TRAVELLERS CHOICE

ANNUAL REPORT

2018

OUR PURPOSE

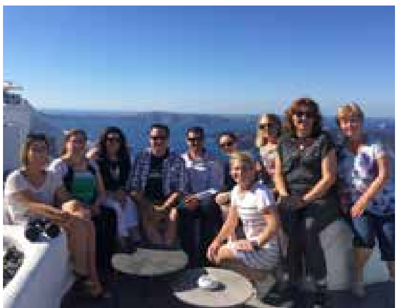
To provide an exceptional customer experience to our members by supporting them with innovative services, attractive rewards and outstanding people.

OUR VISION

To be the network of choice for successful travel businesses.

OUR VALUES

We focus on the customer, we work as a team, we are driven by results.



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CHAIRMAN'S STATEMENT

There should by now be no mystery to the benefits that any company can extract from a rich customer database. The challenge, as every business owner will tell you, is to continually gather and maintain fresh and relevant information.

Travellers Choice has over the past few years worked hard to improve and better interrogate the data we have on our own members' activities and preferences – in the process segmenting our member database to create customer persona profiles. In 2017/18 these efforts continued to deliver value to the Company and member shareholders.

Most notably the insights gained into members' needs and the way different personas interact with the Company has helped shape our portfolio of support services – whether it's the evolution of our Business Toolkit, investment in our network of Business Development Managers or the roll out of our new email marketing platform TC Mail.

The impact of the Company's work was highlighted in 2017/18 when research showed that not only are members using more support services more frequently, but that this increased activity was often related to growth in members' revenue. Support services that resonate with members ultimately allow us to extract optimal return from our preferred agreements and provide the platform for our Company's ongoing success.

During 2017/18 we did indeed see growth in support for our preferred suppliers, with the Company's total income increasing by 8%. Contributing to this result was an 11% rise in the number of airline tickets processed year-on-year.

As a result the Company maintained its record of returning a pre-tax operating profit in every year of its 41-year history. That profit of $1.53 million represented a 2% increase* on the previous financial year. The Board declared an unfranked dividend of 5.0 per cent on issued capital (being 25 cents per share), with the majority of the remaining profits distributed to member shareholders through trading rebates based on sales support for airline and wholesale partners.

The Company's profit result represented a relatively modest increase on the previous financial year, primarily reflecting a rise in up-front airline ticketing costs. The good news is that significant revenue from airline tickets sold in 2017/18 will be realised when customers depart in the current financial year.

Looking ahead, we are seeing forward bookings sitting comfortably ahead of projections. In addition, the Company is poised to enjoy additional benefits in 2018/19 from the successfully renegotiated Collective Purchasing Agreement (CPA) with Helloworld Travel Ltd.

Based on these observations and the expectation that Australians will continue to travel, the Board is forecasting profit growth for 2018/19.

On a personal note, this will be my final Chairman's Statement after 13 years serving on the Travellers Choice Board.

I look back with pride on a number of notable achievements including the smooth transition from a long-term Chief Executive to a confident new senior management team, the negotiation of the Company's innovative CPA with Helloworld, our investment in creative products and services that have enabled member shareholders to continually demonstrate their worth to customers in the face of intense competition, and the professionalisation of our corporate governance practices.

We have included a Corporate Governance Statement in the annual report this year to better inform you about how the Board governs the Company on your behalf. The statement is based on the newly released governance principles from the Business Council of Co-operatives and Mutuals (BCCM) of which Travellers Choice is a proud member. Co-operatives and mutuals are owned by their customers ensuring that you are always the focus of the Company not some distant shareholder who will put their returns before your needs.

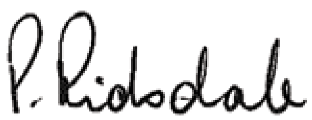
I would like to thank all of the fellow Directors I have had the pleasure of serving alongside during my time with the Company, including the current Board, which includes Mark Brady, Phil Dalley, Trinity Hastwell, Greg Close and Jacqui Wilson-Smith. All have fulfilled their roles diligently and with evident commitment to the success of the Company.

> "Most notably the insights gained into members' needs and the way different personas interact with the Company has helped shape our portfolio of support services."
>
> *Trish Ridsdale - Chairman*

On behalf of the Board and member shareholders I would like to thank all of the staff in our corporate office and across the states for their professionalism, dedication and loyalty during 2017/18. I would also like to acknowledge the leadership provided by our senior management team of Managing Director Christian Hunter, General Manager Marketing Robyn Mitchell, General Manager Sales Nicola Strudwick and General Manager Finance & Administration Justin Michael.

Traversing the Travellers Choice network over the years I have regularly been humbled and inspired by the trust and support member shareholders have shown me personally, as well the Board, management and staff. It has been an honour to work with you all.

I depart a fervent believer in the values and strengths of the cooperative structure and the culture of teamwork and support that makes Travellers Choice so special in the industry. I am confident that the Company will continue to deliver outstanding results for its member shareholders.



Trish Ridsdale
Chairman

*Excluding a one-off contribution in 2016/17 from the sale of the Company's shareholding in the WIN Global Travel Network.

TRAVELLERS CHOICE STRATEGIC FRAMEWORK (17/10/2018)

OUR PURPOSE
To provide an exceptional customer experience to our members by supporting them with innovative services, attractive rewards and outstanding people.

