PWA Holdings One Pty Ltd and its controlled entities

Special Purpose Financial Report

ACN 615 674 185

For the Year Ended

30 June 2019

This is a true copy of Annexure "A" of 31 pages (inclusive of this page) as referred to in Form 388 "Copy of Financial Statements and Reports"

Bernard Francis Friend

21 October 2019

Date

Directors' Report

Your directors present their report on PWA Holdings One Pty Limited (the Company) and its controlled entities (the Group) for the financial year ended 30 June 2019:

Directors

The names of the directors of the Company during or since the end of the financial year are:

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

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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.

Review of Operations

The Group's profit after tax amounted to $8,479,794 (2018: $12,959,687).

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.

Significant Changes in State of Affairs

On the 31 March 2019 the Group acquired Trevan Auto Group Pty Limited, a Northern NSW based dealership group. The acquisition compliments the groups existing brands and locations and represents significant growth for the Group in Northern NSW.

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

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Groups' state of affairs in future financial years.

Likely developments and expected results of operations

The Group expects to continue to focus on growth and underlying profitability within the automotive retail sector.

Dividends

No dividends have been paid during the financial year ended 30 June 2019 (2018: $27,658,644).

Shares under option

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

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or 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 any part of those proceedings. TheGroup was not a party to any such proceedings during the year.

Indemnification of officers and auditors

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 them 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 or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Environmental Issues

The Group is subject to environmental regulations in respect of its operations. The directors are not aware of any material breaches of any environmental regulations during the financial year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Paul H Warren

Sydney, 21 October 2019

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia
Phone: +61 2 9322 7000
www.deloitte.com.au

21 October 2019

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

Dear Directors

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 2019, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

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Consolidated Statement of Profit or Loss and other Comprehensive Income

	Note	2019 $	2018 $
Revenue from contracts with customers	2	1,405,471,433	1,435,599,482
Raw materials and consumables purchased		(1,177,210,372)	(1,212,522,738)
Employee benefits expense		(123,786,787)	(119,777,742)
Depreciation and amortisation expense		(4,603,501)	(4,197,641)
Profit on disposal of business		595,211	-
Occupancy costs		(22,132,138)	(19,837,858)
Advertising expense		(12,380,476)	(11,213,702)
Insurance expense		(4,030,084)	(3,107,573)
Motor vehicle expense		(6,824,580)	(6,105,702)
Other expenses		(26,619,029)	(22,771,099)
Finance costs		(16,750,060)	(17,282,602)
Profit before income tax		11,729,618	18,782,825
Income tax expense	3	(3,249,824)	(5,823,138)
Profit for the year		8,479,794	12,959,687
Other comprehensive income		-	-
Total comprehensive income for the year		8,479,794	12,959,687

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	4	27,433,677	22,129,658
Trade and other receivables	5	73,540,925	66,448,433
Inventories	6	289,771,377	256,779,074
Income tax receivable	8	-	2,888,405
Total current assets		390,745,978	348,245,570
Non-current assets			
Plant and equipment	7	26,009,729	22,151,478
Financial assets	9	354,514	354,514
Deferred tax assets	8	5,243,280	4,720,772
Intangible assets	10	140,121,547	140,056,420
Total non-current assets		171,729,069	167,283,184
TOTAL ASSETS		562,475,047	515,528,754
LIABILITIES			
Current liabilities			
Trade and other payables	11	40,527,352	33,538,569
Income tax payable	8	1,138,015	-
Contract liabilities	12	486,990	-
Borrowings	13	276,543,407	251,706,715
Provisions	14	12,010,139	13,251,167
Total current liabilities		330,705,904	298,496,451
Non-current liabilities			
Provisions	14	1,437,520	1,092,936
Contract liabilities	12	2,030,442	-
Borrowings	13	84,984,625	80,740,000
Total non-current liabilities		88,452,587	81,832,936
TOTAL LIABILITIES		419,158,491	380,329,387
NET ASSETS		143,316,556	135,199,367
EQUITY			
Issued capital	15	163,471,639	163,471,639
Retained earnings		31,152,447	23,035,258
Other reserves	16	(51,307,530)	(51,307,530)
TOTAL EQUITY		143,316,556	135,199,367

