

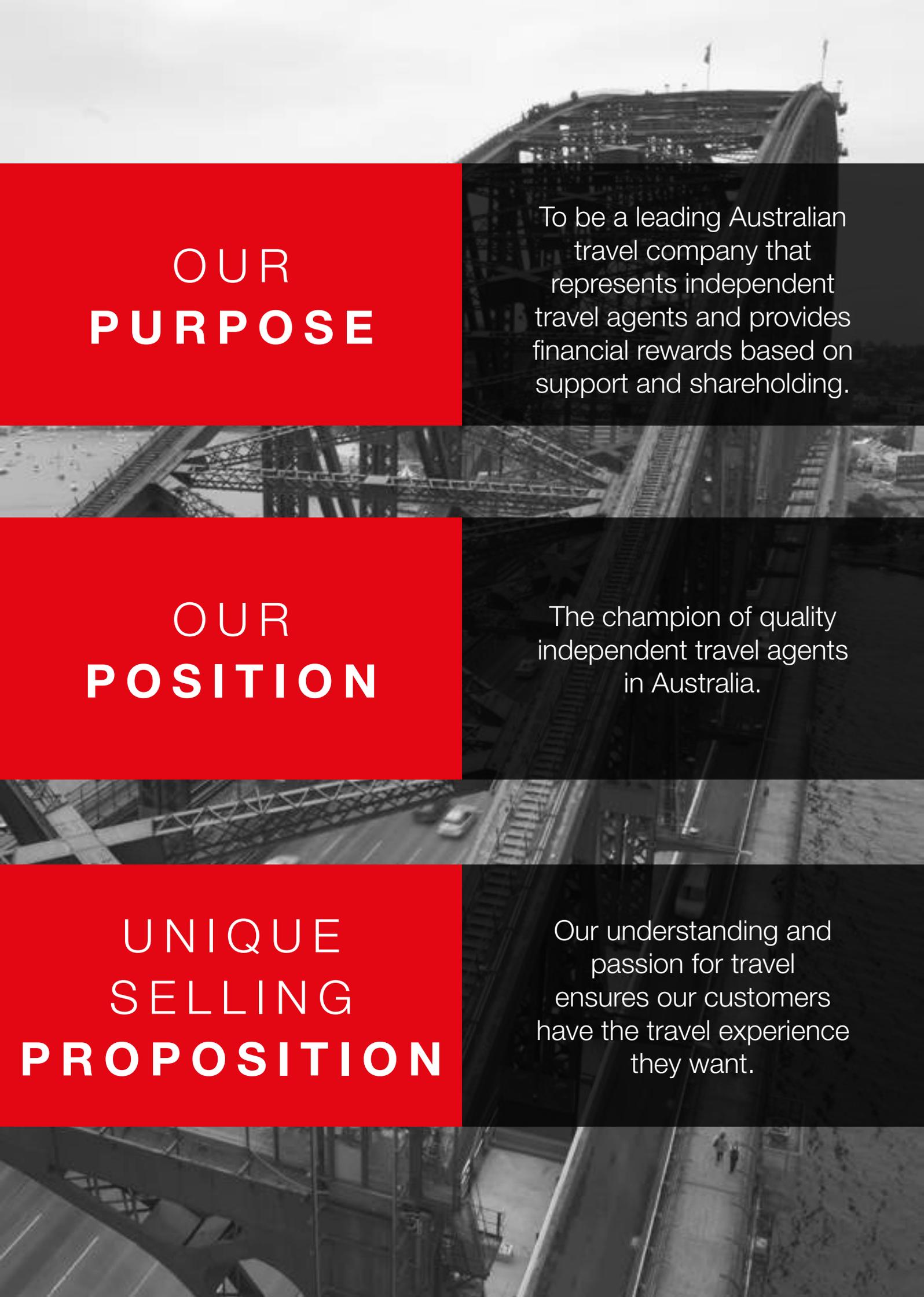


**TRAVELLERS**  
**CHOICE**  
A WORLD OF EXPERIENCE

ANNUAL  
REPORT

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**2014**



## OUR PURPOSE

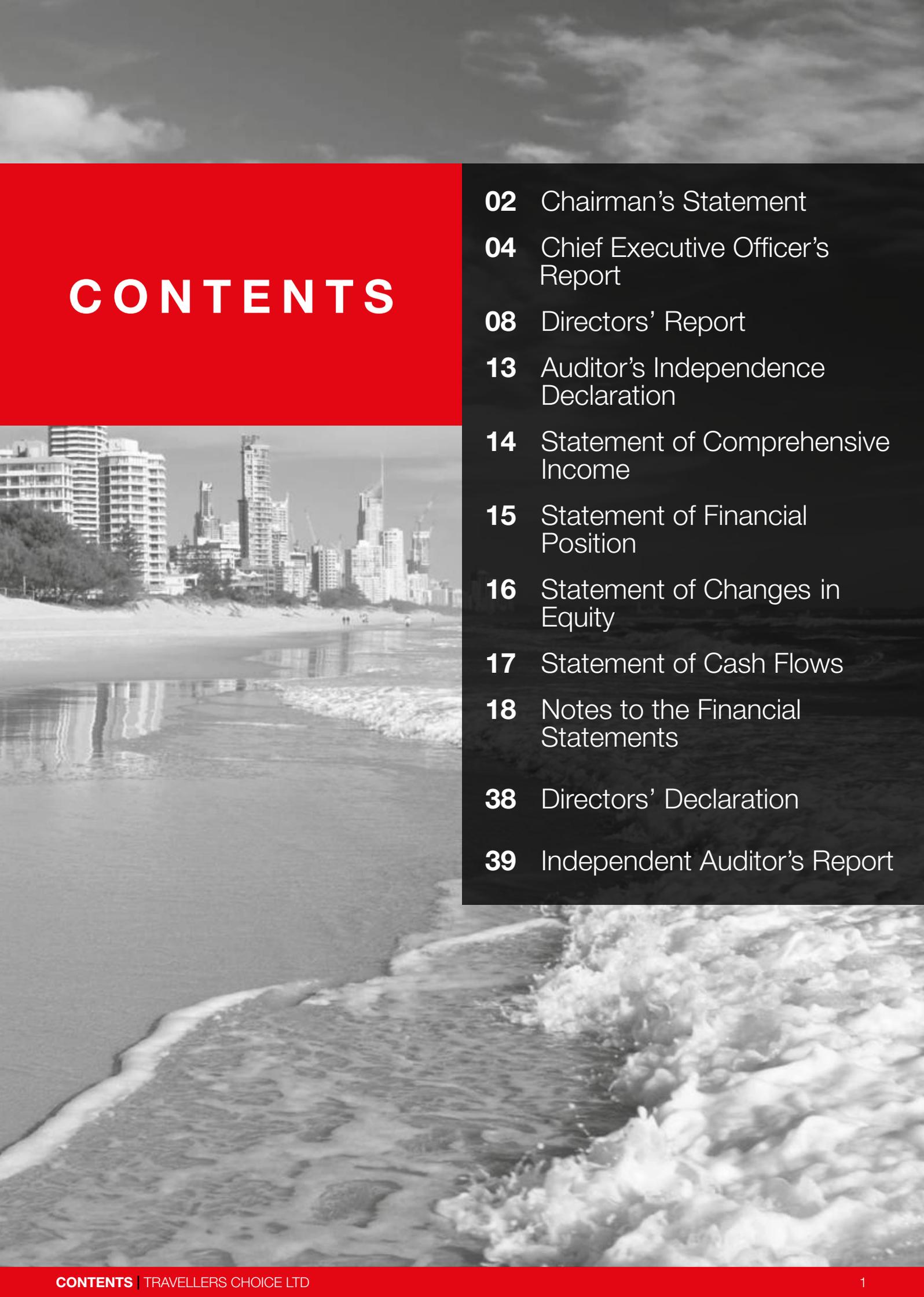
To be a leading Australian travel company that represents independent travel agents and provides financial rewards based on support and shareholding.