OUR VISION
To be the network of choice for successful travel businesses

OUR VALUES
We focus on the customer
We work as a team
We are driven by results

STRATEGIC OBJECTIVES

PREFERRED SUPPLIERS	MEMBERSHIP VALUE	FINANCIAL PERFORMANCE	MARKETING EFFECTIVENESS	STRATEGIC PARTNERSHIPS
We must provide the right portfolio of preferred suppliers and deliver sales targets	We must grow membership and the value proposition of membership	We must ensure financial benefits to shareholders while protecting the financial viability of the Company	We must deliver targeted and effective marketing and brand positioning to drive sales	We must identify and pursue strategic partnerships to strengthen the viability of the Company

HORIZONS

1
1-3 years
Between 1 July 2018 and 30 June 2021
70%

STRATEGIES

- Extract maximum value from key supplier agreements
- Strengthen value proposition of membership
- Recruit new members
- Support and retain existing members
- Deliver positive persona movement
- Deliver financial metrics
- Deliver technology solutions to meet current and future needs
- Deliver intelligent, targeted marketing services
- Improve strategic capability in deep customer insights
- Identify strategic partners to future-proof our business
- Plan for the travel company for the future

2
4-7 years
Between 1 July 2021 and 30 June 2025
20%

STRATEGIES

- Launch retail travel business brokerage service
- Obtain access to mid-office data
- Implement online booking engine and CRM
- Implement new distribution channels for member-curated product
- Develop calendar of booking trends (by destination, product type etc)

3
7-10 years
Between 1 July 2025 and 30 June 2028
10%

STRATEGIES

- Maximise interrogation of data
- Further enhance interactive booking engine
- Ensure omni-channel presence
- Identify prospective purchasers for TC agencies

YEAR IN REVIEW

1 ANNUAL SHAREHOLDERS' CONFERENCE
(160 MEMBERS FROM 95 AGENCIES)

5 MEMBER MEETINGS

15 MEMBER NETWORKING EVENTS

4 FRONTLINER EVENTS
(180 MEMBERS FROM 77 AGENCIES)

9 NEW MEMBERS

MARCH SURVEY WEEK
63% OF AGENCIES RESPONDED
99% MEMBER SATISFACTION

33% OF TC MEMBERS SIGNED UP FOR afta CHARGEBACK SCHEME ACS

2ND TRAVELLERS CHOICE AGENT

KINGSCOTE TRAVEL

CROWNED 'PEOPLE'S CHOICE ATAS RETAIL TRAVEL AGENCY OF THE YEAR' AT NTIA

40TH CONSECUTIVE PROFIT ANNOUNCED

8 NEW PREFERRED SUPPLIER PARTNERS
INCLUDING **TRIPADEAL** EXCLUSIVE TO TC

5-YEAR RENEWAL HELLOWORLD CPA

19 EDUCATIONALS =
3 CHOICE REWARD TRIPS
+
16 TC EDUCATIONALS
(**149 MEMBER PARTICIPANTS**)

TRADE WEBSITE LAUNCH
TRAVELLERS CHOICE
TRAVELAGENTSCHOICE.COM.AU

75% OF MEMBERS USING **NEW TC MAIL**

9 NEW VIDEO TUTORIALS LAUNCHED

MANAGING DIRECTOR'S REPORT

2017/18 IN REVIEW

By almost any measure the past financial year ranks as one of the busiest in the history of our group.

The level of support provided by the Marketing team set a new benchmark, particularly in terms of local area promotions. The Sales team worked hard to foster strong relationships with an expanded range of supplier partners. More opportunities were created for members to up-skill and network through exclusive educationals and events. And a full-strength network of Business Development Managers was empowered to take our message to prospective members.

Members responded during 2017/18 by engaging more proactively with a wider array of services. Partially that reflects an understanding that in a highly-competitive trading environment no business can rest on its laurels and expect customers to walk through the door. Every opportunity – whether it's access to exclusive product, marketing support or training – must be seized in order to differentiate from competitors and generate traffic.

In addition members have embraced new and enhanced services such as the Business Toolkit and TC Mail, and looked to exploit unique partnerships such as that with TripADeal by amplifying their local marketing activities.

Increased engagement is also the result of a deliberate corporate office push to encourage specific members to connect with key services. This strategy was developed in response to insights gained from our 'personas' project, which show that when individual businesses increase their use of support services – measured quarterly as an assigned Total Service Score – they typically enjoy a corresponding growth in revenue.

The result of all this activity was a pleasing increase in our Company's total revenue from preferred agreements, which grew by 8% for the financial year. Much of the growth was driven by a surge in international airline ticket sales, which rose by an impressive 19% year-on-year.

Despite a relatively lacklustre Australian economy, solid growth was experienced across the travel industry, with outbound passenger numbers rising by about 4% during the year. The challenge for the travel sector, however, is not so much to attract greater volume but to improve yield because much of the growth is being generated by pricing initiatives.

In 2017/18 we saw this strategic pricing trend spread beyond the airlines to include top-tier cruise lines and tour operators, all working furiously to fill additional capacity. It is delivering greater product choice to consumers and some alluring deals, but it is forcing retail groups to sell more to achieve even the most reasonable revenue growth targets.

Nevertheless, it has been a good year for Travellers Choice, even though at first glance our financials paint a slightly different picture. Our pre-tax operating profit for 2017/18 of $1.53 million was a modest 2%* above our position last year, but this result was distorted by our ticketing arrangements, which require that we pay a fee at the time a ticket is issued but receive commission only when a customer departs. In 2017/18 a surge in forward bookings for departure in 2018/19 dramatically inflated our expense line and deflated profits. On the upside, related revenue will flow forward into the next financial year, setting the stage for a strong financial performance.

