Peter Warren
Automotive
Holdings

PWA Holdings One Pty Limited

ACN 615 674 185

Special Purpose Financial Report
For the year ended 30 June 2020

This is a true copy of Annexure "A" of 33 pages (inclusive of this page) as referred to in Form 388 "Copy of Financial Statements and Reports"

Paul H Warren
Director

9 November 2020

PWA Holdings One Pty Limited
Directors' report
30 June 2020

The directors present their report, together with the consolidated financial statements of PWA Holdings One Pty Limited (the "Company") and its controlled entities ("PWA Group" or the "Group") for the year ended 30 June 2020.

Directors
The following persons were directors of PWA Holdings One Pty Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Paul H Warren
- Bernard Friend
- Justin J Ryan (resigned 29 August 2019)
- Jonathan M Pearce
- Christopher Coates (appointed 29 August 2019)

Principal activities
The principal activities of the Group during the financial year were the sale of new and used motor vehicles, related spare parts inventory and trade related services. There have been no significant changes in the nature of the Group's principal activities during the financial year.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations and financial results

A review of the operations of the Group during the financial year and the results of those operations found that the Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The profit for the Group after providing for income tax amounted to $8,908,000 (2019 re-stated loss: $438,000).

A summary of the results for the year is as follows:

	2020 $'000	Restated 2019 $'000
Revenue	1,347,326	1,405,276
Total comprehensive income/(loss) for the year	8,908	(438)
Add back:		
Income tax expense	3,069	(572)
Depreciation and amortisation expense	25,073	24,557
Finance costs	28,586	30,795
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	65,636	54,342
Excluding impact of AASB 16:		
Lease liability cashflows for business premises	(24,827)	(21,260)
EBITDA excluding impact of AASB 16	40,809	33,082

The above reported result includes the impact of *AASB 16 'Leases'* which was adopted on 1 July 2019 using the fully retrospective method. As such, the results for the comparative year ended 30 June 2019 have been re-stated (refer to note 4).

Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) noted above is a financial measure which is not prescribed by Australian Accounting Standards ('AAS'). The directors consider EBITDA to reflect the core earnings of the PWA Group.

In March 2020, the Coronavirus (COVID-19) pandemic impacted the operations. Management worked quickly to prioritise safety and minimise the impact of business interruption to protect as many jobs as possible for the long term. This will be a continued focus for the year ended 30 June 2021.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 (and post balance sheet date) have caused disruption to businesses and economic activity. Although the situation remains fluid (due to continuing changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Group have assessed that there is currently no material financial impact of COVID-19 on the Group's financial position and results.

The extent of the future impact of COVID-19 on the Group's operations and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulations imposed by government with respect to the outbreak response, and the impact on customers, employees and vendors all of which are uncertain and cannot be predicted at this time. Given the inherent unpredictability associated with the pandemic, the actual financial impact, if any, on the Group's 2021 financial statements could be significantly different from the assessment disclosed above depending on how the situation evolves.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
The Group acknowledges the uncertainty relating to the ongoing COVID-19 pandemic, so its focus for the year ended 30 June 2021 will be to manage the areas within its control in a similar manner to what was achieved in the second half of FY20.

Environmental regulation
The Group is not subject to any significant environmental regulation under a law of Commonwealth or State within all the geographical locations the Group operates in.

Shares under option
There were no unissued ordinary shares of the parent company under option outstanding at the date of this report.

Indemnity and insurance of officers
During the financial year, the Group has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by the Group or a controlled entity, other than conduct involving a wilful breach of duty in relation to the Group or a controlled entity.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Group or of any related body corporate against a liability incurred as such an officer.

Indemnity and insurance of auditor
The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Rounding of amounts
The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Paul H Warren
Director

9 November 2020

Deloitte.

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The Board of Directors
PWA Holdings One Pty Limited
13 Hume Highway
Warwick Farm
NSW, 2170

9 November 2020

Dear Directors

Auditor's Independence Declaration to PWA Holdings One Pty Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of PWA Holdings One Pty Limited.