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,538,789,790	1,576,493,713
Payments to suppliers and employees		(1,516,873,996)	(1,549,463,838)
Interest received		195,140	200,157
Interest paid		(8,676,060)	(9,942,602)
Income taxes received / (paid)		776,596	(8,302,500)
Net cash generated from operating activities	19	14,211,470	8,984,930
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(8,387,928)	(6,496,832)
Proceeds from sale of business		2,230,000	26,824
Payment for acquisition of assets / subsidiaries	20	(2,205,104)	(77,124,737)
Net cash used in investing activities		(8,363,032)	(83,594,745)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments) / proceeds of related entity loans and advances		(415,871)	77,714,548
Repayment of borrowings		(128,548)	(173,897)
Net cash (used) in / generated from financing activities		(544,419)	77,540,651
Net cash increase in cash and cash equivalents		5,304,019	2,930,836
Cash and cash equivalents at beginning of year		22,129,658	19,198,822
Cash and cash equivalents at end of year	4	27,433,677	22,129,658

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Issued capital $	Retained earnings $	Transactions with Non-controlling Interest $	Business Reorganisation reserve $	Minority Interest $	Total $
Balance at 1 July 2017	51,350,541	37,734,215	(13,291,799)	(34,277,416)	1,363,908	42,879,449
Total comprehensive income for the year	-	12,959,687	-	-	-	12,959,687
Dividend paid	-	(27,658,644)	-	-	-	(27,658,644)
Issue of B class shares	75,373,154	-	-	-	-	75,373,154
Issue of C class shares	36,747,944	-	-	-		36,747,944
Acquisition of minority interest	-	-	(3,738,315)	-	(1,363,908)	(5,102,223)
Balance at 30 June 2018	163,471,639	23,035,258	(17,030,114)	(34,277,416)	-	135,199,367
Adoption of AASB 15 Revenue from contracts with customers		(362,605)				(362,605)
Balance at 1 July 2018	163,471,639	22,672,653	(17,030,114)	(34,277,416)	-	134,836,762
Total comprehensive income for the year		8,479,794				8,479,794
Balance at 30 June 2019	163,471,639	31,152,447	(17,030,114)	(34,277,416)	-	143,316,556

The accompanying notes form part of these consolidated financial statements.

1 Statement of significant accounting policies

General information

PWA Holdings One Pty Limited (the Group) is a proprietary Group incorporated in Australia. The financial statements comprise the consolidated financial statements of the Group and its controlled entities (the Group).

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The following Accounting Standards and Interpretations adopted during the year are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018 using the transitional rules available not to restate comparatives. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For trade receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018 using the transitional rules available not to restate comparatives (modified retrospective method). The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Impact of adoption

The adoption of AASB 9 and AASB 15 with effect from 1 July 2018 has had no material impact on amounts recorded by the Group in the financial statements.

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.

1 Statement of significant accounting policies
Basis of preparation (continued)
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 further below.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the 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 and attributed to owners of the Group.

Revenue recognition
The Group recognises revenue as follows:

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.

1 Statement of significant accounting policies
Revenue recognition (continued)

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.

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.

1 Statement of significant accounting policies

Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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.

Trade and 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. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any expected credit losses.

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. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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.

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 on the basis of 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.

1 Statement of significant accounting policies

Inventories

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.

Property, 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 and equipment	3-15 years
Furniture and fittings	3-15 years
Motor vehicles	4-8 years
Leasehold improvements	Over the shorter of the useful life or term of the 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.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively

1 Statement of significant accounting policies

Business combinations (continued)

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 Share-based Payment at the acquisition date
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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.

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.

Goodwill

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.

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 nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

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.