During 2017/18 we also renegotiated our Collective Purchasing Agreement (CPA) with Helloworld Travel Ltd for a further five years, with the new deal's terms set to benefit our Company's financial performance.

Overall, forward bookings for 2019 and into 2020 are currently sitting ahead of projections, and past experience tells us that bookings secured well ahead of travel attract a healthier yield for members.

STRATEGIES FOR THE FUTURE

Competition is only going to intensify and members must continue to seize every opportunity to cement their relationship with customers. That means increasingly personalised and targeted promotions, astute management of databases and a steely focus on preferred suppliers.

As a Company we will continue to search for new and improved ways of supporting members by refining and expanding the suite of sophisticated marketing, communication and sales solutions we provide.

One area that we will continue to prioritise is technology. We are constantly looking for technology partners that can deliver solutions that add value – in the form of business efficiencies, marketing opportunities or conversion opportunities – to every one of our members. Some of the solutions we believe have genuine potential will be unveiled at this year's Annual Shareholders' Conference.

Something that often surprises new members to our Company is the level of support they receive from their Travellers Choice colleagues. There is no doubt that our fraternal culture sets us apart from other groups and our newly launched Member Mentoring Program establishes a formal process for the sharing of skills and experiences. It's a program that we will continue to expand and evolve.

As a group we must of course continue to recruit talented and forward-looking travel agencies that can contribute valuable sales and new perspectives. While our value proposition – based on high-quality services, low fees and a unique ownership structure – remains attractive, further consolidation within the retail travel sector has reduced the pool of prospective members. We will, however, continue to fortify our efforts to ensure we are the preferred destination for high calibre business operators looking for alternate arrangements.

MANAGEMENT AND STAFF

Travellers Choice operates with a lean corporate structure and our heightened activity during 2017/18 was only possible thanks to the initiative, diligence and dedication of our staff and the leadership provided by our senior management team, which comprises General Manager Marketing Robyn Mitchell, General Manager Sales Nicola Strudwick and General Manager Finance & Administration Justin Michael.

No one is more committed to the Travellers Choice network than our state-based Business Development Managers – who include Tim Bolton, Andrea Moore, Paula Moylan, Graham Smith and Kim Tomlinson. As I travelled around the country this year, I once again found their loyalty and passion for our network and its members inspiring.

Throughout the year I have also been encouraged and invigorated by the kind support and friendship you continue to provide me. It is a privilege to lead Travellers Choice and I look forward to continuing to work with you as we embrace an exciting future.

Christian Hunter
Managing Director

*Excluding a one-off contribution in 2016/17 from the sale of the Company's shareholding in the WIN Global Travel Network.

FINANCE & ADMINISTRATION UPDATE

The streamlining of financial processes and the introduction of improved reporting in 2017/18 delivered important cost savings and helped the Company enhance its forecasting.

As a result of these efforts the Finance & Administration team is now entirely ‘paperless’, with all information, documents and reports stored electronically. Invoices are also authorised electronically with digital signatures (creating a digital audit trail), while staff expenses are now submitted electronically via the Expensify app, enabling faster reimbursement.

Collectively these initiatives improved overall efficiency and enabled Finance to reduce its head count during the year.

In addition, the team developed new value-added reporting that provides the Board and the senior management group with more timely financial insights into the Company’s performance and facilitates more accurate performance predictions.

As always, Finance also monitored the wider travel industry for regulatory, compliance and security developments that potentially impact members and in 2017/18 we raised awareness of several relevant issues.

These included the introduction in July 2017 of AFTA’s Chargeback Scheme (ACS), which provides travel agencies with protection against consumer debit and credit card chargebacks resulting from supplier insolvency. We have so far seen 33% of members sign up to this service.

Members were also alerted to IATA’s efforts to protect customers’ data through the launch of the Payment Card Industry Data Security Standard (PCI DSS), which requires companies that accept card payments (and store, process and transmit cardholder data) to host the information with a PCI compliant hosting provider.

Another issue affecting members and the Travellers Choice corporate office was Australia’s new Notifiable Data Breaches (NDB) scheme, which imposes notification obligations on any company with sales exceeding $3 million per annum in the event of data breaches. During the fiscal year Finance began developing its own data breach response plan, which will shortly be shared with members.

The Administration team is also responsible for supporting the executive and Business Development Managers in the planning and execution of key events.

During 2017/18 we invested additional time and resources in this area to improve members’ access to networking and training opportunities. This resulted in all states having access to ‘Frontliners’ events, which enable consultants to sharpen their sales skills, deepen their preferred product knowledge and share ideas and advice with colleagues.

Justin Michael
General Manager - Finance & Administration

MARKETING UPDATE

The successful roll-out of a more sophisticated and effective eDM platform, along with rising levels of engagement with all marketing support services, made 2017/18 a rewarding year for the Marketing team.

