Travellers Choice Limited

# OFFER INFORMATION STATEMENT

2018

ACN 121 496 900

# IMPORTANT INFORMATION

This Offer Information Statement (OIS) has been prepared in accordance with the requirements of the Corporations Act (2001). The document should be read in its entirety and requires your immediate attention.

It is advisable to obtain professional investment advice prior to acting upon information contained within this OIS. This document is not a prospectus and as such, contains a lower level of disclosure than a prospectus.

This OIS is dated 19 December 2018 and it was lodged with the Australian Securities and Investments Commission (ASIC) on this date. ASIC takes no responsibility for the content of this OIS.

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# 1.0 CORPORATE DIRECTORY

Travellers Choice Limited
ACN 121 496 900

**REGISTERED OFFICE:**
Ground Floor, 130 Royal Street
East Perth, Western Australia, 6004
Telephone: (08) 9223 6500

**WEBSITE:**
www.travellerschoice.com.au
www.travelagentschoice.com.au

**DIRECTORS:**
Trent Josiah Bartlett (Chairman)
Trinity Kate Hastwell
Philip Colin Dalley
Mark Francis Brady
Gregory Michael Close
Jacqueline Ann Wilson-Smith
Christian Edward Hunter (Managing Director)

**COMPANY SECRETARY:**
Justin Conway Kenneth Michael

**AUDITOR:**
Anderson, Munro & Wyllie
Unit 8, 210 Winton Road,
Joondalup, Western Australia, 6027

**LEGAL ADVISORS:**
Hewett & Lovitt
Level 1, 849 Wellington Street
West Perth, Western Australia, 6005

# 2.0 OFFER FOR THE ISSUE OF SHARES

## 2.1 IMPORTANT INFORMATION

This OIS contains details of the offer to apply for shares in Travellers Choice Limited. This OIS is intended to raise capital of not more than $500,000.

Potential investors are recommended to:

- Read the contents of this OIS carefully.
- Obtain independent professional advice from your accountant, lawyer, financial advisor or any other party qualified to make judgement on the content of this document.
- Should you wish to proceed with an application for shares in Travellers Choice Limited, please complete the application form contained within this document and forward to Travellers Choice's registered office.

## 2.2 SUMMARY AND PURPOSE OF THE OFFER

The purpose of this OIS is twofold, namely to:

1) invite existing members of Travellers Choice Limited to subscribe for additional shares in order to raise working capital in the sum of up to $300,000 for the purposes described below; and

2) offer shares in the aggregate sum of up to $200,000 to other independent travel agents who wish to become members of the Company for the mutual benefit of the subscribers and existing members by reason of strengthening the company's capital base and volume of trade.

All shares issued are and will remain of a single class and have the same rights attached. Each share is issued at $5.00, being the same amount that is paid up on all existing issued shares. The minimum number that can be subscribed for is 200 shares and up to $500,000 of capital can be raised through this OIS.

All shares have the same right to dividend attached. Voting rights are allocated with one vote per shareholder, irrespective of the number of shares held.

Any funds raised will be used to support the ongoing operation of the Company and assist the development of additional marketing and member services in line with formalised strategic plans approved by the Board of the Company.

These plans include, but are not restricted to:

- Increasing industry and consumer awareness of the Travellers Choice brand through targeted content strategies
- Continued development of Travellers Choice's digital platforms such as TC Mail for database marketing and Site Builder member website solution
- Further development of in-house training tools
- Continued development of business development tools and member mentoring program
- Expansion of member networking and educational program

No securities will be issued on the basis of this OIS later than 13 months after the date of this OIS.

No amounts are payable to third parties in respect of the issue of securities pursuant to this OIS by way of fee, commission or charges.

# 3.0 BACKGROUND INFORMATION

Travellers Choice commenced operations under the name of Community Co-operative Travel Limited (CCTL) in 1977 as a cooperative company incorporated under the Companies (Co-operatives) Act 1943 (WA). The company originated with six like-minded, independent Western Australian travel agents, who came together for mutual benefit.

The Co-operative expanded and grew into a buying group for independent travel agents comprising of 38 Western Australian agents by 1996.

At this time, the company strategy was to become a travel-marketing group, with a national network of independent travel agents. The group rapidly increased its numbers to the present level of 145 (as at 01 November 2018), with representation in every state.

CCTL's strategy also included the need for a strong travel brand. Travellers Choice was launched in March 2002.

The cooperative structure served the group well from 1977 to 2006, when shareholders, at an Extraordinary General Meeting approved the conversion of the WA Co-operative Company to an unlisted Australian Public Company registered under the Corporations Act (2001). This structure and accompanying legislation was considered more appropriate for a modern, national organisation. The Company has however been careful to retain core cooperative principles within its constitution. The transfer of registration was approved by ASIC on 30 August 2006.

Since its formation, Travellers Choice has been funded through shareholding issued to every member travel agent. Shares are of a single class and can only be held by members who actively trade through the Company. All shares are issued at $5.00 per share with a minimum holding of 200 shares per member.

# 4.0 BUSINESS OVERVIEW

Travellers Choice Limited is an Australian Public Unlisted Company, which acts cooperatively. The rationale behind this statement refers to the core cooperative principles that have been maintained in the Company's constitution. These include elements such as the requirement of members to be shareholders, one vote per member (irrespective of the shares held), a Board of Directors consisting of a majority of member travel agents and the culture of returning group income and profits to members on a regular basis. All of these philosophies ensure that members retain control of their company.

## 4.1 BUYING ARRANGEMENTS

The primary service afforded to Travellers Choice members is the negotiation of contracts with a selection of preferred suppliers. These agreements capitalise on the purchasing power of the combined membership along with additional revenues earned through focussed and directional selling.

Travellers Choice entered into a long-term collective purchasing agreement with the Jetset Travelworld Group (JTG) in 2009. JTG undertook a corporate re-brand in July 2013 and is now known as Helloworld Limited (HLO).