## OUR POSITION

The champion of quality independent travel agents in Australia.

## UNIQUE SELLING PROPOSITION

Our understanding and passion for travel ensures our customers have the travel experience they want.



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# CHAIRMAN'S STATEMENT



**TRISH RIDSDALE -  
CHAIRMAN**

**Just as you can judge a man by the company he keeps, you can appraise a retail network by the travel agents it attracts.**

Over the past 12 months, I'm pleased to report Travellers Choice has recruited some truly exceptional member shareholders. These new arrivals are all successful businesses and as such they have significantly bolstered our group's overall turnover, positioning us to exceed key sales targets with our preferred suppliers.

But of course their contribution to our network goes well beyond the financial. Culturally they are already injecting new business perspectives and entrepreneurial verve into our group. And the fact that our new colleagues are geographically dispersed (with regional areas particularly well represented) is helping build awareness of the Travellers Choice brand.

That our Company is able to attract talented travel agents in a fluid and highly-competitive marketplace is no surprise. We offer practical and effective marketing support, modest fees, a unique ownership structure and, thanks to our well-established Commercial Purchasing Agreement (CPA) with Helloworld Limited, a broad and varied stable of preferred suppliers.

We also offer something every business values – stability.

A company cannot achieve stability by avoiding change; it is the result of continuous, prudent and well-managed adaptation to change. It is a feature evident in every level of the Travellers Choice architecture – from our approach to commercial relationships to our investment in marketing support services and our approach to succession planning.

A good example is the Travellers Choice Board itself, which in 2013/14 farewelled two highly-valued Directors (one of whom was our longest ever serving Board member) and seamlessly replaced them with two new Directors. This transitional process began well before the handover itself, with a number of likely candidates identified and invited to take part in briefings designed to give them a realistic overview of corporate governance and make them fully aware of the responsibilities and risks inherent in becoming a company director.

Travellers Choice has also been involved in broader changes within the travel industry itself, with CEO Christian Hunter serving on the Travel Industry Transition Plan Working Group, a sub-committee of the Australian Federation of Travel Agents' Board, which helped create the framework for the AFTA Travel Accreditation Scheme (ATAS).

Following the launch of ATAS on 01 July 2014, Travellers Choice became the first independent retail travel group to fund the full cost of participation for all of our members in the voluntary accreditation scheme. The Board believe ATAS accreditation is an essential requirement of any reputable and professional travel agent and as such we now require all current and future members to meet ATAS criteria.

Another reason we attract first class members is because our ownership structure returns profits directly to our member shareholders.

# CHAIRMAN'S STATEMENT

(CONTINUED)

In 2013/14, our members' tactical and disciplined approach to supporting preferred partners helped our Company record a pre-tax operating profit of \$1.62 million. The result – our 37<sup>th</sup> consecutive operating profit - represents an impressive 33 per cent increase on the previous financial year.

For the 2013/14 year the Board declared an unfranked dividend of 5.0 per cent on issued capital (being 25 cents per share), with the majority of the remaining profits distributed to members through trading rebates based on sales support for airline and wholesale partners.

The Australian economy is poised for slower growth in the current year, and there is widespread expectation that the Australian dollar will further soften against major currencies. After a period of intense competition for market share, airlines are also likely to take a more conservative approach to pricing this year as they refocus on improving balance sheets.

Nevertheless, passenger numbers should continue to rise steadily and higher airline prices have the potential to improve yields and assist our Company to meet ambitious sales targets.

Based on these expectations, the Board is forecasting further growth for 2014/15.

On behalf of the Board and members I would like to thank all of the diligent, dedicated and loyal staff who during the year worked for Travellers Choice in its corporate office and across the States. As always, your efforts are genuinely appreciated.

I would particularly like to acknowledge our highly-capable and talented senior management team, which comprises Chief Executive Officer Christian Hunter, Marketing Manager Robyn Mitchell and Sales Development Manager Leith Poad.

My fellow Directors – Gary Allomes, Anni Baillieu, Phil Dalley, Trinity Hastwell and Sue Holmes – have also fulfilled their duties admirably in 2013/14. Special thanks must go to the Member Directors who continue to take time away from their own businesses to ensure the success of the Travellers Choice business.

Finally, thank you, our shareholders, for the trust and regard you steadfastly display in your Board, management and staff.



Trish Ridsdale  
Chairman

# CHIEF EXECUTIVE OFFICER'S REPORT



**CHRISTIAN HUNTER -  
CHIEF EXECUTIVE  
OFFICER**

## **2013/14 in review**

The past 12 months have been a good year for the Australian travel industry and for Travellers Choice.

Against a background of steady economic growth – underpinned by continuing demand for Australian resources from China and other emerging markets – consumer appetite for travel was relatively strong throughout 2013/14.

