Driving Forward

AA ANNUAL REPORT
2023–2024

THE NEW ZEALAND AUTOMOBILE ASSOCIATION (INCORPORATED)

Our Impact

Caring for Members

1.1 million
Personal Members

488,000
Roadside callouts

$33 million
Member Benefit savings

40+
Member Benefits

Caring for Aotearoa New Zealand

Advocated for road safety

$400,000+
For Students Against Dangerous Driving Charitable Trust

500
Bike light sets donated

10,000 vests and 6,500 raincoats
Donated for school patrols in total

Caring for Customers

1 million+
Business vehicle relationships

1.4 million
Centre Network interactions

128,000
Insurance policies sold through AA channels

161,000
Vehicle inspections

75,000
WoFs at AA-owned sites

100,000+
Driving lessons

82,000
AA Batteries sold

Caring for our People

80%
Employee engagement

New Clearhead Employee Assistance Provider service launched

38
Leaders completed Coaching Essentials

A message from our CEO and President

Kia ora and welcome to our Annual Report for the period ending on 30 June 2024 (FY24), showcasing how we've delivered on our mission to care for our Members and the people, places and spaces that are important to them.

FY24 was no 'normal' year. We are now two years into our AA 2030 transformation programme and have hit our stride in planning and implementing the strategic initiatives that will see the AA become an organisation that is truly fit for the future.

If we think about our transformation like refurbishing a vintage car, then we've spent the past two years reconditioning the engine. This work is essential and takes time to complete, but every step is designed with our Members in mind, enabling our people to deliver quality services and an enhanced Member experience.

Our transformation journey touches every part of the AA, but while this vital reconditioning continues, we remain committed to our purpose and doing what the AA does best – caring for our Members, customers, New Zealand and our people.

The AA continues to play an important role in many Kiwis' lives. Our Membership grew with 1.1 million Personal Members and over 1 million vehicles covered by our iconic AA Roadservice through business relationships. Our frontline team completed more than 488,000 callouts at the roadside, and 1.4 million interactions across our Centre Network in FY24 alone.

Our presence in the insurance category has gone from strength to strength with record sales achieved across Travel, Life, Health and Pet Insurance products. AA Insurance Limited – our joint venture with Vero offering car, home and contents insurance – also had a strong year.

Our commercial partnerships are important to the AA, helping offset the increasing cost of delivering AA Membership services, including AA Roadservice. We continue to look for ways to diversify our revenue streams through new products and services that are highly valued by our Members and complement our ecosystem.

This year we took our first steps towards becoming a more sustainable organisation. We started with understanding the issues that matter to our stakeholders – our Board, Councillors, Executive Leaders and our wider team – and created a set of principles to affirm our commitment to people and the planet. We created a programme of activity touching every division of the AA, designed to bring us closer to achieving these sustainability principles, to be implemented from FY25.

As a grassroots organisation, embedded in communities across New Zealand, we were thrilled to continue our major sponsorship of Students Against Dangerous Driving (SADD) and provide hi-vis vests for school road patrollers who help Kiwi kids get to and from school safely every day.

And of course, we continue to be strong advocates for road users and making it safer and easier to get around New Zealand. Our advocacy has spanned important issues such as drug and alcohol-impaired driving, road maintenance, speed limits and signage, but also local issues of concern to specific towns and regions, surfaced by our 18 District Councils.

Our governance structure - by Members, for Members - is what truly sets the AA apart and we are proud to continue our transformation journey, keeping our Members at the centre of our plans, to ensure the reconditioning that happens today sets the AA up to remain relevant and highly valued in the years to come. Thank you for your support.

Nadine Tereora Chief Executive Officer
Mark Winger President

Driving our strategy forward

Our Purpose

To care for our Members and the people, places and spaces that are important to them.

Our Vision

To become the most loved, trusted and connected brand in New Zealand.

Our Strategic Priorities

Engage
To transform loyalty, relevancy and engagement with Members.

Transition
To lead Members in the transition to sustainable mobility solutions.

Evolve
To establish meaningful and diversified new revenue, leveraging the power of the AA ecosystem.

Key Strategic Initiatives completed in FY24

Modern, secure ways of working
We moved to the Cloud, implemented Microsoft 365, and continued to increase our security posture to protect our systems and data.

Reporting & Insights Hub
The first step on our journey to becoming an insight driven organisation was the launch of our Reporting & Insights Hub, enabling our people to use data-driven insights to inform decision-making.

New telephony system
We moved from a server-based telephony system to Cornerstone, a fully integrated Cloud-based environment delivering new insights and efficiencies.

Staying focused on our strategy
The sale of AA Money assets to UDC Finance Limited was completed in November, and the AA Smartfuel programme ended in January.

New support office
The AA's support office shifted into new premises at 20 Viaduct Harbour Avenue and we established new ways of working for our people.

Caring for our Members and Customers

The AA is one of New Zealand's largest membership organisations, supporting 1.1 million Personal Members and over 1 million Business Vehicles, from the top of the North to the deep South.

For 121 years we've been standing alongside our Members and customers when things don't go to plan. It's just part of the job for our roadside team.

"Yesterday, for the first time in my nearly 50 years as an AA Member, I rang AA as [my] vehicle had lost all power and could not be pushed to safety. I have lost a lot of self-confidence after retiring and yesterday I was distraught because apart from feeling extremely vulnerable, I was subjected to abuse when partially blocking the carriageway. The purpose of this email is to sincerely thank "Jordan" and bring your attention to his professionalism by taking the initiative to recognise my state of mind and take control of my situation. Jordan requested the assistance of the Police and coordinated the tow truck service. I can only offer my highest commendation to the AA in general and Jordan in particular, and I am very grateful. Thank you."
– AA Member

488,000
AA Roadservice callouts

Delivering Member value

AA Members have access to more than 40 benefits and discounts. In FY24 they saved $33 million dollars across our partners, including over $17 million dollars on AA Insurance Limited policies alone. New partners Molemap and Timezone proved to be popular additions to our stable of benefit partners and our focus in FY24 has been on benefit uptake to increase Member value. In FY24 we implemented a price increase, the first in 19 years, due to the increasing cost of delivering AA Roadservice to our Members, who pay on average $59.82 per year, including tenure discounts.

1.1 million
Personal Members

$33 million
Member Benefit savings

$59.82
Average price paid for AA Membership with tenure discounts

Growing great drivers

The AA is focused on growing safe and confident drivers, with more than 100,000 professional driving lessons undertaken in FY24. The Driver's Seat programme, which celebrated its first birthday and the launch of an online booking system in FY24, offers AA Members up to $125 off a five-lesson package. 86,529 discounted lessons were delivered in FY24, saving Members $1.8 million.

Fee change increases demand for licensing

In October 2023, NZ Transport Agency Waka Kotahi (NZTA) changed driver licence fees to an all-in-one fee for each stage of a driver licence and re-sit fees were removed. This change had a significant impact on demand for AA services, and increased wait times as a result. While our frontline teams worked hard to meet the demand, it was clear a change was needed to encourage people to better prepare for licensing tests and NZTA moved to a new fee structure at the beginning of July 2024.

100,000+
Driving Lessons

Caring for our Members and Customers

There's no place like home

AA Home Limited, a Joint Venture between the AA and AA Insurance Limited, launched Book a Job to support households with scheduled minor repairs, maintenance and installation jobs performed by electricians, plumbers, locksmiths, handypeople, air conditioning/heat pump technicians and the like.

This service complements AA Home Response/Response Plus subscriptions which are for emergency response jobs. Another new service launched this year in partnership with Betta is home inspections, for those who are interested in buying a new house, inspecting a rental or assessing healthy home compliance.

There for Kiwis when they need us

The AA partners with insurers to help support our Members and customers at every stage of life. Whether buying a new car, ensuring your home and contents are protected, welcoming a new pet, expanding the family, or seeking peace of mind for potential health or travel issues, the AA works with its partners to protect what's important. Our presence in the insurance category has gone from strength to strength with record sales achieved across Travel, Life, Health and Pet Insurance products, while AA Insurance Limited also had a very strong year.

AA Insurance Limited is a joint venture between the AA and Vero Insurance New Zealand Limited, and is an important part of the AA ecosystem. The team prides itself on being named New Zealand's Most Trusted General Insurance Provider for 14 years running.

128,000

Insurance policies sold across AA channels

AA across New Zealand

The AA's footprint extends to all parts of the country, from the Far North to the deep South, ensuring our Members and customers can get the jobs they need done in-person, as well as on the AA website and via our unified Contact Centre.

36 AA Centres

1 Unified Contact Centre

38 AA Auto Centres (owned and third party operated)

151 Approved Repairers

54 DLR Agents (mobile & fixed)

4 Vehicle Testing Stations

30 AA Auto Glass locations (contractors)

5 Vehicle Inspection Centres

11 Third Party Compliance Sites

18 District Councils

Caring for Aotearoa New Zealand

AA Members want to see a balanced transport system that is efficient, resilient, safe, affordable and sustainable.

We work with the Government, industry and media to represent their interests, and advocate for safer roads for all of New Zealand.

Advocating for road users

During the year, the AA spoke up on a range of matters including EV infrastructure, roadside drug and alcohol breath testing, speed limits, the road toll, road maintenance funding, speed camera signage and avoiding driver licensing scams.

This year saw the return of the AA Election Calls, a selection of key actions compiled from issues AA Members care deeply about, that will also deliver tangible improvements to New Zealand's transport system.

Members told us they want to see action on road maintenance and a lifting of the standard of regional highways, for the Government to make the roading network more resilient, and to increase public charging facilities for EVs throughout the nation.

It was pleasing to see the new Government supporting many of our Election Calls and we look forward to seeing these commitments come to life while continuing to advocate on behalf of our Members on the issues that matter to them.

Students Against Dangerous Driving (SADD)

The AA has supported SADD since its inception, and we work closely with them to achieve our common goals of educating young drivers about road safety and preventing loss on our roads.