The collective purchasing agreement was extended in July 2013 and now has been extended for a third term, effective 01 July 2018 for a five-year period.

Under this agreement, Travellers Choice appoints HLO as its agent in the negotiation of key commercial agreements with selected suppliers. This approach has delivered benefits to both parties through the increased leverage of combined sales. Jointly negotiated agreements contain the same elements as individually contracted arrangements. Each agreement has a number of core elements, which traditionally include:

- At-source commission benefits to members;
- Marketing support; and
- Incentive/override commissions (often subject to target achievement)

A small portion of any marketing support and incentive commissions received through the corporate office are retained to cover the operation costs of the Company and contribute towards generated profits. The remainder is returned to shareholders on an annual basis, pro-rata to each member's volume of trade with Travellers Choice's preferred suppliers.

# 4.0 BUSINESS OVERVIEW (CONTINUED)

## 4.2 MARKETING SERVICES

Since the launch of Travellers Choice as a brand, the Board and management have placed a considerable focus on building company sales through a national marketing and branding strategy.

Travellers Choice provides member travel agents with a number of co-branding options. These initiatives enable each member to retain its independence, whilst capitalising on the business benefits achieved through association with a nationally recognised brand.

Services presently provided are:

- Agency branding and logo design
- Member websites (Site Builder)
- Digital marketing (SEO and SEM)
- Social media management and support
- Database marketing platform (TC Mail)
- Database marketing services
- Travel itinerary builder software
- National advertising campaigns and competitions
- Agency sales incentives
- Specialist Cruise Club
- Local area marketing support
- In-house graphic design service
- Magazines and point of sale materials
- Phone on-hold messaging

## 4.3 MEMBER SERVICES

A number of additional services are afforded to members as part of their annual fees. These currently include:

- Annual Conference organisation
- Annual Frontliners product training conducted in each state
- Group membership of the Australian Federation of Travel Agents (AFTA)
- Participation costs associated with the AFTA Travel Accreditation Scheme (ATAS)
- Access to an exclusive member extranet site (TC Hub)
- Access to online human resource document templates (HR Toolkit)
- Access to supplier and tourist board training resources through a central resource (TC EXELL)
- Access to online business planning tools (Business Toolkit)
- Access to a cost-effective payment solutions package (TC Pay)
- Problem solving service (through business relationships developed with suppliers and professional advisors)
- Dedicated Business Development Managers for each State
- Trade media distribution
- Access to an exclusive member Facebook group (TC Connect)
- Access to an exclusive member educational program

# 4.0 BUSINESS OVERVIEW (CONTINUED)

## 4.4 AIRLINE TICKETING SERVICES

Full airline consolidation services are provided to all members through a preferred arrangement with Air Tickets.

This arrangement has been in place for several years and continues to deliver a competitive and high-quality ticketing service to Travellers Choice members.

## 4.5 WORLDWIDE INDEPENDENT TRAVEL NETWORK (WIN)

Travellers Choice is the Australian representative in the global independent travel network, WIN. The organisation has been in existence since 1993 and Travellers Choice has been its Australian member since 2003.

WIN comprises of like-minded, major independent travel groups from more than twenty countries, representing more than 6,000 travel agents around the world.

Membership of WIN provides Travellers Choice access to product that would not traditionally be available in the Australian marketplace. It provides greater buying power and economy of scale efficiencies along with excellent intelligence into different global travel markets.

# 5.0 TRAVELLERS CHOICE - INTO THE FUTURE

Independent travel agents are facing increasing business pressure due to diminishing margins, direct selling by product suppliers and the increasing trend of travel sales via the Internet. However, the Board and management of Travellers Choice believes that this sector of the travel distribution system has a solid future based around a strong travel brand and focused marketing activities.

A key factor in any success will be membership of a strong group. Travellers Choice has positioned itself as the representative and buying agent of a major group of travel agents within the Australian travel industry, currently representing annual member sales of approximately $470 million.

The Board sees Travellers Choice's future positioning as the 'champion' of truly independent, quality travel agents. The Board has a commitment to growth and aims to achieve some of the following objectives to further benefit the company and its members:

- Increasing membership numbers
- Increasing group sales to $500 million
- Increasing group preferred supplier sales
- Improving the effectiveness of marketing activities

## 5.1 TRAVELLERS CHOICE'S PEOPLE

The Board of Directors of Travellers Choice consists of four member travel agent owners along with three non-member Directors. Further information relating to individual Board members can be found in the Directors' Report in the financial statements. Collectively, the Board possesses a diverse range of skills and is fully committed to achieving the strategic goals of the Company.

Christian Hunter (Managing Director), was appointed to the role in November 2015 and has been employed by Travellers Choice in various capacities since 2004.

Christian, along with Robyn Mitchell (GM Marketing), Nicola Strudwick (GM Sales) and Justin Michael (GM Finance & Administration & Company Secretary), collectively form the Senior Management Group (SMG) and take responsibility for the operations of the company.

A further 17 dedicated staff members make up the remainder of the Travellers Choice team, including five state-based Business Development Managers.

# 6.0 RISKS INVOLVED WITH INVESTMENT

As with any investment, there are risks involved with an investment in Travellers Choice.

The Directors of Travellers Choice have provided all information to the best of their knowledge in relation to the expected future operations of Travellers Choice having exercised reasonable care, but the Directors disclaim any liability in the event than any opinions or forecasts expressed are not fulfilled.

## 6.1 MEMBER PARTICIPATION

The income of Travellers Choice is predominantly derived through override/incentive commission and marketing support from preferred suppliers. Receipt of these funds is conditional upon achieving pre-determined performance criteria of the collective group of agents.

In addition, members can variably support preferred suppliers product, impacting on the group's overall performance.

Investors face a risk in this area as income (and subsequently profit) can be significantly affected should the collective performance criteria not be achieved. Future agreements with preferred suppliers could be amended or withdrawn based on collective group performance.