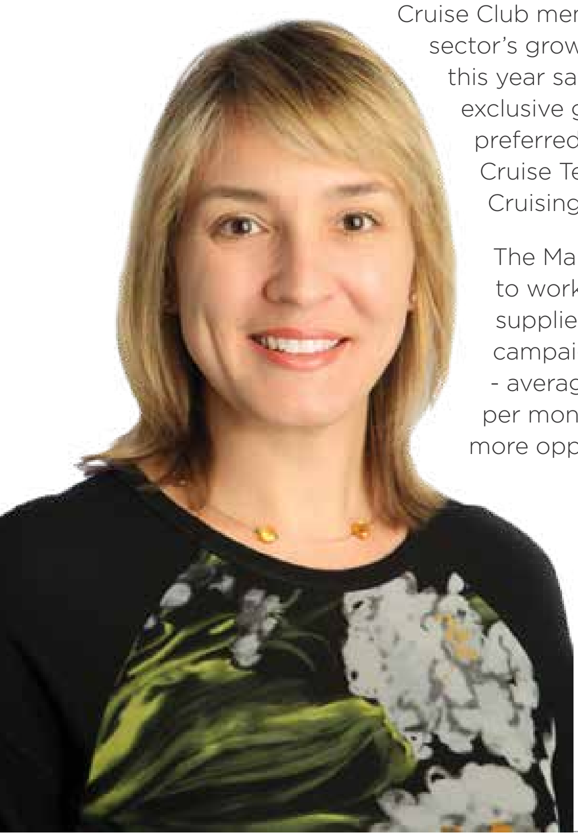
Now being used by more than 75% of members, TC Mail introduced valuable new functionality, including the ability to distribute more targeted email campaigns to segmented databases. To help members benefit from the capabilities of the new system, the Marketing team embarked on a number of strategies to encourage customers to update their preferences. At the same time, the introduction of A/B testing of email subject lines helped improve open and click-through rates.

The new eDM platform also provided members with immediate efficiencies by giving them the ability to outsource email promotions to the Marketing team – 50% of users have now opted for the managed version.

Requests for assistance with local area marketing (LAM) activities increased notably during 2017/18 – a trend driven in part by members' eagerness to highlight the group's exclusive preferred supplier arrangement with TripADeal.

Australia's cruise market continued to expand during the year and the Marketing team once again undertook a wide range of promotional and training activities to ensure Travellers Choice Cruise Club members shared in the sector's growth. A key development this year saw the introduction of exclusive group allocations with preferred wholesale partners The Cruise Team and SevenOceans Cruising.

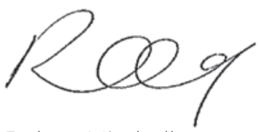
The Marketing team continued to work closely with preferred suppliers on consumer campaigns and agent incentives - averaging eight promotions per month – while also creating more opportunities for dedicated Travellers Choice educationals. In 2017/18 almost 160 consultants took part in educational journeys, exploring 19 destinations across Australia, the Pacific, Asia, the Middle East, Africa, Europe and the Americas.



Other initiatives this year included the launch of video tutorials, the introduction of separate eDMs addressing Sales and Marketing topics, and the implementation of content strategies for our trade and consumer communication channels.

The overall result was a steady rise in engagement during the year, suggesting the Company's new and enhanced marketing services are resonating with members.

Meanwhile, to support the Company's recruitment strategy, the Marketing team embarked on a sustained trade advertising campaign during 2017/18 through journal Travel Daily. As well as raising the Company's brand profile, the advertisements – along with regular posts on our LinkedIn page – drove traffic to our new-look trade website. Members will see further trade advertising and related B2B activity during the current year as we look to attract and secure new high-quality members.



Robyn Mitchell
General Manager - Marketing

SALES UPDATE

The introduction of the TC Business Toolkit, the creation of new training opportunities and some fresh recruitment strategies were just a few of the activities pursued by the Sales team during 2017/18.

A significant number of members have now utilised the Business Toolkit's selection of customised templates, which are designed to help members construct key planning documents and engage staff with their agency's goals. With the recent addition of new templates covering marketing plans and Profit and Loss statements I'm pleased to report that the Toolkit is almost full.

The Company's network of Business Development Managers was strengthened with the appointment of Paula Moylan for New South Wales and the Australian Capital Territory, and the expansion of Tim Bolton's role in Western Australia to full time. At the same time, team members undertook additional training to enhance their skill set, and worked together and with supplier partners to deliver new networking and educational opportunities, particularly in regional areas.

As always, attracting new high-calibre recruits remains a priority and in 2017/18 we implemented a range of initiatives designed to elevate the profile of our group and Business Development Managers. A new trade-facing website – offering a stream of engaging content – was introduced to more effectively communicate our value proposition and group benefits to potential members, while the Sales team engaged more vigorously with social media channels such as LinkedIn, allowing them to connect with prospective members in a more informal manner.

As a result we welcomed a number of outstanding new members to the group in 2017/18, all of whom are now contributing positively to our network and spreading the recruitment message through their own professional networks.

The Sales team is also responsible for identifying and cultivating supplier partners – a process that requires an understanding of members' needs, a keen reading of the market and a degree of perseverance and patience.

Our exclusive partnership with TripADeal – unveiled in September 2017 – perfectly illustrates the benefits that a healthy partnership can generate. While members initially took a cautious approach to TripADeal, the relationship has steadily blossomed and to date more than 115 members have actively sold TripADeal packages.

New customer presentation tools will facilitate further momentum, but the TripADeal arrangement is delivering more than short-term revenue. Members are also leveraging the partnership to add new customers to their databases and enhance their presence on social media channels – positioning their businesses for longer-term dividends.

Nicola Strudwick
General Manager - Sales

DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2018.

DIRECTORS

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

- Trish Ridsdale
- Sue Holmes (Resigned 17 November 2017)
- Phil Dalley
- Trinity Hastwell
- Mark Brady
- Christian Hunter
- Greg Close (Appointed 17 November 2017)

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

INFORMATION ON DIRECTORS

TRISH RIDSDALE

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

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

She has held a number of board positions including Commissioner on the Board of Tourism WA, board member of the Art Gallery of WA, the Curtin Graduate Business School Advisory Board and the Brightspark Foundation. She is currently an Independent Director of the RME Group of Companies.

