the market. However, we are seeing signs of improvement and are expecting to return to growth this year. We had 1.16m policies in force in force at June end, down from 1.19m at end FY23.

Nationwide did more than 391,000 tows over FY24 and has grown by 12% since 2019 when we made our initial investment. Roadside subscriptions remained stable.

Repairhub had another good year, now employing over 500 people with revenues up to $148 million from $100 million a year ago and doing up to 6,000 repairs a week. This business continues to deliver great service to Members whilst helping us manage supply chain costs. As noted by Geoff, we will expand it further in FY25.

Chargefox continued to see exponential growth and now does over 150,000 charging sessions per month. Chargefox did over 1.6 million charging sessions in FY24, an increase of 26% year on year. June saw more than 9,000 new public EV drivers join Chargefox, taking our driver numbers to more than 187,000. Chargefox now has over 3,400 chargers on its network, making it the clear market leader in Australia. JET Charge continued to solidify its position on business and home charging and launched its first trials of Charging as a Service whereby all the infrastructure and billing for clients is provided by JET Charge.

We committed to an upgrade of our EV Charging Network in Victoria which will take a couple of years but has already seen upgrades at a number of resort properties, and forms part of the Chargefox network.

Working with the other State based Clubs (the other owners of Australian Motoring Services and Club Assist) we merged these two companies. RACV, along with NRMA, own over 70% of this new entity. This puts two good businesses together where synergies can be extracted, but more importantly will give the management of the "New AMS" opportunities to look at how we best serve the customers of both historic entities. The ability to be a one stop shop for car manufacturers with ERA, EV charging and car batteries will serve us well for many years to come. The Club Assist business in North America continues to go well and deliver profits to RACV. It is more of an investment business.

The Home business continued to grow and we now have over 780,000 Members holding Home products. This increased by 15,000 over FY24.

Home Insurance, despite the market challenges, had a good year growing to nearly 900,000 policies on issue, up by nearly 20,000 year on year.

Home Trades Hub Australia, increased its investment in Proptech Labs which offers a range of services to property managers, landlords and tenants with over one million properties using the technology. We also bought Rapid Building Inspections, a home inspections business, which is a good business in its own right but one we think links well into our overall ambitions in the Home Trades space.

We also bought a significant part of Accel Air, a heating and cooling business, which is again targeted at offering more services to Members and customers in their homes.

Nationwide did over

391,000

tows over FY24 and has grown by 12% since 2019 when we made our initial investment. Roadside subscriptions remained stable.

Leisure

As outlined earlier by Geoff, the Leisure business had a very good year. As per last year, our digital investments continue to pay off with increasing demand for holiday packages, ancillary products such as cinema tickets and new partnerships which offer exclusive benefits to Members. As outlined previously, the improved fuel offer has been very popular and in the RACV City Club we have seen much greater attendance at events.

The Leisure business will continue to expand via the addition of extra capacity across a number of our facilities and given the land we have available to us at many of our sites, we have plenty of years of growth in capacity across our existing asset base. Once we have the relevant planning permissions granted, we look forward to outlining details of these. We will also continue to expand our range of discount offers via more digital services.

Leisure once again won a number of awards, which is a great testament to the service offered by our staff. Three of our properties – Royal Pines, Noosa and Torquay made it into the 2024 Trip Advisor's top 25 best of the best hotels in the luxury category and four properties received Victorian Accommodation Awards for excellence in various categories. The Cape Restaurant at Cape Schanck Resort received a Chef's Hat from the Good Food Guide. RACV's travel insurance also won the Mozo Experts Choice Awards for exceptional quality.

Across all our Club and resort properties, the average occupancy rate for FY24 was 73%, up from 62% in FY23, which represents an increase of almost 61,000 more nights enjoyed by our Members and customers. In addition, the Leisure team hosted over 328,000 conferences and event guests, holding 4,645 events, and completing over 287,000 RACV Travel & Experiences Member transactions.

Completing over

287,000

RACV Travel & Experiences Member transactions

Looking forward

I thank all Staff, Members, Customers and everyone we work with, across all our businesses, locally and overseas.

I am confident that RACV will be able to continue to provide an increasing range of products and services to Members and Customers through FY25. The Australian market may be softer than in FY23 and FY24, with inflation moderating but sticky. We have prepared for this in our planning and as a snapshot of some of this, these are some of the core objectives for us in the next 12 months, and probably beyond:

- Grow insurance business policies in force at market
- Expand 'motor only' households to 'motor and home' households – make sure members understand the savings available from multi policy discounts
- Deliver good Net Promotor Score outcomes across high volume touchpoints, and provide good service to members and customers
- Maintain productivity focus
- Grow Trades and scale Home Trades Hub – do more for Members and customers in and around their Homes
- Continue to grow benefits for Members

We will continue to seek to balance growth with productivity and efficiency. The latter remains a core aim for all my direct reports. By remaining productive and efficient we will be able to deliver great products and services to Members which are competitively priced, provide value and are consistent with our Brand Promise aspirations.

Our Brand Promise remains to be **A good company that's famous for not letting people down** which links back to our purpose:

RACV exists to improve lives in the areas of Home, Cleaner Energy, Motoring & Mobility and Leisure.

In concluding I thank all staff for their work over the last 12 months and I look forward to seeing how all parts of the business meet the challenges and opportunities over the next financial year. And I thank them for following and living the values we have as an organisation.

I extend my thanks to the Board and Leadership Team colleagues for their continued support over the past 12 months. To Geoff, thank you for your help and guidance over your time on the Board, and particularly as President and Chairman of RACV.

And to over 2.245 million Members and over 500,000 customers, thank you for your continued support of RACV.

Neil Taylor
Managing Director and Chief Executive Officer

Year at a glance

2023-2024

Motoring and mobility

1.16 million
Motor Insurance policies

1.6 million
vehicles covered by Emergency Roadside Assistance

813,000
call outs responded to by Emergency Roadside Assistance

More than
138,000
downloads of the arevo by RACV app

More than
65,000
repairs completed nationally at
20 Repairhub sites

Home

898,000
home Insurance policies on issue

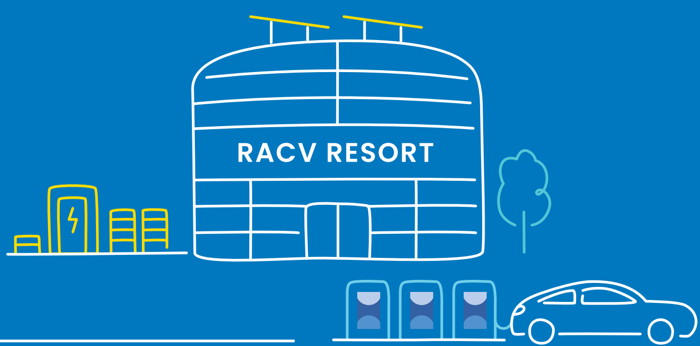
52,000
home emergencies attended by Emergency Home Assist

101,000
homes with Emergency Home Assist subscriptions

Leisure

328,000
conference and events guests across RACV Club and Resorts

More than
414,000
nights stayed across RACV Club and Resorts



Improving lives

175,000

goods donated to individuals including flood-affected communities impacted by natural disasters through our GIVIT partnership

18,000

students at over 200 schools were delivered home and road safety programs

412

smoke alarms installed in at-risk homes across rural and regional Victoria with the CFA

294

education and leadership opportunities for first nations children from regional and remote communities though our partnership with Yalari

Safety, people and culture

63,000

employee learning hours

6.5

lost time injury frequency rate

12%

total recordable injury frequency rate reduction from last year

Members

2,245,000

total number of members

$518 million

estimated member benefits including Years of Membership Benefits, Multi Policy Discounts and discounts at resources.

Over

500,00

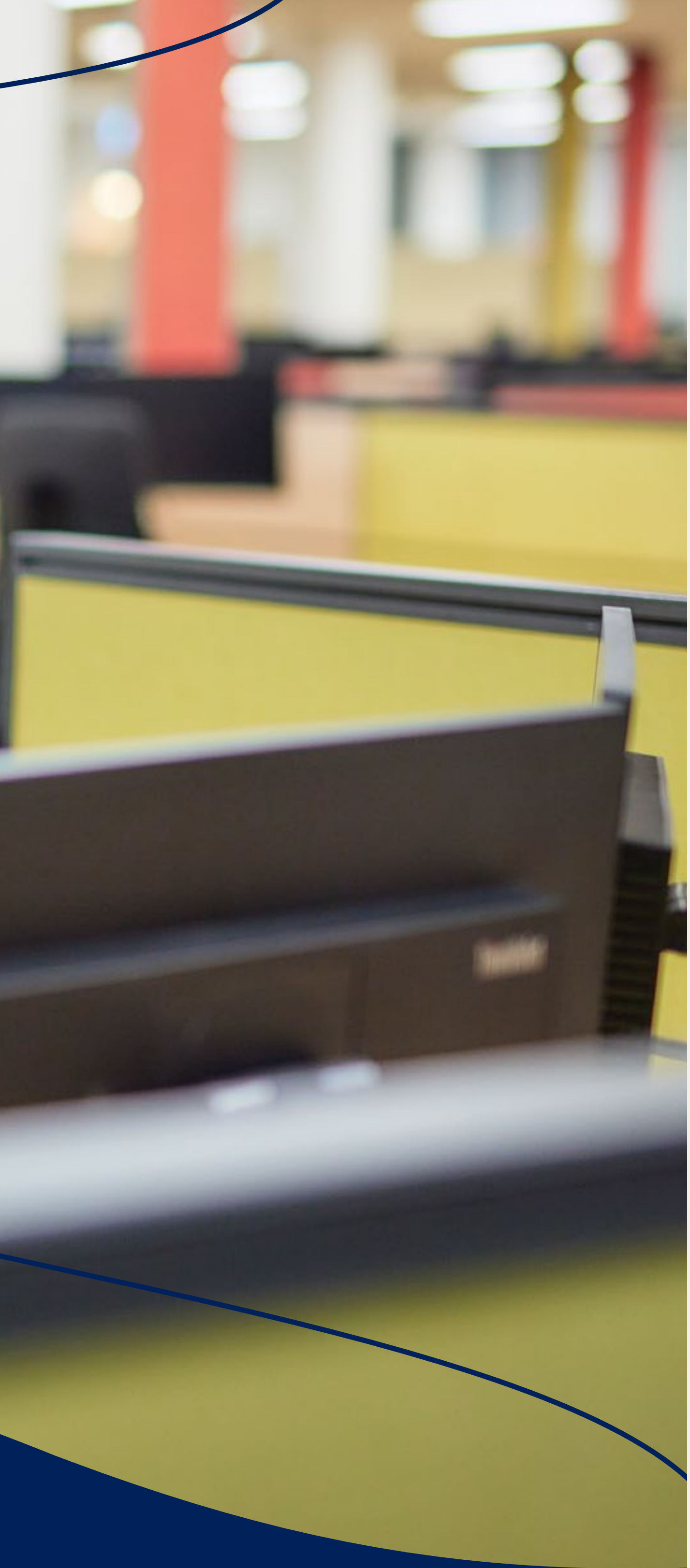
customers

Financial Statements

This Financial Report covers the consolidated entity consisting of Royal Automobile Club of Victoria (RACV) Limited and its Subsidiaries.

Royal Automobile Club of Victoria (RACV) Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its principal place of business is:

Level 7, 485 Bourke Street
Melbourne
Victoria 3000



The financial report was authorised for issue by the Directors on 6 September 2024. The Company has the power to amend and reissue the financial report.

Contents

Directors' Report

The Directors of the Royal Automobile Club of Victoria (RACV) Limited (the parent entity) present their report together with the financial report of the consolidated entity (the Group), being the parent entity and its subsidiaries, for the year ended 30 June 2024.

Directors in office

The following persons were directors of RACV during the whole of the financial year and up to the date of this report:

- Mr G O Cosgriff (Chairman)
- Mr N Taylor
- Ms E Collins
- Ms J K Green
- Mr S J McDowell
- Ms D M Pitt
- Ms S Reeves
- Mr G Robinson
- Ms J M Stanley
- Mr G D Willis

Mr J M S Slattery retired as a director of the parent entity on 21 November 2023.

Mr H M El-Ansary was appointed as a director of the parent entity on 22 November 2023 and continues in office to the date of this report.

The qualifications, experience, special responsibilities and other details of the directors in office at the date of this report are set out on pages 26 to 28.

The number of RACV board and committee meetings held during the financial year, and each RACV's director's attendance at those meetings, are set out on page 29.

Principal activities and objectives

The principal activities of the Group during the financial year included the distribution of general insurance including home, motor and travel insurance policies, the provision of car loans, roadside assistance and towing services, the supply of urgent and non-urgent home trades, advocacy in our chosen areas of activity, cleaner energy services including the installation of solar and battery systems and EV charging services, operation of the RACV Club and resorts and telematics services.

RACV's objectives are to grow the RACV customer base (including Members), broaden and deepen customer relationships, grow our customer base in Home, support our customers to transition to a cleaner energy future and embed the RACV brand promise across all products and services.

Review of results and operations

The Group's consolidated result for the year ended 30 June 2024 is an after-tax profit of $157.0 million, an increase of $103.4 million compared with the prior year of $53.6 million. The profit improvement is due to a combination of strong operational performance, increased returns from RACV's investment portfolio and favourable associate results.

Total operating revenue increased by $103.1 million (12.5%) over the prior year to $925.4 million. This was mainly due to strong performance in Leisure across RACV's Club and resort locations ($25.6 million increase (13.7%)), supported by growth in insurance commissions ($22.6 million increase (12.7%)) and Emergency Assistance product subscriptions.

In an inflationary environment, expenses from ordinary activities increased by $65.1 million (7.4%) to $943.7 million reflecting higher volumes in Leisure, Home Services and higher ERA claims.

The Group has investments in associates in a number of companies with an equity accounting result from these investments totalling $134.1 million, an increase of $49.5 million compared to the prior year driven by higher investment results and improved margins.

The results also include a gain from investments totalling $27.1 million, reflecting continuing strong performance in the equity markets similar to prior year where a gain of $37.3 million was recognised.

Fair value adjustments to assets of $5.1 million reflect an increase in property valuations primarily due to an uplift in revenue per available room of leisure properties. In FY23 the valuations had decreased mostly driven by softening of capitalisation and discount rates.

Dividends

In compliance with the Constitution of RACV, no dividend was declared nor paid during the financial year.

Subsequent events

R.A.C.V. Finance Limited is financed by external securitised warehosue facilities with senior notes held by an international bank and a major Australian bank, and seller notes held by R.A.C.V. Finance Limited. R.A.C.V. Finance management finalised a 26-month extension on the Securitised warehouse facility with the international bank, now effective until September 2026. The agreement was signed on its initial expiry date of 15 July 2024. R.A.C.V. Finance management have also extended the securitised warehouse facility with the Australian bank, now effective until October 2024. The agreement was signed on 23 August 2024.

On 8 August 2024, IMA declared the final dividend relating to the year ended 30 June 2024. RACV has received its share of this dividend totalling $66.9 million. The dividend has no impact on the financial statements for the year ended 30 June 2024.

In the opinion of the directors, apart from matters disclosed above, in Note 8 of the financial statements and other matters disclosed in the notes to the financial statements, there are no other matters or circumstances which have arisen between 30 June 2024 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial years.

Environmental regulation and performance

The Group has in place procedures to identify and comply with particular and significant environmental regulations. Except as set out below, the operations of the Group are not subject to any particular and significant environmental regulation under a law of the Commonwealth of Australia or any of its states or territories and has not incurred any significant liabilities under any environmental legislation.