## 6.2 COMPETITIVE ENVIRONMENT

The travel industry is one of the most dynamic and competitive industries in modern society. Travel agents' access to traditional business streams has been eroded due to the growth of the Internet and direct booking facilities along with reduced commissions paid to travel agents by airlines.

These distribution channels may, at times, represent a lower cost of sale to preferred suppliers than use of a travel agent and have an impact on the income earning potential of travel agency groups.

The impact of these elements on the future profitability of Travellers Choice is not measurable. Investors are advised to make their own assessments on the potential risks associated with these competitive issues.

## 6.3 EXTERNAL FACTORS

A number of global factors, over which travel agents have no control, can have significant impact on the consumers' appetite to travel. In recent years, examples of such occurrences are the global financial crisis, increase of World terrorism, the Ebola, SARS and Bird Flu epidemics along with natural disasters such as volcanic eruptions, tsunamis and earthquakes.

In extreme circumstances, events such as these can result in a reduction in travel and consequently impair the group's ability to achieve sales targets.

# 6.0 RISKS INVOLVED WITH INVESTMENT

(CONTINUED)

## 6.4 COMPANY MANAGEMENT

Through its Audit and Risk Committee, the Board and management of Travellers Choice has examined the internal and external environments in which Travellers Choice operates. It has highlighted potential risks that the Company and its investors could be exposed to. Consequently, a full risk profile has been developed which forms the basis of the Company's audit and assurance oversight program.

In order to secure the continuity of services from senior management, contracts with staggered termination dates have been implemented.

## 6.5 SALE OF SHARES

As shares in Travellers Choice are not listed on any stock exchange, there is not a liquid market for the shares.

Shares can be repurchased in accordance with S257 of the Corporations Act 2001 providing approval of the Company is received at the General Meeting.

Members have the ability to sell their shares to an existing member. To facilitate this, the Company will maintain a register of the shares that any member wishes to make available for sale, and will inform any prospective purchaser who expresses an interest. However, the Company is legally constrained from soliciting for purchasers on behalf of sellers or otherwise making a market for the shares.

# 7.0 AUDITED FINANCIAL STATEMENTS

The audited financial statements on the following pages are those as at 30 June 2018.

See Appendix A.

# 8.0 CONSENTS

Each of the Directors of Travellers Choice Limited has given and has not withdrawn before the date of this OIS their consent to the issue of this OIS and to its lodgement with the Australian Securities and Investments Commission.

The auditor of Travellers Choice Limited has given and has not withdrawn before the date of this OIS his consent to the inclusion in this OIS of his report on the Financial Statements for the year ended 30 June 2018.

The legal advisor to Travellers Choice has given and has not withdrawn its consent to be named in this OIS.

# 9.0 APPENDIX A

## FINANCIAL STATEMENTS

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 30 JUNE 2018**

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| Revenue | 2 | 6,886,498 | 6,177,937 |
| Cost of sales | 3 | (1,090,004) | (904,278) |
| Gross profit | | 5,796,494 | 5,273,659 |
| Other revenues | 2 | 2,361,516 | 2,393,215 |
| Annual conference | | (558,065) | (318,396) |
| Computer expenses | | (38,490) | (35,822) |
| Consultancy fees | | (54,528) | (43,571) |
| Depreciation and amortisation expenses | 3 | (79,500) | (56,363) |
| Director fees | | (88,197) | (94,196) |
| Fees (Corp/TCF/Lic./BSP) | | (122,446) | (117,766) |
| Insurance expense | | (21,989) | (18,468) |
| Marketing costs | | (1,579,701) | (1,665,314) |
| Member overrides | | (489,324) | (584,292) |
| Rent | 3 | (169,243) | (163,957) |
| Salaries & wages | | (1,942,272) | (1,741,906) |
| Ticketing fee | | (1,008,962) | (581,049) |
| Other expenses from ordinary activities | | (479,389) | (340,578) |
| **Profit before income tax** | 3 | 1,525,904 | 1,905,196 |
| Income tax credit/ (expense) | 4 | 31,572 | (211,283) |
| **Profit for the year** | | 1,557,476 | 1,693,913 |
| Other comprehensive income | | - | - |
| Total comprehensive income attributable to members of the Company | | 1,557,476 | 1,693,913 |

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2018

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **ASSETS** | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 804,436 | 1,147,608 |
| Trade and other receivables | 8 | 403,398 | 420,244 |
| Other assets | 9 | 2,997,099 | 2,484,727 |
| TOTAL CURRENT ASSETS | | 4,204,933 | 4,052,579 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 66,098 | 95,266 |
| Intangible assets | 11 | 96,034 | 74,004 |
| Deferred tax assets | 13 | 299,312 | 159,439 |
| TOTAL NON-CURRENT ASSETS | | 461,444 | 328,709 |
| TOTAL ASSETS | | 4,666,377 | 4,381,288 |
| **LIABILITIES** | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 1,156,877 | 1,119,487 |
| Borrowings | | 28,540 | 12,995 |
| Current tax liabilities | 13 | - | - |
| Provisions | 14 | 224,164 | 189,162 |
| TOTAL CURRENT LIABILITIES | | 1,409,581 | 1,321,644 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 14 | 55,890 | 34,523 |
| Deferred tax liabilities | 13 | 824,202 | 715,901 |
| TOTAL NON-CURRENT LIABILITIES | | 880,092 | 750,424 |
| TOTAL LIABILITIES | | 2,289,673 | 2,072,068 |
| NET ASSETS | | 2,376,704 | 2,309,220 |
| **EQUITY** | | | |
| Issued ordinary share capital | 15 | 451,280 | 444,255 |
| Retained earnings | | 1,925,424 | 1,864,965 |
| TOTAL EQUITY | | 2,376,704 | 2,309,220 |