This year, we provided SADD with $400,000 funding to enable a raft of road safety activities and create opportunities for young Kiwis to connect with experts and change makers in the road safety field.

$400,000+

Donated to SADD

"AA's support of SADD extends far beyond just funding – they help with our research, our people management, wellbeing, networking, marketing, supporting our communities through AA District Councils, our governance, and more. This support is incredibly valuable in delivering our range of programmes and initiatives in schools that help to support safer behaviours on our roads, reduce deaths and serious injuries and loss of opportunities among our rangatahi. We look forward to our continued partnership"
- SADD National Manager Donna Govorko

Three SADD annual conference events were held in Auckland, Wellington and Dunedin. These conferences encouraged attendees to lead positive change – enhancing their own personal leadership skills in the road safety space, collaborating with fellow peers, and providing valuable youth insights to develop SADD initiatives into the future.

As always, the annual NZ Road Safety Week and SADD's own campaign, SAFER September, led to a variety of activities at schools throughout New Zealand, engaging young Kiwis in road safety conversations and working towards the goal of reducing death and serious injuries on our roads.

Supporting school safety patrols across NZ

The AA's history with school road patrolling goes back to Wakari School in Dunedin establishing New Zealand's first safety patrols in 1928. From there, the idea spread around the country.

Today, we're proud to support school safety patrols across New Zealand by providing high visibility vests and raincoats.

Orange Day Parade in September 2023 saw hundreds of school pupils, dressed in their orange vests, take to Parliament lawns to celebrate their efforts to keep the streets outside the Capital's schools safe. Aotearoa is one of the few countries where students are responsible for undertaking road patrol duties. Wearing a uniform allows young patrollers to be seen and stay safe on the roadside.

Lighting the way for Kiwi kids

500

Bike lights donated

In another safety initiative encouraging visibility on the road, 500 bike light sets were donated to school students as part of a drive established last year by the Canterbury/West Coast AA District Council and Davis Ogilvie & Partners.

This year, the drive has continued with children at Ashburton schools receiving their own lights.

The idea stemmed from concerns that children are not adequately visible while cycling to and from school and hopes to encourage safe practices in some of our youngest road users.

"It's awesome, fantastic, anything that keeps kids safe. The best thing about them is they don't cost anything, and they are rechargeable." NZ Police Senior Constable Sean Patterson (as published in the Ashburton Courier - August 2023)

Lifesaving addition to AA sites

Automated External Defibrillators (AED) were rolled out to AA sites across New Zealand in FY24.

The device, which is used on someone who is suffering sudden cardiac arrest, analyses the heart's rhythm and, if necessary, delivers an electrical shock to help the heart re-establish an effective rhythm.

The AEDs at AA sites have been added to a register of available AEDS around New Zealand, meaning the devices can be used on anyone in the vicinity suffering a cardiac emergency.

33

AEDs installed

Caring for our People

More than 1000 AA employees, located throughout New Zealand, play a unique role in providing the best possible outcomes for our Members. We take a people-first approach to ensure our teams feel valued, safe, and supported when carrying out their roles. Our workspaces underpin our dedication to people's health, safety, and wellbeing, support our future aspirations, and ways of working.

The heart of the AA

In February 2024 our Auckland-based support office team moved, for the first time since 1989 from 99 Albert Street to 20 Viaduct Harbour Ave. Ngāti Whātua Ōrākei Marae gifted the new office its name, He Ngākau, symbolising a central hub of creativity, collaboration and innovation (pictured).

The new building provides a modern workspace, with improved technology capability to support hybrid working. It reflects our commitment to the continued evolution of our service and brand, fostering a vibrant and nurturing work environment that enables us to deliver excellent Member experiences.

We have commenced a full review of all our properties to ensure this stands true, irrespective of where our people work.

Safety first

We continued our journey to provide safer working environments for our people and Members. We focused on positive engagement and leadership with the introduction of a new safety governance framework and a safety leader interaction programme. This saw AA Board members visit our workplaces and ride along with our AA Roadservice team to learn more about our risks and see the amazing work our team does every day to keep themselves and our Members safe.

Engagement and wellbeing

A robust framework of employee communications was established, including CEO newsletters, executive leadership blogs, people leader updates and quarterly Town Halls to ensure our people, no matter where they were in New Zealand, were engaged with operational information as well as initiatives that foster belonging.

We celebrated the occasions that matter to our people - Te Wiki o te Reo Māori, International Women's Day, Pride month, Diwali, and Pink Shirt Day (pictured) to name a few.

We also transitioned to a new employee assistance provider, Clearhead, making it easier for our people to care for their mental health and wellbeing in a safe, confidential and proactive way, through the range of tools on offer.

"AA is a place where we can all be our true selves, no matter our culture, religion, ethnicity or gender. We celebrate our differences and the diversity that brings to the AA." – AA Employee

Growing our people

We value great leadership and are committed to growing our people to support their learning and development. This year we created a new Leadership Essentials programme focused on developing foundational leadership skills across the AA.

The programme is designed to be accessible and self-directed through a combination of online modules, interactive facilitated sessions and work-based activities.

Our Coaching Essentials programme had its first year in practice, with 38 people having successfully completed the programme.

To foster trusted relationships and collaboration among our senior and executive leaders, we've also implemented quarterly Leader Events focused on strategic insights that drive the AA forward.

FY24 Financial Performance

This year's financial result ended with a surplus of $13.3m compared to $8.8m for the prior year, an improvement of $4.5m despite tough economic conditions. The improvement can be attributed to three areas.

The Association's trading result has reduced by $16.2m year-on-year. Whilst revenue has increased, the cost of service delivery has continued to rise. The Association continues to make significant investments into infrastructure as we look to the future to ensure we can deliver the best possible service to AA Members.

The result also contains a $4.1m "Fair value adjustment on acquisition", being the revaluation of a joint venture investment on acquisition.

Joint venture returns have improved year-on-year by $22.8m largely due to the performance of AA Insurance Limited which had a severely impacted result in 2023 due to significant weather events. The AA Insurance Limited result incorporates the adoption of NZ IFRS 17: Insurance Contracts.

The managed fund return was $2m less than the prior year, however the return itself was a positive $18m.

The Association's Balance Sheet position remains very strong with Net Assets increasing by $16m year-on-year to be $383m. Cash and Financial Assets, at a combined $289m, represent by far the greatest portion of our "on Balance Sheet" assets.

The Association's operating costs and infrastructure investment had a $24.8m negative impact on cashflows due to strategic priority investment. However, dividends received from Joint Ventures, mainly AA Insurance Limited, were $33.2m meaning our working capital remained within our operating needs with no requirement to draw from the managed funds in the FY24 year.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
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THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
DIRECTORY
FOR THE YEAR ENDED 30 JUNE 2024

BOARD MEMBERS		Appointed	Resigned
M R Winger	President	25/06/1993	
B H Flintoff	Vice President	27/03/2010	
A J McKillop		25/03/2017	
L J Tait		18/04/2002	
M K Corse-Scott		19/03/2020	
R L Carter		19/03/2020	
S J Grant		22/03/2014	
G R Judge		11/12/2020	
P R Michaelsen		18/03/2023	

REGISTERED OFFICE
Level 5
20 Viaduct Harbour Avenue
Auckland Central
Auckland, 1010

INCORPORATED SOCIETY NUMBER
215426

POSTAL ADDRESS
The New Zealand Automobile Association Inc.
PO Box 5
Shortland Street
Auckland, 1140

AUDITOR
Deloitte Limited

BANKER
ANZ

SOLICITOR
Holmden Horrocks

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
BOARD MEMBERS' STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

Disclosure to the National Council and Members

The Board Members are pleased to present the financial report for the year ended 30 June 2024.

The Board Members have approved the financial report of The New Zealand Automobile Association Incorporated for the year ended 30 June 2024.

For and on behalf of the Board:

M R Winger, President

27 September 2024

Date

B H Flintoff, Vice President

27 September 2024

Date

Approved for distribution by the National Council on 27 September 2024.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $'000	Restated 2023 $'000
Revenue	1	192,749	176,433
Share of net surplus/(losses) in joint ventures	21	36,512	13,757
Other gains/(losses)	2	17,957	20,052
Total revenue		247,218	210,242
Employee entitlements and contractor expenses		117,533	102,308
Delivery and distribution expenses		51,724	49,315
Plant, office and property overheads		9,751	8,798
Advertising and promotion expenses		7,338	5,921
IT and telecommunications expenses		24,829	18,224
Motor vehicle expenses		3,633	3,437
Fair value adjustment on acquisition	21	4,112	-
Driver education programs		1,856	1,143
Other expenses		11,639	10,131
Total expenses	3	232,415	199,277
Operating surplus before tax and grants		14,803	10,965
Grant to NZAA Research Foundation		(250)	(250)
Grant to SADD Aotearoa - Students Against Dangerous Driving Charitable Trust		(400)	(400)
Taxation benefit/(expense)	4	7	-
Net surplus/(loss) for the year attributable to the Association acting in the interests of members		14,160	10,315
Other comprehensive revenue and expense net of tax			
Gain/(loss) on revaluation of properties	18	(837)	(1,461)
Share of other comprehensive revenue and expense of joint ventures	21	(57)	(25)
Other comprehensive revenue and expense for the year net of tax		(894)	(1,486)
Total comprehensive revenue and expense for the year attributable to the Association acting in the interests of members, net of tax		13,266	8,829