SUE HOLMES

Sue Holmes worked for one of the world's leading tour operators in Australia and the UK before moving into the retail travel sector over 25 years ago.

In 1997 she launched her own company, Carine Travel Bug, and the agency, located in the northern Perth suburb of Duncraig, has since consistently ranked among Travellers Choice's top performing members.

More recently, Sue has expanded her business with the introduction of New Zealand specialists, N. Zed Holidays.

PHIL DALLEY

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

Phil was the ACT chairman of AFTA for a period during the 1990s, and is presently Deputy Chairman of the Travellers Choice Board and a member of the Strategic Issues Committee.

TRINITY HASTWELL

Trinity Hastwell joined the travel industry in 2005 while completing her final year of a Business Management degree at the University of South Australia, graduating in 2006 with a major in Marketing and minors in Public Relations and Tourism & Hospitality.

Trinity is a Director of Hastwell Travel & Cruise, a member of Travellers Choice for close on 25 years, with locations in Frewville and McLaren Vale in South Australia. In 2018 Hastwell Travel & Cruise was a finalist in the National Travel Industry Awards in the category of Best Retail Agency Multi Location.

Trinity is a graduate member of the Australian Institute of Company Directors and has previously been both Secretary and Vice-President of Skål International Adelaide Club.

Trinity is part of the Audit & Risk Committee.

MARK BRADY

Mark has more than 30 years' experience in the Australian travel industry, having joined Qantas in Sydney in 1982. He moved across to the retail travel sector in 1990, opening his first travel agency in Cairns.

A member of Travellers Choice now for nine years, today he owns three Travellers Choice member agencies: Ballina Cruise & Travel (NSW), Byron Cruise & Travel (NSW) and Tweed Coast Cruise & Travel (NSW).

Mark is a member of the Australian Institute of Company Directors and Chairman of the Audit & Risk Committee.

CHRISTIAN HUNTER

Christian has worked in the UK and Australian travel industries for more than 25 years and has been employed by Travellers Choice since 2004 in a number of managerial positions, including CEO. He joined the Board as Managing Director in November 2015.

Christian holds a Bachelor of Commerce degree from Curtin University and is a graduate member of the Australian Institute of Company Directors. He is presently a Director and Vice Chairman of the Australian Federation of Travel Agents (AFTA) and was previously Chairman of the Worldwide Independent Travel Network (WIN).

GREG CLOSE

Greg is the newest Director on the Board having been appointed in 2017. He is the owner of three Travellers Choice member agencies named Easy Travel and Cruise in: Murray Bridge (SA), Gympie (QLD) and Nambour (QLD); and a 50% owner of another Travellers Choice agency in Naracoorte (SA). Greg's first agency was originally part of the Jetset group and he joined Travellers Choice in 2011.

Prior to operating his own business, Greg was employed by Flight Centre's Cruiseabout brand as a 'fixer', spending time in underperforming stores, turning them around and then moving on to the next location.

This Directorship marks Greg's entry to participating on company boards. He is a creative thinker, a strong marketer and a few years ago won Cruise Lines International Australasia's (CLIA) award for the best cruise promotion.

Greg is part of the Audit & Risk Committee.

JACQUI WILSON-SMITH

Jacqui Wilson-Smith has participated as a Board Advisor to Travellers Choice since 2016.

Jacqui has been driving strategy and innovation in food, drinks and agribusiness since 1995 when she switched from being an accountant with Ernst & Young into a disruptive innovator. Today, she is the Global Innovation Manager for USA-based Fortune 1000-company, McCormick, the parent company of Australian herb and spice brand, Gourmet Garden.

She is also Co-Founder and Chair of Food & Agribusiness Network (FAN), a member of Queensland's Manufacturing Ministerial Committee and was the 2017 Queensland recipient of the AgriFuture's Rural Woman's Award.

Jacqui is Chairman of the Strategic Issues Committee.

DIRECTORS' MEETINGS

Directors' meetings attended during the year:

	NUMBER OF MEETINGS	
	Eligible to attend	Attended
Trish Ridsdale	6	6
Sue Holmes (Resigned 17 November 2017)	2	2
Phil Dalley	6	6
Trinity Hastwell	6	6
Mark Brady	6	6
Christian Hunter	6	6
Greg Close (Appointed 17 November 2017)	4	4
Jacqui Wilson-Smith	6	6

COMMITTEE MEETINGS

Committee meetings attended during the year:

	AUDIT & RISK COMMITTEE	
	Eligible to attend	Attended
Sue Holmes (Resigned 17 November 2017)	1	1
Phil Dalley	2	2
Trinity Hastwell	1	1
Mark Brady	3	3
Greg Close (Appointed 17 November 2017)	2	2
Christian Hunter (Executive Representative)	3	3

	STRATEGIC ISSUES COMMITTEE	
	Eligible to attend	Attended
Trish Ridsdale	2	2
Phil Dalley	2	2
Trinity Hastwell	1	1
Jacqui Wilson-Smith (Board Advisor)	3	3
Christian Hunter (Executive Representative)	3	3

DIRECTORS' INTERESTS

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

	Ordinary Shares
Greg Close	700
Sue Holmes	915
Phil Dalley	1,200
Trinity Hastwell	2,000
Mark Brady	10,000
Trish Ridsdale	-
Christian Hunter	-

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

OPERATING RESULTS

The Company produced an operating profit before providing for income tax for the financial year of $1,525,904. After providing for income tax a profit was produced, amounting to $1,557,476 (2017: $1,693,913).