As lead audit partner for the audit of the financial statements of PWA Holdings One Pty Limited and its controlled entities for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

PWA Holdings One Pty Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $'000	Restated 2019 $'000
Revenue	5	1,347,326	1,405,276
Interest revenue		194	195
Expenses			
Raw materials and consumables purchased		(1,104,859)	(1,177,210)
Employee benefit expenses		(125,161)	(123,789)
Depreciation and amortization expense	6	(25,073)	(24,557)
(Loss) / profit on sale of assets		(149)	595
Advertising expense		(9,466)	(12,380)
Insurance expense		(3,893)	(4,030)
Motor vehicle expense		(9,389)	(6,824)
Other expense		(28,967)	(27,491)
Finance costs	6	(28,586)	(30,795)
Profit / (loss) before income tax (expense) / benefit		11,977	(1,010)
Income tax (expense) / benefit	7	(3,069)	572
Profit / (loss) after income tax (expense)/benefit for the year attributable to the owners of PWA Holdings One Pty Limited		8,908	(438)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year attributable to the owners of PWA Holdings One Pty Limited		8,908	(438)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. Please refer to note 4 for further details on the comparative re-statement.

PWA Holdings One Pty Limited
Consolidated statement of financial position
As at 30 June 2020

	Note	2020 $'000	Restated 2019 $'000
Assets			
Current assets			
Cash and cash equivalents	8	76,313	27,433
Trade and other receivables	9	63,418	73,540
Inventories	10	217,062	289,771
Total current assets		356,793	390,744
Non-current assets			
Property, plant and equipment	11	25,000	26,009
Financial assets		354	354
Right-of-use assets	12	204,196	224,147
Intangibles	13	140,121	140,121
Deferred tax assets	7	17,581	14,777
Total non-current assets		387,252	405,408
Total assets		744,045	796,152
Liabilities			
Current liabilities			
Trade and other payables	14	58,155	40,527
Income tax payable		4,476	1,138
Contract liabilities	15	507	486
Lease liabilities	16	14,482	13,219
Employee benefits		11,747	12,010
Borrowings	17	204,770	276,436
Total current liabilities		294,137	343,816
Non-current liabilities			
Contract liabilities	15	2,054	2,030
Lease liabilities	16	228,048	242,486
Employee benefits		1,278	1,438
Borrowings	17	88,222	84,984
Provisions		330	330
Total non-current liabilities		319,932	331,268
Total liabilities		614,069	675,084
Net assets		129,976	121,068
Equity			
Issued capital	18	163,471	163,471
Retained earnings		17,812	8,904
Other reserves	19	(51,307)	(51,307)
Total equity		129,976	121,068

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. Please refer to note 4 for further details on the comparative re-statement.

PWA Holdings One Pty Limited
Consolidated statement of changes in equity
For the year ended 30 June 2020

	Issued capital	Retained earnings	Other reserves	Total Equity
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2018	163,471	22,672	(51,307)	134,836
Impact on adoption of *AASB 16 Leases* (note 4)	-	(13,330)	-	(13,330)
Balance at 1 July 2018 – re-stated	163,471	9,342	(51,307)	121,506
Loss after income tax benefit for the year – re-stated	-	(438)	-	(438)
Other comprehensive income for the year, net of tax	-	-	-	-
Balance at 30 June 2019 – re-stated	163,471	8,904	(51,307)	121,068

	Issued capital	Retained earnings	Other reserves	Total Equity
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2019 - restated	163,471	8,904	(51,307)	121,068
Profit after income tax benefit for the year	-	8,908	-	8,908
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	8,908	-	8,908
Balance at 30 June 2020	163,471	17,812	(51,307)	129,976

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. Please refer to note 4 for further details on the comparative re-statement.