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2018

| | NOTE | ISSUED ORDINARY SHARE CAPITAL | RETAINED EARNINGS | TOTAL |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Balance at 01 July 2016** | | 441,880 | 2,138,989 | 2,580,869 |
| Share issued during the year | | 2,375 | – | 2,375 |
| Net profit for the year | | – | 1,693,913 | 1,693,913 |
| **Subtotal** | | 444,255 | 3,832,902 | 4,277,157 |
| Dividends and rebates paid | | – | (1,967,937) | (1,967,937) |
| **Balance at 30 June 2017** | | 444,255 | 1,864,965 | 2,309,220 |
| | | | | |
| Share issued during the year | | 7,025 | – | 7,025 |
| Net profit for the year | | – | 1,557,476 | 1,557,476 |
| **Subtotal** | | 451,280 | 3,422,441 | 3,873,721 |
| Dividends and rebates paid | | – | (1,497,017) | (1,497,017) |
| **Balance at 30 June 2018** | | 451,280 | 1,925,424 | 2,376,704 |

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2018

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 8,902,514 | 7,149,285 |
| Payments to suppliers and employees | | (7,704,143) | (6,207,948) |
| Interest received | | 19,812 | 14,668 |
| Income tax received | | – | 12,988 |
| Net cash provided by operating activities | 19a | 1,218,183 | 968,993 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | (12,512) | (104,920) |
| Purchase of intangible assets | | (59,850) | (29,329) |
| Proceeds from disposal of property, plant and equipment | | – | 18,182 |
| Refund from overpayment of investments | | – | 17,186 |
| Proceeds from sale of investments | | – | 532,979 |
| Net cash (used in)/ generated from investing activities | | (72,362) | 434,098 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | 8,024 | 2,272 |
| Dividends and rebates paid | | (1,497,017) | (1,967,937) |
| Net cash used in financing activities | | (1,488,993) | (1,965,665) |
| Net decrease in cash held | | (343,172) | (562,574) |
| Cash and cash equivalents at beginning of year | | 1,147,608 | 1,710,182 |
| Cash and cash equivalents at end of year | 7 | 804,436 | 1,147,608 |

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2018**

**The financial statements and notes represent those of Travellers Choice Limited. Travellers Choice Limited is a company limited by shares, incorporated and domiciled in Australia.**

**The financial statements were authorised for issue on 24 August 2018 by the Directors of Travellers Choice Limited.**

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board 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 stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual 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. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

### 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 profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

(a) the initial recognition of goodwill; or

(b) the initial recognition of an asset or liability in a transaction which:

- (i) is not a business combination; and
- (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax 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 and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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: (i) a legally enforceable right of set-off exists; and (ii) 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. Fair Value of Assets and Liabilities**

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

c. **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 and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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.

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 company 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 over the asset's useful life to the Company 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 rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Furniture & office equipment | 40% prime cost |
| Vehicles | 25% diminishing value |

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.

d. **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 Company are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the fair value of the leased property and 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.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

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

### e. Financial Instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company 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).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised as expenses in profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

#### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. 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 the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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 amount with a consequential recognition of an income or expense item 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 contingent consideration that may be paid by an acquirer as part of a business combination to which AASB 3: Business Combinations applies, 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 amount included in profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains and losses arising on remeasurement recognised in profit and loss. The net gain or loss recognised in profit and loss includes any dividend or interest earned of the financial asset and is included in other gains and losses of the face of the statement of profit and loss and other comprehensive income.

*(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

*(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised

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

Available-for-sale investments 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.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

*(v) Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies is classified as a financial liability and measured at fair value through profit or loss.

**Impairment**

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale. For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include: significant financial difficulty of the issuer or counterparty; breach of contract, such as a default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or the disappearance of an active market for that financial asset because of financial difficulties. For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

At the end of each reporting period the Company assessed whether there is any objective evidence that a financial asset or group of financial assets is impaired (other than financial assets classified as at fair value through profit or loss).

**Financial guarantees**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract issued by a group entity are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of: the amount of the obligation under the contract, as determined in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

**Derecognition**

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount 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.

**f. Impairment of Non-financial 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 joint ventures 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 of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

### g. Intangible Assets Other than Goodwill

**Acquired customer contracts and the related client relationships**
Client relationships are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and impairment loss. Client relationships are tested annually for impairment, if there are indications of impairment, and are amortised on a straight-line basis over their useful lives. As at the end of the reporting period, these assets were fully amortised (no remaining useful life) but are still in use.

**Trademarks**
Trademarks are recognised at cost of acquisition. They include words, names, symbols or other devices used in trade to indicate the source of the product or service, and to distinguish the product or service from the source of others. Trademarks are deemed to have indefinite useful lives and are carried at cost. They are tested annually for impairment.

**Software and website development costs**
Software and website development costs are capitalised only when the Company can demonstrate all of the criteria outlined in AASB 138.57. Software and developed websites are considered as having finite useful lives and are amortised on a systematic basis over their useful lives so as to match the economic benefits received to the periods in which the benefits are received. Amortisation begins when the software or websites become operational.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amortisation rates used for each class of intangible asset with a finite useful life are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Website Development | 25% prime cost |

### h. Employee Benefits

**Short-term employee benefits**
Provision is made for the Company's (including the parent's) obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations due to changes in assumptions for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**i. 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**j. 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.

**k. 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 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).

**l. Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

**m. Trade and Other Payables**

Trade and other payables are initially measured at fair value and subsequently measured at cost using the effective interest method.

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

**n. 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 Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**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 retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**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.

**Key judgments**

*(i) Provision for impairment of receivables*

NIL.

*(ii) Available-for-sale investments*

NIL.