Increases in airline capacity and healthy competition on the domestic and international aviation fronts ensured some attractive pricing offers, and a strong Australian dollar meant travellers enjoyed good value when they headed offshore.

The travel industry itself underwent some important changes, most notably the winding down of travel agency licensing and the long-established Travel Compensation Fund, and the roll-out of a new consumer-protection framework in the form of the AFTA Travel Accreditation Scheme (ATAS). Accreditation has now become a part of Travellers Choice membership and we are the first and only independent travel agency group to take this position.

As always, Travellers Choice undertook a wide range of activities designed to help our members navigate change and maximise sales and marketing opportunities.

## **Marketing services**

Travellers Choice is continuing to enhance our highly-successful digital marketing strategy.

One of the key elements of our approach is the low-cost website solution, Site Builder. Using this technology members can create sophisticated and customised Internet sites (with unique URL addresses) featuring their own content alongside centrally-loaded products, and supported by smart search engine marketing.

This year we unveiled our latest iteration, Site Builder 2.0, which gives members the ability to incorporate even more personality and flair to their virtual shop-fronts by adding carefully selected content - such as videos, messages, stories, promotions and images – designed to engage their specific target audiences.

Travellers Choice also offers a low-cost email marketing solution, TC Direct, and members have fully embraced the technology to promote their products, services and in-store activities to prospective and existing customers.

In August 2013, to reward members for their continued uptake of TC Direct, we increased the number of emails and newsflashes they can send to their databases each month. At the same time we halved the costs for members who want to send more than their free monthly allowance. And in November we introduced new style templates which refreshed the presentation and content, allowing the communications to be more informational where required.

Following the appointment last year of the Company's Digital Marketing Coordinator, we have grown our presence across a range of social media

# CHIEF EXECUTIVE OFFICER'S REPORT

**(CONTINUED)**

channels - including Facebook and Twitter – in order to help members generate sales leads and build customer databases.

More recently we introduced our own Forum, accessible exclusively to Travellers Choice travel agents, through the Company's Members Extranet (MEX). By taking part in the online community, our members can now ask each other questions, provide advice, share information or just engage in some virtual networking.

In addition to our digital activities, Travellers Choice has implemented well-targeted national marketing campaigns and worked hard to support and encourage our members in their own local promotional activities.

The Company has also ensured members are encouraged and rewarded for their efforts by organising a number of exclusive sales incentives, with prizes ranging from destination famils to Louis Vuitton gift vouchers.

## **Travellers Choice Cruise Club**

Australian's love affair with cruising shows no signs of waning.

The latest report from Cruise Lines International Association (CLIA) shows that in 2013 more than 833,000 Australians enjoyed a cruise - up 20% on the previous year. Remarkably the number of Australians taking a cruise holiday has now grown by an average of 20% per year for the last 11 years.

To ensure Travellers Choice agents were well positioned to capitalise on this continued growth we relaunched our Cruise Club in late 2013. Packaged product provided by Platinum partner, The Cruise Team, is an important feature of the revamped Cruise Club and these packages have provided our members with a competitive edge over rival retailers.

The number of members joining the new-look Cruise Club exceeded expectations and added momentum to the Club's marketing activities, which since the relaunch have including six direct mail campaigns that collectively distributed almost 80,000 individual promotional items to members' clients.

## **WIN**

Travellers Choice joined the Worldwide Independent Travel Network (WIN) in 2002 with a view to sharing knowledge and insights with like-minded independent travel organisations from around the world.

In 2010 our Company also became a minority shareholder in the network - which now represents more than 6,000 agency locations in 40 countries - and last year we were presented with a rare opportunity to acquire additional shares over a three-year period. By the end of the 2014/15 financial year we will be an equal shareholder with independent retail groups in the United Kingdom, Germany and South Africa.

I also now represent Travellers Choice as a Director of WIN, which this year adopted a new corporate structure establishing it as a UK-based entity (it was previously registered in Guernsey).

# CHIEF EXECUTIVE OFFICER'S REPORT

(CONTINUED)

As a shareholder Travellers Choice shares in WIN's commercial success, and the network offers a number of successful products, including a hotel program that provides competitive rates at top tier corporate properties. Last financial year Travellers Choice received a WIN dividend of AU\$19,000 and I am confident our return will grow significantly as members direct greater support towards WIN products.

## Record financial performance

Travellers Choice members once again worked hard to maximise the value within our commercial agreements with preferred suppliers, and the result was a record pre-tax operating profit of \$1.62 million – up 33% on the previous financial year.

The Company has now returned 94% of the 2013/14 profits directly to member shareholders through a 25 cents per share unfranked dividend and trading rebates based on sales support for preferred products.

## Membership

Significant numbers of Australian travel agents took the opportunity to review their network allegiances in 2013/14 and as a result Travellers Choice has welcomed valuable new member shareholders in every state.

Membership of Travellers Choice is an attractive proposition for many travel agents thanks to our Company's low-fee business model, extensive member support services, co-branding strategy and unique ownership structure.

However, our recruitment philosophy is simple: we will only accept high-calibre members who can contribute positively to our organisation both financially and culturally.

All of our new members have been carefully selected, and all are successful, well-established companies. I am confident their unique skills, experience and knowledge are already enhancing our national network.

## Management and staff

Travellers Choice operates a lean and highly-efficient corporate office, and that is only made possible by the hard work, dedication and versatility of our management and staff.

Over the past 12 months our Company's senior management team, including Marketing Manager, Robyn Mitchell and Sales Development Manager, Leith Poad, have worked tirelessly to drive the Company towards its business objectives. In addition they have drawn on their experience and expertise to provide the Board with invaluable strategic advice.

Our Business Development Managers are responsible for promoting our Company's qualities and culture to the industry at large. Throughout 2013/14 each member of the team - Sharon Richardson, Bruce Russ, Andrea Moore, Melissa Robertson, Simon Lang and Jane Southee – worked diligently to support and develop their respective state networks.



Robyn Mitchell  
Marketing Manager



Leith Poad  
Sales Development  
Manager

# CHIEF EXECUTIVE OFFICER'S REPORT

(CONTINUED)

Sharon and Bruce have now chosen to move on to new challenges outside of Travellers Choice and I want to thank them on behalf of all members for the passion and commitment they have shown over the years.