PWA Holdings One Pty Limited
Consolidated Statement of Cash flows
For the year ended 30 June 2020

	Note	2020 $'000	Restated 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,492,182	1,538,789
Payments to suppliers and employees (inclusive of GST)		(1,394,719)	(1,495,614)
		97,463	43,175
Interest received		194	195
Interest paid		(20,347)	(22,721)
Income taxes (paid) / refunded		(2,534)	776
Net cash from operating activities	22	74,776	21,425
Cash flows from investing activities			
Proceeds from sale of business		-	2,230
Payment for acquisition of business		-	(2,205)
Payments for plant and equipment		(4,262)	(8,387)
Net cash used in investing activities		(4,262)	(8,362)
Cash flows from financing activities			
Repayment of related party borrowings		(8,454)	(417)
Repayment of lease liabilities		(13,180)	(7,342)
Net cash used in financing activities		(21,634)	(7,759)
Net increase in cash and cash equivalents		48,880	5,304
Cash and cash equivalents at the beginning of the financial year		27,433	22,129
Cash and cash equivalents at the end of the financial year	8	76,313	27,433

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes. Please refer to note 4 for further details on the comparative re-statement.

Note 1. General information

PWA Holdings One Pty Limited (the 'Company') is incorporated in Australia and currently operates in Australia. The financial statements are presented in Australian dollars, which is PWA Holdings One Pty Limited's functional and presentation currency.

PWA Holdings One Pty Limited is a for profit entity. Its registered office and principal place of business is 13 Hume Highway Warwick Farm, NSW, 2170.

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 November 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group.

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019 using a fully retrospective approach and taken the practical expedient (where eligible) in respect of rent concessions relating specifically to the COVID-19 pandemic. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases and the Group has recognised operating lease arrangements as lessor accounting as rental income.

Impact of adoption

AASB 16 was adopted using the fully retrospective approach and as such the comparatives have been restated. The impact on the financial performance of the Group is provided in note 4.

As a result of *AASB 2020-4 Amendments to Australian Accounting Standards – COVID19 Related Rent Concessions*, the Group has applied the practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. The amount recognised in profit and loss in relation to rent concessions as a result of this expedient is $1,775,000.

Interpretation 23 Uncertainty over Income Tax
The Group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Management has considered all facts and circumstances as it relates to the Group and believe there is no material uncertainty over the availability of the tax losses and other deductions to the Group.

Going concern
Based on the Group's cash flow forecast, the financial report has been prepared by the Directors on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Group will have sufficient cash resources to pay its debts as and when they become due and payable for at least 12 months from the date of signing the financial report.

Basis of preparation
In the directors' opinion, the Group is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of PWA Holdings One Pty Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the PWA Group and entities controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity (in other reserves) and attributed to owners of the Group.

Revenue recognition
Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and where applicable the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

New, demonstrator and used vehicles
Revenue from the sale of vehicles is recognised at the point in time when the buyer obtains control of the goods, which is generally at the time of delivery of the vehicle.

Parts and services
Revenue from the sale of parts is recognised at the point in time when the buyer obtains control of the goods, which is generally at the time of delivery of the goods. Service work on customers' vehicles is carried out under instructions from the customer. Service revenue is recognised over time based on either a fixed price or an hourly rate. Revenue arising from the sale of parts fitted to customers' vehicles during service is recognised at the point in time upon delivery of the fitted parts to the customer upon completion of the service.

Aftermarket accessories and other revenue
Aftermarket accessories and other revenue are recognised at the point in time when they are delivered to the customer which is generally when the right to receive payment is established. Aftermarket accessories relate to items fitted at the dealership and include products such as window tinting, mud flaps and paint protection.

Finance and insurance revenue
Finance and insurance commissions are recognised at the point in time, usually in the period in which the related sale or rendering of service is provided. Finance and insurance commissions are received from finance companies and insurance companies as commission payments on products sold to customers.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Revenue recognition (continued)
Other income
Other income is recognised when it is received or when the right to receive payment is established.

During the year the Group was eligible for government JobKeeper allowances and received $14,151,000. These amounts have been recognised as government grants and recognised as other income once there is reasonable assurance the Group will comply with any conditions attached.

Commercial income and rebates
Volume related and vehicle specific bonuses and rebates are credited to the carrying value of inventory to which they relate. Once the inventory is sold, the amount is then recognised in profit or loss as part of cost of sales. Bonuses and rebates are recognised when the right to receive payment is established.

Income tax
The Group and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. PWA Holdings One Pty Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Group (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Group and each member of the group in relation to the tax contribution amounts paid or payable between the head entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Contract assets and liabilities
AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Contract receivables are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets. Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Inventories
New and demonstrator vehicles
New and demonstrator vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification.