*(iii) Employee benefits*

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Company expects that all its employees would use all their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the Directors consider that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

q. **New Accounting Standards for Application in Future Periods**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

– AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Directors anticipate that the adoption of AASB 16 will impact the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 2 REVENUE AND OTHER INCOME

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| **Revenue** | | $ | $ |
| Sales revenue: | | | |
| – Sale of services and commission | | 6,886,498 | 6,177,937 |
| Other revenue: | | | |
| – Membership fees | | 469,891 | 458,579 |
| – Insurance commission | | 356,293 | 355,172 |
| – Conference fees | | 667,122 | 399,415 |
| – Cruise Club annual fees | | 57,570 | 60,785 |
| – Interest received | 2a | 19,812 | 14,668 |
| – Marketing revenue | | 774,540 | 698,109 |
| – Profit on sale of investments | | – | 408,555 |
| – Other income | | 16,288 | (2,068) |
| | | 2,361,516 | 2,393,215 |
| Total revenue | | 9,248,014 | 8,571,152 |
| a. Interest revenue from: | | | |
| – Banks | | 19,812 | 14,668 |
| | | 19,812 | 14,668 |

### NOTE 3 PROFIT FOR THE YEAR

Profit before income tax from continuing operations includes the following expenses:

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| **Expenses** | | $ | $ |
| Cost of sales | | (1,090,004) | (904,278) |
| Depreciation of property, plant and equipment | | (41,680) | (30,752) |
| Amortisation of intangible assets | | (37,820) | (25,611) |
| Rental expense on operating leases | | (169,243) | (163,957) |

## NOTE 4 INCOME TAX (CREDIT)/EXPENSE

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| a. The components of tax expense comprise: | | $ | $ |
| – Current tax expense | | - | - |
| – Deferred tax expense/(income) relating to the origination and reversal of temporary differences | 13 | (31,572) | 211,283 |
| | | (31,572) | 211,283 |
| b. The prima facie tax on profit before income tax is reconciled to the income tax as follows: | | | |
| Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 27.5%) | | 419,624 | 523,929 |
| Tax effect of: | | | |
| – Non-deductable income and expenses | | 802,398 | 679,439 |
| – Deductible income and expenses | | (1,222,022) | (1,203,368) |
| – Deferred tax asset/liability brought to account | | (31,572) | 211,283 |
| **Income tax attributable to Company** | | (31,572) | 211,283 |
| The applicable income tax rate is the Australian federal tax rate of 27.5% (2017: 27.5%) applicable to Australian resident companies. | | | |
| Weighted average effective tax rates are: | | 2% | 11% |

## NOTE 5 DIVIDENDS

Dividends recognised as distributions and paid during the period:

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Declared 5% unfranked ordinary dividend of 25 (2017: 25) cents per share franked at the tax rate of 27.5% (2017: 27.5%) | 22,564 | 22,000 |
| | 22,564 | 22,000 |
| Per share dividends amount paid during the period | 25 cents | 25 cents |

## NOTE 6 AUDITORS' REMUNERATION

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| Remuneration of the auditor is as follows: | | | |
| – Auditing and preparation of the financial statements | | 14,600 | 14,723 |
| – Auditing of other information | | 2,900 | 2,900 |
| | | 17,500 | 17,623 |

## NOTE 7 CASH AND CASH EQUIVALENTS

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| Cash at bank and on hand | | 701,090 | 288,659 |
| Short-term deposits | | 103,346 | 858,949 |
| | 21 | 804,436 | 1,147,608 |

The effective interest rate on short-term bank deposits was 2.40% (2017: 2.41%); these deposits have an average maturity of 85 days (2017: 114 days).

| | | |
|---|---|---|
| Cash and cash equivalents balance as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows: | | |
| Per the statement of financial position | 804,436 | 1,147,608 |
| Less bank overdraft | - | - |
| Per the statement of cash flows | 804,436 | 1,147,608 |

## NOTE 8 TRADE AND OTHER RECEIVABLES

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT** | | | |
| Trade receivables | | 396,053 | 408,525 |
| Provision for impairment of doubtful receivables | | – | – |
| | | 396,053 | 408,525 |
| Other receivables: | | | |
| Travel centre receivables | | 7,345 | 11,719 |
| Total current trade and other receivables | | 403,398 | 420,244 |

### Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The main sources of credit risk to the Company are considered to relate to the classes of assets described as "trade and other 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) | | | |
|---|---|---|---|---|---|---|
| | | | <30 | 31-60 | >60 | NOT PAST DUE |
| **2018** | $ | $ | $ | $ | $ | $ |
| Trade and term receivables | 396,053 | – | 338,646 | 49,463 | 7,944 | – |
| Other receivables | 7,345 | – | 7,345 | – | – | – |
| Total | 403,398 | – | 345,991 | 49,463 | 7,944 | – |
| | | | | | | |
| **2017** | $ | $ | $ | $ | $ | $ |
| Trade and term receivables | 408,525 | – | 361,344 | 35,502 | 11,679 | – |
| Other receivables | 11,719 | – | 11,719 | – | – | – |
| Total | 420,244 | – | 373,063 | 35,502 | 11,679 | – |

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

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **a. Financial assets classified as trade and other receivables** | | | |
| Trade and other receivables: | | | |
| – Total current | | 403,398 | 420,244 |
| Total financial assets classified as trade and other receivables | 21 | 403,398 | 420,244 |

**b. Collateral held as security**

No collateral is held over trade and other receivables.

