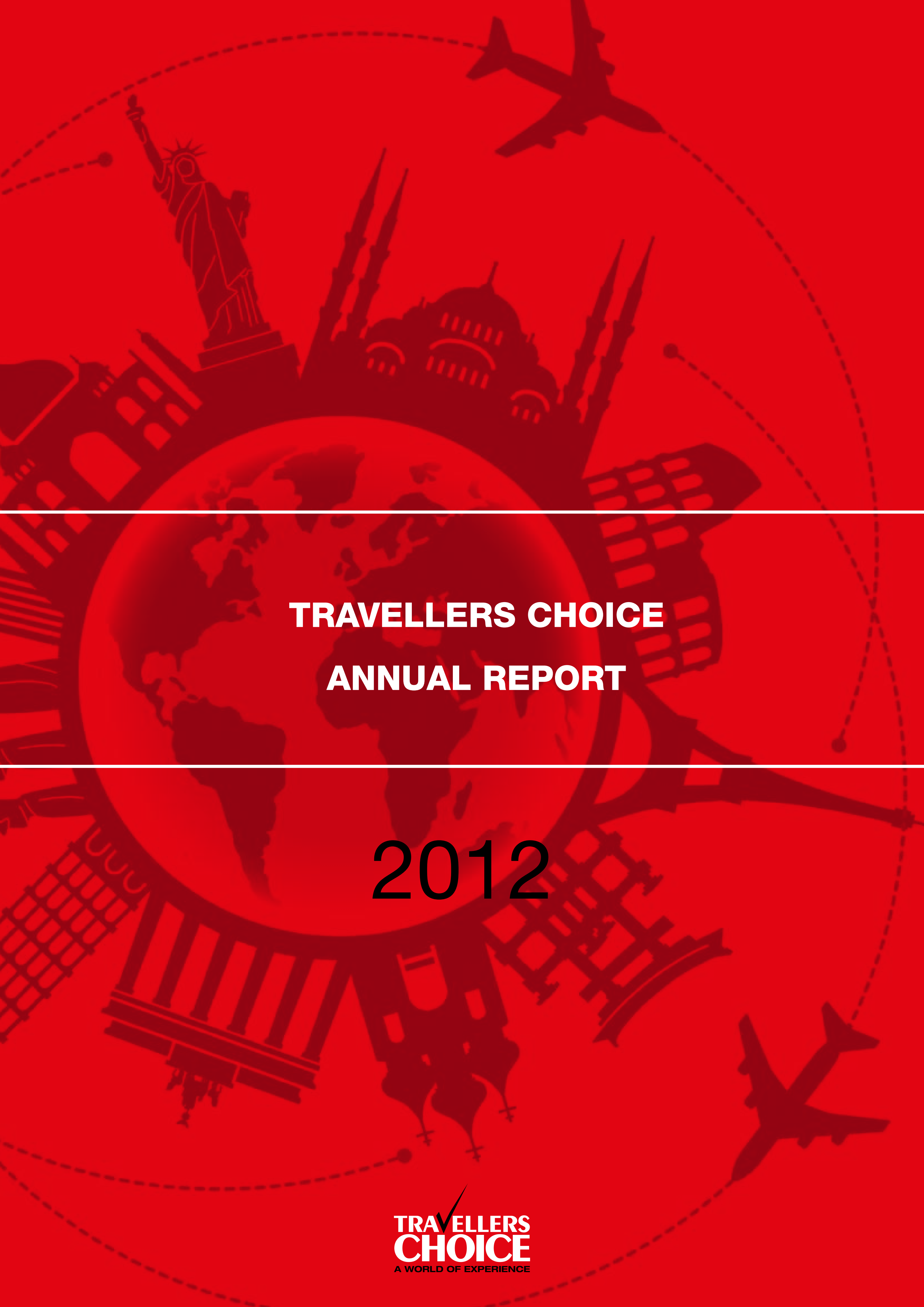


TRAVELLERS CHOICE ANNUAL REPORT

2012

TRAVELLERS CHOICE
A WORLD OF EXPERIENCE

OUR PURPOSE

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

OUR POSITION

The champion of quality independent travel agents in Australia.