The *National Greenhouse and Energy Reporting Act 2007* makes registration and reporting mandatory for corporations whose energy production, energy use, or greenhouse gas emissions trigger the specified corporate or facility threshold. RACV has reached the corporate threshold defined within this legislation and is required to submit its annual report by 31 October 2024.

Board of Directors

The Board currently comprises ten non-executive directors and one executive director who is appointed as Managing Director/ Chief Executive Officer.

Non-executive directors are elected by members in accordance with Rule 40 of the RACV Constitution.

The maximum annual aggregate directors' fee pool limit is $2,000,000 which was approved by members at the Annual General Meeting on 12 November 2013 in accordance with Rule 49(a) of the RACV Constitution. The total amount of fees paid to non-executive directors during the financial year was $1,410,055 (2023: $1,369,087).

Geoffrey O Cosgriff

BAppSc (Elec), FAICD, FIE Australia, Dip.CD, WCLP

Experience

Independent non-executive director appointed in November 2012. Extensive business experience as an executive manager and director in information technology, transport and infrastructure companies. Former Chairman of UXC Ltd, Leadership Victoria and a former director of Logica Australia and Transurban. Actively engaged in coaching and mentoring executive managers and directors of companies in a diverse range of industry sectors. Appointed non-executive director of Insurance Manufacturers of Australia Pty Ltd in July 2019 and former director of Intelematics Australia Pty Limited. Appointed President of the Australian Automotive Association in 2020.

Special responsibilities

President and Chairman

Neil Taylor

BA (Geog) (Hons)

Experience

Managing Director and Chief Executive Officer of RACV and its associated entities, appointed in March 2016. Over 30 years' experience in the corporate sector, both in Australia and overseas. Neil sits on several subsidiary and associate company Boards including Insurance Manufacturers of Australia, Home Trades Hub, RepairHub, JET Charge, Australian Automobile Association and is the Chairman of Home Trades Hub and Australian Motoring Services. Neil has completed courses at both Wharton and Harvard Business Schools in the United States of America.

Special responsibilities

Managing Director and Chief Executive Officer

Elaine Collins

B.Sc (Hons), M.Ec, FIAA, FAICD

Experience

Independent non-executive director appointed in November 2022. A qualified actuary, with extensive general insurance industry experience in an executive career, including regulatory actuarial appointments in Australia and overseas. Currently, a board member of ANZLMI, a wholly owned subsidiary of ANZ Bank, Ivory Insurance, a new insurance startup underwriting professional indemnity business, the Australian Reinsurance Pool Corporation and a Professor of Practice at the University of New South Wales Business School. Former non-executive director of MAIB, RACTI, RT Health and Zurich Insurance.

Hisham M El-Ansary

BEc, MBA, FAICD, FCPA

Experience

Independent non-executive director appointed in November 2023. Extensive experience in a variety of industries including health, retail, energy, aviation and construction. Formerly CEO of Bupa Asia Pacific and executive director of Bupa Group companies. Prior to that held senior positions at Myer, Integral Energy and Airservices Australia. Currently a member of the Healthscope Advisory Board, Advisor to Osara Health and Operating Advisor at Goldman Sachs. Formerly a non-executive director of Very Special Kids. Holds a Bachelor of Economics and Master of Business Administration.

Special responsibilities

Chair of Governance and Risk Management Committee

Julie K Green

FCA, FAICD, WCLP

Experience

Independent non-executive director appointed in November 2013. Director of Bendigo Health, Greening Australia, BLP Australia, Advisory Board Member for Symphony 7 and ClimateWise Associations. Formerly director in aged care and innovation. Executive career in professional services, infrastructure, transport, utilities and healthcare in the public and private sectors. A business consultant in strategy, governance and change management.

Simon McDowell

BA., M.Comm (Marketing)

Experience

Independent non-executive director appointed in October 2020. Extensive business experience in the Retail, Consumer Products and Media & Entertainment sectors. Broad geographic experience working in Australia, Asia, Europe and USA. Formerly Chief Operating Officer of Bunnings and held Managing Director, Chief Customer Officer and Chief Marketing Officer roles at Dairy Farm International, Coles Group, Sony and The Coca-Cola Company. Holds a Bachelor of Arts and a Master of Commerce (Marketing).

Denice Pitt

MBM, GAICD

Experience

Independent non-executive director appointed in November 2019. Chief Executive Officer of Online Education Services (OES) since July 2011. Over 25 years' leadership experience in the telecommunications, technology and outsourcing industries. Currently a non-executive director of Firbank Grammar, Studiosity Pty Ltd, Proversity Ltd, Interactive Design Institute (UK) and Gradability Pty Ltd. Formerly non-executive director of Good Shepherd Microfinance. Holds a Master of Business Management and is a Graduate of the Australian Institute of Company Directors.

Special responsibilities

Chair of Appointments and Remuneration Committee

Stephanie J Reeves

B.Comm, LLB, GDip Sports Law, GDip Applied Law (Wills and Estates), GAICD

Experience

Independent non-executive director elected in 2020. Co-principal of an aged care and elder law consultancy business. Formerly a senior in-house commercial law practitioner with extensive experience in the resources sector. Significant corporate governance, risk management and strategic planning experience. Currently Deputy Chair (formerly Chair) of the Australian Centre for the Prevention of Cervical Cancer. Formerly a member of the Melbourne Cricket Ground Trust, Council of Royal Melbourne Golf Club, non-executive Director/Chair of Crime Stoppers Victoria Ltd, member of the Advisory Board of Lexvoco Pty Ltd, and a member of the committees of management of various local community organisations.

Gregory J Robinson

Bsc (Hon), MBA (Columbia), MAICD

Experience

Independent non-executive director appointed in April 2018. Over 30 years' experience in strategy, operations management, finance, accounting, risk management and resources both in Australia and overseas. Currently Chairman of Incitec Pivot Ltd and Rex Minerals Ltd. Previously CEO of Newcrest Mining and Lattice Energy, Finance Director Newcrest Mining, CFO/CDO BHP's Energy Division (member group Executive Committee) and Director Merrill Lynch Investment Banking. Previous board member at St Vincent's Institute of Medical Research.

Special responsibilities

Chair of the Club and Membership Committee

Julie Stanley

B.Comm, CA, GAICD

Experience

Independent non-executive director appointed in October 2020. Extensive experience in finance, accounting, risk management and assurance both in Australia and overseas. Chartered Accountant and Graduate of the Australian Institute of Company Directors. Independent non-executive director of Transgrid (Chair of Audit and Risk Committee) and South East Water Corporation (Chair of Financial Audit and Risk Management Committee). Former Assurance & Advisory partner at Deloitte. Former non-executive director of Regional Arts Victoria.

Special responsibilities

Chair of Audit and Compliance Committee

Graeme Willis

SF Fin, FAICD, FCIBS, FGIA

Experience

Independent non-executive director appointed in April 2012. Completed a Management Development program at the Harvard Business School and Fellow of Governance Institute of Australia and AICD. A career of over 40 years in banking and finance and held many senior Board and executive management positions with major European and Australian banks. Independent non-executive director and Chair of Australian Settlements Ltd. An independent non-executive director and Deputy Chairman of Bank First.

RACV Board and Committee meetings

Directors	Board Meetings		Appointments & Remuneration Committee		Audit & Compliance Committee		Club & Membership Committee		Governance & Risk Management Committee	
	A	B	A	B	A	B	A	B	A	B
Mr G O Cosgriff	9	9	7	7	-	-	-	-	-	-
Mr N Taylor	9	9	-	-	-	-	-	-	-	-
Ms E Collins	9	8	-	-	5	4	-	-	4	3
Mr H M El-Ansary	6	6	-	-	2	2	-	-	-	-
Ms J K Green	9	8	-	-	5	5	3	3	-	-
Mr S J McDowell	9	9	4	4	-	-	3	2	-	-
Ms D M Pitt	9	8	7	7	-	-	-	-	4	3
Ms S J Reeves	9	9	-	-	-	-	3	3	4	4
Mr G J Robinson	9	9	7	6	-	-	-	-	-	-
Mr J M S Slattery	3	2	3	3	-	-	3	3	-	-
Ms J M Stanley	9	9	-	-	5	5	-	-	4	4
Mr G D Willis	9	8	-	-	5	5	-	-	4	3

A Number of meetings eligible to attend **B** Number of meetings attended

The President and Chairman is an ex officio member of all Committees, except for the Audit and Compliance Committee and Governance and Risk Management Committee, which he attends by invitation.

The MD & CEO attends all Committee Meetings by invitation.

Company secretary

Ms M E Grogan, LLB (Hons), BA, GradDipAppFin, GAICD was appointed to the position of Company Secretary in April 2018. Ms Grogan is admitted to practice as an Australian lawyer and has had over 30 years' commercial, governance and legal experience. Ms Grogan has responsibility for all Company and Board secretarial duties.

The alternate Company Secretaries are:

- Mr R C Tweddle, AGIA, BA, LLB who was appointed to the position of alternate Company Secretary in 2005. He has practised as a solicitor for over 30 years.
- Mr P C Rich, AGIA, BCom, Grad.Dip.AppCorpGov who was appointed to the position of alternate Company Secretary in 2010.

Indemnification and insurance of directors and officers

To the extent permitted by law, the parent entity has indemnified each director, secretary and officer against liability arising from their role as directors and officers by paying premiums on an insurance contract. This insurance contract prohibits disclosure of the premium paid. No liabilities have arisen under these indemnities as at the date of this report.

Auditor's independence declaration

The Auditor's independence declaration is set out on the following page and forms part of the Directors' report for the year ended 30 June 2024.

Rounding

The Group is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 issued by the Australian Securities and Investments Commission. Amounts in this Directors' report and the consolidated Financial Statements, unless otherwise indicated, have been rounded to the nearest hundred thousand dollars or, in certain cases, to the nearest thousand dollars in accordance with that Instrument.

This Directors' report is signed in accordance with a resolution of the Board of directors.

Mr G O Cosgriff
Chairman

Mr N Taylor
Managing Director and Chief Executive Officer

Melbourne
6 September 2024

Auditor's Independence Declaration

As lead auditor for the audit of Royal Automobile Club of Victoria (RACV) Limited for the year ended 30 June 2024, I declare that 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Royal Automobile Club of Victoria (RACV) Limited and the entities it controlled during the period.

Sam Lobley
Partner
PricewaterhouseCoopers

Melbourne
6 September 2024

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $m	2023 $m
Revenue			
Subscription and entrance fee income		244.1	230.1
Commission income		200.0	177.4
Club and resorts trading income		212.5	186.9
Sale of goods		82.4	71.8
Other trading income		60.3	45.3
Traffic content income		9.0	13.0
Towing income		49.8	49.4
Interest on loans and leases		34.1	23.4
Trust distributions		23.0	15.7
Other investment income		10.2	9.3
Operating revenue		925.4	822.3
Profit on sale of plant and equipment		1.4	0.5
Other income		7.4	1.8
Total other income		8.8	2.3
Total income		**934.2**	**824.6**
Expenses			
Employee benefits expense		(385.4)	(362.6)
Contractors and other external fees		(129.3)	(117.4)
Computer and telecommunications expense		(84.3)	(76.4)
Depreciation and amortisation expense	4, 5, 6	(51.3)	(47.0)
Inventories recognised as expense		(85.1)	(76.1)
Consumables expense		(58.7)	(58.1)
Property expense		(36.0)	(31.9)
Interest expense and other finance costs		(45.1)	(34.2)
Advertising expense		(35.4)	(31.1)
Impairment and write off of assets	4, 6	(0.6)	(20.1)
Other expenses		(32.5)	(23.7)
Total expenses		**(943.7)**	**(878.6)**
Share of net profit and impairment of equity accounted investments	21(b)	134.1	84.6
Profit before net gain on financial assets, fair value adjustment to assets and income tax		**124.6**	**30.6**

	Notes	2024 $m	2023 $m
Net gain/(loss) on financial assets and fair value adjustment to assets			
Net gain on financial assets at fair value through profit or loss		27.1	37.3
Fair value adjustments to assets		5.1	(13.8)
Profit before income tax		**156.8**	**54.1**
Income tax benefit/(expense)	15	0.2	(0.5)
Profit after income tax		**157.0**	**53.6**

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $m	2023 $m
Profit after income tax		**157.0**	**53.6**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
(Loss)/gain on revaluation of land and buildings, net of tax	23(a)	(4.7)	10.0
Superannuation plan remeasurements, net of tax	23(c)	(0.5)	2.2
Change in associate retained earnings, net of tax	23(c)	0.3	1.5
Derecognised deferred tax	23(a), 23(c)	(1.5)	2.5
Other comprehensive income for the year, net of tax		**(6.4)**	**16.2**
Total comprehensive income for the year		**150.6**	**69.8**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

AS AT 30 JUNE 2024

	Notes	2024 $m	2023 $m
ASSETS			
Current assets			
Cash and cash equivalents	1	79.5	67.5
Receivables	2	175.1	152.1
Financial assets at fair value through profit or loss	11	5.0	18.2
Inventories		8.1	9.5
Prepayments and accrued income		41.0	38.3
Finance lease receivables	13(a)(i)	3.6	3.5
Assets classified as held for sale	8	35.7	-
Other current assets		0.5	1.7
Total current assets		**348.5**	**290.8**
Non-current assets			
Receivables	2	381.6	286.0
Financial assets at fair value through profit or loss	11	551.5	521.1
Investments accounted for using the equity method	21	532.8	491.5
Property, plant and equipment	4	1,013.4	997.6
Right-of-use assets	5	13.3	18.1
Intangible assets	6	48.6	44.7
Investment properties	7	113.6	100.8
Finance lease receivables	13(a)(i)	21.1	15.1
Superannuation benefits	18	7.2	6.3
Total non-current assets		**2,683.1**	**2,481.2**
Total assets		**3,031.6**	**2,772.0**
LIABILITIES			
Current liabilities			
Trade and other payables	3	140.2	115.6
Interest bearing liabilities	12	167.5	1.5
Lease liabilities	5	4.2	5.2
Provisions	9	62.2	79.2
Unearned income and contract liabilities	10	158.6	147.6
Total current liabilities		**532.7**	**349.1**