REVIEW OF OPERATIONS

The financial period commenced on 1st July 2017.

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

The Directors have authorised the following distribution of pre-tax profits to be paid in the 2018/19 financial year:

- A distribution based on member support of preferred airlines amounting to $783,041
- A distribution based on member support of wholesale suppliers amounting to $694,395
- A dividend payment of 5.0% of shareholding amounting to $22,564

PRINCIPAL ACTIVITIES

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

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

SHARE OPTIONS

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

INDEMNIFICATION & INSURANCE OF OFFICERS & AUDITORS

A deed of indemnity has been executed by all Directors and Officers. Directors & Officers Liability insurance premiums have also been paid, totalling $4,720 inclusive of GST, Stamp Duty and all fees.

ENVIRONMENTAL REGULATION

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

EVENTS SUBSEQUENT TO REPORTING DATE

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

DIVIDENDS & TRADING REBATES

Dividends of $22,212 and two trading rebates of $792,348 and $682,457 were paid in 2017/18.

LIKELY DEVELOPMENTS

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

PROCEEDINGS ON BEHALF OF COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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

Director P. Ridsdale

Name: Trish Ridsdale

Dated this 19th day of September 2018

AUDITOR'S INDEPENDENCE DECLARATION

Anderson Munro & Wyllie
CHARTERED ACCOUNTANTS, REGISTERED COMPANY AUDITORS AND REGISTERED SMSF AUDITORS
Postal Address:
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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TRAVELLERS CHOICE LIMITED

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 there have been:

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

Anderson Munro + Wyllie

ANDERSON MUNRO & WYLLIE
Chartered Accountants (Auditor registration number 314299)

MARTIN SHONE
Principal

Perth, WA

Dated this 19th day of September 2018

TRAVELLERS CHOICE LIMITED CORPORATE GOVERNANCE STATEMENT

OVERVIEW

The Board of Travellers Choice Limited (Travellers Choice, the Company) governs the business on behalf of its member/shareholders with the prime objective of protecting and enhancing member/shareholder value. The Board is committed to the highest standards of ethics and integrity and ensures that the senior management group runs the Company in accordance with these standards.

This Corporate Governance Statement is for the information of the shareholders/members on whose behalf the Board operates. The statement has been approved by the Board and outlines the main corporate governance practices employed by the Company. As a proud cooperative in the travel industry, the Company endorses the Co-operative and Mutual Enterprise (CME) Governance Principles developed by the Business Council of Co-operatives and Mutuals (BCCM) in partnership with the CME 100 Chairs' Forum.

These Principles and Recommendations were released in July 2018 and a copy can be accessed at bccm.coop/what-we-do/governance-principles.

Where the Company has not adopted a particular recommendation, a detailed explanation is provided. This statement is current at 30 September 2018.

PRINCIPLE 1 CREATE, PROTECT AND RETURN MEMBER VALUE

Travellers Choice acts on behalf of its members to achieve its agreed purpose by pursuing the sustainable creation, protection and return of value to current and future members.

The Board is responsible for:

a) Developing a clear set of strategic objectives designed to ensure the sustainable creation, protection and return of value for current and future members, consistent with its governing documents, purpose and primary activities;

b) Obtaining collaboration and support for these strategic objectives from the membership;

c) Monitoring and reviewing the activities undertaken towards the Company's strategic objectives; and

d) Reporting regularly to members as to the achievement of goals associated with delivery of strategic objectives.

The Board uses its annual member meetings and annual conference to communicate with members from time to time the strategic objectives developed by the Board and performance against these. In addition, from this year, the strategic framework is included in the Annual Report of the Company.

PRINCIPLE 2 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Travellers Choice establishes and discloses the respective roles and responsibilities of its Board and management and how their performance is monitored and evaluated.

The relationship between the Board and senior management group is critical to the Company's long-term success. The Board is responsible for the performance of the Company in both the short and longer term and seeks to balance sometimes competing objectives in the best interests of the Company as a whole. The key aims of the Board are to ensure that the Company is properly managed to mitigate risk and has an appropriate corporate governance structure to ensure the creation and protection of members' value. The role and responsibilities of the Board, the Chairman and individual Directors are set out in the Company's Corporate Governance Charter. A copy of this Charter is available on travelagentschoice.com.au.

Board Accountability to Members
The members/shareholders of Travellers Choice determine who is a Director and the total remuneration paid to the Board. In accordance with the Company's constitution, the majority of Board Directors are members of the Company. The experience of all Board members and their attendance at Board and committee meetings is highlighted in the Annual Report.

Due Diligence on Board Appointments
Prior to a director appointment, the Board ensures that:

a) The appropriate checks, including background and reference checks, are conducted before appointing a person, or putting forward to members a candidate for election as a Director or officer of the Company; and

b) Directors clearly understand the responsibilities and requirements of the role, along with the potential liabilities. The Company provides each new prospective Director with all material information in its possession that can assist the candidate and members, relevant to a decision on whether or not to elect or re-elect a Director.

Terms of Appointment
The Company's Corporate Governance Charter clearly sets out the duties and obligations of being a Director and the expectations of the role. The constitution determines the length of the appointment to the Board. It has been customary to have a written agreement in place for non-member Directors. In future, this will apply to all member Directors also.

A written agreement is in place for the CEO and the senior management.

Company Secretary
The secretary of Travellers Choice is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The CEO has been the company secretary for several years. This role is transitioning to the General Manager Finance & Administration who has attended company secretary training at the Governance Institute of Australia.