UNIQUE SELLING PROPOSITION

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

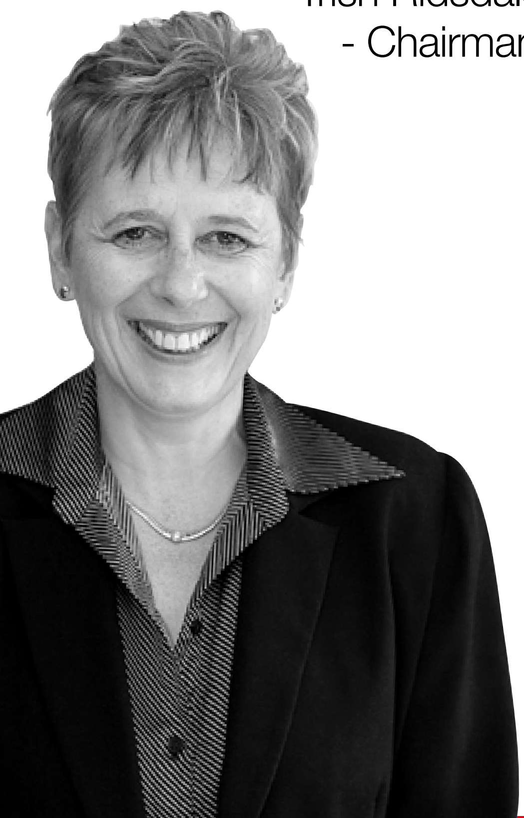
CONTENTS

CHAIRMAN'S STATEMENT

There is an old sporting axiom that 'a great team will always triumph over a team of greats'. The past 12 months have once again shown that when it comes to working collaboratively Travellers Choice members are hard to beat.

THE MOST SIGNIFICANT ISSUE REMAINS THE ONGOING IMPACT OF THE INTERNET

Trish Ridsdale - Chairman



While demand for international travel remained steady this year, helped in theory by a strong Australian dollar and some competitive pricing, the reality is that travel agents continued to operate in a challenging market place.

Intense competition, particularly in the airline sector, saw additional capacity and low-cost competitors put pressure on prices, affecting yield. While sales increased for products such as river cruising, these were offset by waning interest in some traditional favourites.

Perhaps the most significant issue remains the ongoing impact of the Internet. While most travellers still look towards travel agents for help with more complex itineraries, online competitors continue to increase their market share by luring customers with attractive deals and increasingly sophisticated product and service offerings.

Travellers Choice members are responding in a number of ways, including using their knowledge and experience to launch highly-targeted and cost-effective local area marketing initiatives.

In addition, the Company's digital marketing strategy is helping members enhance their online profiles, build client databases and convert website visitors into sales leads. Activity is now focused on social media, Search Engine Optimisation and Search Engine Marketing, which will assist Travellers Choice and its members to compete in the important digital sphere.

I'm pleased to report that members are also adopting an increasingly disciplined and proactive approach to supporting our range of preferred suppliers, which continues to expand thanks to our unique Collective Purchasing Agreement (CPA) with the Jetset Travelworld Group (JTG).

This network-wide focus on directing business to preferred suppliers - evidenced by the increased use of our Member Sales Analysis reporting tool - helped underpin our 2011/12 financial performance, which included a final pre-tax operating profit of $727,553.

This result may have fallen short of our previous record result for 2010/11 - largely due to competitive factors that were compounded by pressures on pricing and inevitably hampered our ability to meet some ambitious growth targets - yet it was a solid performance and represented our 35th year of consecutive profits.

For 2011/12 the Board has declared an unfranked dividend of 5 per cent on issued capital (being 25 cents per share), with the remainder of 2011/12 profits being distributed to members based on sales support for preferred agreements.