The accompanying notes form an integral part of this financial report and should be read in conjunction with it.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Asset revaluation reserve $'000	Accumulated comprehensive revenue and expense $'000	Total $'000
Balance at 1 July 2022 (as previously reported)		15,684	312,392	328,076
Impact of initial application of PBE IFRS 17	21	-	1,143	1,143
Balance at 1 July 2022 (restated)		15,684	313,535	329,219
Net surplus for the year attributable to the Association acting in the interests of members (restated)		-	10,315	10,315
Other comprehensive revenue and expense				
Gain/(loss) on revaluation of properties	18	(1,461)	-	(1,461)
Share of other comprehensive revenue and expense of joint ventures	21	-	(25)	(25)
Total other comprehensive revenue and expense		(1,461)	(25)	(1,486)
Total comprehensive revenue and expense, net of tax (restated)		(1,461)	10,290	8,829
Balance at 30 June 2023 (restated)	18 & 19	14,223	323,825	338,048
Net surplus for the year attributable to the Association acting in the interests of members		-	14,160	14,160
Other comprehensive revenue and expense				
Gain/(loss) on revaluation of properties	18	(837)	-	(837)
Share of other comprehensive revenue and expense of joint ventures	21	-	(57)	(57)
Total other comprehensive revenue and expense		(837)	(57)	(894)
Total comprehensive revenue and expense, net of tax		(837)	14,103	13,266
Balance at 30 June 2024	18 & 19	13,386	337,928	351,314

The accompanying notes form an integral part of this financial report and should be read in conjunction with it.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024 $'000	Restated 2023 $'000	Restated 2022 $'000
Current assets				
Cash and cash equivalents	24	34,794	27,579	16,036
Other financial assets	5	254,638	241,477	245,905
Sundry receivables and prepaid expenses	6	11,701	10,689	8,994
Inventories	7	1,034	737	1,103
Assets classified as held for sale	8	-	7,000	-
Total current assets		302,167	287,482	272,038
Non-current assets				
Property, plant and equipment	9	34,032	30,875	38,798
Investment properties	12	300	285	270
Investments accounted for using the equity method	21	77,214	74,060	68,198
Goodwill	10	3,118	3,118	3,118
Other intangible assets	11	5,288	7,986	6,660
Total non-current assets		119,952	116,324	117,044
Total assets		422,119	403,806	389,082
Current liabilities				
Payables	13	21,170	20,466	15,474
Employee entitlements		8,360	7,703	7,377
Clawback provision	14	1,227	841	419
Unearned revenue	17	119	92	865
Lease incentive		112	-	-
Deferred income	16	4,441	4,469	4,380
Total current liabilities		35,429	33,571	28,515
Non-current liabilities				
Make good provision	15	345	226	186
Lease incentive		466	-	-
Deferred income	16	3,217	3,365	3,626
Total non-current liabilities		4,028	3,591	3,812
Total liabilities before subscriptions in advance		39,457	37,162	32,327
		382,662	366,644	356,755
Association funds				
Accumulated comprehensive revenue and expense	19	337,928	323,825	313,535
Asset revaluation reserve	18	13,386	14,223	15,684
Total association funds		351,314	338,048	329,219
Subscriptions in advance		31,348	28,596	27,536
Total association funds and subscriptions in advance		382,662	366,644	356,755

For and on behalf of the Board:

M R Winger, President

27 September 2024

Date

B H Flintoff, Vice President

27 September 2024

Date

The accompanying notes form an integral part of this financial report and should be read in conjunction with it.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from members and customers		193,164	177,110
Interest received		1,689	1,491
Dividends received		5	3
Payments to suppliers and employees		(219,016)	(191,111)
Grant to NZAA Research Foundation		(250)	(250)
Grant to SADD Aotearoa - Students Against Dangerous Driving Charitable Trust		(400)	(400)
Net cash flows (used in)/from operating activities	25	(24,808)	(13,157)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		7,359	457
Dividends received from joint ventures	21	33,228	10,370
Payments for property, plant and equipment		(8,154)	(3,805)
Payment for intangible assets		(244)	(3,431)
Payments for purchase of equity accounted investments		(4,186)	(2,500)
(Increase)/decrease in other financial assets		4,020	23,609
Net cash flows (used in)/from investing activities		32,023	24,700
Cash flows from financing activities			
Net cash flows (used in)/from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		7,215	11,543
Cash and cash equivalents at the beginning of year		27,579	16,036
Cash and cash equivalents at the end of year	24	34,794	27,579

The accompanying notes form an integral part of this financial report and should be read in conjunction with it.

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

Summary of significant accounting policies

Reporting entity

The New Zealand Automobile Association Incorporated (the "Association") is an Incorporated Society registered under the Incorporated Societies Act 1908, and domiciled in New Zealand, and is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

The Association's business is in providing motoring and auxiliary services to its members and the public within New Zealand.

The financial report of the Association and its subsidiaries (the "Group") is for the year ended 30 June 2024. The financial report was issued by the Board, and approved for distribution by the National Council, on the 27th of September 2024.

Statement of compliance

The statutory base for the Association is the Incorporated Societies Act 1908. The statutory base for the Association's subsidiaries is the Companies Act 1993 and the Financial Reporting Act 2013.

The financial report has been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial report complies with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate for Tier 1 not-for-profit public benefit entities.

Measurement base

The financial report has been prepared on the historical cost basis except for investment properties, land and buildings classified as property, plant and equipment and managed fund investments, which have been measured at fair value.

The financial report has been prepared on a going concern basis.

Functional and presentation currency

The financial report is presented in New Zealand Dollars ("NZD") and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. The functional currency is NZD.

Summary of significant accounting policies (continued)

Significant accounting policies

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

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2024 and in the comparative information presented in this financial report.

Accounting standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, there were no standards or interpretations in issue but not yet effective that were relevant to the Group.

New accounting standards and interpretations

The following new accounting standard was adopted by the Group during the year. There were no other changes to the Group's accounting policies.

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 requires all types of insurance contracts to be recognised consistently and managed within portfolios based on risk factors. While the Group does not hold any insurance contracts, one of its joint ventures does and the results of this joint venture have been restated on recognition of this new standard (refer note 21 for further information). The Group has adopted PBE IFRS 17 from 1 July 2023 and it has been applied retrospectively. This restatement impacts the share of net surplus/(losses) in joint ventures in the Consolidated Statement of Comprehensive Revenue and Expense and Investments accounted for using the equity method in the Consolidated Statement of Financial Position.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

Significant accounting policies (continued)

a) Basis of consolidation

The consolidated financial report comprises the financial report of the Association and entities controlled by the Association (its subsidiaries). Control is achieved where the Association has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive revenue and expense from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Entities controlled by the same party before and after a business combination are considered to be entities under common control, as the business combination does not result in a transfer of control. A business combination involving entities under common control involves assets and liabilities being transferred at carrying amounts, with any difference resulting in an adjustment to equity.

All subsidiaries are accounted for under the Group's policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Refer to note 20 for a full listing of subsidiaries at balance date.

Only the Group results have been presented as, under the Incorporated Societies Act 1908, parent results are not required.

b) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group has no investment in associates.

c) Interest in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; when the strategic financial and strategic operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control. The Group has no rights to the assets and no obligation to the liabilities of these joint ventures.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The results, and assets and liabilities, of joint ventures are incorporated in the Group financial report using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Statement of accounting policies (continued)

c) Interest in joint ventures (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in surplus or deficit (refer to (d)).

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. However, where the Group provides loans to its jointly controlled entities interest earned is recognised within the Group and it is not eliminated on consolidation. Also, where the Group charges its jointly controlled entities for service fees, for example brand fees, the service fee revenue is recognised within the Group and it is not eliminated on consolidation. There were no loans outstanding to joint ventures at the end of the financial year.

The financial statements of the joint ventures are prepared for the same reporting periods as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Refer to note 21 for a full listing of joint ventures at balance date.

d) Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of fair value less cost to sell and value-in-use. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the surplus or deficit on disposal.

The Group's policy for goodwill arising on the acquisition of a joint venture is described in (c) above.

Statement of accounting policies (continued)

e) Revenue from exchange transactions

Rendering of services

Revenue from the rendering of services is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and volume rebates. Depending on contractual arrangements, revenue is recognised either when services are rendered, or when the period of cover is complete.

Subscription income

Members' subscriptions are paid annually in advance throughout the year and are allocated to revenue on a daily pro-rata time basis. The proportion of subscriptions received, which relate to the period after balance date, are included in the financial report as subscriptions in advance.

Unearned income

Advertising revenue is earned through two sources; web and publications.

Advertising revenue for publications is deferred and classified as unearned revenue on the consolidated statement of financial position until completion of delivery to the users of the publications, at which point it is recognised in surplus or deficit.

The cost of publications in development at balance date is recognised as an asset where the costs directly attributable to the development of the publication can be measured reliably. The development costs mainly comprise the direct costs of certain personnel dedicated to developing adverts and creating the content for the publications, artwork and other publication production and development costs, including appropriate and directly attributable overheads. The asset is amortised to surplus or deficit on completion of delivery of the relevant publication when the related revenue is recognised. The asset is set off against the related unearned income in the consolidated statement of financial position until recognition in surplus or deficit.

Deferred income

Deferred income from corporate membership is recognised in surplus or deficit over the period to which the service relates, which may be longer than a year. It is classified as a liability on the consolidated statement of financial position and allocated between current and non-current.

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and membership discounts.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measure reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Dividend and interest revenue

Dividend revenue from investments is recognised when the right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Statement of accounting policies (continued)

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and call and term deposits less than three months, net of outstanding bank overdrafts.

g) Financial Instruments

Recognition and initial measurement

Receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through surplus or deficit, transaction costs that are directly attributable to its acquisition or issue. At initial recognition, short-term receivables and payables may be measured at the original invoice amount if the effect of discounting is immaterial.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:
- amortised cost; or
- fair value through surplus or deficit (FVTSD).

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTSD.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:
- it is held within a management model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's cash and cash equivalents, short term investments, and receivables are classified as financial assets at amortised cost. The Group's investments at fair value are classified as financial assets at FVTSD on the basis they are managed, and their performance is evaluated on a fair value basis.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with original maturities of three months or less. Short term investments are those with an original maturity of more than three months. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

Financial assets – subsequent measurement and gains and losses

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

Statement of accounting policies (continued)

g) Financial Instruments (continued)

Financial liabilities – classification, subsequent, measurement and gains and losses

All of the Group's financial liabilities meet the criteria to be classified as measured at amortised cost. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus of deficit.