1 Statement of significant accounting policies

Borrowings (continued)

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 attributable to qualifying assets are capitalised as part of the asset. All other finance costs 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.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, commissions, 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 at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

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.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

1 Statement of significant accounting policies

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 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019 and will be adopted by the Group in the financial period ended 30 June 2020. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (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 will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16.

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. 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.

<u>Goodwill</u>
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.

<u>Vehicle inventory valuation and provisioning</u>
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, the Group's accounting policy on write-downs and observing current market prices.

<u>Allocation of transaction price</u>
In determining the amount of the total transaction price, management makes relevant estimates of stand alone selling prices, including consideration of the overall sale transaction and margin, the relative stand alone selling prices, and the costs and margins associated with related performance obligations based on historical industry data.

Notes to the Consolidated Financial Statements

		2019 $	2018 $
2	**Revenue from contracts with customers**		
	Sales revenue	1,379,916,429	1,405,688,149
	Interest income	195,140	200,157
	Finance and insurance income	23,853,531	27,292,353
	Other revenue	1,506,334	2,418,823
		1,405,471,433	1,435,599,482
3	**Income tax expense from continuing operations**		
	Prima facie tax on profit from ordinary activities		
	Prima facie tax payable on profit from ordinary activities before income tax at 30%	3,518,885	5,694,833
	Tax effect of:		
	- other non-allowable items and adjustments to prior year tax balances.	(269,062)	128,305
		3,249,824	5,823,138
	Franking Account Balance		
	Balance of the franking credit account for the financial year ended adjusted for the franking credits arising from payments of provision of income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.	37,808,308	37,499,208
4	**Cash and cash equivalents**		
	CURRENT		
	Cash on hand	26,374	12,072
	Cash at Bank	27,407,303	22,117,586
		27,433,677	22,129,658
5	**Trade and other receivables**		
	CURRENT		
	Trade and other receivables	73,743,929	66,748,433
	Allowance for expected credit loss	(243,500)	(300,000)
	Amount receivable from related parties	40,496	-
		73,540,925	66,448,433

		2019	2018
6	**Inventories**		
	at lower of cost and net realisable value	**$**	**$**
	CURRENT		
	New vehicles	165,957,985	152,259,409
	Demonstrator vehicles	61,870,695	52,086,749
	Used vehicles	40,408,085	32,065,561
	Work in progress	136,205	118,978
	Spare parts and accessories	20,707,768	19,606,087
	Petrol, oils and grease	690,639	642,290
		289,771,377	256,779,074
7	**Plant and equipment**		
	NON-CURRENT		
	Plant and equipment at cost	59,314,426	43,401,059
	Less: accumulated depreciation	(34,547,286)	(22,366,045)
		24,767,140	21,035,013
	Leasehold improvements at cost	1,323,009	1,366,594
	Less: accumulated depreciation	(1,272,069)	(1,247,144)
		50,941	119,450
	Motor Vehicles at cost	1,879,579	1,557,929
	Less: accumulated depreciation	(687,931)	(560,914)
		1,191,649	997,015
		26,009,729	22,151,478
8	**Tax assets and liabilities**		
	CURRENT		
	Income tax (payable) / receivable	(1,138,015)	2,888,405
	NON-CURRENT		
	Deferred tax asset	5,243,280	4,720,772
9	**Financial assets**		
	NON-CURRENT		
	Available for sale investments	354,514	354,514
10	**Intangible assets**		
	NON-CURRENT		
	Goodwill	140,121,547	140,056,420
	Opening balance	140,056,420	20,080,840
	Additions from acquisitions	1,469,915	119,975,580
	Disposals	(1,404,789)	-
	Closing balance	140,121,547	140,056,420