The market will remain highly competitive over the next 12 months, and there are signs that the Australian economy is softening. The global backdrop is also sombre, with Europe still moribund, the United States experiencing a slow recovery and China showing signs of a slowdown.

Based on these current expectations for challenging trading conditions, the Board has been conservative in its expectations for FY 2012/13, with no significant growth expectations.

Travellers Choice has long benefited from a stable and experienced management team and in 2012 newly installed Chief Executive Officer Christian Hunter led the Company with clarity and vigour.

Christian leads a youthful but highly-experienced senior management group that includes Marketing Manager Robyn Mitchell and Sales Development Manager Leith Poad. Each member contributes invaluable skills and insight, as well as a shared understanding of the unique Travellers Choice culture.

On behalf of the Board and shareholders I would like to thank the senior management team and all staff for their enthusiasm and dedication over the past financial year.

My fellow Directors - Anni Baillieu, Mark Hastwell, Cathy Barnett, Sue Holmes and Gary Allomes - also deserve to be recognised for once again fulfilling their duties with the highest levels of professionalism.

Finally I would like to express my appreciation to you, our shareholders, for the respect and trust you continue to show your Board, management and staff.

I have said many times that Travellers Choice punches above its weight. It does so because its members work together and share a passion for a wonderful Company. It is the secret of our success and it will continue to be.

P. Ridsdale

Trish Ridsdale
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

MEMBERS' DATABASES ARE THEIR SINGLE BEST ASSET

Christian Hunter
- Chief Executive Officer

2011/12 in review

In my first year as Chief Executive I've had the great pleasure of speaking personally to a majority of Travellers Choice members.

As well as visiting individual travel agents whenever possible, I travelled around Australia as part of our annual member meetings in July, and was lucky enough to accompany Choice Award winners on educationals to Southern Africa and New Zealand.

All of these experiences have provided me with further insight into the key issues facing our members and our Company, and allowed me the opportunity to gather feedback on many of the activities and strategies we have pursued over the past 12 months to generate new sales and marketing opportunities for members.

Following is a summary of some of the key developments for Travellers Choice during what has certainly been an eventful year:

Travellers Choice Insurance Services (TCIS)

The Travellers Choice Board took the decision this year to wind up Travellers Choice Insurance Services (TCIS) – a joint venture with Cover-More that operated as a separate entity, accredited with its own licence and trading in its own right.

Our Company continues to enjoy a strong and well-established commercial agreement with Cover-More, and in July also entered into a new and additional travel insurance preferred supplier relationship with Allianz Global Assistance.

Working with two leading insurance providers has given those members who are qualified under the Financial Services Reform Act the ability to offer customers a choice of insurance products and ensured that our Company maximises sales of preferred products.

Evolving member services

In 2012 we continued to pursue our successful Digital Marketing Strategy, with the focus progressing to social media and Search Engine Optimisation.

We now have a presence on Facebook and Twitter, and are using a range of strategies and promotions to attract and engage existing and potential customers.

Sydney-based digital marketing specialist Blackglass is also now working with our marketing team to boost traffic to the corporate website and members' websites, and convert visitors into sales leads for members. In addition, their expertise is being used to help grow the Company's and members' email databases.

This activity builds on last year's revamp of our corporate website and the roll-out of high-quality, low-maintenance websites developed for individual members using innovative 'Site builder' technology.

We now have more than 40 individually-branded or co-branded member websites live or currently in development. These sites are automatically populated with products, offers and subscription incentives from the corporate website, while members can also regularly upload their own special deals and promotional activities.

During 2012 our marketing team also worked closely with members to implement a wide range of highly-effective local area marketing initiatives. The return on investment for every campaign was rigorously assessed, and new guidelines were introduced to ensure all current and future activities take into account prior evaluations. This has contributed to some encouraging results and will help scope future activities.

Another major development in the digital arena was the enhancement of our sophisticated email marketing system, TC Direct. These changes have improved the system's usability, seen more members regularly interfacing with the system, and produced a significant increase in the number of emails sent on a monthly basis. Members' databases are undoubtedly their single biggest asset and it is fantastic to see these assets being utilised to a much greater capacity and with excellent results.