## NOTE 9 OTHER ASSETS

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT** | | | |
| Prepayments | | 286,234 | 100,858 |
| Accrued income | | 2,710,865 | 2,383,869 |
| | | 2,997,099 | 2,484,727 |

## NOTE 10 PROPERTY, PLANT AND EQUIPMENT

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **PLANT AND EQUIPMENT** | | | |
| At cost | | 140,302 | 127,790 |
| Accumulated depreciation | | (74,204) | (32,524) |
| Total plant and equipment | | 66,098 | 95,266 |

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.

| | FURNITURE & OFFICE EQUIPMENT | VEHICLES | TOTAL |
|---|---|---|---|
| | $ | $ | $ |
| Balance at 01 July 2016 | 14,998 | 23,941 | 38,939 |
| Additions | 55,727 | 49,193 | 104,920 |
| Disposals – at written-down value | – | (17,841) | (17,841) |
| Depreciation expense | (24,531) | (6,221) | (30,752) |
| **Carrying amount at 30 June 2017** | 46,194 | 49,072 | 95,266 |
| Additions | 12,512 | – | 12,512 |
| Disposals – at written-down value | – | – | – |
| Depreciation expense | (29,441) | (12,239) | (41,680) |
| **Carrying amount at 30 June 2018** | 29,265 | 36,833 | 66,098 |

## NOTE 11 INTANGIBLE ASSETS

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| Website development costs | | - | - |
| Capitalisation cost | | 217,574 | 157,724 |
| Accumulated amortisation | | (121,540) | (83,720) |
| **Total intangible assets** | | 96,034 | 74,004 |

a. **Movements in carrying amounts**

| | NOTE | WEBSITE DEVELOPMENT |
|---|---|---|
| | | $ |
| Balance at 01 July 2016 | | 70,286 |
| Additions externally acquired | | 29,329 |
| Disposals | | – |
| Amortisation expense | | (25,611) |
| **Carrying amount at 30 June 2017** | | 74,004 |
| | | |
| Additions externally acquired | | 59,850 |
| Disposals | | – |
| Amortisation expense | | (37,820) |
| **Carrying amount at 30 June 2018** | | 96,034 |

## NOTE 12 TRADE AND OTHER PAYABLES

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT** | | | |
| Unsecured liabilities: | | | |
| Trade payables | | 320,758 | 238,735 |
| Accrued expenses | | 478,959 | 486,945 |
| Prepaid income | | 292,241 | 307,779 |
| Other payables | | 64,919 | 86,028 |
| **Total trade and other payables** | 12a | 1,156,877 | 1,119,487 |
| | | | |
| a. **Financial liabilities at amortised cost classified as trade and other payables** | | | |
| Trade and other payables: | | | |
| Total current | | 1,156,877 | 1,119,487 |
| Total non-current | | – | – |
| | | 1,156,877 | 1,119,487 |
| Less: GST payable | | (756) | (13,194) |
| Financial liabilities as trade and other payables | 21 | 1,156,121 | 1,106,293 |

The average credit period on trade and other payables (excluding GST payable) is 7 to 30 days. No interest is payable on outstanding payables during this period.

## NOTE 13 TAX BALANCES

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| **Current liabilities** | | |
| Income tax payable | – | – |
| **Non-current assets** | | |
| Deferred tax assets | 299,312 | 159,439 |
| **Non-current liabilities** | | |
| Deferred tax liabilities | 824,202 | 715,901 |

| | Balance as at 30 June 2018 | (Charged) /Credited to Income | (Charged) /Credited to Equity | Balance as at 30 June 2017 | (Charged) /Credited to Income | (Charged) /Credited to Equity | Balance as at 1 July 2016 |
|---|---|---|---|---|---|---|---|
| | $ | | | | $ | $ | $ |
| **Deferred tax assets** | | | | | | | |
| Provision for employee benefits | 77,015 | 9,910 | – | 67,105 | 14,756 | – | 52,349 |
| Provision for doubtful debts | – | – | – | – | – | – | – |
| Prepaid income | 80,366 | (11,968) | – | 92,334 | 74,021 | – | 18,313 |
| Accrued expenses | 131,714 | 131,714 | – | – | – | | – |
| Property, plant and equipment | 6,151 | 6,151 | – | – | – | – | – |
| Intangible assets | 4,066 | 4,066 | – | – | – | | – |
| | 299,312 | 139,873 | – | 159,439 | 88,777 | – | 70,662 |
| **Deferred tax liabilities** | | | | | | | |
| Accelerated depreciation for tax purposes | – | 740 | – | (740) | 1,001 | – | (1,741) |
| Prepayments | (78,714) | (78,714) | | – | – | – | – |
| Accrued income | (745,488) | (30,327) | | (715,161) | (301,061) | | (414,100) |
| | 824,202 | (108,301) | – | (715,901) | (300,060) | – | (415,841) |
| **Net amount** | (524,890) | 31,572 | – | (556,462) | (211,283) | – | (345,179) |

The amount of deductible temporary differences and unused tax losses for which no deferred tax asset has been brought to account:

- temporary differences $Nil (2017: $Nil); and
- tax losses: operating losses $Nil (2017: $Nil).

The benefits of the above temporary differences and unused tax losses will be realised when the conditions for deductibility set out in Note 1(a) occur. These amounts have no expiry date.

## NOTE 14 PROVISIONS

| | EMPLOYEE BENEFITS | TOTAL PROVISIONS |
|---|---|---|
| | $ | $ |
| **Analysis of provisions** | | |
| Opening balance at 01 July 2017 | 223,685 | 223,685 |
| Amount provided during the year | 41,298 | 41,298 |
| Balance at 30 June 2018 | 264,983 | 264,983 |

| | 2018 | 2017 |
|---|---|---|
| **CURRENT** | $ | $ |
| Annual leave | 114,144 | 101,507 |
| Long service leave | 110,020 | 87,655 |
| | 224,164 | 189,162 |
| **NON-CURRENT** | | |
| Long service leave | 55,890 | 34,523 |
| **Total provisions** | 280,054 | 223,685 |

**Provision for long-term employee benefits**
Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

## NOTE 15 ISSUED CAPITAL

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| 90,256 (2017: 88,851) fully paid ordinary shares | 451,280 | 444,255 |
| **Total share capital** | 451,280 | 444,255 |

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

| | 2018 | 2017 |
|---|---|---|
| a. **Movements in issued capital** | No. | No. |
| Fully paid ordinary shares: | | |
| At the beginning of the reporting period | 88,851 | 88,376 |
| Shares issued during the year | 1,405 | 475 |
| At the end of the reporting period | 90,256 | 88,851 |

Ordinary shares participate in dividends and the proceeds on winding up of the Company 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.