		2019	2018
11	**Trade and other payables**	$	$
	CURRENT		
	Trade payables and accruals	40,527,352	33,538,569
12	**Contract liabilities**		
	CURRENT		
	Contract liabilities (see note 14)	486,990	-
	NON-CURRENT		
	Contract liabilities (see note 14)	2,030,442	-
13	**Borrowings**		
	CURRENT		
	Secured liabilities:		
	- Total Bailment finance & EMA loans (i)	272,982,668	250,793,663
	- Hire purchase (ii)	106,739	235,287
	Unsecured liabilities:		
	- Loan notes payable to related parties	3,454,000	-
	- Other borrowings	-	677,765
		276,543,407	251,706,715
	NON-CURRENT		
	Unsecured liabilities		
	- Hire purchase (ii)	-	-
	- Loan notes payable to related parties	84,984,625	80,740,000
		84,984,625	80,740,000

Security Note:

(i) Bailment finance & EMA Loans are secured over the related assets (predominantly inventory) held by the Group.
(ii) The hire purchase liabilities are secured over the related hire purchase assets held by the Group.

	2019	2018
The carrying amount of assets pledged as security are:		
Total assets pledged as security	273,089,407	251,028,950

14 Provisions

	2019	2018
	$	$
CURRENT		
Warranties (i)	-	1,752,979
Other provisions (i)	107,141	248,146
Employee benefits	11,902,998	11,250,042
	12,010,139	13,251,167
NON-CURRENT		
Employee benefits	1,437,520	1,092,936

(i) - In accordance with AASB 15, the Group has allocated a portion of the total transaction price with vehicle customers to the future service performance obligations which is recognised over time. Deferred amounts are recognised as Contact liabilities -Note 12. Costs incurred in relation to the obligations are expensed as incurred.

15 Issued capital

	Ordinary shares	Class B shares	Class C shares	Class D shares	Total
Number of shares at 1 July 2018 and 30 June 2019					
	115,181,818	113,191,336	46,747,944	1	275,121,099
Carrying amounts at 1 July 2018 and 30 June 2019					
	34,550,930	86,109,192	42,811,516	1	163,471,639

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

16 Other reserves

	2019	2018
Business reorganisation reserve (i)	34,277,416	34,277,416
Transactions with non controlling interests reserve (ii)	17,030,114	17,030,114
	51,307,530	51,307,530

(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 relates 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).

17 Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company 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'.

Statement of profit or loss and other comprehensive income	2019 $	2018 $
Revenue	1,303,244,737	1,353,576,100
Expenses		
Raw materials and consumables purchased	(1,087,383,284)	(1,141,921,836)
Employee benefits expense	(118,369,769)	(114,316,781)
Depreciation and amortisation expense	(4,573,235)	(4,004,013)
Occupancy costs	(22,007,403)	(18,676,901)
Other expenses	(43,355,940)	(39,026,640)
Finance costs	(16,199,362)	(16,847,104)
Profit before income tax	11,355,745	18,782,825
Income tax expense	(3,249,824)	(5,823,138)
Profit for the year	8,105,921	12,959,687
Profit for the year from discontinued operations, net of tax	-	-
Profit after income tax for the year	8,105,921	12,959,687
Other comprehensive income	-	-
Total comprehensive income for the year	8,105,921	12,959,687

17 Deed of cross guarantee (continued)

Statement of financial position	2019 $	2018 $
Current assets		
Cash and cash equivalents	24,600,776	20,005,163
Trade and other receivables	74,625,822	64,604,765
Inventories	274,130,799	245,021,266
Income tax receivable	-	2,888,405
Total current assets	373,357,398	332,519,598
Non-current assets		
Plant and equipment	26,009,729	22,151,478
Financial assets	354,514	354,514
Deferred tax assets	5,367,385	4,720,772
Intangible assets	140,121,547	140,056,420
Total non-current assets	171,853,174	167,283,184
TOTAL ASSETS	545,210,571	499,802,782
Current liabilities		
Trade and other payables	40,219,283	30,234,795
Contract liabilities	410,529	-
Income tax payable	1,259,566	-
Borrowings	259,858,152	239,284,517
Provisions	12,010,139	13,251,167
Total current liabilities	313,757,670	282,770,479
Non-current liabilities		
Provisions	1,437,520	1,092,936
Contract liabilities	1,711,647	-
Borrowings	84,984,625	80,740,000
Total non-current liabilities	88,133,792	81,832,936
TOTAL LIABILITIES	401,891,461	364,603,415
NET ASSETS	143,319,110	135,199,367
EQUITY		
Issued capital	163,471,639	163,471,639
Retained earnings	31,155,001	23,035,258
Other reserves	(51,307,530)	(51,307,530)
TOTAL EQUITY	143,319,110	135,199,367