Used vehicles
Used vehicles are stated at the lower of cost and net realisable value on a unit-by-unit basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The age of the car is considered in determining selling price of used cars.

Spare parts and accessories
Spare parts and accessories are stated at the lower of cost and net realisable value. Costs are assigned to individual items based on weighted average cost. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Other inventory
Other inventory includes work in progress and are stated at cost. Costs are assigned to individual customers on the basis of specific identification. Cost includes labour incurred to date and consumables utilised during the service.

Other financial assets
Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant & equipment	3 – 15 years
Furniture & fittings	3 – 15 years
Motor vehicles	4 – 8 years
Leasehold Improvements	Over the shorter of the useful life or term of lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Business Combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill arises on the acquisition of a business and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Impairment of non-financial assets
Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid.

Due to their short-term and long term nature they are either measured at amortised cost and are not discounted (short term), or recognised at the present value of the trade payments to be made over the credit term period, discounted using a market rate of interest (long term).

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount and any consideration paid is recognised in profit or loss.

Vehicles secured under bailment plans are provided to the Group under bailment agreements with floorplan loan providers. The Group obtains title to the vehicles immediately prior to sale. Vehicles financed under bailment plans are recognised as inventory with the corresponding floorplan liability owing to the finance providers. Floorplan finance facilities are available for drawdown by specified dealerships on a vehicle by vehicle basis, with repayment as it relates to an individual vehicle required immediately after the vehicle is sold.

Finance costs
Finance costs are expensed in the period in which they are incurred.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations is on-going.

Note 3. Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the goods and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units (or group's of cash generating units) have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Vehicle inventory valuation and provisioning
In determining the amount of write-downs required for demonstrator and used vehicle inventory, management has made judgements based on the expected net realisable value of that inventory based on historical experience and taking into account known market conditions as a result of COVID-19 as at 30 June 2020.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 4. Re-statement of comparatives

Change in accounting policy
Retrospective adoption of AASB 16 *'Leases'* with effect from 1 July 2018 resulted in recognition of right of use assets amounting to $244,101,000, recognition of lease liabilities of $262,813,000, recognition of make good provisions of $330,000, increase in deferred tax asset by $5,614,000 and $13,330,000 adjustment to opening retained earnings on transition date as at 1 July 2018. The weighted average incremental borrowing rate applied to lease liabilities at the date of initial application is 5.0%, reflecting the long tenure of lease portfolio.

The impact of adoption on the comparative period statement of profit or loss for the year ended 30 June 2019 and statement of financial position as at 30 June 2019 is as follows:

Note 4. Re-statement of comparatives (continued)

Comparative statement of profit or loss and other comprehensive income Extract	30 June 2019 $'000 Reported	$'000 Adjustment	30 June 2019 $'000 Restated
Revenue	1,405,276	-	1,405,276
Expenses			
Depreciation and amortization expense	(4,603)	(19,954)	(24,557)
Other expense (including occupancy)	(48,751)	21,260	(27,491)
Finance costs	(16,750)	(14,045)	(30,795)
Profit / (loss) before income tax (expense) / benefit	11,729	(12,739)	(1,010)
Income tax (expense) / benefit	(3,249)	3,821	572
Profit / (loss) after income tax benefit for the year attributable to the owners of PWA Holdings One Pty Limited	8,479	(8,918)	(438)
Other comprehensive income / (loss) for the year, net of tax	-	-	-
Total comprehensive income / (loss) for the year attributable to the owners of PWA Holdings One Pty Limited	8,479	(8,918)	(438)

Comparative statement of financial position as at 30 June 2019

	30 June 2019 $'000 Reported	$'000 Adjustment	30 June 2019 $'000 Restated
Non-current assets			
Right of use assets	-	224,147	224,147
Deferred tax assets	5,243	9,534	14,777
Total non - current assets	171,727	233,681	405,408
Total assets	562,471	233,681	796,152
Current liabilities			
Lease liabilities	-	13,219	13,219
Borrowings	276,542	(106)	276,436
Total current liabilities	330,703	13,113	343,816
Non-current liabilities			
Provisions	-	330	330
Lease Liabilities	-	242,486	242,486
Total non-current liabilities	88,451	242,816	331,267
Total liabilities	419,154	255,929	675,083
Net assets	143,315	(22,247)	121,068
Equity			
Retained earnings	31,152	(22,247)	8,904
Total equity	143,315	(22,247)	121,068