Gender and Cultural Diversity
Travellers Choice is mindful of gender and cultural diversity. It supports commitment towards creating an inclusive workplace that embraces and promotes diversity. Due to its size, the Company is not considered to be a 'relevant employer' under the Workplace Gender Equality Act, however, it does meet the most recent 'Gender Equality Indicators', as defined in and published under that Act.

As at 30 June 2018, female representation at Travellers Choice was as follows:

- 71% of the total workforce;
- 50% of senior management personnel; and
- 43% of the Board.

Board Performance

Travellers Choice annually reviews the performance of the Board, its committees and individual Directors. This review is either conducted internally facilitated by the Chairman or with the assistance of an external expert to gauge how the Company's governance practices compare to contemporary practice.

In addition, the Board includes an assessment of every Board meeting as a standard part of its meeting agenda.

PRINCIPLE 3 STRUCTURE THE BOARD TO ADD MEMBER VALUE

Travellers Choice has a Board that meets the organisation's requirements, is of an appropriate size, diversity and composition, and has the skills and commitment to discharge its duties and responsibilities effectively.

Board Composition

There are currently seven members of the Board (six registered and one de facto), with four member Directors and three non-member Directors. Of the three non-member Directors, two are considered independent. In accordance with the Company's constitution, member Directors hold the majority of Board positions at all times.

Further detail regarding the Directors' qualifications, special responsibilities, skills, experience and expertise (including the period of office held by each Director) and length of each Director's tenure is set out in the Directors' Report in the Annual Report.

Board Committees

There are currently two committees of the Board:

(a) The Audit & Risk Committee (which provides oversight of the financials and risk issues relevant to the Company's success); and

(b) The Strategic Issues Committee (which keeps a watching brief on emerging social, technological, customer and competitor issues that may have an impact on the Company now and into the future).

Travellers Choice does not have a nomination committee and chooses to conduct Board succession planning work using the full Board.

The Board uses a skills matrix and member persona profiling to consider the types of skills and experience that would benefit the Board composition in achieving the Company's strategic objectives.

The Board considers these when considering potential candidates to join the Board.

The matrix is also a tool for identifying professional development opportunities for existing Directors to develop and maintain the skills and knowledge required to effectively perform their role as Directors.

Role of the Chair

Travellers Choice has elected to have an independent Chairman for the past eleven years to augment the skills and experience of the Board. The role of the Chairman is an important leadership position which leads the communication with shareholders, mentors and guides the CEO, and facilitates effective decision making by the Board.

The current Chairman is standing down in November 2018 and is expected to be replaced by another experienced, independent Director.

Induction Program for Directors

Travellers Choice has a formal program for inducting new Directors. This process provides appropriate learning prior to commencing the role. The Company aims to provide opportunities for Directors to develop and maintain the skills and knowledge needed to effectively perform their role as a Director.

PRINCIPLE 4 ACT ETHICALLY AND RESPONSIBLY

Travellers Choice acts ethically and responsibly in relation to its members and other stakeholders.

Code of Conduct
A code of conduct for the Board of Directors is included in the Company's Corporate Governance Charter.

Expected standards of conduct for staff are outlined in the Company's Employee Handbook, which is provided to all employees.

Whistleblower Protection Policy
Given the size of the organisation, the Company has not previously developed a formal policy regarding whistleblower protections.

This will now be developed and communicated to ensure that employees are encouraged to report concerns in relation to illegal, unethical or improper conduct in circumstances where they may be apprehensive about raising their concern because of fear of possible adverse repercussions.

PRINCIPLE 5 SAFEGUARD INTEGRITY IN CO-OPERATIVE AND MUTUAL ENTERPRISES (CME) REPORTING

Travellers Choice has formal controls and rigorous processes that safeguard our assets, provide independent attestations to members of the integrity of our financial processes and disclosures, and can demonstrate alignment with purpose.

Audit & Risk Committee
The Audit & Risk Committee plays an important role in assisting the Board to provide oversight of the financial performance of the Company and the integrity of performance reporting.

The Chairman of the Committee is selected based on skill, experience and capability to perform the role. The current Chairman is a member Director. In the past, the Chairs have been both member Directors and independent Directors.

The terms of reference of the Audit & Risk Committee are detailed in the Company's Corporate Governance Charter.

Financial Statements
Historically, the Board of Travellers Choice has not received attestations from senior management in relation to financial statements.

However, a process will be implemented whereby prior to the Board approving the entity's financial statements for a financial period, it will receive a declaration from its Managing Director and General Manager Finance & Administration, attesting, in their opinion, that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards, give a true and fair view of the financial position and performance of the entity, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Annual General Meetings and Audits
Travellers Choice has an Annual General Meeting (AGM) prior to 30 November each year. The AGM is part of the Travellers Choice Conference each year which all members are encouraged to attend. The conference enables all members to network, be informed and developed, and ask questions of the Board and the senior management group.

Members who are unable to attend the AGM have the opportunity to declare a proxy for their vote on all matters dealt with at the AGM.

The Board closely monitors the independence of the external auditors. Each year (usually in August), the Company's lead audit partner attends a Board meeting in person or by teleconference to assist Directors with their assessment of year-end financial reports. Part of this meeting includes a Board-only session with the auditor, providing Directors with unfettered access to ask any questions regarding the audit, financial statements or cooperation of staff during the audit process.

The auditor does not usually attend the annual meeting of the members. Members have to date not requested further access to the auditor and incurring additional costs associated with the auditor attending the AGM have been deemed unnecessary.

However, should there be issues out of the ordinary, or requests received from the members, the auditor's attendance would be arranged.