18 Parent entity information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Summarised financial information	2019 $	2018 $
Summarised statement of financial position		
Current assets	2	2
Non-current assets	163,620,078	164,282,438
Total assets	163,620,080	164,282,440
Current liabilities	1,915,817	2,529,177
Total liabilities	1,915,817	2,529,177
Net assets	161,704,263	161,753,263
Statement of Comprehensive Income		
Professional fees	49,000	1,573,271
Income tax expense (credit)	(14,700)	(498,117)
Loss after tax	34,300	1,075,154

Other than the Deed of Cross Guarantee referred to above, the parent entity does not have any contingent liabilities, or contractual commitments and has not entered into any guarantees during or since the end of the financial year.

19 Cash flow information

Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Net profit for the year	8,479,794	12,959,687
Cash flows excluded from profit from ordinary activities attributable to operating activities		
Depreciation	4,603,501	4,197,641
Impairment of financial assets	-	48,486
Movement in taxes	3,635,646	(2,007,466)
Capitalised finance costs on loan notes	8,074,000	7,340,000
Profit on disposal of business and other non cash items	(595,211)	(9,558)
Increase in trade and other receivables	(7,033,647)	(2,455,047)
Increase in inventories - net of floorplan	(10,081,789)	(4,106,481)
Decrease / (increase) in trade and other payables	6,988,783	(4,558,155)
Decrease / (increase) in provisions	140,393	(2,424,177)
	14,211,470	8,984,930

20 Business combinations

On the 31 March 2019 the Group acquired certain assets and liabilities from Trevan Automotive Pty Limited (Trevan) for total consideration of $2,205,104.

Below is a list of asssets and liabilities acquired at fair value:	2019 $
New vehicles	1,675,524
Demonstrator vehicles	306,731
Used vehicles	225,580
Spare parts and accessories	102,217
Petrol, oils and grease	36,394
Work in progress	13,428
Deferred tax asset	121,927
Plant and equipment	313,629
Trade and other receivables	18,349
Employee benefits	(406,424)
Contract Liabilities	(33,801)
Bailment finance	(1,638,365)
Net asssets acquired	735,188
Goodwill	1,469,915
Total consideration paid in cash	2,205,104

21 Economic Dependence

The continuing sale of new vehicles and their related services is dependent on the ongoing franchise agreements with the distributors.

22 Segment reporting

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

The directors have determined that there is only one operating segment identified and located in Australia, being motor vehicle retailing. The information reported to the CODM is the consolidated results of the Group.

23 Operating lease commitments

	2019	2018
	$	$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	23,105,857	21,157,451
One to five years	111,437,365	91,182,796
More than five years	39,600,805	75,810,042
	174,144,027	188,150,289

Operating lease commitments include contracted amounts for dealership operating premises under non-cancellable operating leases with various expiry dates, and in come cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

24 Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

25 Company details

Registered office:

The registered office and principal place of business of the company is:

13 Hume Highway
Warwick Farm
NSW 2170

Directors' Declaration

As detailed in Note 1 to the financial statements, the Company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs.

Accordingly, this "special purpose financial report" has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors of the Company declare that:

(a) the attached financial statements and notes comply with the Corporations Act 2001, Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;

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

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become subject, by virtue of the deed of cross guarantee described in Note 17 to the financial statements.

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

On behalf of the Directors

Paul H Warren 21 October 2019

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia
Phone: +61 2 9322 7000
www.deloitte.com.au

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

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 2019, 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 2019 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 and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

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Other Information

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 2019, 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.

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 Company 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

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 21 October 2019