	Notes	2024 $m	2023 $m
Non-current liabilities			
Interest bearing liabilities	12	319.3	389.6
Lease liabilities	5	10.4	14.0
Provisions	9	7.4	6.2
Unearned income and contract liabilities	10	8.4	15.2
Total non-current liabilities		**345.5**	**425.0**
Total liabilities		**878.2**	**774.1**
Net assets		**2,153.4**	**1,997.9**
EQUITY			
Reserves	23(a)	257.7	263.7
Retained earnings	23(c)	1,895.7	1,734.2
Total equity		**2,153.4**	**1,997.9**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $m	2023 $m
Cash flows from operating activities			
Subscription and entrance fee income received		271.5	251.3
Club and resorts trading income received		235.4	207.2
Commission income received		222.9	191.7
Sale of goods		88.0	84.6
Other trading, traffic content and towing income received		141.5	118.4
Payments to suppliers and employees		(941.8)	(865.2)
Net cash (outflow) from loans and leases		(118.3)	(19.7)
Dividends received from equity accounted investments		80.1	51.2
Interest received		41.0	28.2
Interest paid		(21.6)	(14.8)
Net cash (outflow)/inflow from operating activities	**1**	**(1.3)**	**32.9**
Cash flows from investing activities			
Trust distributions received		19.4	23.8
Proceeds from sale of property, plant and equipment		5.8	3.2
Proceeds from sale/maturity of financial assets at fair value through profit or loss		278.5	130.4
Purchase of financial assets at fair value through profit or loss		(273.1)	(89.0)
Purchase of property, plant and equipment		(57.2)	(63.9)
Purchase of investment property		(19.3)	(4.7)
Purchase of intangibles		(4.0)	(5.7)
Payment for acquisition of controlled entities		-	(16.5)
Payment for equity accounted investments		(19.2)	(19.8)
Net cash outflow from investing activities		**(69.1)**	**(42.2)**
Cash flows from financing activities			
Net proceeds/(repayment) from secured funding facility		8.3	(11.7)
Net repayment from subscription agreement		-	(301.0)
Net proceeds from chattel mortgages		5.7	6.7
Net repayment of lease liabilities		(4.6)	(5.3)
Net (repayment)/proceeds of finance lease receivables		(8.8)	5.4
Net proceeds from securitised warehouse facility		81.4	312.8
Net cash inflow from financing activities		**82.0**	**6.9**
Net increase/(decrease) in cash and cash equivalents		**11.6**	**(2.4)**
Cash and cash equivalents at beginning of financial year		67.5	62.9
Cash acquired through business combination		0.4	7.0
Cash and cash equivalents at end of financial year	**1**	**79.5**	**67.5**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Reserves $m	Retained earnings $m	Total equity $m
Balance at 1 July 2022		**252.1**	**1,676.0**	**1,928.1**
Profit after income tax		-	53.6	53.6
Other comprehensive income		11.6	4.6	16.2
Total comprehensive income for the year		**11.6**	**58.2**	**69.8**
Balance at 30 June 2023	**23**	**263.7**	**1,734.2**	**1,997.9**
Profit after income tax		-	157.0	157.0
Other comprehensive loss		(6.0)	(0.4)	(6.4)
Total comprehensive income for the year		(6.0)	156.6	150.6
Change in associate retailned earnings		-	4.9	4.9
Balance at 30 June 2024	**23**	**257.7**	**1,895.7**	**2,153.4**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

30 JUNE 2024

Working capital management

1. Cash and cash equivalents

	2024 $m	2023 $m
Cash at bank and on hand	79.5	67.5

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Group has a combined net bank overdraft facility of $5.5 million (2023: $5.5 million). After adjusting for cash balances and unpresented cheques the Group net bank overdraft amounted to $nil (2023: $nil).

Restricted Cash

Included in cash is an amount of $10.2 million (2023: $7.3 million) held as part of the Group's funding arrangements that is not available to the Group. This cash is held within the securitised warehouses and as such is under the control of the external Trustees. Free cash is $69.3 million (2023: $60.2 million) as at 30 June 2024.

(a) Reconciliation of net cash inflow provided by operating activities to net profit after income tax

	2024 $m	2023 $m
Profit after income tax	**157.0**	**53.6**
Add/(less) items classified as investing/financing activities:		
Share of profit of equity accounted investments (net of dividends)	(54.0)	(35.5)
Net profit on sale of plant and equipment	(1.4)	(0.5)
Trust distributions received	(23.0)	(15.7)
Unrealised gain on financial assets at fair value through profit or loss	(27.1)	(37.3)
Interest expense on lease liabilities	0.6	0.6
Add non-cash items:		
Depreciation and amortisation	51.3	47.0
Provision for doubtful debts	1.6	1.7
Amortisation of loan and lease receivables	2.6	2.3
Superannuation – defined benefit expense	0.2	-
Fair value adjustments to assets	(5.1)	13.8
Impairment of assets (net of reversal)	0.6	20.1
Tax (benefit)/expense relating to items in other comprehensive income	(0.2)	0.5
Changes in operating assets and liabilities:		
(Increase) in receivables	(120.8)	(22.9)
Decrease/(Increase) in inventories	1.4	(1.5)

	2024 $m	2023 $m
Decrease/(Increase) in prepayments and accrued income	2.5	(4.3)
Increase/(Decrease) in payables	24.1	(2.7)
Increase/(Decrease) in unearned income and contract liabilities	4.2	(3.3)
(Decrease)/Increase in provisions	(15.8)	17.0
Net cash (used in)/provided by operating activities	**(1.3)**	**32.9**

(b) Changes in liabilities arising from financing activities

	Finance leases $m	Subscription agreements $m	Chattel mortgages $m	Secured funding facility $m	Securitised warehouse facility $m	Total $m
Opening balance 1 July						
2023	19.2	-	23.7	54.6	312.8	410.3
Cash flows	(4.6)	-	5.7	8.3	81.4	90.8
Closing balance 30 June 2024	**14.6**	**-**	**29.4**	**62.9**	**394.2**	**501.1**
Opening balance 1 July 2022	24.5	301.0	17.2	66.3	-	409.0
Cash flows	(5.3)	(301.0)	6.5	(11.7)	312.8	1.3
Closing balance 30 June 2023	**19.2**	**-**	**23.7**	**54.6**	**312.8**	**410.3**

2. Receivables

	2024 $m	2023 $m
Current		
Loan receivables	124.0	103.8
Trade receivables	39.5	41.3
	163.5	145.1
Provision for doubtful debts	(2.0)	(1.9)
	161.5	143.2
Other receivables	13.6	8.9
	175.1	**152.1**
Non-current		
Loan receivables	383.0	287.3
Provision for doubtful debts	(1.4)	(1.3)
	381.6	**286.0**

Loans are granted at a fixed rate for periods between 12 and 84 months with most loans secured by goods mortgages over motor vehicles. The mortgaged property must be insured for its full insurable value. Loans can be repaid before their full term, however early termination fees may apply.

Loan receivables with a carrying amount of $507.0 million have an approximate fair value of $407.0 million as at 30 June 2024 (2023: carrying amount of $391.1 million have a fair value of $365.0 million).

2. Receivables continued

(a) Movement in provision for doubtful debts

	Loan receivables $m	Trade receivables $m	Total $m
2024			
Opening balance	1.7	1.5	3.2
Provision raised during the year	0.3	1.3	1.6
Bad debts written off during the year	(0.3)	(1.1)	(1.4)
Closing balance	**1.7**	**1.7**	**3.4**
2023			
Opening balance	1.8	0.6	2.4
Provision raised during the year	-	1.7	1.7
Bad debts written off during the year	(0.1)	(0.8)	(0.9)
Closing balance	**1.7**	**1.5**	**3.2**

(b) Accounting estimates, assumptions and judgements: Provision for impairment of loan receivables

Loan receivables are carried at amortised cost less a provision for impairment. The provision for impairment is measured based on an expected credit loss model as outlined in note 13(a). In calculating the provision for impairment, the Group has made assumptions about the indicators of credit risk deterioration and write off rates. Expected credit losses are reviewed at each reporting period and sensitivity analysis is performed over key assumptions to address estimation uncertainty. The analysis at 30 June 2024 indicates that reasonable possible change in key assumptions would have a minimal impact on the provision for impairment. In addition, all loans are subject to regular management review.

3. Trade and other payables

	2024 $m	2023 $m
Current		
Trade payables	99.5	93.9
Other payables	40.7	21.7
	140.2	**115.6**

Other Assets and Liabilities

4. Property, plant and equipment

	Freehold land and improvements $m	Buildings $m	Plant and equipment $m	In course of construction $m	Total $m
2024					
Year ended 30 June 2024					
Opening net book amount	298.1	601.5	60.3	37.7	997.6
Additions	2.3	9.0	15.8	30.1	57.2
Disposals and write offs	-	(0.1)	(0.4)	-	(0.5)
Transfers	0.8	31.1	8.5	(41.5)	(1.1)
Vehicles refinanced	-	-	(4.9)	-	(4.9)
Revaluation surplus	0.7	5.1	-	-	5.8
Impairment loss	-	-	-	-	-
Depreciation charge	(1.3)	(29.8)	(9.5)	-	(40.6)
Closing net book amount	**300.6**	**616.8**	**69.8**	**26.3**	**1,013.5**
At 30 June 2024					
Cost or fair value	312.8	815.4	226.5	26.3	1,381.0
Accumulated depreciation	(12.2)	(198.6)	(156.7)	-	(367.5)
Net book amount	**300.6**	**616.8**	**69.8**	**26.3**	**1,013.5**
2023					
Year ended 30 June 2023					
Opening net book amount	287.4	636.7	48.7	14.8	987.6
Assets from business combinations	-	-	0.2	-	0.2
Additions	1.6	5.2	23.7	33.7	64.2
Disposals and write offs	-	-	(2.9)	-	(2.9)
Transfers	(9.6)	3.7	5.9	(10.8)	(10.8)
Vehicles refinanced	-	-	(5.0)	-	(5.0)
Revaluation surplus	20.0	(16.4)	-	-	3.6
Impairment loss	-	-	(0.6)	-	(0.6)
Depreciation charge	(1.3)	(27.7)	(9.7)	-	(38.7)
Closing net book amount	**298.1**	**601.5**	**60.3**	**37.7**	**997.6**
At 30 June 2023					
Cost or fair value	309.0	770.3	207.5	38.1	1,324.9
Accumulated depreciation	(10.9)	(168.8)	(147.2)	(0.4)	(327.3)
Net book amount	**298.1**	**601.5**	**60.3**	**37.7**	**997.6**

4. Property, plant and equipment continued

(a) Valuations of land and buildings

The basis of the valuation of land and buildings is fair value, being the price for which the properties could be sold in an orderly transaction between market participants at the measurement date. Information about the valuation of land and buildings is provided in note 14(b).

(b) Carrying amounts that would have been recognised if land and buildings were stated at cost

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2024 $m	2023 $m
Freehold land and improvements		
Cost	172.0	168.9
Accumulated depreciation and impairment	(26.6)	(24.0)
Net book amount	**145.4**	**144.9**
Buildings		
Cost	699.2	663.3
Accumulated depreciation and impairment	(271.6)	(248.6)
Net book amount	**427.6**	**414.7**

5. Leases

This note provides information for leases where the Group is a lessee. The Group leases various buildings such as retail shops, office space and warehouses.

(a) Amounts recognised in the Consolidated Balance Sheet

	Buildings $m	Total $m
Right-of-use assets		
2024		
As at 1 July 2023	18.1	18.1
Additions	1.0	1.0
Disposals	-	-
Lease modifications	(0.6)	(0.6)
Depreciation	(5.2)	(5.2)
As at 30 June 2024	**13.3**	**13.3**
2023		
As at 1 July 2022	13.2	13.2
Assets from business combination	0.8	0.8
Additions	0.5	0.5
Disposals	(0.7)	(0.7)
Lease modifications	8.6	8.6
Depreciation	(4.3)	(4.3)
As at 30 June 2023	**18.1**	**18.1**

	2024 $m	2023 $m
Lease liabilities		
Current	4.2	5.2
Non-current	10.4	14.0
	14.6	**19.2**

(b) Amounts recognised in the Consolidated Statement of Profit or Loss

The Consolidated Statement of Profit or Loss shows the following amounts relating to leases:

	2024 $m	2023 $m
Depreciation charge on right-of-use assets - Buildings	5.1	4.3
Interest expense (included in finance cost)	0.6	0.6
Total amount recognised in profit or loss	**5.7**	**4.9**

The total cash outflow for leases in 2024 was $5.4 million (2023: $4.7 million).

6. Intangible assets

	Goodwill $m	Customer contracts $m	Software $m	Software in development $m	Total $m
2024					
Year ended 30 June 2024					
Opening net book amount	21.3	5.1	17.8	0.5	44.7
Assets from business combinations	3.7	1.5	-	-	5.2
Additions	-	-	(0.5)	4.5	4.0
Disposal and write offs	-	-	(0.1)	-	(0.1)
Transfers	-	-	0.9	(0.6)	0.3
Impairment	-	-	-	-	-
Amortisation	-	(0.7)	(4.8)	-	(5.5)
Closing net book amount	**25.0**	**5.9**	**13.3**	**4.4**	**48.6**
At 30 June 2024					
Cost	51.8	10.6	225.7	5.5	293.6
Accumulated amortisation and impairment	(26.8)	(4.7)	(212.4)	(1.1)	(245.0)
Net book amount	**25.0**	**5.9**	**13.3**	**4.4**	**48.6**
2023					
Year ended 30 June 2023					
Opening net book amount	32.3	5.9	6.9	8.5	53.6
Assets from business combinations	8.3	-	0.8	-	9.1
Additions	-	-	0.5	5.2	5.7
Disposal and write offs	-	-	(0.2)	-	(0.2)
Transfers	-	-	13.2	(13.2)	-

6. Intangible assets continued

	Goodwill $m	Customer contracts $m	Software $m	Software in development $m	Total $m
Impairment	(19.3)	(0.2)	-	-	(19.5)
Amortisation	-	(0.6)	(3.4)	-	(4.0)
Closing net book amount	**21.3**	**5.1**	**17.8**	**0.5**	**44.7**
At 30 June 2023					
Cost	47.6	9.6	225.4	1.6	284.2
Accumulated amortisation and impairment	(26.3)	(4.5)	(207.6)	(1.1)	(239.5)
Net book amount	**21.3**	**5.1**	**17.8**	**0.5**	**44.7**

Impairment tests for goodwill

A cash-generating unit (CGU) to which goodwill is allocated is identified according to business units and tested for impairment annually. The amount of goodwill attributed to the Nationwide business unit is $20.1 million (2023: $20.1 million), the Club Home Response business unit is $1.0 million (FY23: $1.0 million) and the Rapid Building Inspections business unit is $3.7 million. In the prior year, goodwill of $11.7 million attributed to the RACV Solar business unit and goodwill of $7.6 million recognised on acquisition of Home Trades Hub Australia were fully impaired.

The recoverable amount for the Nationwide, Club Home Response and Rapid Building Inspections business units are as follows:

	Nationwide $m	Rapid building inspections $m
2024		
Recoverable amount	91.8	5.8
2023		
Recoverable amount	84.1	-

The recoverable amount of each CGU is determined based on value in use calculations. The value in use calculations use cash flow projections based on financial forecasts prepared by management covering a 5 year period (2023: 5 year period).

The key assumptions used in the Nationwide, Club Home Response and Rapid Building Inspections goodwill calculations are as follows:

	Nationwide %	Rapid building inspections %
2024		
Discount rate (post-tax)	10.9	12.2
Average revenue growth rate	6.6	4.4
EBITDA margin	11.3-12.3	7.4-11.4
Terminal growth rate	2.5	2.5

	Nationwide %	Rapid building inspections %
2023		
Discount rate (post-tax)	11.3	
Average revenue growth rate	8.2	
EBITDA margin	11.5-14.4	
Terminal growth rate	2.5	

Management has determined the values assigned to each of the above assumptions as follows:

Assumption	Approach used to determining values
Discount rate (post-tax)	Reflects specific risks relating to the relevant CGU.
Revenue growth rate	Annual growth rate over the five-year forecasted period based on past performance and management's expectations of market developments.
EBITDA margin	Based on past performance and management's expectations for the future.
Terminal growth rate	This is the growth rate used to calculate the terminal value. The rate is in line with long term inflation targets.

Determining the recoverable amount requires management to make certain estimates and assumptions as to future events and circumstances. These calculations also take into account market conditions, investment market returns and where available public data. Whenever the CGU is impaired, the carrying amount of goodwill is written down to its recoverable amount.