There have been no changes in the capital structure or the objectives, policies, processes and strategy adopted by management to manage the capital of the group from the previous year.

The capital structure at 30 June 2018 and 30 June 2017 is as follows:

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| Total borrowings | | 28,540 | 12,995 |
| Trade and other payables | 12 | 1,156,877 | 1,119,487 |
| Less cash and cash equivalents | 7 | (804,436) | (1,147,608) |
| Net debt | | 380,981 | – |
| Total equity | | 2,376,704 | 2,309,220 |
| Total capital | | 2,757,685 | 2,309,220 |
| Gearing ratio | | 14% | Nil |

## NOTE 16 CAPITAL AND LEASING COMMITMENTS

Non-cancellable operating leases contracted for but not recognised in the financial statements

| | 2018 | 2017 |
|---|---|---|
| Payable — minimum lease payments: | | |
| — not later than 12 months | 139,453 | 136,822 |
| — between 12 months and five years | 251,057 | 390,509 |
| — later than five years | - | - |
| **Total operating lease payables** | 390,510 | 527,331 |

The Company 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 01 April 2016 for a period of four years, expiring 31 March 2020. Rent payable in the 2017/18 financial year will total $139,453 plus outgoings. Rent will increase annually at CPI plus 1%. The lease may be extended by four years at its conclusion.

## NOTE 17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no contingent assets and liabilities for the year ended 30 June 2018.

## NOTE 18 EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events since the end of the reporting period.

## NOTE 19 CASHFLOW INFORMATION

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| **a. Reconciliation of cash flows from operating activities with profit for the year** | | |
| Profit after income tax | 1,557,476 | 1,693,913 |
| Non-cash flows items: | | |
| — Gain on sale of investments | - | (408,555) |
| — Gain on disposal of property, plant & equipment | - | (341) |
| — Depreciation and amortisation | 79,500 | 56,363 |
| Changes in assets and liabilities: | | |
| — (increase)/decrease in trade and other receivables | 16,846 | (241,843) |
| — (increase)/decrease in deferred tax asset | (139,873) | (88,777) |
| — (increase)/decrease in other assets | (512,372) | (904,732) |
| — increase/(decrease) in trade and other payables | 36,391 | 487,734 |
| — increase/(decrease) in borrowings | 15,545 | 12,995 |
| — increase/(decrease) in provision for income tax | - | 12,988 |
| — increase/(decrease) in deferred tax liabilities | 108,301 | 300,060 |
| — increase/(decrease) in provisions | 56,369 | 49,188 |
| | 1,218,183 | 968,993 |

## NOTE 20 RELATED PARTY TRANSACTIONS

The Company's main related parties are as follows:

a. **Entities that exercise control over the Company**
   None.

b. **Entities that are subject to common control outside the Company**
   None.

c. **Controlled entities**
   None.

d. **Key management personnel of the Company**
   Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the entity, is considered key management personnel.

e. **Entities for which the Company acts as the responsible entity**
   None.

f. **Other related parties of the Company**
   Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

**Transactions and outstanding balances with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (ie at arm's length) unless the terms and conditions disclosed below state otherwise.

The following transactions occurred with related parties:

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| **Key management personnel** | | $ | $ |
| Key management personnel compensation: | | | |
| Short-term employee benefits | | 270,923 | 271,980 |
| Post-employment benefits | | 22,727 | 23,053 |
| Other long-term benefits | | 38,958 | 35,197 |
| | | 332,608 | 330,230 |

Remuneration of Directors and Executives

| | CASH SALARY AND FEES | | SUPERANNUATION BENEFITS | | TOTAL REMUNERATION | |
|---|---|---|---|---|---|---|
| Name | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | $ | $ | $ | $ | $ | $ |
| Trish Ridsdale | 28,530 | 28,265 | - | - | 28,530 | 28,265 |
| Sue Holmes | 7,513 | 15,262 | 714 | 1,450 | 8,227 | 16,712 |
| Greg Close | 7,513 | - | 714 | - | 8,227 | - |
| Phil Dalley | 15,775 | 16,512 | 1,499 | 1,569 | 17,274 | 18,081 |
| Trinity Hastwell | 15,275 | 16,262 | 1,451 | 1,545 | 16,726 | 17,807 |
| Mark Brady | 15,276 | 15,512 | 1,451 | 1,474 | 16,727 | 16,986 |
| Christian Hunter | 181,041 | 180,167 | 16,898 | 17,015 | 197,939 | 197,182 |
| | 270,923 | 271,980 | 22,727 | 23,053 | 293,650 | 295,033 |

## NOTE 21 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: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies, are as follows:

| | NOTE | 2018 | 2017 |
|---|---|---|---|
| **Financial assets** | | $ | $ |
| Cash and cash equivalents | 7 | 804,436 | 1,147,608 |
| Trade and other receivables | 8 | 403,398 | 420,244 |
| **Total financial assets** | | 1,207,834 | 1,567,852 |
| **Financial liabilities** | | | |
| Financial liabilities at amortised cost: | | | |
| Trade and other payables | 12a | 1,156,121 | 1,106,293 |
| Borrowings | | 28,540 | 12,995 |
| **Total financial liabilities** | | 1,184,661 | 1,119,288 |

### 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.

Senior executives meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts.

### 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. The Company's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans. There is no significant credit risk exposure on available-for-sale financial assets and held-to-maturity investments.

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.

All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Cash and cash equivalents: | 804,436 | 1,147,608 |
| AA-rated | 804,436 | 1,147,608 |

**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 is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement. The Company manages its liquidity 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;
- 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.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months. The Company does not hold any derivative financial liabilities directly.

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.