I also want to welcome aboard Graham Smith, our new Melbourne-based Business Development Manager for Victoria and Tasmania, who I know will contribute fresh ideas and energy to the team.

Finally I would like to acknowledge all of our corporate office staff. They are industrious, loyal and steadfast in the service they deliver to our Company and its members, and I know you appreciate their efforts as much as I do.

## **Strategies for the future**

Our members' unwavering support for preferred suppliers has played an important role in the ongoing financial success of Travellers Choice. As such it is essential that we continue to work hard – individually and as a group - to achieve our sales targets for preferred products.

With that in mind, Travellers Choice will ensure our members are equipped to seize all commercial opportunities by refining and augmenting our stable of support services.

That means finding new ways to assist members to implement innovative local area marketing initiatives, and continuing to evolve our digital marketing strategy, which has created a suite of low-cost tools capable of generating new business leads and cultivating closer relationships with existing customers.

It is also vital we continue to attract new, high-quality members if we want our Company to remain competitive, fresh and dynamic. That means selective recruitment will remain a major focus, and I am confident we can continue to attract businesses that strengthen our national network.

As Chief Executive of Travellers Choice I believe I have one of the most stimulating and satisfying jobs in the Australian travel industry. One of the reasons my role is so rewarding is because I know I have your support and friendship, for which I thank you. I look forward to working together as we make Travellers Choice and all its members stronger than ever.



Christian Hunter  
Chief Executive

# DIRECTORS' REPORT

The names of the Directors in office at any time during or since the end of the year are:

**- TRISH RIDSDALE**

**- MARK HASTWELL**

*(retired 30 November 2013)*

**- ANNI BAILLIEU**

**- CATHY BARNETT**

*(retired 30 November 2013)*

**- GARY ALLOMES**

**- SUE HOLMES**

**- PHIL DALLEY**

*(appointed 30 November 2013)*

**- TRINITY HASTWELL**

*(appointed 30 November 2013)*

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

**Your Directors present their report on the Company for the financial year ended 30 June 2014.**

## **INFORMATION ON DIRECTORS**

### **Trish Ridsdale**

Trish Ridsdale has been an independent Director on the Board of Travellers Choice since 2005 and has been the Chairman since 2007. She is also the Managing Director of Board Business, a specialist consultancy firm which specialises in executive coaching, corporate governance, risk management and strategic advisory services.

Trish holds a number of board positions including the RME Group of Companies, the Art Gallery of Western Australia, the Curtin Graduate Business School and the Brightspark Foundation. Between 2007 and 2012 she was also a Commissioner on the Board of Tourism WA.

Trish is a Fellow of the Australian Institute of Company Directors and has been a regular director education presenter with the AICD since 1996.

### **Mark Hastwell**

Mark Hastwell retired from the Board at the Annual General Meeting held 30 November 2013.

### **Anni Baillieu**

Anni Baillieu brings 34 years of varied travel industry experience to the Travellers Choice Board. She has worked in both the airline and retail sectors in a number of capacities, from front-line travel consultant to Managing Director of her own agency, Moss Vale Cruise & Travel, which she has operated since 1990. Anni was also a board member of Tourism Southern Highlands, NSW from 1993-1995.

### **Cathy Barnett**

Cathy Barnett retired from the Board at the Annual General Meeting held 30 November 2013.

### **Sue Holmes**

Sue Holmes worked for one of the world's leading tour operators in Australia and the UK before moving into the retail travel sector almost 20 years ago. In 1997 she launched her own company, Carine Travel Bug, and the agency, located in the northern Perth suburb of Duncraig, has since consistently ranked among Travellers Choice's top performing members. More recently, Sue has expanded her business with the introduction of New Zealand specialists, N. Zed Holidays.

# DIRECTORS' REPORT

(CONTINUED)

## **Gary Allomes**

Gary Allomes has worked in the Australian travel and tourism sector for more than 30 years, which incorporates a number of roles within Australian Airlines and Qantas Airways. Gary joined Travellers Choice as CEO in 1996 and retired from his position of Managing Director on 31 December 2011, but remains on the Board as an independent, non-member Director.

Gary holds a Graduate Diploma of Business Administration (Grad Dip Admin) from the University of Queensland; is a Graduate member of the Australian Institute of Company Directors and holds a number of other management qualifications from the Australian Institute of Management (WA). Gary is a past Director of the Australian Federation of Travel Agents (AFTA), Managing Director of International Golf Specialists and is Principal Director of a business consultancy practice, Allomes & Associates.

## **Trinity Hastwell**

Trinity Hastwell joined the travel industry in 2005 while completing her final year of a Business Management Degree at the University of South Australia, graduating in 2006 with a major in Marketing and minors in Public Relations and Tourism & Hospitality. Trinity is a Director of Hastwell Travel & Cruise, a member of Travellers Choice for more than 18 years and was awarded the Brian Pateman Agency Award for Excellence in 2012.

Trinity is a Graduate member of the Australian Institute of Company Directors and has been the Secretary of Skai International Adelaide Club 225's Executive Committee since 2011.

## **Phil Dalley**

Phil Dalley was elected to the Board in 2014 and has 27 years of travel Industry experience in various roles, firstly with East West Airlines, Australian Airlines and Qantas Airways. Phil successfully runs a high profile retail and wholesale travel agency in the ACT, which he established in 1998.

Phil was also the ACT chairman of AFTA for a period during the 1990s.

# DIRECTORS' REPORT

(CONTINUED)

## DIRECTORS' MEETINGS

Directors' meetings attended during the year:

	Number of Meetings	
	Eligible to attend	Attended
Trish Ridsdale	6	6
Mark Hastwell	2	2
Anni Baillieu	6	6
Cathy Barnett	2	2
Gary Allomes	6	6
Sue Holmes	6	5
Phil Dalley	4	4
Trinity Hastwell	4	4

## DIRECTORS' INTERESTS

The relevant interest of each Director in the shares of the Company are:

	Ordinary Shares
Mark Hastwell	2,000*
Anni Baillieu	1,696
Sue Holmes	915
Cathy Barnett	360
Phil Dalley	200
Trinity Hastwell	2,000*
Trish Ridsdale	-
Gary Allomes	-

\*The shareholding interest of Mark Hastwell and Trinity Hastwell is held by a company (Hastwell Travel Pty Ltd) of which, both Mark and Trinity are Directors and shareholders. Hastwell Travel Pty Ltd holds 2,000 shares in total.