7. Investment properties

	2024 $m	2023 $m
Opening balance	100.8	91.3
Additions	20.1	4.7
Disposal	(1.6)	(0.1)
Transfer	1.0	10.8
Net loss from fair value adjustment	(6.7)	(5.9)
Net book amount	**113.6**	**100.8**

(a) Amounts recognised in the Consolidated Statement of Profit or Loss for investment properties

	2024 $m	2023 $m
Rental income	3.7	4.7
Direct operating expenses from property that generated rental income	(1.9)	(1.8)
Fair value loss	(6.7)	(5.9)
	(4.9)	**(3.0)**

7. Investment properties continued

(b) Valuation basis

The basis of the valuation of investment properties is fair value, being the price for which the properties could be sold in an orderly transaction between market participants at the measurement date. Information about the valuation of investment properties is provided in note 14(b).

8. Assets classified as held for sale

Management approved the sale of 11,050,000 shares held in Club Assets Pty Ltd to Australian Motoring Services Pty Ltd (AMS). As a result, the carrying amount of the Group's investment in Club Assets Pty Ltd at 30 June 2024 of $35.7 million is classified as an 'asset held for sale' and is measured at the lower of its carrying amount and fair value less costs of disposal in accordance with AASB 5. The sale was completed on 1 July 2024. RACV received additional shares issued by AMS as the proceeds of this sale.

9. Provisions

	Employee benefits $m	Other $m	Total $m
2024			
Opening balance	54.3	31.1	85.4
Net provision recognised/(released)	4.5	(4.1)	0.4
Payments of economic benefits	(3.3)	(12.9)	(16.2)
Closing balance	**55.5**	**14.1**	**69.6**
Current 2024	48.1	14.1	62.2
Non-current 2024	7.4	-	7.4
	55.5	**14.1**	**69.6**
Current 2023	48.1	31.1	79.2
Non-current 2023	6.2	-	6.2
	54.3	**31.1**	**85.4**

10. Unearned income and contract liabilities

	2024 $m	2023 $m
Current		
Unearned income	121.5	115.3
Contract liabilities	37.1	32.3
	158.6	**147.6**
Non-current		
Contract liabilities	8.4	15.2
	8.4	**15.2**
	167.0	**162.8**

Contract liabilities

Contracts for traffic content revenue provide customers with a right to access a licence, with revenue recognised over the contract term. The portion of monies received, which relate to performance obligations which are discharged after the reporting date, is included in contract liabilities. Revenue recognised in the reporting period that was included in the balance of contract liabilities at the beginning of the period was $9.0 million (2023: $11.3 million).

The following table outlines the traffic content revenue on existing contracts expected to be recognised in the future which relates to performance obligations that are unsatisfied (or partially satisfied) as at the end of the reporting period:

	2024 $m	2023 $m
Year in which transaction price is expected to be realised		
Within one year	6.8	9.9
Later than one year but not later than five years	6.1	12.0
Later than five years	-	0.1
Total	**12.9**	**22.0**

Remaining contract liabilities relate to AASB 15 adjustments for subscription and entrance fee income.

The Group applies the practical expedient in AASB 15 and does not disclose information about the remaining performance obligation on contracts that have an original expected duration of one year or less or where the Group has the right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance to date.

Financial instruments and risk management

11. Financial assets at fair value through profit or loss

	2024 $m	2023 $m
Current		
Unit trusts - unlisted	5.0	14.0
Other	-	4.2
	5.0	**18.2**
Non-current		
Unit trusts - unlisted	539.6	514.0
Other	11.9	7.1
	551.5	**521.1**

During the year $30.0 million (2023: $35.0 million) of cash and equivalent investments were redeemed to fund the Group's investments and operating activities.

Other than the unit trusts, the Group enters into interest rate swaps to fix the interest rate on the securitised warehouse funding balance and therefore remove the fixed/floating interest rate mismatch between the Group's receivables and the Group's funding balance. This instrument is an amortising swap whose cash flow profile is modelled on the expected repayment profile of the receivables (which mirrors the funding balance) and is regularly reset.

Swap derivatives, included in other financial assets at fair value through profit or loss, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The changes in fair value from derivatives is recognised in the consolidated statement of profit or loss as net gain/(loss) on financial assets at fair value through profit or loss.

12. Interest bearing liabilities

	2024 $m	2023 $m
Current		
Secured funding facility	62.9	-
Chattel mortgages	11.0	1.5
Securitised warehouse facility	93.3	-
Other	0.3	-
	167.5	**1.5**
Non-current		
Secured funding facility	-	54.6
Chattel mortgages	18.4	22.2
Securitised warehouse facility	300.9	312.8
	319.3	**389.6**

(a) Securitised warehouse facility

The Group's wholly-owned subsidiary R.A.C.V. Finance Limited is financed by securitised warehouse facilities ("the warehouses") with senior notes held by an international bank and a major Australian bank, and seller notes held by R.A.C.V. Finance Limited.

The warehouses are secured by loan payments and are non-recourse to the Group, which means that R.A.C.V. Finance Limited's liability is limited to its seller notes unless it is liable in damages for breach of the documents or it is required to buy back an ineligible receivable.

RACVF Warehouse Trust No. 1 has $280.0 million in committed financing (2023: $200.0 million), $242.5 million of which has been utilised (2023: $189.8 million). RACVF Warehouse Trust No. 2 has $155.0 million in committed financing (2023: $155.0 million), $151.7 million of which has been utilised (2023: $123.0 million). The facilities are secured against the loan receivables they fund respectively. The warehouses consist of two classes of notes with R.A.C.V. Finance Limited as the holder of the seller note.

Interest on the warehouses is charged at floating 1 month BBSW rate plus a margin.

The Group's wholly-owned subsidiary R.A.C.V. Finance Limited has a commitment to maintain its ownership of seller notes at 10% and 26% of total securitised warehouse facility with an international bank and a major Australian bank respectively.

The initial availability period of both facilities was until July 2024, and the renewed availability period is now until September 2026 for Warehouse Trust No. 1 and October 2024 for Warehouse Trust No. 2.

(b) Secured funding facility

On 1 September 2021, an amendment to the existing facility was executed with Australia and New Zealand Banking Group Limited ("ANZ") consisting of Facility A of $75.0 million and Facility B of $100.0 million. Both facilities were initially due to expire on 1 September 2024. The facilities were extended for a six month period in July 2024 with a termination date of 28 February 2025.

As at 30 June 2024, $62.9 million of the $175.0 million facility was drawn (2023: $54.6 million of the $175.0 million facility was drawn). The facility has been secured by a guarantee from certain Group entities and mortgages over two properties.

Under the facility agreement, the guarantors are required to meet the following financial undertakings:

(i) Interest cover ratio is not less than 5.00:1.00. This ratio is calculated as EBITDA divided by interest expense;

(ii) Leverage ratio is not greater than 2.50:1.00. This ratio is calculated as total financial indebtedness divided by EBITDA;

(iii) Gearing ratio is not greater than 30%. This ratio is calculated as total liabilities divided by total tangible assets; and

(iv) Total equity is not less than $1,000,000,000.

The interest cover ratio as at 30 June 2024 was 58.00:1.00 (2023: 28.32:1.00). The leverage ratio as at 30 June 2024 was 0.40:1.00 (2023: 1.15:1.00). The gearing ratio as at 30 June 2024 was 2.67% (2023: 2.52%). Total equity as at 30 June 2024 was $2,075.7 million (2023: $1,885.2 million).

(c) Chattel mortgages

Chattel mortgages are secured by the underlying assets. These mortgages have varying terms and renewal rights.

	2024 $m	2023 $m
Commitments in relation to chattel mortgages are payable as follows:		
Due not later than one year	1.0	1.5
Due later than one year but not later than five years	6.7	6.3
Due later than five years	27.0	19.3
	34.7	**27.1**
The present value of chattel mortgages is as follows:		
Due not later than one year	1.0	1.5
Due later than one year but not later than five years	6.2	6.0
Due later than five years	22.1	16.2
	29.3	**23.7**

13. Financial risk management

The Group's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the Group's management under policies approved by the Board of Directors. The Group uses different methods to measure different types of risk to which it is exposed. These methods include monthly cash flow projections for liquidity risk and ageing analysis for credit risk.

(a) Credit risk

Credit risk arises from cash and cash equivalents, counterparty credit risk on derivative financial instruments, as well as receivables and committed transactions. The maximum exposure to credit risk on financial assets of the Group is the carrying amount of those assets as indicated in the Consolidated Balance Sheet. Cash and cash equivalents and derivative financial instruments are held with independently rated banks with a minimum rating of 'A' (2023: 'BBB+') and do not expose the Group to significant credit risk.

Credit risk also arises in relation to financial guarantees given to certain parties (refer note 13(a)(iv)). Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval. Trade and other receivables are well diversified across a large number of customers and do not expose the Group to significant credit risk. Credit risk exposures relating to loans and financial guarantees are disclosed below in more detail.

The Group's material risks are disclosed below:

(i) Credit risk in relation to loan and finance lease receivables

Credit risk is managed by using a prudent risk assessment process for all customers with the intention of seeking minimum exposure at all times and assessing the borrower's capacity to repay the loan or lease. Credit risk is assessed similarly for each loan based on the borrower's creditworthiness, credit history and the collateral being provided. Internal policies provide guidance on the acceptable mix of risk categories associated with the receivables portfolio.

Collateral held as security and other credit enhancements

Credit risk on loan and finance lease receivables is mitigated by obtaining security over the underlying asset. The majority of consumer loan receivables and all finance lease receivables are secured with a motor vehicle and the security registered on the Personal Property Securities Register. The vehicle can be repossessed if the counterparty is in default under the terms of the agreement. Where there is a shortfall in security held over the motor vehicle, a caveat may be placed over real estate property of the borrower or treated as unsecured.

For business loans (goods mortgage), the motor vehicle remains the property of the Group until all payments and the residual are repaid.

13. Financial risk management continued

(a) Credit risk continued

(i) Credit risk in relation to loan and finance lease receivables continued

The following table shows the extent to which mortgage over motor vehicles (for consumer loans and finance lease receivables) and ownership of property (for business loans) mitigate credit risk:

	Maximum exposure to credit risk $m	Market value* of collateral held at reporting date $m	Secured %
30 June 2024			
Loan receivables	507.0	459.6	91
Finance lease receivables	24.7	19.7	70
30 June 2023			
Loan receivables	391.1	347.0	89

* Value of motor vehicles as quoted in the Glass's Guide vehicle pricing guide.

All loans over 60 days in arrears are considered to be in default and are subject to the formal collection procedures which includes the issuance of an enforcement notice (under section 88 of the National Credit Code). Steps are taken to repossess the collateral if the overdue payment is not made within 35 days of the notice. Repossessed collateral is sold at a public auction. The carrying amount of repossessed vehicles as at 30 June 2024, representing the foreclosed collateral obtained through the enforcement of security was $106,226 (2023: $2,500). In certain circumstances, a default record may be listed on a customer's personal credit file.

Concentrations of credit risk in relation to loan and lease receivables

The Group minimises concentrations of credit risk in relation to loan receivables by diversification across a large number of customers. A prudent risk assessment process for all customers is used to manage the credit risk on loan receivables.

Concentration of risk on finance lease receivables is minimised by the spread of transactions with a large number of customers. Credit risk is minimised through prudent assessment policies and ensuring final balloon repayment amounts are in line with estimated asset values at the end of the repayment term.

The categories of credit risk exposure and the maximum exposure for each concentration are as follows:

	2024 %	2023 %	2024 $m	2023 $m
Category				
Secured Loans	95	100	506.8	391.0
Unsecured loans	-	-	0.1	0.1
Finance lease receivables	5	-	24.7	-
Total receivables	**100**	**100**	**531.6**	**391.1**

(ii) Impairment

The impairment requirements apply to financial assets measured at amortised cost and finance lease receivables. For trade receivables and finance lease receivables the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For loan receivables, the Group applies a three-stage approach to measuring the expected credit loss ("ECL") based on changes in the financial asset's underlying credit risk.

Stage 1: 12-months ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR), ECL is determined based on the probability of default (PD) over the next 12 months. Interest income is determined with reference to the financial asset's effective interest rate (EIR) and the financial asset's gross carrying amount.

Stage 2: Lifetime ECL - not credit impaired

When there has been a SICR, the ECL is determined with reference to the financial asset's lifetime PD and the lifetime losses associated with that PD. The Group assesses whether there has been a SICR since initial recognition based on qualitative and quantitative data. Interest income is determined with reference to the financial asset's EIR and the financial asset's gross carrying amount.

Stage 3: Lifetime ECL - credit impaired

Financial assets are classified as stage 3 where they are determined to be credit impaired, which is where loans are more than 60 days past due or flagged as 'At Risk'.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. Interest income is determined with reference to the financial asset's EIR and the financial asset's amortised cost carrying value, being the exposure's gross carrying value after the ECL provision.

The Group uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Stage 1	• Loans without any impairment indicators	• 12 month expected losses • Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage 2	• Hardship/variation • 30 days in arrears 3 times	• Lifetime expected losses
Stage 3	• Loans flagged 'At Risk' • 60 days in arrears once	• Lifetime expected losses

Historical evidence demonstrates that loans '30 days in arrears' are often due to administrative matters or a genuine oversight on the customer's behalf, and there is no correlation between a once off '30 days in arrears' and a significant increase in risk of a default occurring. The Group considers where a loan is '30 days in arrears' 3 times to be more representative of the credit risk deterioration.

Indicators for loans flagged 'At Risk' include bankruptcy, deceased customers, fraud identified or legal action taken.

The Group considers its historical loss experience and adjusts this for current observable data. In addition, the Group monitors the macroeconomic conditions to ensure impacts are appropriately reflected when estimating the amount of an expected impairment loss. Management overlay outlined below includes an additional assessment to take into account volatility in the macroeconomic environment in both years.

Interest on consumer loans is calculated on the daily balance outstanding and is charged in arrears to a customer's account in accordance with the terms of the loan agreement.

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

13. Financial risk management continued

(a) Credit risk continued

(ii) Impairment continued

Management overlay

Persistently high inflation and high interest rates remained prevalent in the domestic and global economic outlook. These macroeconomic conditions are expected to have a possible impact on the expected credit losses on the loan portfolio and thus an additional management overlay continues to be included. Management assessed that overall impact from these macroenvironment has not seen a significant rise in arrears, thus slightly reducing the management overlay provision.

The Group has assessed expected credit losses on finance lease receivables as nil due to the historically strong collections of lease payments (2023: nil).

Modification of financial assets

The Group sometimes modifies the terms of loans and finance lease receivables provided to customers due to payment holidays. Restructuring policies and practices are based on indicators or criteria which, based on management's judgement, indicates that payment will most likely continue. These policies are kept under continuous review.

(iii) Credit quality

The level of risk associated with a loan or finance lease receivable is indicated by its credit quality which is evaluated using the Equifax score.The following table represents the credit quality of loan receivables.

	Stage 1 - 12 month expected credit loss			Stage 2 - Lifetime expected credit loss	Stage 3 - Lifetime expected credit loss	Total
	Low Grade[3] $m	Medium Grade[2] $m	High Grade[1] $m	$m	$m	$m
30 June 2024						
Loan receivables	1.8	17.4	479.2	4.4	4.2	507.0
Finance lease receivables	-	-	-	-	-	-
	1.8	**17.4**	**479.2**	**4.4**	**4.2**	**507.0**
30 June 2023						
Loan receivables	4.4	27.9	351.4	4.3	3.1	391.1
	4.4	**27.9**	**351.4**	**4.3**	**3.1**	**391.1**

The Group has assessed expected credit losses on lease receivables as nil due to the historically strong collections of lease payments. The Group holds security over all motor vehicles leased and therefore, has the ability to repossess any vehicles held by lessees who default on their payment obligations.