Note 4. Re-statement of comparatives (continued)

Comparative period statement of cash flows:

In accordance with the above for the year ended 30 June 2019, comparatives in the statement of cash flows have been restated to reflect changes arising from the adoption of AASB 16. Accordingly, net cash flow from operating activities increased by $7,213,000 from $14,211,000 to $21,425,000 and net cash used in financing activities increased by $7,213,000 from $544,000 to $7,757,000.

Note 5. Revenue

	2020 $'000	2019 $'000
Sales revenue	1,306,920	1,379,916
Finance and insurance revenue	21,877	23,853
Rent concessions	1,775	-
Other income	2,603	1,507
JobKeeper income	14,151	-
	1,347,326	1,405,276

Note 6. Expenses

	2020 $'000	2019 $'000
Profit / (loss) before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	5,123	4,603
Right-of-use assets	19,950	19,954
Total depreciation	25,073	24,557
Finance costs		
Bailment interest	6,858	8,676
Interest and finance charges paid/payable on related party borrowings	8,238	8,074
Interest and finance charges paid/payable on lease liabilities	13,490	14,045
Finance costs expensed	28,586	30,795
Leases		
Short-term lease payments	987	872

PWA Holdings One Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 7. Income and deferred tax

	2020 $'000	Restated 2019 $'000
Income tax expense / (benefit)		
Current tax expense	6,329	3,773
Deferred tax - origination and reversal of temporary differences	(2,712)	(4,345)
Adjustment recognised for prior periods	(548)	-
Aggregate income tax expense /(benefit)	3,069	(572)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit / (loss) before income tax expense / (benefit)	11,977	(1,010)
Tax at the statutory tax rate of 30%	3,593	(303)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-assessable and non-deductible items	24	(269)
	24	(269)
Adjustment recognised relating to prior periods	(548)	-
Income tax expense / (benefit)	3,069	(572)

Note 8. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash on hand	24	26
Cash at bank	76,289	27,407
Cash and cash equivalents	76,313	27,433

Note 9. Trade and other receivables

	2020 $'000	2019 $'000
Trade and other receivables	63,686	73,743
Allowance for expected credit loss	(295)	(243)
Amount receivable from related parties	27	40
	63,418	73,540

Note 10. Inventories

	2020 $'000	2019 $'000
New and demonstrator vehicles	166,802	227,829
Used vehicles	28,464	40,408
Spare parts and accessories	21,020	20,708
Work in progress	128	136
Petrol, oils and grease	648	690
	217,062	289,771

Note 11. Non-current assets - plant and equipment

	2020 $'000	2019 $'000
Plant and equipment - at cost	61,176	59,314
Less: Accumulated depreciation	(37,485)	(34,547)
	23,691	24,767
Motor Vehicle - at cost	1,946	1,879
Less: Accumulated depreciation	(675)	(687)
	1,271	1,192
Leasehold improvements - at cost	485	1,323
Less: Accumulated depreciation	(447)	(1,273)
	38	50
	25,000	26,009

Note 12. Non-current assets - right-of-use assets

	2020 $'000	2019 $'000
Buildings - right-of-use	273,670	273,670
Less: Accumulated depreciation	(69,474)	(49,523)
	204,196	224,147

The Group leases buildings for its dealerships under agreements of between 1 to 15 years with, in some cases, options to extend.

Note 13. Non-current assets - intangibles

	2020 $'000	2019 $'000
Goodwill	140,121	140,121

	2020 $'000	2019 $'000
As at 1 July	140,121	140,056
Additions	-	1,469
Disposals	-	(1,404)
As at 30 June	140,121	140,121

In the prior year, on the 31 March 2019 the Group acquired certain assets and liabilities from Trevan Automotive Pty Limited (Trevan).