PRINCIPLE 6 MAKE TIMELY AND BALANCED DISCLOSURE

Travellers Choice makes timely, transparent and balanced disclosure of all matters that a reasonable person would expect to have a material effect on the value received from ongoing membership and/or the interests of members and other stakeholders.

Twice each year, the Company's Chairman and Managing Director update the membership in person on matters relevant to the industry and the Company's performance. These meetings occur at the Shareholder Forum (immediately following the AGM) and at mid-year Member Meetings held around the country.

The Company ensures that members have access to information relevant to Travellers Choice that includes but is not limited to the following:

a) Financial and operating results of the Company;
b) Names of Directors and key executives;
c) Information about material and foreseeable risk factors;
d) Material issues regarding employees and other stakeholders; and,
e) The Company's governance structures and policies.

PRINCIPLE 7 RESPECT THE RIGHTS OF MEMBERS AND OTHER STAKEHOLDERS

Travellers Choice respects the rights of its members and other stakeholders by enabling them to access information and, where appropriate, education and training to allow them to exercise those rights effectively.

Member and Stakeholder Communications
The Company provides information about itself and its governance to members and other stakeholders via travelagentschoice.com.au.

Member Engagement
The Company designs and implements a member engagement program to facilitate effective two-way communication with members.

This includes regular updates to the membership by the Managing Director, a member Facebook group, regular visits and contacts by Travellers Choice Business Development Managers, regular member gatherings in each state and an open culture where members have direct access to the management team and are free to raise any queries.

General Meetings
The Company promotes effective communication with the Company's member shareholders and encourages member shareholder participation at AGMs. To ensure participation, a member shareholders' forum is held immediately after the AGM, enabling members to ask questions of the Board of Directors and senior management.

The Company ensures that the explanatory notes accompanying its Notices of Annual General Meeting provide shareholders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director at an AGM. The Chair ensures that shareholders are provided with the opportunity to question the Board concerning the operations of the Company at the AGM and other shareholder meetings.

Electronic Communications
The Company's preferred method of communication is electronic, and all member correspondence is distributed in this format.

PRINCIPLE 8 RECOGNISE AND MANAGE RISK

Travellers Choice has established a sound risk management framework which is periodically reviewed for its effectiveness in relation to the creation, protection and return of member value.

The Company has a written policy in place for the oversight and management of its material business risks. The Company takes a proactive approach to risk management.

Role of the Board and Audit & Risk Committee
The Board and Audit & Risk Committee are primarily responsible for ensuring that risks are identified and reviewed in a timely manner. A copy of the Audit & Risk Committee Charter is included in the Corporate Governance Charter available on travelagentschoice.com.au.

Under the Risk Management Policy, the Board and the Audit & Risk Committee are responsible for the following:

The Board is responsible for:

- Overseeing and approving the establishment and implementation of the Company's risk management, internal controls and compliance systems;
- Reviewing the effectiveness of the Company's risk management, internal control and compliance systems at least annually, and satisfying itself that management has developed and implemented a sound system of risk management and internal control; and
- Approving the delegations of authority for day-to-day management of the Company's operations.

The Audit & Risk Committee is responsible for assisting the Board with regard to:

- The reliability and integrity of information for inclusion in the Company's financial statements;
- Company-wide risk management;
- Compliance with legal and regulatory obligations, including audit, accounting, tax and financial reporting obligations; and
- The integrity of the Company's internal control framework.

The Board reviews the risk profile of the Company at least annually and risk information is a critical input to the Board's annual strategic planning activities.

The Company's senior management also plays a significant role in identifying, assessing, monitoring and managing risks. They are responsible for assisting the Audit & Risk Committee to ensure that robust risk management exists across the organisation. The senior management team ensures that a sufficient level of risk analysis is applied to critical decisions and provides assurance to the Audit & Risk Committee that risk processes at all levels are effective and compliant with the Audit & Risk Committee Charter.

Internal Audit

The Company does not have or engage an internal audit function although it does have the capacity to engage independent, expert consultants to conduct internal audit work on its behalf if required.

Sustainability Reporting

Risks relating to the economic, environmental and social sustainability of the business are incorporated into the risk profile of the Company. The Company does not report these separately as a Sustainability Report but consideration will be given to doing so in the future.

PRINCIPLE 9 REMUNERATE FAIRLY AND RESPONSIBLY

Travellers Choice pays Director remuneration sufficient to attract and retain high quality member and independent Directors. The Company designs its executive remuneration to attract, retain and motivate high quality senior executives and employees, and to align their interests with the creation of value for members and other stakeholders.

The Board does not have a Remuneration Committee and elects to perform the work of allocation of Director fees, senior management remuneration and performance assessment as a full Board.

Directors

The annual total of fees paid to Non-Executive Directors is set by the Company's shareholders and allocated as Directors' Fees by the Board on the basis of the roles undertaken by the Directors.

Full details of Directors' remuneration appear in the Financial Statements of the Annual Report. These fees are inclusive of statutory superannuation contributions. No retirement benefits and no equity-based remuneration scheme exist for Non-Executive Directors.

Senior Management

Remuneration for senior management is generally set to be competitive, so as to both retain executives and attract appropriately skilled executives to the Company. Remuneration comprises a fixed cash element and modest variable incentive components.

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

Name	CASH SALARY AND FEES		SUPERANNUATION BENEFITS		TOTAL REMUNERATION	
	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 2018	CARRYING VALUE 2017	FAIR VALUE 2018	FAIR VALUE 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:
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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

TRAVELLERS CHOICE
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