

AANT

Annual Report 2017–18



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Automobile Association
of the Northern Territory

President's report

On behalf of the AANT Council, I am pleased to present the President's report for the 2017-18 financial year.

The past 12 months have been an exciting and productive time for AANT as we advanced our new strategic plan and welcomed our new Chief Executive Officer, Anthony Hill in November 2017. The new plan sets out a clear pathway to ensure that AANT remains purposeful and relevant to our members and all Territorians for many years to come.

Implementation of a number of new initiatives has already started to deliver improvements in member benefits, growth across our business and more members holding more products across motoring, insurance and travel categories.

As part of our strategy, AANT is committed to investing in new technology, innovation and new products to ensure long term sustainability. We will be announcing a new travel initiative in the coming months that will enhance the AANT travel portfolio significantly and providing more benefits to our members. We have also invested in new systems and reporting functionality as well as refresh the AANT website. These new platforms will enable us to deepen our understanding of our members so that we are better able to put the member at the heart of all of our decision making. These are examples of how we are looking to prepare for the future as traditional business models are challenged.

AANT remains the independent advocate for Northern Territory motorists, covering issues that matter most to our members and representing member's interests with a focus on improved safety, affordable motoring and better roads.

For 2017-18, our profit after tax of \$260k reflected a solid performance in our core motoring services and insurance product and with broader initiatives being focussed on in the areas of travel and home, AANT is in a good position for continued future growth.

Councillors this year have remained stable. By rotation, the three retiring councillors, David Loy, Graeme Buckley and Mark Olivetta offered themselves for re-election. I would like to extend my gratitude to all members of the council for your considerable contribution to the Association, in a purely voluntary capacity.

In acknowledgement of AANT continuing to diversify its business and focus on business growth, the AANT council has reviewed and strengthened our corporate governance framework to ensure we that we align our corporate procedures with contemporary business practices for the benefit of our members. This will underpin the long-term sustainability of our organisation and in turn foster sound steady growth and strategic competitiveness.

In closing, on behalf of my Council colleagues, I would like to thank all of our people at AANT for their valued contribution and commitment during the year. I would also like to thank you, our members, for your continued support.



David Loy
AANT PRESIDENT

A handwritten signature in blue ink, appearing to read 'David Loy', with a long, horizontal flourish extending to the right.

CEO report

AANT's strength is its membership. Over the past 12 months and into the future, AANT's purpose as a member organisation is to support our members and deliver value through member experience and to operate sustainably and grow the organisation through the delivery of new and improved services and benefits to its members. AANT prides itself on being one of the largest and oldest Associations in the Northern Territory and I am proud to present this year's annual review.

During the past year we have continued to invest in our business to ensure we provide excellent service and member experience. We have done this by enhancing our reporting systems and updating our website to better suit our member's needs. AANT are also making the consumer experience less expensive – and more convenient – for members with the recent launch of e-gift cards for purchases with more than 30 major retailers, in addition to the facility to source Show Your Card & Save benefits.

We take pride in our service and support. The number of AANT members remained consistent over the past 12 months and we now have more members holding more products.

AANT remains the prominent provider of road service with a genuine Territory wide service network of patrols and contractors completing more than 18,000 jobs and replacing close to 4,500 batteries. Regional breakdowns accounted for 35% of all roadside assistance jobs and eight out of ten call outs in the Metropolitan area resulted in our patrols getting the vehicle back on the road straight away. Our fuel discount program delivered in excess of \$500,000 in savings to our members during 2017/18.

Insurance policy numbers continued to grow this year across all categories. We were pleased to be recognised as the Insurance Department of the Year at the 2017 QBE National awards. This achievement is great recognition for the results our team have accomplished over a short period of time.

Our existing travel products in International Drivers Licenses, shop products and Travel Insurance continued to perform well and AANT will be announcing a very exciting travel initiative in late 2018 that will enhance the AANT travel portfolio significantly and provide more benefits to our members.

Our focus on advocacy continued this year raising issues affecting our members covering topics such as petrol pricing, road safety initiatives, affordability index and point to point cameras.

We will continue to strengthen AANT in the coming year with solid plans in place to grow the products and services we offer our members whilst focussed on delivering an outstanding member experience.

I would like to acknowledge AANT Councillors for your ongoing support and to thank our staff, contractors and partners for their contribution in delivering the range of products and services to our members every day.

Membership continues to be at the heart of AANT and I would like to thank AANT members for your continuing support.



Anthony Hill
AANT CEO

A handwritten signature in black ink, appearing to read 'Anthony Hill'. The signature is fluid and cursive, written over a light grey background.

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COUNCIL'S REPORT

Your council members submit the financial statements of The Automobile Association of the Northern

Territory Incorporated ("the Association") for the financial year ended 30 June 2018.

COUNCIL MEMBERS

The names of council members during the financial year are as follows:

- Mr David Loy (President)
- Mr Douglas Phillips (Vice President)
- Mr Mark Olivetta
- Mr Quentin Kilian
- Ms Suzanne Morgan
- Mr Graeme Buckley
- Mr Trevor Cox
- Mr Jennes Walker
- Ms Cassandra Emmett

PRINCIPAL ACTIVITY

The principal activity of the Association during the financial year was the provision of roadside assistance services and other motoring/touring related services to Members of the Association. There is no change in the principal activity since last financial year.