Impairment of non-derivative financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

i) Property, plant and equipment

Carrying amount

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by independent registered valuers and with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance date.

Refer to the accounting policy 'critical accounting judgments and key sources of estimation uncertainty" for methods and significant assumptions used in the valuations.

Any revaluation increase arising on the revaluation of such land and buildings is credited in equity to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in surplus or deficit, in which case the increase is credited to surplus or deficit to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to surplus or deficit to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to surplus or deficit. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Statement of accounting policies (continued)

i) Property, plant and equipment (continued)

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive revenue and expense.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation.

• Buildings - Retail/Administration	50 years
• Buildings - Technical	25 years
• Leasehold Improvements	10 years
• Plant and Equipment	10 years
• Motor Vehicles	6 years
• Furniture and Fittings	5 years
• Computer Equipment	3-5 years

The residual value of assets is reassessed annually.

j) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally 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.

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

k) Investment property

Investment property is property held to earn rental income. Investment property is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with any change therein recognised in surplus or deficit.

Investment property revaluations are performed annually. The values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared using a discounted cashflow methodology based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows. Refer to the accounting policy critical accounting judgments and key sources of estimation uncertainty for methods and significant assumptions used in the valuations.

Investment properties are derecognised when they have been disposed of and any gains or losses incurred on disposal are recognised in the consolidated statement of comprehensive revenue and expense in the year of derecognition.

Statement of accounting policies (continued)

l) Intangible assets

Computer software acquired, which is not an integral part of a related hardware item, is recognised as an intangible asset. The costs incurred internally in developing computer software are also recognised as intangible assets where the Group has a legal right to use the software and the ability to obtain future economic benefits from that software. Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These assets have a finite life and are amortised on a straight line basis over their estimated useful life of 3 or 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Cloud computing arrangements:
Cloud computing arrangements include software as a service, platform as a service, infrastructure as a service and other similar hosting arrangements (i.e. an arrangement in which an end-user of the software does not take possession of the software). The Group applies judgement to assess whether there is sufficient control in a cloud computing arrangement to permit capitalisation of the configuration and customisation costs.

The Group considers the following indicators:

- The Group has the contractual right to take possession of the software at any time during the hosting period without significant penalty;
- The Group can run software on its own hardware or can contract with another vendor to host the software;
- The Group can control who can use any software modifications and the vendor cannot make them available to other customers;
- The Group can control the frequency and acceptance of software updates.

If the cloud computing arrangement meets the criteria, then the cost of configuration and customisation is recognised as an asset. If the criteria and definition are not met, the cost of configuration and customisation is recognised as an operating expense.

However, if the configuration and customisation were performed by the software supplier, the Group also considers whether that upfront service is distinct from the cloud computing arrangement. If it is not distinct, then the operating expense may be initially treated as a prepayment and expensed over the term of the cloud computing arrangement.

m) Leased assets

Operating lease payments are recognised as an expense on a straight line basis over the lease term.
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

n) Subscriptions in advance

The proportion of subscriptions received, which relate to the period after balance date, are included in the financial report as subscriptions in advance. This balance is held separately to liabilities as the Association deems the balance to be member's funds until earnt.

o) Payables from exchange transactions

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables and other accounts payable are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

A provision for make good is recognised when there is a present obligation as a result of a property lease, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably.

Statement of accounting policies (continued)

p) Taxation

The Group is liable for taxation on its commercial trading activities, interest and rental income under section CB33 of the Income Tax Act 2007. The Group is exempt from taxation on membership related activities.

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is based on taxable surplus for the year. Taxable surplus differs from profit as reported in the consolidated statement of comprehensive revenue and expense because it excludes items of income or expense that are deductible in other years, and it further excludes items that are never taxable or deductible. The Group's provision for current tax is calculated using tax rates that have been enacted or substantively enacted at balance date.

Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial report and the corresponding tax base used in the computation of taxable surplus and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than as a result of a business combination) of other assets and liabilities in a transaction that affects neither taxable surplus nor accounting surplus.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable surpluses against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

Statement of accounting policies (continued)

p) Taxation (continued)

Current and deferred tax for the period

Current and deferred tax movements are recognised as an expense or income in surplus or deficit, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Imputation credits

No disclosure is made in respect of imputation credits, since these are not utilisable by parties external to the Group.

q) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax ("GST"), except:

(i) where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

r) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Defined contribution plans

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Statement of accounting policies (continued)

s) Statement of cash flows

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks and call deposits and fixed term deposits less than three months, net of outstanding bank overdrafts. The following terms are used in the consolidated statement of cash flows:

Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of members' funds and borrowings of the Group.

t) Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated statement of comprehensive revenue and expense in the period in which they arise.

u) Impairment

At each balance date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value-in-use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in surplus or deficit immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Statement of accounting policies (continued)

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Board is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

There were no critical judgments made in applying the accounting policies above.

Judgements

Statement of Service Performance

In compiling the Consolidated Statement of Service Performance report, Management has made judgements in relation to which outcomes and outputs best reflect the achievement of performance for the Group's purpose. The Group delivers targeted outputs in accordance with its Group Strategy and budget. These outputs are designed to achieve intermediate and long-term outcomes that will enable the Group to achieve its purpose of caring for its members and the people, spaces and places that are important to them. These outputs are designed to ensure the Group can deliver on its strategic intent of being the most loved, trusted and connected brand in New Zealand. All outcomes and outputs are categorised by the Group's three strategic priorities and are outlined in the Statement of Service Performance, included within this Financial Report.

Key sources of estimation uncertainty

Fair value of land and buildings and investment property

The fair value of land and buildings, and investment properties, is determined at balance date using market values determined by independent registered valuers. In the absence of current prices in an active market, the valuations are prepared using a discounted cashflow methodology based on the estimated rental cash flows expected to be received from the property, adjusted by a discount rate (ranging from 6.20% to 8.05% (2023: 5.91% to 7.50%)) that appropriately reflects the risks inherent in the expected cash flows. The most significant property is Great South Road (including Marei Road) in Penrose (2023: Penrose) and the effective market yield was 6.63% as at 30 June 2024 (2023: 6.21%). Valuations are completed in accordance with the New Zealand Institute of Valuers (NZIV), Property Institute of New Zealand (PINZ) Code of Ethics, and Valuation Standards, including API and NZPI Professional Practice Fifth Edition, New Zealand Valuation Guidance Note 1 and International Valuation Application 1. Refer to note 9 and 12 for valuations.

Joint Ventures

Although the Group holds less or more than a 50% ownership interest in some of its investments (refer to note 21), these are classified as joint ventures as there is a contractual arrangement pursuant to which the Group holds 50% of the voting rights and hence has joint control in all cases. The carrying value of investments in joint ventures is reviewed at balance date to determine whether any losses over and above the carrying amount of the investment should be recognised. If the Group determines there is a constructive obligation to the joint venture, then the Group will continue to recognise its share of the losses.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Board to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Refer to note 10.

1. Revenue

	2024 $'000	2023 $'000
Revenue from exchange transactions:		
Membership fees and subscriptions	69,159	64,876
Sale of goods	8,174	6,933
Rendering of services to members and public	113,874	103,129
Dividends	5	4
Interest revenue (loans and receivables)	1,537	1,491
	192,749	176,433

2. Other gains/(losses)

	2024 $'000	2023 $'000
Revaluation of investment properties	15	15
Change in fair value of financial assets classified as fair value through surplus or deficit	17,942	19,847
Impairment (losses)/reversal on available-for-sale assets	-	190
	17,957	20,052

3. Expenses

	2024 $'000	2023 $'000
Net surplus/(loss) for the year has been arrived at after charging/(crediting):		
(a) General expenses		
Depreciation of property, plant and equipment (note 9)	3,676	3,364
Amortisation of intangible assets (note 11)	2,942	2,105
Operating lease expense	3,288	3,629
Raw materials and consumables used (note 7)	4,140	4,041
(Gain)/loss on disposal of property, plant and equipment	125	(363)
Legal expenses	244	87
(b) Personnel expenses		
Employee benefits expense	96,844	85,085
Defined contribution plans	4,070	3,717

4. Taxation

4a. *Income tax expense*

	2024 $'000	2023 $'000
Current tax (expense)/benefit	130	-
Deferred tax	(123)	-
Income tax (expense)/benefit for the year	7	-

Income tax (expense)/benefit for the year can be reconciled to the accounting profit as follows:

	2024	2023
Operating surplus/(loss) from continuing activities before tax and grants	14,803	10,593
Less Grant to NZAA Research Foundation	(250)	(250)
Less Grant to SADD Aotearoa - Students Against Dangerous Driving Charitable Trust	(400)	(400)
	14,153	9,943
Income tax using company tax rate 28%	3,963	2,784
Effect of exempt (surplus)/deficit	(4,225)	(1,188)
Effect of permanent differences	11,805	1
Effect of temporary differences	7	-
Effect of losses generated/(utilised) and imputation credits recognised	(11,543)	(1,597)
	7	-

4b. *Deferred tax assets/(liabilities)*

Deferred tax assets and liabilities are offset, only to the extent that they offset taxable temporary differences, on the face of the consolidated statement of financial position where they relate to entities within the same taxation group.