1 Equifax score above 500
2 Equifax score between zero to 500
3 Equifax score below zero

The provision for impairment by category is as follows:

	Stage 1 - 12 month expected credit loss			Management Overlay	Stage 2 - Lifetime expected credit loss	Stage 3 - Lifetime expected credit loss	Total
	Low Grade[3] $m	Medium Grade[2] $m	High Grade[1] $m	$m	$m	$m	$m
30 June 2024							
Loan receivables	-	-	0.3	0.7	0.2	0.5	1.7
	-	**-**	**0.3**	**0.7**	**0.2**	**0.5**	**1.7**
30 June 2023							
Loan receivables	-	0.1	0.2	0.8	0.2	0.5	1.8
	-	**0.1**	**0.2**	**0.8**	**0.2**	**0.5**	**1.8**

1 Equifax score above 500

2 Equifax score between zero to 500

3 Equifax score below zero

(iv) Financial guarantees

Cross guarantees are given by RACV and each of its wholly owned subsidiaries within the Closed Group as described in note 25. No deficiencies of assets exist in the Closed Group. No liability was recognised by the Group in respect of these guarantees.

(b) Liquidity risk

Liquidity risk is the risk that the financial obligations of the Group cannot be met as and when they fall due without incurring significant costs. The Group manages liquidity risk by continuously monitoring budget and actual cash flows and reporting liquidity projections to the Board. The Group monitors its liquidity position on a monthly basis with the aim of maintaining a liquidity target between 0.3 and 0.6 of one month's operating expenses. The average liquidity position for the Group was 0.4 months (2023: 0.3 months). Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. While part of the Financial Assets at Fair Value Through Profit or Loss are classified as non-current based on their expected redemption profile, these investments are redeemable on demand and are therefore also available to meet the Group's liquidity needs if required.

Financing arrangements

The Group had access to the following net undrawn borrowing facilities at the reporting date:

	2024 $m	2023 $m
Floating rate		
Expiring within 1 year (bank overdraft)	5.5	5.5
Expiring within 1 year (secured funding facility)	80.0	-
Expiring within 2 years (secured funding facility)	-	100.0
Expiring within 2 years (securitised warehouse facility)*	-	42.2
Expiring within 1 year (securitised warehouse facility)*	40.7	-
	126.2	**147.7**

* Warehouse facility can only be used for the purpose of issuance of class A notes.

13. Financial risk management continued

(b) Liquidity risk continued

Maturities of financial liabilities

The table below analyses the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month 1 year $m	or less $m	Over 1 to 5 years $m	Over 5 years $m	Total contractual cash flows $m	Carrying amount $m
June 2024						
Non-interest bearing	140.2	-	-	-	140.2	140.2
Fixed interest rate	-	1.1	7.0	27.0	35.1	29.4
Floating interest rate	8.1	148.4	300.9	-	457.4	457.4
Lease liabilities	-	4.6	10.6	0.3	15.5	14.6
	148.3	**154.1**	**318.5**	**27.3**	**648.2**	**641.6**
June 2023						
Non-interest bearing	115.5	-	-	-	115.5	115.5
Fixed interest rate	-	1.5	6.3	19.3	27.1	23.7
Floating interest rate	-	-	367.4	-	367.4	367.4
Lease liabilities	-	5.2	14.7	-	19.9	19.2
	115.5	**6.7**	**388.4**	**19.3**	**529.9**	**525.8**

The investments at FVTPL that are classified as non-current due to the expected redemption profile are effectively redeemable in the short term. They are available to meet the Group's liquidity needs over the next 12 months if required addressing the Group's net current asset deficiency at 30 June 2024.

(c) Market risk

(i) Price risk

The Group is exposed to unit trust price risk. This arises from investments held by the Group and classified as financial assets at fair value through profit or loss. The Group diversifies its portfolio to manage its price risk arising from investments in unit trusts. Diversification of the portfolio is done in accordance with the limits set by the Group.

The fair values of the investments are based on current exit price. Subsequent changes in fair value are recognised in the Consolidated Statement of Profit or Loss.

The reasonable possible changes in market value of the Group's investments have been assessed to range from +/- 4.5% to 10.4% (2023: +/- 4.1% to 7.9%). This range is predominately based on Australian equity (7.2%) and Global equity (8.6%). The impact of these changes on the pre-tax profit would be +/- $44.5 million (2023: +/- $30.6 million). The analysis is based on the assumption that the market price of all investments have moved by their respective percentages with all other variables held constant.

(ii) Interest rate risk

Interest rate risk is the risk to the Group's earnings and capital arising from changes in market interest rates. The Group's interest rate risk exposure results primarily from repricing risk or differences in the repricing characteristics of its financial assets and liabilities.

The Group's financial assets consist primarily of cash, financial assets at fair value through profit or loss, fixed rate loan receivables with maturities ranging from 12 to 84 months.

The financial liabilities funding these receivables consist primarily of floating rate borrowings on the securitised warehouse facility and the secured funding facility. The secured funding facility has been extended to 28 February 2025. The initial availability period of both warehouse facilities is until July 2024, and the renewed availability period is now until September 2026 for Warehouse Trust No. 1 and October 2024 for Warehouse Trust No. 2.

Due to the mismatch in the maturities of its receivables and the financial liabilities funding these receivables, the Group is exposed to repricing risk. The risk is managed by the Group using interest rate swap contracts to convert the floating rate exposure on the securitised warehouse facility to fixed interest rates. The impact on equity and pre-tax profit of reasonable possible changes in the interest rate over the next 12 months between -/+ 0 and 50 basis points (2023: between -/+ 0 and 100 basis points), with all other variables held constant is -/+ $0.4 million (2023: -/+ $1.3 million). The Group's net exposure to interest rate risk at the end of the reporting period is $74.6 million (2023: $127.5 million).

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the variable rate borrowings.

Swaps currently in place cover approximately 76.0% of the warehouse funding balance (2023: 69.9%). The fixed interest rates of the swaps range between 3.60% and 3.94% (2023: range between 3.57% and 3.60%) and the variable rates of the loans are at 1 month BBSW which at the end of the reporting period was 4.31% (2023: 4.07%). Refer to note 11.

The swap contracts require settlement of net interest receivable or payable every month. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

14. Fair value measurement

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its assets and liabilities into levels of the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Recognised fair value measurements

The following table presents the Group's assets measured and recognised at fair value at 30 June 2024:

	Notes	Level 2 $m	Level 3 $m	Total $m
30 June 2024				
Assets				
Unit trusts – unlisted	11	448.8	95.8	544.6
Land and buildings	4	-	917.4	917.4
Investment properties	7	-	113.6	113.6
Interest rate swaps		1.8	-	1.8
		450.6	**1,126.8**	**1,577.4**
30 June 2023				
Assets				
Unit trusts – unlisted	11	438.5	89.5	528.0
Land and buildings	4	-	899.6	899.6
Investment properties	7	-	100.8	100.8
Interest rate swaps		2.7	-	2.7
		441.2	**1,089.9**	**1,531.1**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

14. Fair value measurement continued

(ii) Disclosed fair values

The Group also has the following assets and liabilities which are not measured at fair value but for which fair values are disclosed in the notes:

- the carrying amount of securitised warehouse facility, subscription agreement, secured funding facility and chattel mortgages approximates their fair value as the impact of discounting is not significant;
- the carrying amount of trade payables approximates their fair value due to their short term nature.

(b) Valuation techniques and inputs used to derive level 2 and level 3 fair values

The fair value of unlisted unit trusts is based on exit price which is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices of the underlying instruments are used to estimate fair value of majority (approx. 82%) (2023: approx. 83%) of the unlisted unit trusts. The fair value of the remaining unlisted unit trusts is based on independent valuations of the underlying instruments.

As the underlying Fund's interest in these investments are not actively traded in a public market, the valuation provided by the external investment manager is considered unobservable and is therefore classified as a level 3 investment. The Fund reviews the valuation methodology adopted by the relevant investment manager and makes further enquiries, as appropriate, relating to valuation methodology and key inputs used to determine valuations.

The fair value of interest rate swaps is classified as a level 2 instrument as they are not traded in an active market and are determined using valuation techniques. These valuation techniques calculate the present value of the estimated future cash flows using observable yield curves in the market.

The fair value of land and buildings and investment properties are based on independent assessments made by members of the Australian Property Institute. The Group obtains independent valuations for its investment properties and for its freehold land and buildings at least annually. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's fair value within a range of reasonable fair value estimates.

The discount rate applied is based on investors' current return expectations. The resulting valuations are compared to current sales prices in an active market for similar properties in the same location and condition.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents changes in level 3 fair value measurements:

	Unit trusts - unlisted $m	Land and buildings $m	Investment properties $m	Total $m
June 2024				
Opening balance 1 July 2023	89.5	899.6	100.8	1,089.9
Additions	5.4	11.3	20.1	36.8
Disposals	(1.3)	(0.1)	(1.6)	(3.0)
Transfers	-	32.0	1.0	33.0
Depreciation and impairment	-	(31.2)	-	(31.2)
Revaluation increment/(decrement)	2.2	5.8	(6.7)	1.3
Closing balance 30 June 2024	**95.8**	**917.4**	**113.6**	**1,126.8**
Total gain/(loss) for the period recognised in the consolidated Statement of Profit or Loss	2.3	11.9	(6.6)	7.6
Total gain/(loss) for the period recognised in the consolidated Statement of Comprehensive Income	-	(6.0)	-	(6.0)
June 2023				
Opening balance 1 July 2022	81.7	924.1	91.3	1,097.1
Additions	3.9	6.8	4.7	15.4
Disposals	(4.3)	-	(0.1)	(4.4)
Transfers	-	(5.9)	10.8	4.9
Depreciation and impairment	-	(29.0)	-	(29.0)
Revaluation increment/(decrement)	8.2	3.6	(5.9)	5.9
Closing balance 30 June 2023	**89.5**	**899.6**	**100.8**	**1,089.9**
Total gain/(loss) for the period recognised in the consolidated Statement of Profit or Loss	8.2	(8.0)	(5.9)	(5.7)
Total gain for the period recognised in the consolidated Statement of Comprehensive Income	-	11.6	-	11.6

14. Fair value measurement continued

(d) Valuation inputs and relationships to fair value (level 3)

The following table presents quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. Refer (b) for the valuation techniques adopted.

Description	Valuation Technique	Unobservable Inputs	Range of inputs 2024	Range of inputs 2023	Relationship of unobservable inputs to fair value
Land and buildings	Capitalisation	Capitalisation rate:	6.00% - 9.25%	5.25% - 9.00%	The higher the capitalisation rate, the lower the fair value. If the capitalisation rate changed by +0.5%, the financial impact would be -$63.8m
	Discounted cash flow	Average daily rate (ADR):	$155 - $550	$155 - $495	The higher the ADR, the higher the fair value.
		Occupancy rate:	60% - 85%	60% - 85%	The higher the occupancy rate, the higher the fair value.
		Discount rate:	7.50% - 10.50%	6.50% - 10.25%	The higher the discount rate and terminal capitalisation rate, the lower the fair value. If the discount changed by +0.5%, the financial impact would be -$25.6m.
		Terminal capitalisation rate:	6.00% - 9.50%	6.00% - 9.25%	
Investment property	Capitalisation	Core capitalisation rate:	5.25% - 6.00%	4.25% - 6.25%	The hgher the capitalisaton rate, the lower the fair value. The higher the net face rental value, the higher the fair value.
		Net face rental value:	$165/m2 - $715/m2	$257/m2 - $700/m2	
	Discounted cash flow	Discount rate:	6.75% - 7.25%	5.00% - 6.50%	The higher the discount rate and terminal capitalisation rate, the lower the fair value.
		Terminal capitalisation rate:	5.75% - 6.50%	4.50% - 6.25%	
	Direct comparison	Sales price per square metre	$3,000/m2 - $9,250/m2	$600/m2 - $9,500/m2	The higher the sales price per square metre, the higher the fair value.

There is no direct correlation between unobservable inputs.

(e) Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties and land and buildings. Information about the valuation of land and buildings and investment properties are provided in note 14(b). Valuation outcomes are reported to the Audit and Compliance Committee at least annually.

Taxation

15. Income tax benefit/(expense)

	2024 $m	2023 $m
Deferred tax expense (refer note 16)	0.2	(0.5)
Income tax benefit/(expense)	**0.2**	**(0.5)**

(a) Reconciliation of prima facie income tax

The assessable income of RACV for income tax purposes comprises only certain income deemed to be derived from non-member activities. Conversely, allowable deductions for income tax purposes are limited to certain expense and statutory deductions.

The prima facie tax on operating profit differs from the income tax provided in the accounts as follows:

	2024 $m	2023 $m
Profit before income tax	156.8	54.1
The prima facie tax expense on operating profit before income tax @ 30%	(47.0)	(16.2)
Tax effect of amounts which are not taxable/(deductible) in calculating income tax:		
(Loss)/profit attributable to activities for the mutual benefit of members	11.3	9.1
Share of net profit of equity accounted investments	40.1	33.2
Current year tax losses derecognised	(13.8)	(30.9)
Deferred tax derecognised	7.5	12.7
Impairment of investments	-	(5.8)
Amortisation of intangibles	(0.1)	-
Sundry items	2.2	(2.6)
Income tax benefit/(expense) attributable to operating profit	**0.2**	**(0.5)**

(b) Tax expense relating to items of other comprehensive income

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to other comprehensive income:

	2024 $m	2023 $m
Net deferred tax debited directly to other comprehensive income (refer to note 16)	1.5	(2.5)
Derecognised deferred tax credited to other comprehensive income	(1.5)	2.5
	-	**-**

15. Income tax benefit/(expense) continued

(c) Tax consolidation

RACV and its wholly owned subsidiaries are parties to a tax sharing agreement and a tax funding agreement. The tax sharing agreement, in the opinion of the directors, limits the joint and several liability of the wholly owned subsidiaries in the case of default by RACV.

Under the tax funding agreement, the wholly owned subsidiaries fully compensate RACV for any current tax payable assumed and are compensated by RACV for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to RACV under the tax consolidation legislation. The funding amounts will be determined by reference to the amounts recognised in the wholly owned subsidiaries' financial statements.

(d) Income tax contributions

RACV continues to contribute significantly to Australia's tax base across all applicable federal and state taxes. With respect to income tax, a major component of RACV's profit comes from its investments in associates where the dividend income is received on a fully franked basis meaning income tax is paid at source. The amount of income tax paid on RACV's dividend component was $35.6 million during the financial year (2023: $23.2 million).

16. Deferred tax assets

	2024 $m	2023 $m
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Property, plant and equipment	(4.7)	(3.4)
Employee benefits	10.2	9.4
Superannuation plan	(1.3)	(0.8)
Borrowing costs	0.2	0.3
Accrued income and prepayments	(0.9)	(0.7)
Provisions and accruals	4.3	8.1
Unearned income and contract liabilities	14.3	14.1
Financial assets	(3.8)	(0.7)
Intangible assets	7.4	8.1
Derecognition of deferred tax	(27.1)	(35.8)
Other	1.4	1.4
	-	-
Amounts recognised directly in other comprehensive income		
Revaluation of property	1.3	(1.6)
Superannuation plan	0.2	(0.9)
Derecognition of deferred tax	(1.5)	2.5
	-	-
Net deferred tax assets	**-**	**-**
Movements in temporary differences during the year:		
Opening balance	-	-
Debited to the Consolidated Statement of Profit or Loss	(7.6)	(17.6)
Derecognition of deferred tax (others)	7.5	16.0
Other	0.1	1.6
Closing balance	**-**	**-**

(a) Accounting estimates, assumptions and judgements: Income taxes

The Group assesses the recoverability of deferred tax assets based on detailed financial forecasts. When assessing the recoverability of the deferred tax assets, the directors consider the expected profitability of non-mutual activities, prevailing economic conditions and investment return rates.