OPERATING RESULT

The net current year profit after tax was \$260,650 (2017: \$19,538).

COUNCIL'S STATEMENT

In our opinion:-

- (a) the accompanying Statement of Comprehensive Income presents fairly the performance of the Association for the year ended 30 June 2018;
- (b) the accompanying Statement of Financial Position presents fairly the financial position of the Association as at 30 June 2018.
- (c) the accounts of the Association have been properly prepared and are in accordance with the books of account of the Association; and
- (d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Council Members.

David Loy
President

Douglas Phillips
Vice President

Date: 2 October 2018

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INDEPENDENT AUDITOR'S REPORT OPINION

To members of the Automobile Association of the Northern Territory Incorporated.

We have audited the financial report of the Automobile Association of the Northern Territory Incorporated (the Association) which comprises the statement of profit or loss and other comprehensive income for the year ended 30 June 2018, the statement of financial position as at 30 June 2018, the statement of changes in equity, the statement of cash flows, notes to the financial statements including a summary of significant accounting policies and the council's report.

In our opinion, the financial report of the Association is in accordance with the Northern Territory of Australia Associations Act (the Act) and the Association's Constitution, including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the financial reporting requirements of the Act and the Constitution.

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

COUNCIL MEMBERS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The council members of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure

Requirements and the Act and for such internal control as the council members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Council members are also responsible for overseeing the Association's financial reporting process.

AUDITOR'S RESPONSIBILITY

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 Association's internal control.

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- Elevate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members.
- Conclude on the appropriateness of the council members' 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 Association'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 Association 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.

We communicate with the council members 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.

We also provide the council members with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Colin James FCA
Registered Company Auditor

LOWRYS ACCOUNTANTS

2 October 2018

Profit or loss and other comprehensive income for the year ended 30 June 2018

	2018	2017
	\$	\$
Total Revenue	4,854,792	4,894,695
Member services expenses	(2,681,286)	(2,819,879)
Administration fees	(284,071)	(287,177)
Employee benefits	(922,997)	(983,992)
Other expenses	(832,702)	(918,281)
Operating profit/(loss) before income tax	248,242	33,816
Income tax expense	12,408	(14,278)
Total comprehensive income for the year	282,309	15,685

Financial position statement as at 30 June 2018

	2018	2017
	\$	\$
Current assets		
Cash and cash equivalents	759,824	759,824
Trade and other receivables	152,845	192,802
Financial assets	3,935,690	1,952,909
Inventories	40,873	49,663
Total current assets	4,889,232	4,619,115
Non-current assets		
Plant and equipment	234,493	246,989
Intangibles	507,027	593,718
Deferred tax asset	17,706	16,487
Total non-current assets	759,226	857,194
Total assets	5,648,458	5,476,309
Current liabilities		
Subscriptions and income in advance	1,368,606	1,344,798
Trade and other payables	610,716	614,553
Provisions	128,477	103,984
Loans and borrowings	158,400	158,400
Total current liabilities	2,266,199	2,221,735
Non-current liabilities		
Provisions	18,701	11,952
Deferred tax liability	18,311	21,284
Loans and borrowings	39,600	198,000
Total non-current liabilities	76,612	231,236
Total liabilities	2,342,811	2,452,971
Net assets	3,305,647	3,023,338
Equity		
Retained earnings	3,281,179	3,020,529
Reserves	24,468	2,809
Total equity	3,305,647	3,023,338

Changes in equity statement for the year ended 30 June 2018

	Retained earnings	Total
	\$	\$
Balance at 1 July 2016	3,000,991	3,007,653
Profit for the year	19,538	19,538
Other comprehensive income / (loss)	-	(3,853)
Total comprehensive income / loss for the year	19,538	15,685
Balance at 30 June 2017	3,020,529	3,023,338
Balance at 1 July 2017	3,020,529	3,023,338
Profit for the year	260,650	260,650
Other comprehensive income	-	21,659
Total comprehensive income for the year	260,650	282,309
Balance at 30 June 2018	3,281,179	3,305,647

Cash flow statement for the year ended 30 June 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Receipts from members and customers	4,918,558	4,856,657
Payments to suppliers and employees	(4,553,043)	(4,766,577)
Interest received	116,885	141,388
Net cash provided by / (used in) operating activities	482,400	231,468
Cash flows from investing activities		
Purchase of fixed assets and intangibles	(32,631)	(16,339)
Purchase of financial assets	(2,769,119)	(2,042,372)
Proceeds from sale of financial assets	813,833	1,088,952
Net cash provided by / (used in) investing activities	(1,987,917)	(969,759)
Net increase/(decrease) in cash and cash equivalents	(1,663,917)	(896,691)
Cash and cash equivalents at beginning of financial year	2,423,741	3,320,432
Cash and cash equivalents at end of financial year	759,824	2,423,741