The following is the analysis of temporary differences relating to deferred tax balances (after offset) for statement of financial position purposes:

	1 July 2023 $'000	Charge to surplus or deficit $'000	Charge to equity $'000	30 June 2024 $'000
Gross deferred tax liabilities				
Property, plant and equipment	(1,482)	373	-	(1,109)
Investment property	(82)	(4)	-	(86)
Tax liabilities	(1,564)	369	-	(1,195)
Set off of deferred tax liabilities	1,564	(369)	-	1,195
Net tax liabilities	-	-	-	-
Gross deferred tax assets				
Employee provisions	1,414	20	-	1,434
Doubtful debts provision	8	38	-	46
Inventory provisions	69	(45)	-	24
Other	365	136	-	501
Deferred tax assets not recognised	(292)	(511)	-	(803)
Tax assets	1,564	(362)	-	1,202
Set off of deferred tax assets	(1,564)	369	-	(1,195)
Net tax assets	-	7	-	7

4b. Deferred tax assets/(liabilities) (continued)

	1 July 2022 $'000	Restated Charge to surplus or deficit $'000	Charge to equity $'000	30 June 2023 $'000
Gross deferred tax liabilities				
Property, plant and equipment	(1,340)	(142)	-	(1,482)
Investment property	(77)	(5)	-	(82)
Tax liabilities	(1,417)	(147)	-	(1,564)
Set off of deferred tax liabilities	1,417	147	-	1,564
Net tax liabilities	-	-	-	-
Gross deferred tax assets				
Employee provisions	1,223	191	-	1,414
Doubtful debts provision	23	(15)	-	8
Inventory provisions	36	33	-	69
Other	220	145	-	365
Deferred tax assets not recognised	(85)	(207)	-	(292)
Tax assets	1,417	147	-	1,564
Set off of deferred tax assets	(1,417)	(147)	-	(1,564)
Net tax assets	-	-	-	-

The Group has unrecognised New Zealand tax losses of approximately $51.28 million (2023: $43.59 million). Deferred tax assets have not been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. Refer statement of accounting policies note (o) Taxation.

5. Other financial assets

	2024 $'000	2023 $'000
Fixed term deposits ≥ 3 months but ≤ 12 months	-	4,000
Investment managed funds	254,638	237,477
	254,638	241,477

Investment managed funds represent the Group's investment in three diversified portfolios managed by Milford Funds Limited, Nikko Asset Management New Zealand Limited and Russell Investment Group Limited (in the prior year ANZ Investments New Zealand Limited managed a portion of the portfolio but was replaced by Russell Investment Group Limited during the year). The portfolios consist of equities, bonds, unit trusts and fixed interest investments.

6. Sundry receivables and prepaid expenses

	2024 $'000	2023 $'000
Sundry receivables - from exchange transactions	5,374	6,143
Credit Loss provision	(164)	(29)
Prepayments	4,383	2,531
Taxation receivable	-	15
Other	2,108	2,029
	11,701	10,689

The average credit period on sales of goods and service is 60 days (2023: 60 days). Interest is charged only when the customer goes beyond their agreed credit period. The Group provides for doubtful debts on a customer by customer basis. Payment terms are determined by contractual arrangements.

The receivables balance is made up of a large number of low-value receivables; there are no customers who represent more than 19% (2023: 16%) of the total balance of trade receivables. Before accepting a new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Included in the Group's sundry receivables balance are receivables with a carrying amount of $897,452 (2023: $977,909) which are past due at the reporting date but have not been provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

<u>Ageing past due sundry receivables that are not impaired</u>	2024 $'000	2023 $'000
30-60 days	563	584
60-90 days	317	234
90+ days	17	160
	897	978

6. Sundry receivables and prepaid expenses (continued)

Movement in the credit loss provision	2024 $'000	2023 $'000
Balance at beginning of the period	29	81
Impairment losses recognised on receivables	164	26
Amounts written off as uncollectable	(9)	(23)
Amounts recovered during the year	-	-
Impairment losses reversed	(20)	(55)
Balance at end of period	164	29

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Board believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds. The Group does not hold collateral over these balances. The net carrying amount is considered to approximate their fair value.

The credit loss provision of $163,501 (2023: $28,816) is applicable to invoices aged 30+ days (2023: 30+ days).

7. Inventories

	2024 $'000	2023 $'000
Retail stock	854	411
Consumables	180	326
	1,034	737

The cost of inventories recognised as an expense during the period was $4,140,419 (2023: $4,040,914). The cost of inventories recognised as an expense includes $85,859 (2023: $247,309) in respect of write-downs of inventory to net realisable value and has decreased by $161,450 (2023: increase of $119,193) in respect of such write-downs.

8. Assets classified as held for resale

	2024 $'000	2023 $'000
Land & Buildings held for sale	-	7,000
	-	7,000

The valuation of the land and building which was held for sale as at 30 June 2023 was based on the purchase price specified in the sale and purchase agreement relating to that land and building. The property was used by head office staff. Settlement of the sale of this land and building occurred on the 28th of March 2024.

9. Property, plant and equipment

	Freehold Land at fair value	Buildings at fair value	Leasehold Improvements at cost	Plant and Equipment at cost	Furniture and Fittings at cost	Motor Vehicles at cost	Computer Equipment at cost	Work in Progress at cost	Total
Gross carrying amount	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	16,886	11,921	6,939	3,376	10,973	10,826	3,471	200	64,592
Net additions/(transfers)	-	396	106	143	477	672	1,549	462	3,805
Disposals	-	-	(90)	(16)	(554)	(1,099)	(847)	-	(2,606)
Revaluation increase/(decrease)	(646)	(920)	-	-	-	-	-	-	(1,566)
Reclassified as held for sale	(2,409)	(4,591)	-	-	-	-	-	-	(7,000)
Balance at 30 June 2023	13,831	6,806	6,955	3,503	10,896	10,399	4,173	662	57,225
Net additions/(transfers)	-	554	3,040	41	1,547	2,323	880	(231)	8,154
Disposals	-	-	(830)	(587)	(2,337)	(719)	(4)	-	(4,477)
Revaluation increase/(decrease)	(182)	(843)	-	-	-	-	-	-	(1,025)
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 2024	13,649	6,517	9,165	2,957	10,106	12,003	5,049	431	59,877
Accumulated depreciation									
Balance at 1 July 2022	-	-	6,096	2,331	9,947	4,859	2,561	-	25,794
Depreciation expense	-	296	180	153	420	1,673	642	-	3,364
Eliminated on disposals	-	-	(76)	(16)	(547)	(1,026)	(847)	-	(2,512)
Eliminated on revaluation	-	(296)	-	-	-	-	-	-	(296)
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 2023	-	-	6,200	2,468	9,820	5,506	2,356	-	26,350
Depreciation expense	-	188	270	153	491	1,660	914	-	3,676
Eliminated on disposals	-	-	(754)	(373)	(2,274)	(590)	(2)	-	(3,993)
Eliminated on revaluation	-	(188)	-	-	-	-	-	-	(188)
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 2024	-	-	5,716	2,248	8,037	6,576	3,268	-	25,845
Carrying amount									
As at 30 June 2023	13,831	6,806	755	1,035	1,076	4,893	1,817	662	30,875
As at 30 June 2024	13,649	6,517	3,449	709	2,069	5,427	1,781	431	34,032

9. Property, plant and equipment (continued)

Valuation of land and buildings

Land and buildings were last revalued by independent registered valuers as at 30 June 2024. The total value as per each valuer was as follows:

	Date of Inspection	2024 $'000	2023 $'000
Colliers International	4 July 2024	7,450	8,000
CBRE	5 July 2024	3,645	3,600
CBRE	26 June 2024	1,150	1,045
SW Binnie	2 July 2024	921	937
CBRE	3 July 2024	1,530	1,550
Alexander Hayward Limited	4 July 2024	2,510	2,500
CBRE	26 June 2024	510	505
CBRE	16 July 2024	2,450	2,500
		20,166	20,637

Had the Group's land and buildings been measured on a historical cost basis, their carrying amounts would have been as follows:

	2024 $'000	2023 $'000
Freehold land	1,870	2,900
Buildings	3,345	6,204
	5,215	9,104

10. Goodwill

	2024 $'000	2023 $'000
Cost		
Balance at 1 July	10,911	10,911
Balance at 30 June	10,911	10,911
Accumulated impairment losses		
Balance at 1 July	(7,793)	(7,793)
Balance at 30 June	(7,793)	(7,793)
Carrying amount		
As at 1 July	3,118	3,118
As at 30 June	3,118	3,118

Allocation of goodwill to cash-generating units

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2024 $'000	2023 $'000
New Zealand Automobile Association Inc	3,118	3,118
	3,118	3,118

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

For the CGU above, the recoverable amounts of the CGU are determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the Board. The period used is a five-year period and the discount rate used is 10% per annum (2023: 10% per annum).

For the CGU the cash flow projections during the budget period are based on the same expected gross margins and price inflation during the budget period. The cash flows beyond that five-year period have been extrapolated using a 2% per annum growth rate which is less than the projected long-term average growth rate. The Board believes that any reasonably possible change in the key assumptions upon which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

11. Other intangible assets

	Computer Software $'000
Gross carrying amount	
Balance at 1 July 2022	24,336
Additions	3,431
Disposals	(850)
Balance at 30 June 2023	26,917
Additions	244
Disposals	(3)
Balance at 30 June 2024	27,158
Accumulated amortisation and impairment	
Balance at 1 July 2022	17,676
Amortisation expense	2,105
Eliminated on disposals	(850)
Balance at 30 June 2023	18,931
Amortisation expense	2,942
Eliminated on disposals	(3)
Balance at 30 June 2024	21,870
Carrying amount	
As at 30 June 2023	7,986
As at 30 June 2024	5,288

12. Investment properties

At fair value	2024 $'000	2023 $'000
Balance at 1 July	285	270
Change in fair value	15	15
Balance at 30 June	300	285

The Association holds the freehold title to all investment properties.

Valuation of investment properties

All investment properties were valued by independent registered valuers as at 30 June 2024. The total value per each valuer was as follows:

	Date of Valuation	2024 $'000	2023 $'000
CBRE	5/07/2024	300	285
		300	285

13. Payables

	2024 $'000	2023 $'000
Trade payables - from exchange transactions	9,896	10,886
Accrued expenses	7,781	6,865
Taxation payable	65	-
Goods and services tax ("GST") payable	61	397
Other	3,367	2,318
	21,170	20,466

The average credit period on purchases is up to one month. No interest is charged on trade payables as the Group always pays by the due date. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. Clawback provision

The clawback provision relates to the expected clawback of commission earnt on life insurance policies within the first twelve months of the policy.