The Group recognises deferred tax assets relating to carried forward tax to the extent it is probable that future tax liabilities will be available against which the deferred tax assets may be utilised or there are taxable temporary differences (deferred tax liabilities) relating to the same taxation authority. The Group assessed that there was insufficient future tax liabilities and taxable temporary differences as at 30 June 2024 and derecognised $14.8 million of deferred tax assets relating to tax losses, reduced by $7.2 million relating to a reversal of other taxable temporary differences and recognised an income tax expense for current year deferred tax assets derecognised of $6.2 million (2023: $14.6 million). The unrecognised deferred tax asset as at 30 June 2024 is $177.8 million (2023: $168.1 million).

Remuneration and benefits

17. Key management personnel

	2024 $'000	2023 $'000
Key management personnel compensation comprises:		
Short-term benefits	7,891	7,301
Post-employment benefits	402	351
Long-term benefits	1,085	998
Termination benefits	-	291
	9,378	**8,941**

Key management personnel of the Group

The key management personnel of the Group comprise all directors of RACV and the executives having authority and responsibility for planning, directing and controlling the activities of the Group. At 30 June 2024, in addition to the eleven directors, nine executives were included as key management personnel (30 June 2023: eleven directors, nine executives).

Transactions with key management personnel of the wholly owned Group

The key management personnel of RACV have normal business transactions with various controlled entities including the use of various facilities available to them as members and the reimbursement of travelling expenses. These transactions include insurance and finance loans with the wholly-owned subsidiary R.A.C.V. Finance Limited and minor sales of products and services. All these transactions are conducted on a commercial basis on conditions no more beneficial than those available to members or employees.

18. Superannuation benefits

Upon joining the Group, new employees are able to choose whether to join the defined contribution section of the RACV Superannuation Fund (Plan) or an alternative fund. All members of the Plan are entitled to benefits on resignation, retirement, ill health, disability or death.

The Plan has both a defined benefit section and a defined contribution section. The defined benefit section provides defined benefits based on years of membership and final average salary for those members employed prior to 1 March 1998 and who elected to remain defined benefit members. The defined contribution section receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions for this section of the Plan.

Plan assets are held in trust which is subject to supervision by the prudential regulator. Funding levels are reviewed regularly. Where assets are less than vested benefits, being those payable upon exit, a management plan must be formed to restore the coverage to at least 100%.

Responsibility for governance of the Plan, including investment decisions and plan rules rests with the Board of Trustees of the Plan. Contribution levels are also the responsibility of the trustee, although these are usually set in consultation with the employer. Disclosures for the Plan are shown below:

	2024 $m	2023 $m
Fair value of superannuation Plan assets	194.8	177.4
Present value of the defined benefit obligation	(50.1)	(48.1)
Present value of the defined contribution obligation	(137.5)	(123.0)
Superannuation plan asset in the Consolidated Balance Sheet	**7.2**	**6.3**

(a) Reconciliations

	2024 $m	2023 $m
Movement in the present value of the defined benefit obligation:		
Opening present value	48.1	50.6
Current service cost	0.3	0.5
Interest expense	2.7	2.6
Actuarial gain arising from changes in financial assumptions	2.2	(1.6)
Contributions by Plan participants	-	0.1
Benefits, administrative costs and tax paid	(3.2)	(4.1)
Closing present value	**50.1**	**48.1**
Movement in the fair value of Plan assets (including defined contribution plan):		
Opening fair value	177.4	176.1
Interest income	2.9	2.7
Actual return on Plan assets, less interest income	1.5	1.5
Contributions by employer	1.6	1.5
Contributions by Plan participants	-	0.1
Benefits, administrative costs and tax paid	(3.2)	(4.1)
Movement in vested benefits in respect of defined contribution members	14.6	(0.4)
Closing fair value	**194.8**	**177.4**

The closing fair value of plan assets includes $57.3 million defined benefit plan assets that are valued using significant observable inputs and are classified within Level 2 of the fair value hierarchy (2023: $54.3 million at Level 2). The fair value of Plan assets includes no amounts relating to RACV's own financial instruments or any property occupied by or other assets used by the Group.

(b) Amounts recognised in the Consolidated Statement of Profit or Loss

	2024 $m	2023 $m
Current service cost	0.3	0.5
Net interest expense	(0.3)	(0.1)
Total included in employee benefits expense	**-**	**0.4**

(c) Amounts recognised in the Consolidated Statement of Comprehensive Income

	2024 $m	2023 $m
Remeasurements:		
Actual return on Plan assets, less interest income	1.5	1.5
Actuarial gain incurred during the year	(2.2)	1.6
Total amount recognised in the Consolidated Statement of Comprehensive Income	**(0.7)**	**3.1**

(d) Actuarial assumptions and sensitivity

	2024 % p.a.	2023 % p.a.
Discount rate - active members	5.7	5.4
Discount rate - pensioners	5.6	5.3
Future salary increases	3.0	3.0

The sensitivity of the defined benefit obligation to changes in the significant assumptions is presented below:

	Base Case	Change in discount rate % p.a.		Change in salary increase rate % p.a.		Change in pension take-up rate % p.a.	
	%	**-0.5%**	**+0.5%**	**-0.5%**	**+0.5%**	**-20.0%**	**+20.0%**
June 2024							
Discount rate - active members	5.6	5.1	6.1	5.6	5.6	5.6	5.6
Discount rate - pensioners	5.5	5.0	6.0	5.5	5.5	5.5	5.5
Salary increase	3.5	3.5	3.5	3.0	4.0	3.5	3.5
Pension take-up rate	80.0	80.0	80.0	80.0	80.0	60.0	100.0
Defined benefit obligation ($m)	50.1	53.3	47.2	50.0	50.3	48.7	51.5
	%	**-0.5%**	**+0.5%**	**-0.5%**	**+0.5%**	**-20.0%**	**+20.0%**
June 2023							
Discount rate - active members	5.7	5.2	6.2	5.7	5.7	5.7	5.7
Discount rate - pensioners	5.6	5.1	6.1	5.6	5.6	5.6	5.6
Salary increase	3.0	3.0	3.0	2.5	3.5	3.0	3.0
Pension take-up rate	80.0	80.0	80.0	80.0	80.0	60.0	100.0
Defined benefit obligation ($m)	48.2	51.3	45.2	47.9	48.3	46.7	49.5

18. Superannuation benefits continued

(d) Actuarial assumptions and sensitivity continued

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the consolidated balance sheet.

(e) Plan funding arrangements and maturity profile of the defined benefit liability

Plan funding levels are monitored on an annual basis and the current agreed contribution rate is 10% of salaries until 31 December 2024. The Group considers that the contribution rate is sufficient to ensure that the assets will cover vested benefits and that regular contributions will not increase significantly.

Expected contributions to the Plan for the next annual reporting period (year ending 30 June 2025) is $0.1 million.

The weighted average duration of the defined benefit obligation as at 30 June 2024 for active members is 13 years (2023: 14 years) and for pensioners is 10 years (2023: 10 years). The maturity profile of the undiscounted payments over the next 10 years is as follows:

	2024 $m	2023 $m
Defined benefit payments		
Less than 1 year	3.7	3.1
1 to 2 years	3.4	3.4
2 to 5 years	10.9	10.2
5 to 10 years	18.7	18.0
	36.7	**34.7**

The carrying amount of payables approximates fair value as the impact of discounting is not significant.

Group structure

19. Subsidiaries

The Group's principal subsidiaries at 30 June 2024 are set out below:

	Equity interest held for the consolidated entity	
	2024 %	2023 %
Royal Automobile Club of Victoria (RACV) Limited[1]		
- Arevo Pty Ltd	100	100
- Altius Property Group Pty Ltd	100	-
- Nationwide Group Pty Ltd & Controlled Entities[1]	100	100
- RACV Travel and Experiences Pty Ltd	100	100
- RACV Holdings Pty Ltd	100	100
- RACV Regional Services Pty Ltd	100	-

	Equity interest held for the consolidated entity	
	2024 %	2023 %
- R.A.C.V. Finance Limited[1]	100	100
- RACVF Warehouse Trust No.1	100	100
- RACVF Warehouse Trust No.2	100	100
- RACV Insurance Services Pty Ltd [1]	100	100
- Intelematics Australia Pty Limited	100	100
- RACV Investment Holdings Pty Ltd	100	100
- Club Tasmania Holdings Pty Ltd	100	100
- Home Trades Hub Australia Pty Limited & Controlled Entities [1 2]	100	100

1 These controlled entities have not been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission (ASIC).

2 RACV Solar Pty Ltd & Controlled Entities became subsidiaries of Home Trades Hub Australia Pty Ltd during the current financial year.

20. Business combinations

Acquisitions in 2024

(a) Summary of acquisition

On 29 April 2024, Home Trades Hub Australia Pty Ltd acquired 100% interest of Rapid Building Inspections Pty Ltd and Rapid Building Inspections IP Pty Ltd ("RBI Group") for a consideration of $5.0 million.

The acquired business contributed revenue of $0.9 million and operating profit/(loss) of $0.2 million since the acqusition date on 29 April 2024. If the acquisition had occurred on 1 July 2023, the consolidated revenue and profit/(loss) for the year ended 30 June 2024 would have been $5.9 million and $0.6 million, respectively. These amounts have been calculated using the Group's accounting policies.

Details of the fair value of the net assets acquired on business acquisition are as follows:

	RBI Group $m
Purchase consideration	
Consideration transferred	5.0
Total purchase consideration	**5.0**
Less: Fair value of net identifiable assets acquired	1.3
Goodwill on business acquisition	3.7

(b) Purchase consideration

	RBI Group $m
Consideration transferred	5.0
Total consideration transferred	**5.0**

20. Business combinations continued

(c) Assets and liabilities acquired

	RBI Group $m
Cash	0.4
Receivables	0.1
Plant and equipment	-
Right-of-use assets	0.1
Intangibles	1.5
Other assets	0.1
Payables	-
Provisions	-
Lease liabilities	(0.1)
Deferred tax liability	(0.3)
Other liabilities	(0.5)
Fair value of net identifiable assets acquired	**1.3**

21. Investments accounted for using the equity method

(a) Carrying amounts

All associates and joint ventures are measured using the equity method and have a reporting date of 30 June. The country of incorporation is also their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

			Ownership interest		Consolidated carrying amounts	
Name of entity	**Principal activity**	**Place of Business**	**2024 %**	**2023 %**	**2024 $m**	**2023 $m**
Associates						
Insurance Manufacturers of Australia Pty Limited (IMA) [1]	General insurance	Australia	30	30	446.7	387.0
Australian Motoring Services Pty Ltd (AMS)	Assistance services	Australia	24	24	6.8	6.6
Club Assets Pty Ltd (Club Assets)[2]	Assistance services	Australia	50	50	-	32.8
Vehicle Repairhub Pty Limited (Repairhub)	Vehicle repair services	Australia	27	27	7.6	7.7
Deep Blue Company Pty Ltd	Conveyancing services	Australia	16	20	14.0	14.3
Tripfuser Pty Ltd	Tourism	Australia	-	28	-	-
Real Estate Agent Select Limited	Property services	Australia	23	23	0.2	-
JET Charge Pty Ltd	EV charging services	Australia	15	15	16.6	18.1
Before You Buy Pty Ltd	Inspection services	Australia	20	15	5.4	4.0
Vendor Compare Pty Ltd trading as Proptech Labs	Property Management	Australia	43	20	19.9	8.3
					517.2	**478.8**

Name of entity	Principal activity	Place of Business	Ownership interest 2024 %	2023 %	Consolidated carrying amounts 2024 $m	2023 $m
Joint ventures						
Landchecker Holdings Pty Ltd[3]	Property services	Australia	62	51	15.6	12.7
					532.8	**491.5**

[1] RACV's associate, IMA, has a contingent liability for a civil penalty proceeding commenced by the Australian Securities and Investments Commission (ASIC) in the Federal Court of Australia against IMA on 24 August 2023 and a statement of claim for a policyholder class action in the Supreme Court of Victoria served on IMA on 28 May 2024. At 30 June 2024, both items were not able to be reliably measured.

[2] The carrying amount of the Group's investment in Club Assets Pty Ltd of $35.7m is classified as an asset held for sale as at 30 June 2024. Refer to Note 8 for further details.

[3] Despite holding a majority of the voting rights, the Group does not have control over Landchecker Holdings Pty Ltd due to its inability to unilaterally direct the relevant activities without agreement from the other shareholder, as required by AASB 10. Therefore, the Group continues to equity account for this investment.

Associates and joint ventures are strategic investments for the Group and complement the services provided by the general insurance, emergency roadside assistance and home businesses.

(b) Movements in carrying amount of investments in associates and joint ventures

	2024 $m	2023 $m
Opening balance	491.5	418.7
Investment acquired in a business combination	-	6.3
Increase in investment in associates and joint ventures	17.8	29.4
Share of profits after income tax	134.1	84.6
Dividend received	(80.1)	(49.0)
Changes to retained earnings	0.4	1.5
Classification of asset held for sale	(35.7)	-
Changes to retained earnings, due to adoption of AASB17	4.8	-
Closing balance	**532.8**	**491.5**

(c) Summarised financial information for associates and joint ventures

The table below presents summarised financial information for associates and joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates.

	IMA		Other associates & joint ventures[1]	
	2024 $m	2023 $m	2024 $m	2023 $m
Balance Sheet				
Total assets	4,314.0	6,345.8	246.4	426.1
Total liabilities	2,824.0	5,055.7	158.4	253.9
Net assets	**1,490.0**	**1,290.1**	**88.0**	**172.2**

21. Investments accounted for using the equity method continued

(c) Summarised financial information for associates and joint ventures continued

	IMA		Other associates & joint ventures[1]	
	2024 $m	2023 $m	2024 $m	2023 $m
Reconciliation to carrying amounts				
Opening net assets 1 July	1,290.1	1,107.4	172.2	145.4
Increase in investment in associates and joint ventures	-	-	18.6	56.7
Profit/(loss) after tax for the period	439.0	314.5	(12.7)	(8.9)
Dividends paid	(256.0)	(133.3)	(7.9)	(18.0)
Share of reserves movement charged to retained earnings	16.9	1.5	(0.8)	(3.0)
Reclassified as held for sale	-	-	(81.4)	-
Closing net assets 30 June	**1,490.0**	**1,290.1**	**88.0**	**172.2**
Group's share of closing net assets 30 June	**446.7**	**387.0**	**23.5**	**48.5**
Statement of Comprehensive Income				
Revenue	5,142.0	4,599.0	326.0	614.1
Profit/(loss) after tax for the period	439.0	314.5	(25.9)	(8.9)
Other comprehensive income	16.4	1.5	-	-
Total comprehensive income 30 June	**455.4**	**316.0**	**(25.9)**	**(8.9)**

[1] Refer to note 21(a) for details of other associates.