No Director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company, or a related company with a Director, a firm of which a Director is a member or an entity in which a Director has substantial financial interest, other than the benefits as disclosed in the notes to and forming part of the accounts.

# DIRECTORS' REPORT

(CONTINUED)

## OPERATING RESULTS

The Company produced an operating profit for the financial year of \$1,624,253. After providing for income tax a profit was produced, amounting to \$1,606,601 (2013: \$1,203,835).

## REVIEW OF OPERATIONS

The financial period commenced on 01 July 2013.

No significant change in the nature of these activities occurred during the year.

The Directors have authorised the following distribution of pre-tax profits:

- A distribution based on member support of preferred airlines amounting to \$975,000
- A distribution based on member support of all strategic suppliers amounting to \$525,000
- A dividend payment of 5.0% of shareholding amounting to \$21,225

## PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were to provide business services and financial returns to member shareholders of Travellers Choice in accordance with the Group's objectives.

No significant changes in the nature of these activities occurred during the financial year.

## SHARE OPTIONS

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## INDEMNIFICATION & INSURANCE OF OFFICERS & AUDITORS

A deed of indemnity was executed by all Directors and Officers on 15 April 2014. Directors & Officers Liability insurance premiums have also been paid, totalling \$6,810 inclusive of GST, Stamp Duty and all fees.

## ENVIRONMENTAL REGULATION

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, in the future financial year.

# DIRECTORS' REPORT

(CONTINUED)

## **DIVIDENDS & TRADING REBATES**

Dividends of \$21,225 and two trading rebates of \$975,000 and \$525,000 have been declared since 30 June 2013. During the year dividends of \$30,682 were paid.

## **LIKELY DEVELOPMENTS**

In the coming year, Travellers Choice will continue to work towards increasing Group revenues in line with its strategic plans. This will be achieved through business strategies focused on retaining key agents, recruitment of new travel agent members and marketing activities in conjunction with key preferred suppliers. The Company will continue its niche positioning within the retail travel sector as the leading travel group for independent travel agents in Australia.

## **PROCEEDINGS ON BEHALF OF COMPANY**

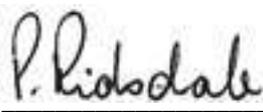
No persons has applied for leave of Court to proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

## **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 on page 13.

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

Director  \_\_\_\_\_

Name: Trish Ridsdale

Dated this 10<sup>th</sup> day of September 2014

# AUDITOR'S INDEPENDENCE DECLARATION

## AUDITOR'S INDEPENDENCE DECLARATION



### Anderson Munro & Wyllie CHARTERED ACCOUNTANTS

Street Address:

Unit 8  
210 Winton Road  
JOONDALUP WA 6027

Postal Address:

PO Box 229  
JOONDALUP DC WA 6919

By Appointment:

Level 28, AMP Tower  
140 St Georges Terrace  
PERTH WA 6000

T: (08) 9300 0400 E: reception@amwaudit.com.au

W: www.amwaudit.com.au ABN 59 125 425 274

*Liability limited by a scheme approved under Professional Standards Legislation*

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF TRAVELLERS CHOICE LIMITED

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

ANDERSON MUNRO & WYLLIE

### ANDERSON MUNRO & WYLLIE

Chartered Accountants (Auditor registration number 314299)

### BILLY-JOE THOMAS

Director

Perth, WA

Dated this 11<sup>th</sup> day of September 2014

# STATEMENT OF COMPREHENSIVE INCOME

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014	2013
		\$	\$
Revenue	2	4,690,534	4,415,140
Cost of sales	3	(1,191,707)	(1,171,967)
Gross profit		3,498,827	3,243,173
Other revenues from ordinary operations		1,909,404	1,708,071
Annual conference		(334,639)	(242,969)
Marketing costs		(984,819)	(1,022,194)
Member overrides		(115,905)	(105,963)
Rent	3	(171,753)	(203,116)
Salaries & Wages		(1,474,617)	(1,339,614)
Ticketing fee		(369,861)	(531,732)
Other expenses from ordinary activities		(332,384)	(285,911)
<b>Profit before income tax</b>		<b>1,624,253</b>	<b>1,219,745</b>
Income tax expense	4	(17,652)	(15,910)
<b>Profit for the year</b>		<b>1,606,601</b>	<b>1,203,835</b>
Profit attributable to members of the entity		1,606,601	1,203,835
Other comprehensive income		-	-
Total comprehensive income attributable to members of the entity		1,606,601	1,203,835

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	NOTE	2014	2013
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	1,494,630	887,345
Trade and other receivables	8	242,966	187,167
Other assets	9	1,309,200	1,467,486
<b>TOTAL CURRENT ASSETS</b>		<b>3,046,796</b>	<b>2,541,998</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	52,434	34,766
Investments		40,245	40,245
Deferred tax assets	12	60,296	57,815
<b>TOTAL NON-CURRENT ASSETS</b>		<b>152,975</b>	<b>132,826</b>
<b>TOTAL ASSETS</b>		<b>3,199,771</b>	<b>2,674,824</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	554,784	397,148
Current tax liabilities	12	75,578	32,765
Deferred tax liabilities	12	376,802	433,701
Short-term provisions	13	175,954	158,350
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,183,118</b>	<b>1,021,964</b>
<b>TOTAL LIABILITIES</b>		<b>1,183,118</b>	<b>1,021,964</b>
<b>NET ASSETS</b>		<b>2,016,653</b>	<b>1,652,860</b>
<b>EQUITY</b>			
Issued capital	14	424,505	464,875
Retained earnings		1,592,148	1,187,985
<b>TOTAL EQUITY</b>		<b>2,016,653</b>	<b>1,652,860</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ISSUED CAPITAL ORDINARY	RETAINED EARNINGS	TOTAL
		\$	\$	\$
<b>Balance at 1 July 2012</b>		521,530	700,864	1,222,394
Shares bought back during the year		(56,655)	-	(56,655)
Net profit for the year		-	1,203,835	1,203,835
<b>Subtotal</b>		464,875	1,904,699	2,369,574
Dividends paid or provided for	7	-	(716,714)	(716,714)
<b>Balance at 30 June 2013</b>		464,875	1,187,985	1,652,860
Shares bought back during the year		(40,370)	-	(40,370)
Net profit for the year		-	1,606,601	1,606,601
<b>Subtotal</b>		424,505	2,794,586	3,219,091
Dividends paid or provided for	7	-	(1,202,438)	(1,202,438)
<b>Balance at 30 June 2014</b>		424,505	1,592,148	2,016,653