	2024 $'000	2023 $'000
Balance at 1 July	841	419
Movement for period	386	422
Balance at 30 June	1,227	841

15. Make good provision

The make good provision relates to make good requirements under property leases.

	2024 $'000	2023 $'000
Balance at 1 July	226	186
Movement for period	119	40
Balance at 30 June	345	226

16. Deferred income

This is deferred income relating to corporate subscriptions. Income is recognised in surplus or deficit over the period to which the service relates which may be for more than a year.

This is disclosed as:	2024 $'000	2023 $'000
Current portion	4,441	4,469
Non-current portion	3,217	3,365
	7,658	7,834

17. Unearned revenue

Unearned revenue represents the deferral of licence fees received and the impact on the consolidated statement of financial position of deferring the advertising revenues and directly attributable development costs relating to undistributed publications.

	2024 $'000	2023 $'000
This is disclosed as:		
Current portion	119	92
	119	92

18. Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the asset revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to accumulated comprehensive revenue and expenses.

	2024 $'000	2023 $'000
Balance at 1 July	14,223	15,684
Increase on revaluation of properties	126	278
Decrease on revaluation of properties	(963)	(1,739)
Balance at 30 June	13,386	14,223

19. Accumulated comprehensive revenue and expense

	2024 $'000	Restated 2023 $'000
Balance at 1 July	323,825	312,392
Impact of initial application of PBE IFRS 17	-	1,143
Net surplus for the year ended attributable to the Association acting in the interest of members (restated)	14,160	10,315
Share of other comprehensive revenue and expense of joint ventures	(57)	(25)
Balance at 30 June	337,928	323,825

In the event the Association is wound up, the residual assets are to be applied towards an entity having substantially similar objectives and activities. The transfer from the asset revaluation reserve has arisen due to the reintroduction of depreciation on buildings during the prior year.

20. Subsidiaries

Details of the Group's significant subsidiaries at 30 June 2024 are as follows:

Name of Subsidiary	Place of Incorporation	Principle activity	Ownership interest and voting rights (%) 2024	2023
The New Zealand Automobile Association Limited	New Zealand	Brand Licensing	100	100
AA Tourism Publishing Limited	New Zealand	Publishing Guides and Maps	100	100
AA Auto Service Limited	New Zealand	Vehicle Servicing Franchise	100	100
AA Driver Training Limited	New Zealand	Driver Training Franchise	100	100
NZAA Assets Limited	New Zealand	Service Provider	100	100
AA2002 Limited (formerly AA Finance Limited)	New Zealand	Non Trading	100	100
AA Rewards Operations Limited	New Zealand	Non Trading	100	100
AA Tourism Limited	New Zealand	Non Trading	100	100
AA Vehicle Testing Limited	New Zealand	Non Trading	100	100
AA Smartfuel Limited	New Zealand	Non Trading	100	50

The New Zealand Automobile Association Limited purchased the remaining shares of AA Smartfuel Limited on 28 March 2024, making it a wholly owned subsidiary at 30 June 2024.

21. Investments accounted for using the equity method

Investments in joint ventures

Name of Joint Venture	Financial year end	Place of Incorporation	Principle activity	Voting rights on significant transactions (%) 2024	2023	Ownership interest (%) 2024	2023
AA Insurance Limited	30 June	New Zealand	Insurance Provider	50	50	32	32
AA Battery Services Limited	30 June	New Zealand	Service Provider	50	50	60	60
AA Finance Marketing Partnership	30 June	New Zealand	Finance Marketing	50	50	50	50
AA Home Limited	30 June	New Zealand	Membership Program	50	50	66	66
AA Finance Limited	30 June	New Zealand	Finance Provider	50	50	50	50

Although the Group holds less or more than 50% ownership interest in three of the investments they are classified as a joint venture as there is a contractual arrangement under which the Group holds 50% of the voting rights and hence has joint control in all cases. The Group has no rights to the assets and no obligation to the liabilities of these joint ventures.

21. Investments accounted for using the equity method (continued)

Due to one of the Group's joint ventures holding insurance contracts, the adoption of NZ IFRS 17 for the joint venture and PBE IFRS 17 for Group was required for the year ended 30 June 2024. Restatement of the June 2023 financial year's opening and closing balances has been made in recognition of the changes this standard requires. The impact was $372,000 to the share of net surplus in joint ventures and investments accounted for using the equity method in 2023 (2022: $1,143,000).

Summarised financial information in respect of the Group's joint ventures is set out below:

	2024 $'000	Restated 2023 $'000	Restated 1 July 2022 $'000
Current assets	598,147	707,034	479,645
Non-current assets	21,112	23,128	27,860
Total assets	619,259	730,162	507,505
Current liabilities	386,718	425,932	252,543
Non-current liabilities	12,495	95,831	64,114
Total liabilities	399,213	521,763	316,657
Net assets	220,046	208,399	190,848
Group's share of net assets of joint ventures	77,214	74,060	68,198

	2024 $'000	Restated 2023 $'000
Total revenue	921,797	1,011,939
Total expenses	(812,339)	(971,480)
Total net surplus/(losses)	109,458	40,459
Group's share of net surplus/(losses) of joint ventures	36,512	13,757

Movement in the carrying amount of the Group's investments in joint ventures:

	2024 $'000	Restated 2023 $'000
Carrying value of joint ventures		
Carrying value at 1 July	74,060	67,055
Impact of initial application of PBE IFRS 17	-	1,143
Increase in shares	4,186	2,500
Share of net surplus/(losses)	36,512	13,757
Share of other comprehensive revenue and expense of joint ventures	(57)	(25)
Fair value adjustment on acquisition	(4,112)	-
Transfer of joint venture to subsidiary	(147)	-
Dividends received	(33,228)	(10,370)
Carrying value at 30 June	77,214	74,060

On the 28 March 2024 the Group purchased the remaining 50% share of one of its joint ventures, at which time the joint venture was written down to its fair value.

21. Investments accounted for using the equity method (continued)

	2024 $'000	Restated 2023 $'000
The carrying value is comprised of:		
Cost	30,742	30,815
Share of joint venture post-acquisition reserves	39,731	36,504
Goodwill	6,741	6,741
	77,214	74,060
Joint venture share of net surplus/(losses)		
Share of surplus before taxation	50,365	19,119
Share of taxation expense	(13,853)	(5,362)
	36,512	13,757

22. Related parties

The Association is an incorporated society acting in the interest of its members.

Equity interest in related parties

Details of interests in subsidiaries and joint ventures are disclosed in notes 20 and 21 respectively.

Related party transactions and outstanding balances

Transactions with and amounts outstanding between the Group and related parties are as per the following tables.

Following the purchase of the remaining shares of AA Smartfuel Limited by The New Zealand Automobile Association Limited on 28 March 2024, any transactions are within the Group. The following tables show only transactions which occurred prior to the purchase, and any balances relating to those transactions which were outstanding as at 30 June 2024.

22. Related parties (continued)

Related Party	Type of Transaction	2024 Amount during the year ($'000)	2024 Balance at 30 June ($'000)
Joint Ventures:			
AA Insurance Limited			
	Amount Owed to NZAA		1,019
	Amount Owed to AA Insurance Limited		-
	Service Commission and Operational Funding	14,025	
AA Battery Services Ltd			
	Amount Owed to NZAA		144
	Amount Owed to AA Battery Services		177
	Purchase of Battery Stock	(2,321)	
	Service Commission and Operational Funding	1,780	
	Operational Activities provided by AA Battery Services	(3,811)	
AA Smartfuel Limited			
	Amount Owed to NZAA		-
	Amount Owed to AA Smartfuel Limited		-
	Service Provider and Operational Funding	325	
	Brand Licensing and Program Fees	(137)	
AA Finance Limited			
	Amount Owed to NZAA		2
	Amount Owed to AA Finance Limited		-
	Administrative Services and Operational Activities	247	
	Share Capital Injection	-	
AA Home Limited			
	Amount Owed to NZAA		156
	Amount Owed to AA Home Limited		96
	Administrative Services and Operational Activities	345	

22. Related parties (continued)

Related Party	Type of Transaction	2024 Amount during the year ($'000)	2024 Balance at 30 June ($'000)
Other related parties:			
Staff Superannuation Schemes			
	Employer Contribution	(4,070)	
	Expenses	(893)	
	Reimbursement	-	
New Zealand Automobile Association Research Foundation			
	Amount Owed to NZAA		1
	Amount Owed to NZAA Research Foundation		-
	Service Provider and Operational Funding	83	
	Grant paid to NZAA Research Foundation	(250)	
SADD Aotearoa - Students Against Dangerous Driving Charitable Trust			
	Amount Owed to NZAA		1
	Service Provider and Operational Funding	86	
	Grant paid to Students Against Dangerous Driving Aotearoa	(472)	

22. Related parties (continued)

Related Party	Type of Transaction	2023 Amount during the year ($'000)	2023 Balance at 30 June ($'000)
Joint Ventures:			
AA Insurance Limited			
	Amount Owed to NZAA		966
	Amount Owed to AA Insurance Limited		-
	Service Commission and Operational Funding	13,319	
AA Battery Services Ltd			
	Amount Owed to NZAA		139
	Amount Owed to AA Battery Services		236
	Purchase of Battery Stock	(2,169)	
	Service Commission and Operational Funding	1,762	
	Operational Activities provided by AA Battery Services	(3,821)	
AA Smartfuel Limited			
	Amount Owed to NZAA		104
	Amount Owed to AA Smartfuel Limited		20
	Service Provider and Operational Funding	461	
	Brand Licensing and Program Fees	(293)	
AA Finance Limited			
	Amount Owed to NZAA		43
	Amount Owed to AA Finance Limited		-
	Administrative Services and Operational Activities	1,091	
	Share Capital Injection	2,500	
AA Home Limited			
	Amount Owed to NZAA		100
	Amount Owed to AA Home Limited		59
	Service Commission and Operational Funding	89	

22. Related parties (continued)

Related Party	Type of Transaction	2023 Amount during the year ($'000)	2023 Balance at 30 June ($'000)
Other related parties:			
Staff Superannuation Schemes			
	Employer Contribution	(3,717)	
	Expenses	(450)	
New Zealand Automobile Association Research Foundation			
	Amount Owed to NZAA		-
	Amount Owed to NZAA Research Foundation		-
	Service Provider and Operational Funding	82	
	Grant paid to NZAA Research Foundation	(250)	
SADD Aotearoa - Students Against Dangerous Driving Charitable Trust			
	Amount Owed to NZAA		4
	Service Provider and Operational Funding	85	
	Grant paid to Students Against Dangerous Driving Aotearoa	(400)	

Any amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in either period for bad or doubtful debts in respect of the amounts owed by related parties.