22. Parent entity financial information

(a) Summary financial information

The individual financial statements for Royal Automobile Club of Victoria (RACV) Limited, the parent entity, show the following aggregate amounts:

	RACV	
	2024 $m	2023 $m
Loss for the year	**(42.3)**	**(106.5)**
Total comprehensive loss	**(46.2)**	**(90.6)**

	RACV	
	2024 $m	2023 $m
Balance Sheet		
Current assets	498.7	479.7
Total assets	1,788.6	1,766.3

	RACV	
	2024 $m	**2023 $m**
Current liabilities	1,735.4	1,592.1
Total liabilities	1,748.4	1,661.1
Equity		
Asset revaluation reserve	251.4	254.6
Retained earnings	(211.2)	(149.4)
Total equity	**40.2**	**105.2**

(b) Financial guarantees entered into by Royal Automobile Club of Victoria (RACV) Limited

Cross guarantees are provided by RACV and each of its wholly owned subsidiaries within the Closed Group as described in note 25. No deficiencies of assets exist in the Closed Group.

The Group's wholly-owned subsidiary R.A.C.V. Finance Limited has fully drawn the commitment from Royal Automobile Club of Victoria (RACV) Limited ("RACV") of $60.0 million to meet its obligation for the warehouse facilities (2023: $30.0 million utilised).

R.A.C.V. Finance Limited has a $20.0 million line of credit with RACV to support its short term funding needs. This remains undrawn at the reporting date (2023: undrawn).

No liability was recognised by the Group or RACV in respect of these guarantees.

(c) Contingent liabilities of Royal Automobile Club of Victoria (RACV) Limited

RACV has agreed to support various Group subsidiaries to ensure their debts are paid as and when they fall due (refer to note 25).

(d) Contractual commitments for the acquisition of property, plant and equipment

As at 30 June 2024, Royal Automobile Club of Victoria (RACV) Limited has contractual commitments for the acquisition of property, plant and equipment totalling $1.4 million (2023: $18.9 million). These commitments relate to plant and equipment (2023: property related works).

Further details

23. Equity

(a) Reserves

	2024 $m	2023 $m
Asset revaluation reserve	257.7	263.7
Movements:		
Opening balance	263.7	252.1
Revaluation – gross	(6.0)	11.6
Deferred tax	1.3	(1.6)
Derecognised deferred tax	(1.3)	1.6
Closing balance	**257.7**	**263.7**

23. Equity continued

(b) Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of properties as described in note 27(l).

(c) Retained earnings

	2024 $m	2023 $m
Opening balance	1,734.2	1,676.0
Net profit for the year	157.0	53.6
Superannuation plan remeasurements	(0.7)	3.1
Deferred tax on superannuation plan	0.2	(0.9)
Derecognised deferred tax	(0.2)	0.9
Change in associate retained earnings [1]	5.2	1.5
Closing balance	**1,895.7**	**1,734.2**

[1] Change in associate retained earnings includes the impact of adoption of AASB17 by IMA. Refer note 27(a).

(d) Capital risk management

The Group's objective when managing members' equity (capital) is to protect the financial viability and sustainability of the Group and to ensure sufficient funds continue to be available to deliver member services and carry out business plans and initiatives. The Group's capital management is focused on monitoring balance sheet strength and flexibility using liquidity projections (refer to note 13(b)) and detailed budgeting processes.

(e) Membership

	Number of members	
	2024	**2023**
Membership category		
Ordinary (Club)	24,874	25,213
Service	1,390,345	1,401,490
Total voting members	1,415,219	1,426,703
Relationship members	829,901	794,532
Associate Corporate and Honorary Club members	4,166	4,318
Total members	**2,249,286**	**2,225,553**

RACV operates as a company limited by guarantee with the liability of any member not exceeding $6.30. The number of voting members represents the total number of members who are entitled to a vote.

In accordance with the Constitution, Service members and Ordinary (Club) members are entitled to vote in a Service election whilst only Ordinary (Club) members are entitled to vote in an Ordinary (Club) election. Associate Corporate and Honorary Club members and Relationship members are not entitled to a vote under the Constitution.

24. Related party transactions

Royal Automobile Club of Victoria (RACV) Limited is the ultimate controlling entity.

(a) The following related party transactions occurred during the financial year:

Transactions with related parties within the wholly owned Group

Administrative and other service charges are made within the Group on commercial terms and conditions. All material transactions with associate companies are made on commercial terms and conditions.

	2024 $'000	2023 $'000
Transactions with other related parties		
Commission and other revenue		
IMA	186,175	160,648
Club Assets	36,425	33,307
Deep Blue Company Pty Ltd	627	-
Vehicle Repairhub	52	-
Subscription and other revenue		
Australian Motoring Services (AMS)	814	2,528
Superannuation expenses		
RACV Superannuation Fund	11,146	11,342
Purchase of goods and services		
Club Assets	25,816	24,027
HTHA	-	6,906
Jet Charge	1,099	-
AMS	546	-
Outstanding balances with related parties		
Current receivables		
IMA	15,921	16,360
Club Assets	3,191	3,044
Vehicle Repairhub	327	-
Non current receivables		
Deep Blue Company[1]	10,057	4,431
Vehicle Repairhub	1,004	-
Current payables		
IMA	18,766	7,024
Current payables - AMS	275	-

[1] The non current receivable from Deep Blue Company consists of:

- $5.0 million shareholder loan facility, including accrued interest. The loan is unsecured, bears interest at 9% per annum and matures on 24 August 2027.
- $5.0 million loan, including accrued interest, under a $15.0 million term loan facility. The loan is unsecured, bears interest at 12% per annum during the first 6 months after the date of the agreement and 15% per annum thereafter. The loan has an initial term of 6 months and can be extended for a further 6 months from the end of the initial term, and a subsequent period of 6 months from the end of the further period, subject to written agreement.

24. Related party transactions continued

(b) Ownership interests in related parties

Interests held in the following classes of related parties are set out in the following notes:

(i) Subsidiaries - note 19

(ii) Associates and joint ventures - note 21

25. Deed of cross guarantee

RACV and each of its wholly owned subsidiaries indicated in note 19, excluding RACV Insurance Services Pty. Ltd., R.A.C.V. Finance Limited, Nationwide Group Pty Ltd, Homes Trades Hub Australia Pty Ltd, RACV Travel and Experiences Pty Ltd and RACV Solar Pty Ltd (2023: RACV Insurance Services Pty. Ltd., R.A.C.V. Finance Limited, Nationwide Group Pty Ltd, Homes Trades Hub Australia Pty Ltd and RACV Travel and Experiences Pty Ltd) are parties to a Deed of Cross Guarantee (Deed) under which each company guarantees the debts of the others. By entering into the Deed, these wholly owned subsidiaries have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

These companies represent a 'Closed Group' for the purposes of the Instrument and, as there are no other parties to the Deed that are controlled by RACV, they also represent the 'Extended Closed Group'. Set out below is a consolidated Statement of Profit or Loss, Statement of Comprehensive Income, summary of movements in retained earnings and a Balance Sheet of the Closed Group, after eliminating all transactions between parties to the Deed.

	Closed Group	
	2024 $m	**2023 $m**
Statement of Profit or Loss		
Revenue and other income	620.1	551.9
Other investment income	30.8	23.0
Expenses	(612.3)	(610.9)
Interest expense and other finance costs	(15.3)	(13.1)
Impairment of assets	(1.0)	(21.0)
Share of net profit and impairment of equity accounted investments	133.9	84.8
Net gain on financial assets at fair value through profit or loss	27.1	34.6
Fair value adjustment to assets	5.1	(13.8)
Profit before income tax	**188.4**	**35.5**
Income tax benefit	11.3	21.8
Profit after income tax	**199.7**	**57.3**
Statement of Comprehensive Income		
Profit after income tax	199.7	57.3
Items that will not be reclassified to profit or loss:		
Gain on revaluation of land and buildings, net of tax	(4.7)	10.0
Superannuation plan remeasurements, net of tax	(0.5)	2.2
Change in associate retained earnings, net of tax	0.3	1.5
Derecognised deferred tax	(1.5)	2.5
Total comprehensive income for the year	**193.3**	**73.5**

	Closed Group	
	2024 $m	2023 $m
Movement in retained earnings		
Opening balance	1,621.5	1,558.9
Profit after income tax	199.7	57.3
Superannuation plan actuarial remeasurements, net of tax	(0.7)	3.1
Change in associate retained earnings	5.2	1.5
Acquisition of subsidiaries	–	0.7
Retained earnings at the end of the financial year	**1,825.7**	**1,621.5**

	Closed Group	
	2024 $m	2023 $m
Balance Sheet		
Current assets		
Cash and cash equivalents	33.6	17.8
Receivables	16.1	35.6
Inventories	2.3	8.9
Financial assets at fair value through profit or loss	5.1	22.6
Prepayments and accruals	35.6	32.2
Other current asset	–	1.7
Current tax assets	–	2.0
Assets held for sale	35.7	–
Total current assets	**128.4**	**120.8**
Non-current assets		
Financial assets at fair value through profit or loss	549.7	514.1
Investments accounted for using the equity method	611.4	517.6
Property, plant and equipment	991.6	980.0
Right-of-use assets	6.4	10.4
Investment properties	113.6	100.8
Intangible assets	41.2	52.4
Superannuation benefits assets	7.2	6.3
Total non-current assets	**2,321.1**	**2,181.6**
Total assets	**2,449.5**	**2,302.4**
Current liabilities		
Trade and other payables	96.3	131.5
Interest bearing liabilities	62.9	0.8
Provisions	57.4	71.9
Unearned income and contract liabilities	126.6	123.9
Lease liabilities	1.9	3.0
Other financial liabilities	1.5	1.4
Total current liabilities	**346.6**	**332.5**

25. Deed of cross guarantee continued

	Closed Group	
	2024 $m	**2023 $m**
Non-current liabilities		
Interest bearing liabilities	-	55.9
Provisions	6.0	5.7
Unearned income and contract liabilities	8.4	15.2
Lease liabilities	5.1	7.9
Total non-current liabilities	**19.5**	**84.7**
Total liabilities	**366.1**	**417.2**
Net assets	**2,083.4**	**1,885.2**
Equity		
Reserves	257.7	263.7
Retained earnings	1,825.7	1,621.5
Total equity	**2,083.4**	**1,885.2**

26. Auditor's remuneration

During the year, the following fees were paid or payable to the auditors:

	2024 $'000	**2023 $'000**
PricewaterhouseCoopers		
Audit of consolidated financial reports of RACV and the financial reports of its subsidiaries	715	756
Other statutory assurance services	38	20
Other services	126	65
Total remuneration	**879**	**841**
Moore Australia		
Audit of financial reports of Nationwide Group and Home Trades Hub Australia	168	126
Total remuneration	**168**	**126**

It is RACV's policy to employ auditors on assignments additional to their statutory audit duties where their expertise and experience with RACV are important. These assignments are principally audit and other services, or where the auditor is awarded assignments on a competitive basis. Each service provided by the external auditor is assessed against the auditor independence requirements of applicable regulations and RACV internal policy to ensure independence is not impaired. It is RACV's policy to seek competitive tenders for all major consulting projects.

27. Material accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is for the consolidated entity (the Group) consisting of Royal Automobile Club of Victoria (RACV) Limited ("RACV") and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The Group is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated Financial Statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment, and investment property - measured at fair value or revalued amount; and
- defined benefit pension plans - plan assets measured at fair value.

Functional and presentation currency

The consolidated Financial Statements are presented in Australian dollars, which is the functional and presentation currency of the Group.

Accounting estimates, assumptions and judgements

In preparing these consolidated Financial Statements management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated Financial Statements are disclosed in the following notes:

- Provision for impairment of loan receivables - note 2(b);
- Property valuation - note 4;
- Impairment of goodwill and customer contracts - note 6;
- Investment in unlisted unit trusts - note 14;
- Income taxes - note 16;
- Impairment of associates and joint ventures - note 21; and
- Fair value of Interest rate swap - note 11.

Reclassification of prior year amounts

Where material, comparative amounts have been reclassified to ensure consistency with the current reporting period.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2023:

- AASB 17 Insurance Contracts - The accounting standard for insurance contracts is effective 1 January 2023, and the first applicable reporting period for the Group is the year ending 30 June 2024, with the comparative period for the year ending 30 June 2023 restated on a AASB 17 basis. The standard introduces a new general measurement model for accounting for insurance contracts, with the application of a simplified approach (similar to AASB 1023) permitted in certain circumstances. Based on the Group's assessment, there is no material impact from the application of this accounting standard, except for its equity accounted associate, Insurance Manufacturers of Australia Pty Ltd (IMA). IMA has adopted AASB 17 from 1 July 2023. This retrospective application has led to a transitional adjustment on the retained earnings as at 30 June 2023, resulting in a $16m increase on its reported net assets. This translates to a $4.8m impact on the Group's carrying amount of investment in associates and retained earnings - refer to note 21(b) of the consolidated financial statements for further information.
- AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].*

Early adoption of standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- AASB 2020-1, AASB 2020-6, AASB 2022-6 *Classification of liabilities as current or non-current.*

(b) Principles of consolidation

Subsidiaries

The consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of RACV as at 30 June 2024 and the results of all subsidiaries for the year then ended. RACV and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

27. Material accounting policies continued

(b) Principles of consolidation continued

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The entities controlled by RACV are set out in note 19. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer note 27(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Investments in subsidiaries are accounted for at cost in the individual statements of RACV.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet and Consolidated Statement of Changes in Equity respectively.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for in the relevant parent entity Financial Statements using the cost method and in the Group's Financial Statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of associates' post-acquisition profits or losses is recognised in the Consolidated Statement of Profit and Loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the relevant parent entity's statement of profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate is equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of associates have been changed where necessary to ensure consistency with policies adopted by the Group.

Joint ventures

The interest in a joint venture partnership is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the company's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(c) Revenue recognition

Revenue from contracts with customers comprise subscription and entrance fee income, commission income, club and resorts trading income, towing income, other trading income, traffic content income and sale of goods.

Revenue is recognised when control of goods or services is transferred to the customer and requires the identification of discrete performance obligations within a customer contract and an associated transaction price that is allocated to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services is transferred to the customer.

Revenue recognition from contracts with customers is outlined below:

Revenue stream	Contract deliverables	Timing of recognition
Subscription fee income	Provision of motoring, home and leisure services	Annual subscriptions are prepaid and recognised over time and on a straight-line basis as the customer receives the benefit of access to the services. The portion of subscriptions received, which relates to the period after the reporting date, are included in the consolidated Financial Statements as unearned income.
	Provision of traffic related services	Revenue is recognised over time and on a straight-line basis as the customer receives the benefit of access to the traffic services over the life of the contract.
	Provision of RACV member benefits	Customers of renewable subscription based services also become RACV members and are granted access to a range of member benefits. RACV membership is valued on a standalone selling price and the related revenue portion is recognised over time and on a straight-line basis in line with the relevant service provided.
Entrance fee income	Right to future services and benefits under the scheme	Non-refundable entrance fees are received in advance and recognised over time and on a straight-line basis according to the expected membership renewal period or on cancellation of membership.
Commission income	Sale of insurance, motoring and travel products	Recognised at the point in time the customer has purchased the product, less an amount for expected refund obligations, based on historical policy cancellation trends.
	Provision of RACV member benefits	Customers of renewable insurance products also become RACV members and are granted access to a range of member benefits. RACV membership is valued on a standalone selling price and the related revenue portion is recognised over time and on a straight-line basis in line with the relevant service provided.
Club and resorts trading income and other trading income	Sale of product or service provided	Recognised at the point in time the goods are transferred and the customer has control, or at the point in time the service is provided, net of any applicable returns and refunds.
Traffic content income	Provision of traffic content	Revenue is recognised over time and on a straight-line basis as the customer receives the benefit of access to the traffic content over the life of the contract.
Towing income	Provision of towing service	Recognised at the point in time the towing service has been provided and based on a fixed pricing structure.
Sale of goods	Sale of goods	Recognised at the point in time the goods are transferred and the customer has control, less an amount for expected returns.