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014	2013
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		6,723,408	6,112,070
Payments to suppliers and employees		(4,848,891)	(4,821,733)
Interest received		11,060	4,208
Income tax refunded/(paid)		(34,216)	-
Net cash provided by operating activities	18	1,851,361	1,294,545
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments		-	(31,486)
Proceeds from disposal of investments		-	67
Proceeds from disposal of assets		10,909	-
Purchase of property, plant and equipment		(42,797)	-
Net cash used in investing activities		(31,888)	(31,419)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loans		-	(67)
Payments on share buy backs		(9,750)	(53,670)
Dividends and rebates paid		(1,202,438)	(716,714)
Net cash used in financing activities		(1,212,188)	(770,451)
Net decrease in cash held		607,285	492,675
Cash at beginning of financial year		887,345	394,670
<b>Cash at end of financial year</b>	7	<b>1,494,630</b>	<b>887,345</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**The financial statements cover Travellers Choice Ltd as an individual entity. Travellers Choice Ltd is a company limited by shares, incorporated and domiciled in Australia.**

### **BASIS OF PREPARATION**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **a. Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### **b. Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

#### **Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

#### **Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation amount of all plant and equipment are depreciated on straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

### **c. Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership), that are transferred to entities in the consolidated group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the consolidated group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### **d. Financial Instruments**

#### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

### Classification and subsequent measurement

Financial instruments are subsequently measured at either, fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition, (ii) less principal repayments, (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

#### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

#### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period, the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

### (iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

### (v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

## **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

## **e. Impairment of Assets**

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

### f. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employees may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

### g. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### h. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### i. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

### **j. Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### **k. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### **o. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

### **p. Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

#### **Key estimates**

##### *(i) Impairment*

The Company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Key judgments

(i) *Provision for impairment of receivables*  
NIL.

### q. Adoption of New and Revised Accounting Standards

During the current year, the Company has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions.

### r. New Accounting Standards for Application in Future Periods

The Company has reviewed new and amended Accounting Standards which affect future accounting periods and has determined that none of them will have any impact on the Company's financial report.

## NOTE 2: REVENUE AND OTHER INCOME

	NOTE	2014	2013
		\$	\$
<b>Revenue</b>			
Sales revenue:			
– sale of goods		4,690,534	4,415,140
Other revenue:			
– Annual fees		373,403	385,120
– Commission revenue		402,157	283,148
– Conference fees		352,492	340,273
– Marketing revenue		413,836	507,574
– Other income		379,724	187,748
– Interest received	2a	9,049	4,208
		1,930,661	1,708,071
Total revenue		6,621,195	6,123,211
a. Interest revenue from:			
– banks		9,049	4,208
Total interest revenue on financial assets not at fair value through profit or loss		9,049	4,208

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 3: PROFIT FOR THE YEAR

	2014	2013
<b>Expenses</b>	<b>\$</b>	<b>\$</b>
Cost of sales	(1,191,707)	(1,171,967)
Bad and doubtful debts:		
– trade receivables	–	–
Total bad and doubtful debts	–	–
Rental expense on operating leases	(171,753)	(203,116)

## NOTE 4: INCOME TAX EXPENSE

	NOTE	2014	2013
a. The components of tax expense comprise:		<b>\$</b>	<b>\$</b>
Current tax		(77,032)	(32,765)
Deferred tax	12	59,380	16,855
		(17,652)	(15,910)
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit before income tax at 30% (2013: 30%)		487,276	365,923
Tax effect of:			
– Non-deductible income and expenses		430,608	444,804
– Deductible income and expenses		(840,850)	(777,962)
– Deferred tax asset/liability brought to account		(59,380)	(16,855)
Income tax attributable to entity		17,652	15,910

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the Company during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	215,949	224,394
Post-employment benefits	19,748	30,811
	235,697	255,205

## REMUNERATION OF DIRECTORS AND EXECUTIVES

Director	CASH SALARY AND FEES		SUPERANNUATION BENEFITS		TOTAL REMUNERATION	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Trish Ridsdale	26,250	25,500	-	-	26,250	25,500
Mark Hastwell	6,333	-	586	14,260	6,919	14,260
Anni Baillieu	13,750	13,500	1,272	1,215	15,022	14,715
Cathy Barnett	6,333	12,583	586	1,132	6,919	13,715
Sue Holmes	13,083	12,583	1,210	1,132	14,293	13,715
Gary Allomes	13,500	13,000	-	-	13,500	13,000
Phil Dalley	6,500	-	601	-	7,101	-
Trinity Hastwell	6,500	-	601	-	7,101	-
Christian Hunter	163,450	147,228	14,892	13,072	178,342	160,300
	255,699	224,394	19,748	30,811	275,447	255,205

## NOTE 6: AUDITORS' REMUNERATION

### AUDITORS' REMUNERATION

	2014	2013
	\$	\$
- Auditing or reviewing the financial report	13,350	12,800
- Auditing of other information	2,700	1,900
- Taxation services	-	-

## NOTE 7: CASH AND CASH EQUIVALENTS

NOTE	2014	2013
	\$	\$
<b>Cash at bank and in hand</b>	1,494,630	887,345
The effective interest rate on short-term bank deposits was 3.15% (2013: 1.83%); these deposits have an average maturity of 183 days (2013: 183 days).		
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
<b>Cash and cash equivalents</b>		
<b>Cash at bank and in hand</b>	19	1,494,630
		887,345

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 8: TRADE AND OTHER RECEIVABLES

	NOTE	2014	2013
		\$	\$
<b>CURRENT</b>			
Travel Centre debtors		26,575	12,887
Other debtors		216,391	179,280
Provision for impairment		-	(5,000)
<b>Total current trade and other receivables</b>		<b>242,966</b>	<b>187,167</b>

### Credit risk

The Company does not have any material credit risk exposure to any single receivable or Company of receivables.