## NOTE 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial liability and financial asset maturity analysis*

| | | WITHIN 1 YEAR | | 1 TO 5 YEARS | | OVER 5 YEARS | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|
| | NOTE | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial liabilities due** | | | | | | | | | |
| Trade and other payables | 12a | 1,156 | 1,106 | – | – | – | – | 1,156 | 1,106 |
| Borrowings | | 29 | 13 | | | | | 29 | 13 |
| Total contractual outflows | | 1,185 | 1,119 | – | – | – | – | 1,185 | 1,119 |
| Less bank overdrafts | | – | – | – | – | – | – | – | – |
| Total expected outflows | | 1,185 | 1,119 | – | – | – | – | 1,185 | 1,119 |
| **Financial assets realisable** | | | | | | | | | |
| Cash and cash equivalents | 7 | 804 | 1,148 | – | – | – | – | 804 | 1,148 |
| Trade and other receivables | 8 | 403 | 420 | – | – | – | – | 403 | 420 |
| Total anticipated inflows | | 1,207 | 1,568 | – | – | – | – | 1,207 | 1,568 |
| Net (outflow)/inflow on financial instruments | | 22 | 449 | – | – | – | – | 22 | 449 |

### c. Market risk

*i. Interest rate risk*

Exposure to interest rate risk arises on interest-bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect either the future cash flows (in the case of variable interest instruments) or the fair value financial instruments (in the case of fixed rate instruments).

Interest rate risk is managed using a mix of fixed and floating rate instruments. At 30 June 2018, the Company had no interest-bearing financial liabilities and approximately 12.8% of group interest-bearing financial assets have fixed interest rates. It is the Company's policy to keep interest-bearing financial assets with fixed interest rates between 10% and 20%.

The Company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The weighted average interest rates of the Company's interest-bearing financial assets are as follows:

| | 2018 | 2017 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 2.4% | 2.4% |

*ii. Other price risk*

Other 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 largely due to demand and supply factors (other than those arising from interest rate risk) for securities. The Company's exposure to other price risk arises mainly from available-for-sale financial assets. Such risk is managed through diversification of investments across industries and geographical locations.

The Company is not exposed to any other price risk.

*Sensitivity analysis*

The following table illustrates sensitivities to the Company's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

| | PROFIT | EQUITY |
|---|---|---|
| **Year ended 30 June 2018** | $ | $ |
| +/- 2% in interest rates (interest income) | 17,000 | 17,000 |
| **Year ended 30 June 2017** | | |
| +/- 2% in interest rates (interest income) | 24,000 | 24,000 |

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

### 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.

| | NOTE | CARRYING VALUE | | FAIR VALUE | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | | $ | $ | $ | $ |
| **Financial assets** | | | | | |
| Cash and cash equivalents (i) | 7 | 804,436 | 1,147,608 | 804,436 | 1,147,608 |
| Trade and other receivables (i) | 8 | 403,398 | 420,244 | 403,398 | 420,244 |
| **Total financial assets** | | 1,207,834 | 1,567,852 | 1,207,834 | 1,567,852 |
| **Financial liabilities** | | | | | |
| Trade and other payables (i) | 12a | 1,156,121 | 1,106,293 | 1,156,121 | 1,106,293 |
| Borrowings | | 28,540 | 12,995 | 28,540 | 12,995 |
| **Total financial liabilities** | | 1,184,661 | 1,119,288 | 1,184,661 | 1,119,288 |

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments whose carrying amounts approximate their fair values. Trade and other payables exclude amounts relating to the provision of annual leave and deferred revenue, which are outside the scope of AASB 139.

## NOTE 22 COMPANY DETAILS

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

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

## NOTE 23 COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current year's presentation.

# DIRECTORS’ DECLARATION

1. The financial statements and notes, as set out on pages 11 to 54 are in accordance with the *Corporations Act 2001* and:

    (a) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

    (b) give a true and fair view of the financial position as at 30 June 2018 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

P. Ridsdale

Trish Ridsdale
Director

Dated this 19th day of September 2018

# INDEPENDENT AUDITOR'S REPORT

**Anderson Munro & Wyllie**
CHARTERED ACCOUNTANTS, REGISTERED COMPANY AUDITORS AND REGISTERED SMSF AUDITORS
**Postal Address:**
PO Box 229, JOONDALUP DC WA 6919
P: 1300 284 330
E: reception@amwaudit.com.au
ABN 59 125 425 274
*Liability limited by a scheme approved under Professional Standards Legislation*

**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF TRAVELLERS CHOICE LIMITED**
**ACN 121 496 900**

**Opinion**

We have audited the financial report of Travellers Choice Limited ("the Company"), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion:

a. the accompanying financial report of Travellers Choice Limited is in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**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 Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

**Responsibilities of Directors for the Financial Report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

Anderson Munro + Wyllie

**ANDERSON MUNRO & WYLLIE**
Chartered Accountants
Address: Unit 8, 210 Winton Road, Joondalup, Western Australia

**MARTIN SHONE**
Principal & Registered Company Auditor

Dated at Perth, Western Australia this 19th day of September 2018

# 10.0 APPENDIX B

## SHARE APPLICATION FORM

# APPLICATION FOR SHARES

## To the Directors of Travellers Choice Limited

I / We hereby request that you allot ___________ fully paid shares of $5.00 each in the above named company.
The minimum purchase requirement is 200 shares.

I / We accept the shares, that may be allotted to the entity named on my / our ASIC / ATAS certificate, and authorise you to place that / these name(s) on the Register of the Company respect of these shares.

I / We agree to be bound by the Constitution of the Company.

**Signature of all Directors / Partners required**

1. ______________________________ 2 ______________________________

3. ______________________________ 4. ______________________________

**Entity to which shares will be issued**

Travel agency accredited entity (legal entity as per ASIC / ATAS certificate)

______________________________________________________________

**Nominated Director / Partner(s) contact for share related communication**

Director's / Partner's name ______________________________

Business name ______________________________

Business address

______________________________________________________________

**Contact numbers**

Business ( ) ____________________

Home ( ) ____________________

Other ____________________

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