PWA Holdings One Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 14. Trade and other payables

	2020 $'000	2019 $'000
Trade payables	30,320	15,780
Other payables and accruals	22,684	20,927
GST payable	5,151	3,820
	58,155	40,527

Note 15. Contract liabilities

	2020 $'000	2019 $'000
Deferred service obligations - current	507	486
Deferred service obligations - non- current	2,054	2,030
	2,561	2,516

Note 16. Lease liabilities

	2020 $'000	2019 $'000
Current liabilities		
Hire purchase	45	106
Building premises	14,437	13,113
	14,482	13,219
Non - current liabilities		
Building premises	228,048	242,486
Total lease liability	242,530	255,705

The average incremental borrowing rate on building premises is 5%.

The hire purchase liability is secured over the related hire purchase assets.

Maturity analysis
Maturity analysis of the total lease liability is as follows:

Less than one year	14,437	13,112
Between one and two years	16,167	14,437
Between two and five years	55,730	52,820
Greater than five years	156,196	175,336
	242,530	255,705

Note 17. Borrowings

	2020 $'000	Restated 2019 $'000
Current liabilities		
Bailment finance & EMA vehicle funding (i)	204,770	272,982
Loans owed to related parties	-	3,454
	204,770	276,436
Non - current liabilities		
Loans owed to related parties	88,222	84,984
Total borrowings	292,992	361,420

(i) Bailment finance & EMA vehicle funding are secured over the related assets (predominantly vehicle inventory) held by the Group. Hire purchase liabilities previously classified as borrowings have been transferred to lease liabilities as a result of *AASB 16 Leases.*

Note 18. Equity - issued capital

	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid	115,181,818	115,181,818	34,550	34,550
Class B shares	113,191,336	113,191,336	86,109	86,109
Class C shares	46,747,944	46,747,944	42,811	42,811
Class D shares	1	1	1	1
	275,121,099	275,121,099	163,471	163,471

Ordinary shares

Changes to the then Corporations Law abolished the authorized capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Group does not have a limited amount of authorized capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.
Fully paid Class B shares carry no voting rights, but a right to dividends.
Fully paid Class C shares carry no voting rights, but a right to dividends.
Fully paid Class D share carries neither voting rights nor rights to any dividend or capital return, other than a special dividend.

Note 19. Other reserves

	2020 $'000	2019 $'000
Business reorganisation reserve (i)	34,277	34,277
Transactions with exited non-controlling interests (ii)	17,030	17,030
	51,307	51,307

(i)The business reorganisation reserve arises from the corporate reorganisation when PWA Holdings One Pty Limited became the parent entity on 18 November 2016.

(ii)The transactions with non-controlling interest reserve related to the acquisition of remaining minority interests in WP Automotive Pty Limited on 31 March 2017 (49% interest acquired) and Sydney North Shore Automotive Pty Ltd on the 1 July 2017 (49% interest acquired).

Note 20. Deed of Cross Guarantee

The following entities are party to a deed of cross guarantee under which each Group guarantees the debts of the others:

- PWA Holdings One Pty Limited
- PWA Holdings Three Pty Limited
- WP Automotive Pty Limited
- James Frizelle's Automotive Group Ltd
- Sydney North Shore Automotive Pty Ltd
- PWA Holdings Two Pty Limited
- Peter Warren Automotive Pty Limited
- North Shore Automotive Pty Limited
- Frizelle's Investments Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'. As a result of *AASB 16 Leases*, the comparative period has been restated below:

	2020 $'000	Previously reported 2019 $'000	Adjustment 2019 $'000	Restated 2019 $'000
Revenue	1,269,556	1,303,244	-	1,303,244
Expenses				
Raw materials and consumables purchased	(1,037,297)	(1,087,383)	-	(1,087,383)
Employee benefits expense	(120,738)	(118,369)	-	(118,369)
Depreciation and amortisation expense	(23,195)	(4,573)	(18,075)	(22,648)
Other expenses	(48,788)	(65,365)	19,425	(45,940)
Finance costs	(26,592)	(16,199)	(12,533)	(28,732)
Profit before income tax	12,946	11,355	(11,183)	172
Income tax expense	(3,360)	(3,250)	3,354	105
Profit for the year	9,586	8,105	(7,828)	277