22. Related parties (continued)

Key management personnel remuneration

The Group classifies its key management personnel into one of two classes:

- Members of the governing body
- Chief executive officer and senior executive officers, responsible for the operation of the Group's operating segments, and reporting to the governing body.

	2024		2023	
	Remuneration $'000	Number of Individuals	Remuneration $'000	Number of Individuals
Members of the governing body	639	9 people	540	9 people
CEO and senior executive officers	7,457	12.32 FTEs	7,004	13.09 FTEs
	8,096		7,544	

Legal consulting fee's totalling $44,188 (2023: $39,470) were paid at market rates to a member of the governing body for the provision of expert legal advice for specific matters outside of the scope of their normal duties.

Loans and advances to key management personnel amounted to $Nil (2023: $Nil).

23. Remuneration of auditors

	2024 $'000	2023 $'000
Audit of the financial statements	377	340
Taxation compliance services	46	44
Taxation advisory services	75	70
Non-assurance related services	582	334
	1,080	788

The auditor of the Group is Deloitte Limited. Deloitte also carries out other assignments for the Group in the areas of risk advisory, taxation compliance and taxation advice. Consulting and advisory work is captured under non-assurance related services.

24. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks and call deposits and fixed term deposits less than 3 months, net of outstanding bank overdrafts. Cash and cash equivalents at balance date as shown in the cash flow statement can be reconciled to the related items in the consolidated statement of financial position as follows:

	2024 $'000	2023 $'000
Cash on hand	24	24
Cash in banks	2,778	821
Fixed term deposits less than 3 months	20,400	13,454
Call deposits	11,592	13,280
Total cash and cash equivalents per statement of cash flows	34,794	27,579

25. Reconciliation of net surplus after taxation for the period to net cash

	2024 $'000	Restated 2023 $'000
Net surplus/(loss) for the year attributable to the Association acting in the interest of members (restated)	14,160	10,315
Adjustments for non-cash items:		
Depreciation expense (note 9)	3,676	3,364
Amortisation expense (note 11)	2,942	2,105
Fair value adjustment on acquisition (note 21)	4,112	-
Transfer of joint venture to subsidiary	147	-
Share of equity accounted joint venture (surplus)/deficit (note 21) (restated)	(36,512)	(13,757)
Loss/(gain) on managed funds (note 2)	(17,942)	(19,847)
Loss/(gain) of disposal of property, plant and equipment	125	(363)
Loss/(gain) on revalued land and buildings (note 2)	-	(190)
Loss/(gain) on revaluation of investment property (note 2)	(15)	(15)
Adjustments for movements in:		
Sundry receivables and prepaid expenses	(1,012)	(1,695)
Inventories	(297)	366
Payables	1,465	5,657
Employee entitlements	657	326
Lease incentive received	578	-
Clawback provision	386	422
Make good provision	119	40
Unearned and deferred income	(149)	(945)
Subscriptions in advance	2,752	1,060
Net cash flows (used in)/from operating activities	(24,808)	(13,157)

26. Amount, timing and uncertainty of cash flows

The Group's revenue is widely sourced across a range of services, products and industries and as such the Board considers the risk to cash flow to be minimal.

The major source of revenue for the Group is membership subscription income. This risk is mitigated as there are a large number of personal members, who pay a comparatively low subscription, so suffering a material change in membership subscription income would require a significant change in personal members.

The only significant risk to profit from membership subscription income is the cost of members' demand for road service. This risk is mitigated predominantly through the use of a fixed cost operating structure based on estimated future demand. The Group's budgets contain amounts conservatively calculated to cover the cost of such factors that in the past have generally proved more than adequate.

In addition, the method of calculating earned subscription income, being spread using a time-based formula so as to calculate that portion of the subscription applicable to the unexpired period of a membership term, adds certainty to the future revenue.

Income derived from other activities is spread across a wide range of business ventures, some involving a discretionary spend (Tourism and Vehicle Inspections) and others where expenditure is unavoidable (Warrants of Fitness, Registration, and Licensing). The spread of income amongst these categories minimises the risk to the overall revenue received from the source, particularly where the transactions tend to be of small value but involve large numbers of customers.

27. Operating lease and capital commitments

The Group as lessee:

Operating leases primarily relate to retail space with lease terms of between one month to 6 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset under any operating lease at the expiry of the lease period.

Obligations payable after balance date on non-cancellable leases are as follows:

	2024 $'000	2023 $'000
Within one year	4,448	3,288
Between one and five years	10,217	3,778
After five years	367	212
	15,032	7,278

Capital commitments

At balance date the Group had no capital commitments (2023: $Nil).

28. Contingent assets

At balance date the Group had no contingent assets (2023: $Nil).

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29. Contingent liabilities

	2024 $'000	2023 $'000
Contingent liabilities are categorised as follows:		
Motorway emergency telephone service indemnity bond	8	8
Auckland International Airport performance bond	-	8

30. Subsequent events

The Group received the following dividend post balance date from joint ventures; $24 million, net of imputation credits of $9.3 million, on 17 September 2024, being its share of a dividend declared on 9 September 2024.

31. Financial instruments

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

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk, including interest rate risk. The Group uses different methods to measure and manage the different types of risks to which it is exposed. Ageing analyses are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts. Levels of exposure to interest rate risk are monitored and assessments are made of market forecasts for interest rates.

The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for interest rate risk, and future cash flow forecast projections.

Capital risk management
The Group manages its capital to ensure that the Group will be able to continue as a going concern while ensuring sufficient return in order to meet its objectives. The capital structure of the Group includes cash and cash equivalents and members' funds of the Association, comprising accumulated funds and other reserves.

Credit risk
Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, sundry receivables and prepaid expenses, and other financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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

Sundry receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, with the result that the Group's exposure to bad debts is not significant.

31. Financial instruments (continued)

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group does not hold collateral over these sundry receivables.

Liquidity risk
Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Contractual maturities of financial liabilities
The table below summarises the contractual maturities of financial liabilities (including interest payments) based on the remaining period at the balance date to the contractual maturity date:

As at 30 June 2024	Carrying amounts $'000	Contractual cash flows $'000	On demand $'000	1 to 12 months $'000	1 to 5 years $'000
Liabilities					
Payables	21,044	21,044	21,044	-	-
Total financial liabilities	21,044	21,044	21,044	-	-

As at 30 June 2023	Carrying amounts $'000	Contractual cash flows $'000	On demand $'000	1 to 12 months $'000	1 to 5 years $'000
Liabilities					
Payables	20,069	20,069	20,069	-	-
Total financial liabilities	20,069	20,069	20,069	-	-

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31. Financial instruments (continued)

Categories of financial assets and financial liabilities

As at 30 June 2024	Financial assets at amortised costs $'000	At fair value through surplus or deficit $'000	Financial liabilities at amortised cost $'000	Total $'000
Assets				
Cash and cash equivalents	34,794	-	-	34,794
Other financial assets	-	254,638	-	254,638
Sundry receivables	7,318	-	-	7,318
Total financial assets	42,112	254,638	-	296,750
Liabilities				
Payables	-	-	(21,044)	(21,044)
Total financial liabilities	-	-	(21,044)	(21,044)

As at 30 June 2023	Financial assets at amortised costs $'000	At fair value through surplus or deficit $'000	Financial liabilities at amortised cost $'000	Total $'000
Assets				
Cash and cash equivalents	27,579	-	-	27,579
Other financial assets	-	241,477	-	241,477
Sundry receivables	8,143	-	-	8,143
Total financial assets	35,722	241,477	-	277,199
Liabilities				
Payables	-	-	(20,069)	(20,069)
Total financial liabilities	-	-	(20,069)	(20,069)

Market risks

Foreign currency risk
The Group has exposure to foreign exchange risk through its investment in three managed funds. This exposure relates to the translation of assets invested globally.

The Group manages its foreign exchange risk exposure through its Statement of Investment Policy and Objectives for Investment Funds. Exposure is limited by putting in place hedging and an outcome of this is the additional return that may arise from the forward contracts which implement the hedging.

Interest rate risk
Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash and investments.

31. Financial instruments (continued)

Interest rate risk (continued)
The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the reporting date. The analysis is prepared assuming the balances of the financial instruments outstanding at the reporting date were outstanding for the whole year. A 100 basis point increase and decrease is used in the model to assess the impact on the consolidated statement of comprehensive revenue and expense with all other variables held constant.

Equity price sensitivity analysis

The Group is exposed to equity price risks arising from equity investments.

Financial assets subject to interest rate risk

Financial assets subject to interest rate risk include cash and shares in managed funds. Risk analysis is therefore based on both changes in interest rate and equity price.

	Balance	Income impact of 1% fall in interest rate - deficit	Income impact of 1% increase in interest rate - (surplus)	Income impact of 5% fall in equity price - deficit	Income impact of 5% increase in equity price - (surplus)
As at 30 June 2024	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and cash equivalents	34,794	348	(348)	-	-
Other financial assets	254,638	-	-	12,732	(12,732)
Total	289,432	348	(348)	12,732	(12,732)

	Balance	Income impact of 1% fall in interest rate - deficit	Income impact of 1% increase in interest rate - (surplus)	Income impact of 5% fall in equity price - deficit	Income impact of 5% increase in equity price - (surplus)
As at 30 June 2023	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and cash equivalents	27,579	276	(276)	-	-
Other financial assets	241,477	-	-	12,074	(12,074)
Total	269,056	276	(276)	12,074	(12,074)

31. Financial instruments (continued)

Fair Values

The fair value of financial assets with standard terms and conditions, and traded on active liquid markets, is determined with reference to quoted market prices. The financial asset sitting in this category is the managed fund investment which is a portfolio consisting of equities, bonds, unit trusts and fixed interest investments.