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	GROSS AMOUNT	PAST DUE AND IMPAIRED	PAST DUE BUT NOT IMPAIRED			
			(DAYS OVERDUE)			
			0-30	31-60	61-90	>90
<b>2014</b>	\$	\$	\$	\$	\$	\$
Trade and term receivables	216,391	-	26,787	59,264	17,418	112,922
Other receivables	26,575	-	26,575	-	-	-
<b>Total</b>	<b>242,966</b>	<b>-</b>	<b>53,362</b>	<b>59,264</b>	<b>17,418</b>	<b>112,922</b>

	GROSS AMOUNT	PAST DUE AND IMPAIRED	PAST DUE BUT NOT IMPAIRED			
			(DAYS OVERDUE)			
			0-30	31-60	61-90	>90
<b>2013</b>	\$	\$	\$	\$	\$	\$
Trade and term receivables	179,280	-	33,695	40,403	6,908	98,274
Other receivables	7,887	-	7,887	-	-	-
<b>Total</b>	<b>187,167</b>	<b>-</b>	<b>41,582</b>	<b>40,403</b>	<b>6,908</b>	<b>98,274</b>

The Company does not hold any financial assets whose terms have been renegotiated and would otherwise be past due or impaired.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 8: TRADE AND OTHER RECEIVABLES

### a. Financial assets classified as loans and receivables

Trade and other receivables:

– total current

**Financial assets**

NOTE	2014	2013
	\$	\$
	216,391	179,280
<b>19</b>	<b>216,391</b>	<b>179,280</b>

### b. Collateral held as security

No collateral is held over trade and other receivables.

## NOTE 9: OTHER ASSETS

### CURRENT

Prepayments

Accrued Income

2014	2013
\$	\$
53,192	21,817
1,256,008	1,445,669
<b>1,309,200</b>	<b>1,467,486</b>

## NOTE 10: PROPERTY, PLANT AND EQUIPMENT

### PLANT AND EQUIPMENT

Plant and equipment:

At cost

Accumulated depreciation

Total

**Total property, plant and equipment**

2014	2013
\$	\$
89,897	75,428
(37,463)	(40,662)
52,434	34,766
<b>52,434</b>	<b>34,766</b>

### a. Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	PLANT AND EQUIPMENT	TOTAL
	\$	\$
Balance at 1 July 2012	42,707	42,707
Additions	-	-
Disposals	-	-
Depreciation expense	(7,941)	(7,941)
<b>Carrying amount at 30 June 2013</b>	<b>34,766</b>	<b>34,766</b>
Additions	42,797	42,797
Disposals	-	-
Depreciation expense	(25,010)	(25,010)
<b>Carrying amount at 30 June 2014</b>	<b>52,434</b>	<b>52,434</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 11: TRADE AND OTHER PAYABLES

### CURRENT

Unsecured liabilities:

Trade payables

Accrued expenses

Prepaid Income

Other creditors

### Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

– total current

Financial liabilities as trade and other  
payables

NOTE	2014	2013
	\$	\$
	97,739	88,851
	332,688	234,113
	25,033	29,365
	99,324	44,819
	<b>554,784</b>	<b>397,148</b>
	554,784	397,148
19	554,784	397,148

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 12: TAX

	2014	2013
	\$	\$
<b>CURRENT</b>		
Income tax	77,032	32,765

	OPENING BALANCE	CHARGED TO INCOME	CHARGED DIRECTLY TO EQUITY	CLOSING BALANCE
	\$	\$	\$	\$
<b>Deferred tax liability</b>				
Accrued income	440,535	(6,834)	-	433,701
<b>Balance at 30 June 2013</b>	<b>440,535</b>	<b>(6,834)</b>	<b>-</b>	<b>433,701</b>
Accrued income	433,701	(56,898)	-	376,802
<b>Balance at 30 June 2014</b>	<b>433,701</b>	<b>(56,898)</b>	<b>-</b>	<b>376,802</b>

	OPENING BALANCE	CHARGED TO INCOME	CHARGED DIRECTLY TO EQUITY	CLOSING BALANCE
	\$	\$	\$	\$
<b>Deferred tax assets</b>				
Provision for doubtful debts	1,500	-	-	1,500
Provisions – employee benefits	39,831	7,674	-	47,505
Prepaid income	6,463	2,347	-	8,810
<b>Balance at 30 June 2013</b>	<b>47,794</b>	<b>10,021</b>	<b>-</b>	<b>57,815</b>
Provision for doubtful debts	1,500	(1,500)	-	-
Provisions – employee benefits	47,505	5,281	-	52,786
Prepaid income	8,810	(1,300)	-	7,510
<b>Balance at 30 June 2014</b>	<b>57,815</b>	<b>2,481</b>	<b>-</b>	<b>60,296</b>

Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% for Australian entities on the above items.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 13: PROVISIONS

	SHORT-TERM EMPLOYEE BENEFITS	LONG-TERM EMPLOYEE BENEFITS	TOTAL
	\$	\$	\$
Opening balance at 1 July 2013	77,525	80,825	158,350
Movement	7,337	10,267	17,604
<b>Balance at 30 June 2014</b>	<b>84,862</b>	<b>91,092</b>	<b>175,954</b>

Analysis of total provisions	2014	2013
	\$	\$
Current	175,954	158,350
	175,954	158,350

### Provision for long-term employee benefits

A provision has not been recognised for non-current employee benefits relating to long service leave for employees. A long service leave provision is only recognised when an employee reaches a sufficient length of service which gives them a present entitlement to the benefit and is recognised as a current liability.

## NOTE 14: ISSUED CAPITAL

	2014	2013
	\$	\$
84,901 (2013: 92,975) fully paid ordinary shares	424,505	464,875
	424,505	464,875

The Company has authorised share capital amounting to 2,005,268 ordinary shares of no par value.

### a. Ordinary shares

	2014	2013
	NO.	NO.
At the beginning of the reporting period	92,975	104,306
Shares bought back in the year	(8,074)	(11,331)
Shares issued during the year	-	-
<b>At the end of the reporting period</b>	<b>84,901</b>	<b>92,975</b>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### b. Capital management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate return and to ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

# NOTES TO THE FINANCIAL STATEMENTS

## **NOTE 15:** CAPITAL AND LEASING COMMITMENTS

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The Company, Travellers Choice Limited has the following Property Lease agreement in place at 30 June 2014 with Australasian Investments Pty Ltd.

### **Property Lease Agreement**

Travellers Choice has entered into a commercial agreement with Australasian Investments Pty Ltd for the lease of approximately 360 square metres of office space on the ground floor of 130 Royal Street, East Perth, Western Australia, 6004.