Note 20. Deed of Cross Guarantee (continued)

	2020 $'000	Previously reported 2019 $'000	Adjustment 2019 $'000	Restated 2019 $'000
ASSETS				
Current assets				
Cash and cash equivalents	69,964	24,600	-	24,600
Trade and other receivables	62,255	74,629	-	74,629
Inventories	207,867	274,130	-	274,130
Non - current assets				
Plant and equipment	25,000	26,009	-	26,009
Financial assets	354	354	-	354
Right of use assets	181,653	-	199,726	199,726
Deferred tax assets	16,366	5,368	8,579	13,947
Intangible assets	140,121	140,121	-	140,121
Total assets	703,580	545,211	208,306	753,516
LIABILITIES				
Current liabilities				
Trade and other payables	52,066	40,223	-	40,223
Income tax payable	4,525	1,259	-	1,259
Contract liabilities	390	410	-	410
Lease liabilities	13,292	-	10,827	10,827
Borrowings	194,483	259,857	(106)	259,751
Employee benefits	11,747	12,010	-	12,010
Non - current liabilities				
Contract liabilities	1,788	1,711	-	1,711
Lease liabilities	202,574		217,305	217,305
Employee benefits	1,280	1,437	-	1,437
Borrowings	88,222	84,984	-	84,984
Provisions	300	-	300	300
Total liabilities	570,667	401,891	228,326	630,217

	2020 $'000	Previously reported 2019 $'000	Adjustment 2019 $'000	Restated 2019 $'000
NET ASSETS AND EQUITY				
Net Assets	132,913	143,319	(20,020)	123,299
Equity				
Issued capital	163,471	163,471	-	163,471
Retained earnings	20,749	31,155	(20,020)	11,135
Other reserves	(51,307)	(51,307)	-	(51,307)
Total equity	132,913	143,319	(20,020)	123,299

Note 21. Parent entity information

	2020 $'000	2019 $'000
Summarised financial information		
Summarised statement of financial position		
Total assets	173,063	167,266
Current liabilities	11,344	5,547
Net assets	161,718	161,718

There was no profit and loss trading for the year ended 30 June 2020 (2019 - $34,000 loss incurred for professional fees).

Note 22. Reconciliation of profit / (loss) after income tax to net cash used in operating activities

	2020 $'000	2019 $'000
Profit after income tax benefit for the year	8,908	(438)
Adjustments for:		
Depreciation and amortisation	25,073	24,557
Movement in taxes	535	(186)
Non - cash loan interest on related party borrowings	8,238	8,074
Other non-cash items	149	(595)
Change in operating assets and liabilities:		
Increase in trade and other receivables	10,340	(7,033)
Increase in inventories, net of floorplan	4,490	(10,081)
Increase in trade and other payables	17,398	6,988
Increase in other operating assets and liabilities	(356)	139
Net cash used in operating activities	74,776	21,425

Note 23. Events after the reporting period

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 (and post balance sheet date) have caused disruption to businesses and economic activity. Although the situation remains fluid (due to continuing changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Group have assessed that there is currently no material financial impact of COVID-19 on the Group's financial position and results.

The extent of the future impact of COVID-19 on the Group's operation and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulations imposed by government with respect to the outbreak response, and the impact on customers, employees and vendors all of which are uncertain and cannot be predicted at this time. Given the inherent unpredictability associated with the pandemic, the actual financial impact, if any, on the Group's 2021 financial statements could be significantly different from the assessment disclosed above depending on how the situation evolves.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

PWA Holdings One Pty Limited
Directors' Declaration
For the year ended 30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Paul H Warren
Director

9 November 2020

Deloitte.

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Independent Auditor's Report to the members of PWA Holdings One Pty Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of PWA Holdings One Pty Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards to the extent described in note 1 and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

(a) The directors are responsible for the other information. The other information comprises the information included in the Directors Report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

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

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

• Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

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Michael Kaplan
Partner
Chartered Accountants
Sydney, 9 November 2020