The fair values of each class of financial instruments approximates to the carrying value as stated in the financial report.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

As at 30 June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Other financial assets	-	254,638	-	254,638
Total financial assets	-	254,638	-	254,638

As at 30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Other financial assets	4,000	237,477	-	241,477
Total financial assets	4,000	237,477	-	241,477

Reconciliation of Level 3 fair value measurements of financial assets

	2024 $'000	2023 $'000
Balance at beginning of period	-	-
Purchases	-	-
Sales	-	-
Gains/(losses) recognised in surplus or deficit (note 2)	-	-
Balance at end of period	-	-

Commodity and other market risk

The group has no significant exposure to commodity or other market risk.

About the NZAA

Founded in 1903, the New Zealand Automobile Association (NZAA) has grown from a small group of motoring enthusiasts focused on providing roadside assistance and advocating for motorists' interests, to a diversified organisation offering a wide range of products and services to Members and customers.

Today, alongside our joint venture partners, we provide insurance, vehicle finance, home tradesperson assistance, and more than 40+ Member Benefits across the mobility, wellbeing, dining, travel and entertainment sectors.

While the Association has evolved over time, our Members remain our top priority. We are, first and foremost, a Member organisation and we exist to deliver value to them.

The NZAA is continuing its strategic transformation journey in a bid to achieve our strategic intent and deliver on our purpose.

The NZAA's strategy

Our purpose:
Caring for our Members and the people, spaces and places that are important to them.

Our strategic intent:
To be the most loved, trusted and connected brand In New Zealand.

Strategic Priorities:
1. Member Loyalty and Engagement: To transform loyalty, relevancy and engagement with our Members.
2. Sustainable Mobility: To lead Members in the transition to more sustainable mobility solutions.
3. Meaningful Revenue Diversification: To establish meaningful and diversified new revenue, leveraging the power of the NZAA ecosystem.

Our key outcomes:
The outcomes and outputs of the Association are measured in relation to these three strategic priority areas.

1. Member Loyalty and Engagement

1.1. NZAA Membership

As a Membership organisation, we have two main types of Members - personal and business. Personal memberships are the foundation of the Association so we deem the number of Members with a personal membership as a critical performance measure as we continue to grow our personal membership base.

	2024	2023
NZAA PERSONAL MEMBERSHIPS	1,126,504	1,122,464

1.2. Member advocacy

As one of the country's largest membership organisations, we are committed to representing the interests of our Members and working with the Government, industry and media to advocate on their behalf.

The Transport Policy and Advocacy team lead this engagement. To ensure they have a good understanding of Members' views, regular email surveys and research is undertaken on a wide range of topics. They also review local and international evidence and engage with the NZAA National and District Councils to develop robust positions.

The NZAA has 18 District Councils throughout the country that meet monthly to discuss transported-related issues and represent the interests of NZAA Members in their local communities.

Much of this work focusses on protecting the freedom of mobility and choice, whilst advocating for a system that is responsive, safe, reasonably priced and environmentally sustainable.

	2024 $'000	2023 $'000
MEMBER ADVOCACY SPEND	3,465	3,383

1.3. Community contribution

To improve road safety outcomes, the NZAA provides funding to the AA Research Foundation to enable it to deliver valuable research projects. In the 2023/24 year, projects that were completed included:

- Novice driver licensing in New Zealand – a report that compared the requirements for achieving a driver's licence in New Zealand to a number of other countries and identified a number of potential changes the country could make to help create better prepared, safer drivers.
- Reducing 'failed to detect' crashes at rural crossroads – a study that analysed the factors involved in a number of crashes at rural crossroad intersections and undertook virtual trials on the impacts of several low-cost treatments to improve awareness of an approaching intersection.

The NZAA is also a long-time supporter of Kaitiaki o Ara - Students Against Dangerous Driving (SADD), a charitable organisation that aspires to prevent loss on New Zealand roads by championing road safety amongst youth. Through funding and governance support, the NZAA enables Kaitiaki o Ara/SADD to undertake their annual work programme which is focussed on the four road safety aspirations of:

- Safer road users
- Sharing our roads
- Driver licence journey
- Safer vehicles

	2024 $'000	2023 $'000
GRANT TO THE AA RESEARCH FOUNDATION	250	250
GRANT TO KAITIAKI O ARA/SADD	400	400

2. Sustainable mobility

Our sustainable mobility strategic priority seeks to minimise negative environmental, social, and economic impacts of the way the NZAA and our Members get around the country. It requires us to balance current and future mobility needs by continuing to develop our core vehicle, driving and mobility related services but also extending these into sustainable mobility options as Members' use of these solutions increases.

While it encompasses several key aspects, including environmental sustainability, social equity and safety, as we are in the early days of our sustainable mobility journey our outcomes and outputs do not yet reflect the full scope of sustainable mobility and will evolve as we progress.

Currently, our roadside assistance service is one way we support mobility safety by making sure our Members are not left stranded on the roadside away from home. We also seek to support the next generation of Kiwis to be safe drivers through the provision of professional driving lessons. These lessons also support social equity by enabling Kiwis to have greater opportunity to gain a Driver Licence, which is often required to secure employment and to aid social inclusion.

2.1. Service & Benefits – Roadside Assistance

The peace of mind that the NZAA is only a phone call away when things don't go to plan is the main reason many New Zealanders choose to be NZAA Members. Therefore, the volume of roadside jobs we undertake is a critical measure of our success.

	2024	2023
ROADSERVICE JOBS – PERSONAL MEMBERS	400,198	405,587

Roadservice job numbers are based on the initial Member call out and do not include instances where an additional job leg occurs.

2.2. Service & Benefits – Driving lessons

NZAA Membership provides more than just AA Roadservice, with access to a wide range of exclusive benefits and discounts including discounted driving lessons via the AA Driving School. A structured driving lesson programme, AA Driver's Seat/ AA Te Kaiurungi, was launched in August 2022 and provides NZAA Members with significant savings on driving lessons. The programme was designed to support drivers to develop the skills needed to be safe and confident behind the wheel by learning essential practices, skills, and habits with a professional driving instructor.

	2024	2023
NO. OF DISCOUNTED DRIVING LESSONS	86,529	51,673
TOTAL MEMBER DISCOUNT $'000	1,828	1,104

3. Meaningful Revenue Diversification

3.1. Revenue streams

To deliver on our purpose, strategic intent and priority areas, it is important we have diverse revenue streams and operate sustainably. We supplement income from Membership fees and subscriptions with revenue from our portfolio of commercial products and services, creating new partnerships and business models and investing wisely.

	2024 $'000	Restated 2023 $'000
MEMBERSHIP FEES AND SUBSCRIPTIONS	69,159	64,876
COMMERCIAL ACTIVITY	123,591	111,557
INVESTMENT INCOME / (LOSS)	17,957	20,052
SHARE OF NET SURPLUSES/(LOSSES) FROM JOINT VENTURES	36,512	*13,757

* Due to one of the Group's joint ventures holding insurance contracts, the adoption of NZ IFRS 17 for the joint venture and PBE IFRS 17 for the Group was required for the year ended 30 June 2024. Refer to the financial statements for further details.

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Independent Auditor's Report

To the Members of the New Zealand Automobile Association Incorporated

Opinion

We have audited the consolidated general purpose financial report ('consolidated financial report) of the New Zealand Automobile Association Incorporated (the 'entity') and its subsidiaries (the 'Group'), which comprise the consolidated financial statements on pages 3 to 45, and the consolidated statement of service performance on pages 46 to 49. The complete set of consolidated financial statements comprise the statement of financial position as at 30 June 2024, and the consolidated statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial report presents fairly, in all material respects:

- the consolidated financial position of the group as at 30 June 2024, and its conslidated financial performance and cash flows for the year then ended; and
- the consolidated service performance for the year ended 30 June 2024 in accordance with the group's service performance criteria

in accordance with Public Benefit Entity Standards ('PBE Standards') issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing ('ISAs'), and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 *The Audit of Service Performance Information* ('NZ AS 1'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Report* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our firm carries out other assignments for the Group in the area of risk advisory, taxation compliance, taxation advice and due diligence services. These services have not impaired our independence as auditor of the Group. In addition to this, partners and employees of our firm deal with the entity and its subdiaries on normal terms within the ordinary course of trading activities of the business of the entity and its subsidiaries. The firm has no other relationship with, or interest in, the entity or any of its subsidiaries.

Other information

The Board of Directors are responsible on behalf of the group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial report and the audit report.

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

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the consolidated financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors are responsible on behalf of the Group for

- the preparation and fair presentation of the consolidated financial statements and consolidated statement of service performance in accordance with PBE Standards;
- service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards; and

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- such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated financial report that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the Board of Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 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 these consolidated financial report.

A further description of our responsibilities for the audit of the consolidated financial report is located on at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Members, as a body, in accordance with the Rules of the Association. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Auckland, New Zealand
27 September 2024

This audit report relates to the consolidated financial report of the New Zealand Automobile Association Incorporated (the 'entity') and its subsidiaries (the 'Group') for the year ended 30 June 2024 included on the entity's website. The Board of Directors are responsible for the maintenance and integrity of the entity's website. We have not been engaged to report on the integrity of the entity's website. We accept no responsibility for any changes that may have occurred to the consolidated financial report since they were initially presented on the website. The audit report refers only to the consolidated financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the consolidated financial report. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial report and related audit report dated 27 September 2024 to confirm the information included in the audited consolidated financial report presented on this website.