The lease commenced 15 January 2014 for a period of three years, expiring 14 January 2017. Rent payable in the 2013/14 financial year will total \$144,570 plus outgoings. Rent will increase at a fixed rate of four percent per annum for the duration of the lease agreement. The lease may be extended by two years at its conclusion.

### **Purchase of shares**

Travellers Choice has entered into an agreement to purchase 18 shares in World International Travel Network Limited for a total of £60,000 (GBP) over 3 years. The first 6 shares were acquired during the 2013 year.

## **NOTE 16:** RELATED PARTY TRANSACTIONS

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There was no related party transaction during the year.

## **NOTE 17:** RELATED PARTY TRANSACTIONS

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There have been no matters or circumstances that have arisen subsequent to reporting date that have significantly affected, or may significantly affect the entities operations in future financial years, the results of those operations in future financial years and the entities state of affairs in future financial years.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 18: CASHFLOW INFORMATION

### Reconciliation of cash flow from operations with profit after income tax

	2014	2013
	\$	\$
Profit after income tax	1,606,601	1,203,835
Non-cash flows in profit:		
- Depreciation	25,010	7,941
- Gain on asset disposal	(10,790)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- increase/(decrease) in trade and other receivables	(100,061)	905
- increase/(decrease) in deferred tax asset	(2,481)	(10,021)
- increase/(decrease) in other assets	202,548	3,914
- increase/(decrease) in trade and other payables	127,013	36,459
- increase/(decrease) in income taxes payable	42,813	32,765
- increase/(decrease) in deferred tax liabilities	(56,896)	(6,834)
- increase/(decrease) in employee entitlements	17,604	25,581
	<b>1,851,361</b>	<b>1,294,545</b>

## NOTE 19: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2014	2013
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	7	1,494,630	887,345
Investments		40,245	40,245
Loans and receivables	8	220,214	179,280
<b>Total financial assets</b>		<b>1,755,089</b>	<b>1,106,870</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
- trade and other payables	11	554,784	397,148
<b>Total financial liabilities</b>		<b>554,784</b>	<b>397,148</b>

### Financial Risk Management Policies

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The Company does not have any derivative instruments at 30 June 2014.

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 19: FINANCIAL RISK MANAGEMENT

### Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

#### a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Company, credit terms are generally 14 to 30 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise cleared as being financially sound. Where the Company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

#### *Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Company has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 8.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 8.

#### b. Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 19: FINANCIAL RISK MANAGEMENT

- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

### Financial liability and financial asset maturity analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities due for payment</b>								
Trade and other payables	555	397	-	-	-	-	555	397
Total contractual outflows	555	397	-	-	-	-	555	397
Less bank overdrafts	-	-	-	-	-	-	-	-
<b>Total expected outflows</b>	<b>555</b>	<b>397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>555</b>	<b>397</b>
<b>Financial assets – cash flows realisable</b>								
Cash and cash equivalents	1,495	887	-	-	-	-	1,495	887
Investments	-	-	-	-	40	40	40	40
Trade, term and loan receivables	220	179	-	-	-	-	220	179
Total anticipated inflows	1,715	1,066	-	-	40	40	1,755	1,106
Net (outflow)/inflow on financial instruments	1,160	669	-	-	40	40	1,200	709

### c. Market risk

#### i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments.

#### ii. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The Company is not exposed to any material commodity price risk.

# NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

## NOTE 19: FINANCIAL RISK MANAGEMENT

### NET FAIR VALUES

#### Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Company. Most of these instruments which are carried at amortised cost (ie trade receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Company.

FOOTNOTE	2014		2013	
	NET CARRYING VALUE	NET FAIR VALUE	NET CARRYING VALUE	NET FAIR VALUE
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents (i)	1,494,630	1,494,630	887,345	887,345
Investments (ii)	40,245	40,245	40,245	40,245
Trade and other receivables (i)	216,391	216,391	179,280	179,280
<b>Total financial assets</b>	<b>1,751,266</b>	<b>1,751,266</b>	<b>1,106,870</b>	<b>1,106,870</b>
<b>Financial liabilities</b>				
Trade and other payables (i)	554,784	554,784	397,148	397,148
<b>Total financial liabilities</b>	<b>554,784</b>	<b>554,784</b>	<b>397,148</b>	<b>397,148</b>

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave which is not considered a financial instrument.

## NOTE 20: COMPANY INFORMATION

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

Travellers Choice Limited  
Ground Floor, 130 Royal Street,  
East Perth WA 6004.

# DIRECTORS' DECLARATION

## DIRECTOR'S DECLARATION

## TRAVELLERS CHOICE LIMITED DIRECTORS' DECLARATION

The Directors of the Company declare that:

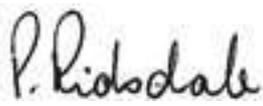
1. The attached financial statements and notes to the financial statements are in accordance with the Corporations Act 2001:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director 

Dated this 10<sup>th</sup> day of September 2014

# INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT



### Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Street Address:

Unit 8  
210 Winton Road  
JOONDALUP WA 6027

Postal Address:

PO Box 229  
JOONDALUP DC WA 6919

By Appointment:

Level 28, AMP Tower  
140 St Georges Terrace  
PERTH WA 6000

T: (08) 9300 0400 E: reception@amwaudit.com.au

W: www.amwaudit.com.au ABN 59 125 425 274

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## AUDITOR'S INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAVELLERS CHOICE LTD ACN 121 496 900

### *Report on the Financial Report*

We have audited the accompanying financial report of Travellers Choice Ltd which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows, a summary of significant accounting policies and other explanatory notes and the Directors' declaration of the Company.

### *Directors' Responsibility for the Financial Report*

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

# INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

### *Auditor's Opinion*

a. the financial report of Travellers Choice Ltd is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

ANDERSON MUNRO & WYLLIE

### **ANDERSON MUNRO & WYLLIE**

Chartered Accountants (Auditor registration number 314299)



### **BILLY-JOE THOMAS**

Director

Unit 8 / 210 Winton Road, Joondalup, Perth WA 6027

Dated this 11<sup>th</sup> day of September 2014



**TRAVELLERS CHOICE LIMITED**

Ground Floor, 130 Royal Street  
East Perth WA 6004

**Tel:** +61 08 9223 6500

**Fax:** +61 08 9223 6501

**Email:** [admin@travellerschoice.com.au](mailto:admin@travellerschoice.com.au)