Revenue streams paid in advance and recognised over time for services not performed at reporting date are recognised as a contract liability.

Other trading income

Other trading income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Other investment income

Other investment income comprises interest and rental income. All interest is recognised as the interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument. Rental income is recognised on a straight-line basis over the lease term.

Trust distributions

Revenue from trust distributions is recognised when the right to receive the payment is established.

(d) Expenses

An expense is recognised when it is incurred, usually as goods or services are received or consumed.

27. Material accounting policies continued

(e) Income tax

Income tax for the year comprises current and deferred tax. Current and deferred tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is the expected tax on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is not recognised for temporary differences relating to:

(i) initial recognition of goodwill

(ii) initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit

(iii) investment in subsidiaries, associates and jointly controlled entities where the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset and when the tax balances are related to taxes levied by the same tax authority and the Group intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

Tax consolidation

RACV and its wholly owned and controlled entities have implemented the tax consolidation legislation. The head entity, RACV and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. Each entity in the tax consolidated group measures these tax amounts using the Group allocation approach.

Under the Group allocation approach, the tax effect of intercompany transactions is recognised within each wholly owned and controlled entity.

Assets or liabilities arising under the tax funding agreement with RACV are recognised as amounts due to/from controlled entities. Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to or distribution from wholly owned tax consolidated entities (refer note 15).

(f) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition, except in business combinations where acquisition related costs are expensed as incurred. In business combinations, contingent payments are included in the purchase consideration at their fair value. Contingent payments classified as debt are subsequently remeasured through profit and loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 27(p)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Profit or Loss, but only after a reassessment of the identification and measurement of the net assets acquired.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

(g) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired and are carried at cost less accumulated impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and restricted cash. Bank overdrafts are presented in cash and cash equivalents when the entities are party to the Group's set-off agreement, otherwise they are shown within interest bearing liabilities in current liabilities on the Consolidated Balance Sheet. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Receivables, finance lease receivables and financial assets at fair value through profit or loss

Classification

The Group has classified its financial assets into receivables, finance lease receivables and financial assets at fair value through profit or loss. Classification is dependent on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Receivables

Receivables comprise principally consumer loans and trade receivables.

Consumer loans and trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The initial direct transaction costs and fee revenue relating to consumer loans are included in the initial measurement of the loan.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. Receivables are deemed to be uncollectable when certain characteristics are present. These include: arrears greater than 180 days with no payment within the last three months, total payments in the last six months lower than one contractual monthly repayment or customer under a Part IX Debt Agreement. A provision for impairment is established based on the expected credit loss model outlined in note 13(a).

Finance lease receivables

Finance lease receivables are recorded at their recoverable amount, an amount equal to the net investment in the lease. The net investment in the lease is equal to the minimum lease payments receivable under the lease plus any unguaranteed residual accruing to the Group discounted at the interest rate implicit in the lease.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise unit trust investments and derivative financial instruments. Unit trust investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Derivative financial assets are included in non-current assets.

Unit Trust Investments are initially recognised on trade date at fair value plus transaction costs and derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. The fair values of the investments are based on current exit price. Subsequent changes in fair value are recognised in the Statement of Profit or Loss.

Derivative Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Changes in the fair value of the derivatives are recognised immediately in profit or loss. Hedge accounting is not applied.

(j) Inventories

Inventories comprising finished goods and supplies used in the provision of club and resorts services are stated at the lower of cost and net realisable value. Cost is determined on the basis of first in first out. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling costs.

(k) Prepayments and accrued income

A prepayment is recognised where a payment is made in advance of the goods and/or services being provided and a refund entitlement exists if the future delivery/service is cancelled.

An income accrual is generally required where the goods and/or services have been provided to a member, but not invoiced or payment has not yet been received.

(l) Property, plant and equipment

Land and buildings (except for investment properties - refer note 27(n)) are shown at fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings and freehold land improvements. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other plant and equipment, including assets in the course of construction, are stated at historical cost less depreciation and impairment losses where applicable. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

27. Material accounting policies continued

(l) Property, plant and equipment continued

Land and assets in the course of construction are not depreciated. Depreciation on other assets is calculated on a straight-line basis to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings and land improvements	15 to 40 years	(2023: 15 to 40 years)
Computer and communication equipment	2 to 10 years	(2023: 2 to 10 years)
Plant and equipment	2 to 25 years	(2023: 2 to 25 years)

Where carrying values exceed recoverable amounts, assets are written down (refer note 27(g)). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the Consolidated Statement of Profit or Loss. When revalued assets are sold, amounts included in the asset revaluation reserve in respect of the assets are transferred to retained earnings.

(m) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

(n) Investment properties

Investment properties are held for long term rental yields and are not significantly occupied by the Group. If the portion occupied by the Group cannot be sold separately from the portion held for long term rental yields, the property is an investment property so long as the portion held for use in the production or supply of goods or services for administrative purposes is insignificant. Investment properties are carried at fair value, based on annual valuations determined by external independent valuers. Changes in fair value are recorded in the Consolidated Statement of Profit or Loss.

(o) Assets classified as held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

(p) Intangible assets

Intangible assets include customer contracts, goodwill, software and software in development. These assets, except for software and customer contracts, are deemed to have an indefinite useful life and as a result are subject to impairment testing (refer to note 27(g)).

Customer contracts

Customer contracts are recognised where the legal rights attached to customer relationships can be reliably measured and are expected to provide future economic benefits to the Group as identified at the date of acquisition. These are measured at fair value at the date of acquisition. Subsequent to acquisition, customer contracts are stated at historical cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over 16 years. Where carrying values exceed recoverable amounts, customer contracts are written down to their recoverable amount. Gains and losses on the disposal of an entity include the carrying amount of customer contracts relating to the entity sold.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Software

Costs incurred in acquiring software and licences that will contribute to future financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and services, and an appropriate portion of directly attributable employee costs and overheads.

Software has a finite useful life and is stated at historical cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over periods generally ranging from 2 to 5 years (2023: 2 to 7 years). Where carrying values exceed recoverable amounts, assets are written down to their recoverable amount.

Costs incurred in configuring or customising Software as a Service (SaaS) arrangements can only be recognised as intangible assets if the implementation activities create an intangible asset that the Group controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangements to significantly customise the cloud-based software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

Software development

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and services and an appropriate portion of directly attributable employee costs and overheads. Software in development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Costs incurred in configuring or customising SaaS arrangements can only be recognised as intangible assets if the implementation activities create an intangible asset that the Group controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangements to significantly customise the cloud-based software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

(q) Employee benefits

Wages and salaries and sick leave

Liabilities for wages and salaries and accumulating sick leave that are expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured as the amount unpaid at the reporting date at expected pay rates in respect of employees' services up to that date.

Long service leave and annual leave

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised and included in the employee entitlements liability and are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using

27. Material accounting policies continued

(q) Employee benefits continued

corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Consolidated Balance Sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Incentive plans

A liability for incentive plans is recognised and included in employee entitlements liability when there is no realistic alternative but to settle the liability and at least one of the following conditions are met:

(i) there are formal terms in the plan for determining the amount of the benefit;

(ii) the amounts to be paid are determined before the time of completion of the financial report; or

(iii) past practice gives clear evidence of the amount of the obligation.

Liabilities for incentive plans are measured at the amounts expected to be paid when they are settled. Amounts payable under long term incentive plans are discounted using corporate bond rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Superannuation benefits

The RACV Superannuation Fund (Plan) exists to provide benefits to employees of the Group on resignation, retirement, disability or death. RACV operates one fund but with two superannuation sections, a defined contribution section and a defined benefit section.

RACV subsidiaries do not recognise a plan asset/liability or defined benefit costs in their Financial Statements. The superannuation plan asset/liability and costs are recognised in the Financial Statements of RACV, which is the principal employer of the Plan.

A liability or asset in respect of the defined benefit section is recognised in the Consolidated Balance Sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated periodically by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Contributions to the defined contribution section of the Group's superannuation fund and alternative defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Further information on superannuation benefits can be found in note 18.

Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised at the earlier of the following dates:

(i) when the Group can no longer withdraw the offer of those benefits; and

(ii) when the Group recognises costs for a restructuring that is within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

Other benefits

All permanent employees are entitled to free Roadside Care upon completion of a three-month qualifying period of employment. All employees are entitled to discounted insurance and those with more than one year's service with RACV are entitled to free membership of the RACV Club. Liabilities for other benefits are measured at the amounts expected to be paid when they are settled.

(r) Unearned income and contract liabilities

Members' subscriptions are paid annually in advance throughout the year and are allocated to revenue on an over time basis. The portion of subscriptions received, which relate to the period after the reporting date, are included in the consolidated Financial Statements as unearned income. Contract liabilities are disclosed in note 10 in line with the satisfaction of performance obligations as outlined in note 27(c).

(s) Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are normally settled within 30 days. Payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. The carrying amount of payables approximates fair value as the impact of discounting is not significant.

(t) Interest bearing liabilities

Securitised warehouse facility

The securitised warehouse facility is initially recorded at the fair value of the consideration received, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Details of the terms and conditions are set out in note 12(a).

Secured funding facility

The borrowings on the secured funding facility are recognised initially at fair value and subsequently measured at amortised cost. Details of the terms and conditions are set out in note 12(b).

Chattel mortgages

Chattel mortgages are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Refer to note 12(c).

(u) Provisions

A provision is recognised where there is a legal, equitable or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, the timing or amount of which is uncertain and the amount has been reliably estimated.

(v) Financial instrument transaction costs

Transaction costs are included in the carrying amounts of the financial instruments.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the Consolidated Balance Sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(x) Rounding of amounts

The Group is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, issued by the Australian Securities and Investments Commission (ASIC), relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest hundred thousand dollars, except where otherwise indicated.

(y) Parent entity financial information

The financial information for the parent entity, Royal Automobile Club of Victoria (RACV) Limited, disclosed in note 20 has been prepared on the same basis as the consolidated Financial Statements.

Unrecognised items

28. Commitments and contingencies

(a) Estimated capital expenditure contracted at reporting date but not provided for

	2024 $m	2023 $m
Estimated capital expenditure contracted at reporting date but not provided for	1.5	18.9

The balance predominantly relates to contracts signed with regards to property related works (2023: property related works).

(b) Credit related commitments

	2024 $m	2023 $m
Credit related commitments	14.1	21.5

This relates to customer loans approved by R.A.C.V. Finance Limited but not drawn at reporting date.

29. Subsequent events

R.A.C.V. Finance Limited is financed by external securitised warehosue facilities with senior notes held by an international bank and a major Australian bank, and seller notes held by R.A.C.V. Finance Limited. R.A.C.V. Finance management finalised a 26-month extension on the Securitised warehouse facility with the international bank, now effective until September 2026. The agreement was signed on its initial expiry date of 15 July 2024. R.A.C.V. Finance management have also extended the securitised warehouse facility with the Australian bank, now effective until October 2024. The agreement was signed on the 23 August 2024.

On 8 August 2024, IMA declared the final dividend relating to the year ended 30 June 2024. RACV has received its share of this dividend totalling $66.9 million. The dividend has no impact on the financial statements for the year ended 30 June 2024.

In the opinion of the directors, apart from matters disclosed above, in Note 8 of the financial statements and other matters disclosed in the notes to the financial statements, there are no other matters or circumstances which have arisen between 30 June 2024 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial years.

Consolidated Entity Disclosure Statement

FOR THE YEAR ENDED 30 JUNE 2024

As at 30 June 2024

Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Royal Automobile Club of Victoria (RACV) Limited	Body Corporate	-	100	Australia	Australian	-
RACV Holdings Pty Ltd	Body Corporate	-	100	Australia	Australian	-
RACV Investment Holdings Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Club Tasmania Holdings Pty Ltd	Body Corporate	-	100	Australia	Australian	-
RACV Insurance Services Pty Ltd	Body Corporate	-	100	Australia	Australian	-
R.A.C.V. Finance Limited	Body Corporate	-	100	Australia	Australian	-
RACVF Warehouse Trust No.1	Trust	-	100	Australia	Australian	-
RACVF Warehouse Trust No.2	Trust	-	100	Australia	Australian	-
Intelematics Australia Pty Ltd	Body Corporate	-	100	Australia	Australian	-
RACV Regional Services Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Arevo Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Altius Property Group Pty Ltd	Body Corporate	-	100	Australia	Australian	
RACV Solar Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Bedlam Enterprises Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Bedlam Enterprises Unit Trust	Trust	-	100	Australia	Australian	-
Nationwide Group Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Eastern Van Services Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Fleet Company 2017 Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Leasetek Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Nationwide Roadside Services Pty Ltd	Body Corporate	-	100	Australia	Australian	-

Consolidated Entity Disclosure Statement continued

As at 30 June 2024

Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Nationwide Towing & Transport Pty Ltd	Body Corporate	-	100	Australia	Australian	-
134 Tow Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Truck Tow Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Nationwide WA Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Home Trades Hub Australia Pty Limited	Body Corporate	-	100	Australia	Australian	-
RACV Security Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Club Home Response Pty Ltd	Body Corporate	-	100	Australia	Australian	-
PropertySafe Holdings Pty Ltd	Body Corporate	-	100	Australia	Australian	-
PropertySafe (Aust) Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Maintenance Manager Pty Ltd (100% owned by PSH)	Body Corporate	-	100	Australia	Australian	-
PropertySafe Pty Ltd	Body Corporate	-	100	Australia	Australian	-
PropertySafe Administration Pty Ltd	Body Corporate	-	100	Australia	Australian	-
PropertySafe Limited	Body Corporate	-	100	New Zealand	Australian*	-
RACV Travel and Experiences Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Rapid Building Inspections Pty Ltd	Body Corporate	-	100	Australia	Australian	-
Rapid Building Inspections IP Pty Ltd	Body Corporate	-	100	Australia	Australian	-

* This entity is also a New Zealand tax resident as it is the country in which it was incorporated. However, it has been assessed as an Australian tax resident under the Income Tax Assessment Act 1997 and therefore not classified as a foreign tax resident under that Act.

Directors' Declaration

30 JUNE 2024

In the directors' opinion:

(a) the attached financial statements and notes 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 consolidated entity's financial position as at 30 June 2024 and of its performance, for the year ended on that date; and

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and

(c) the consolidated entity disclosure statement on page 85 is true and correct; and

(d) at the date of the declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 25 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 25.

Note 27(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

On behalf of the Board

Mr G O Cosgriff
Chairman

Mr N Taylor
Managing Director and Chief Executive Officer

Melbourne
6 September 2024

pwc

Independent auditor's report

To the members of Royal Automobile Club of Victoria (RACV) Limited

Our opinion

In our opinion:

The accompanying financial report of Royal Automobile Club of Victoria (RACV) Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

PricewaterhouseCoopers

Sam Lobley
Partner

Melbourne
6 September 2024

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Royal Automobile Club of Victoria
(RACV) Limited
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