Travellers Choice Cruise Club

The Australian cruise industry's extraordinary growth shows no signs of faltering.

The annual Australian Cruise Industry Report, released earlier this year by the International Cruise Council Australasia (ICCA), showed that in 2011 the number of Australians taking a cruise holiday surged by a record 34 per cent to reach an all-time high of 623,294.

Australia's growth outstripped all other major international markets, with the US recording a 4 per cent rise in passengers and the UK reporting a 5 per cent increase.

According to the report, the number of Australians taking a cruise has now almost tripled over the past five years. Unsurprisingly, competition for this business is fierce and new booking channels are constantly emerging.

The Travellers Choice Cruise Club helps members tap into this important market, with members receiving a range of support services, including free of charge ICCA training, regular newsletters and cooperative marketing opportunities, and a dedicated Cruise Club website offering in-depth information on ships, destinations, voyages and cruise lines.

Many members now incorporate the Cruise Club site into their own websites, giving clients the ability to search for cruise holidays before making an online enquiry or speaking with a qualified consultant.

This year the Cruise Club assisted many members with local area cruise marketing activities including successful expos, film nights and high teas. A new monthly 'Hot Deals' flyer was also introduced.

The Travellers Choice Cruise Club now includes over 110 members, with many having achieved accreditation through the ICCA (among them 24 consultants currently holding Masters accreditation).

WIN

The Worldwide Independent Travel Network (WIN) was created almost 30 years ago to bring together like-minded independent travel organisations.

CHIEF EXECUTIVE OFFICER'S REPORT
(CONTINUED)

100% OF PROFITS DISTRIBUTED TO MEMBERS

WIN has expanded significantly in recent years and today represents more than 6,000 agency members across more than 30 countries.

Two years ago Travellers Choice became one of just four shareholders in the organisation, joining retail groups in the UK, Germany and South Africa.

This year I represented Travellers Choice at the WIN shareholders' meeting in Cape Town, where the company announced an unaudited profit of GBP140,000. This result will return a shareholders dividend to Travellers Choice upon completion of the current audit.

Marketing Manager Robyn Mitchell and I also took the opportunity to attend the 2012 conference of Advantage Travel Centres, the UK's largest independent travel group and a fellow member of WIN.

The event gave us the opportunity to hear from leading experts in a wide range of fields, including marketing, technology and consumer trends.

Solid financial performance

Downward pressure on pricing, combined with ever increasing levels of competition, particularly from direct and online competitors, made it difficult for the Company to achieve sales in line with last year's record result. However, a network-wide focus on supporting our expanded range of strategic suppliers helped deliver an operating profit for the 35th consecutive year.

- Pre-tax net profit of $727,553
- Approval of a 25 cents per share unfranked dividend
- 100% of profits distributed to members
- Share capital and reserves for 2011/12 of $1.267 million
- TCF ratios as at 30 June 2012 showing maximum points achieved for both TCF and IATA requirements

Membership

Travellers Choice has never had any difficulty attracting high-quality members, and we are aware of continued interest in our Company among rival networks.

It is fair to say, however, that this is a challenging period for recruitment. Consolidation of the retail networks, combined with our closer commercial relationship with the Jetset Travelworld Group (JTG), has reduced the opportunities and incentives for agents to change allegiances.

At the same time, demographic factors have seen many outstanding candidates depart the industry, while relatively few young agents take their place. In essence, the gene-pool of potential members is now rather narrow.

Nevertheless, our low fee business model, expanding range of member support services, co-branding strategy and unique ownership structure mean that Travellers Choice remains an attractive option, and we are continuing to adopt a discreet and highly-selective approach to recruiting smart, independent travel agents.

At the same time, our focus remains firmly on working even more closely with all existing members to further increase our preferred supplier selling strike-rate.

Management and staff

One of the reasons I have been able to consult so closely and regularly with members this year is because of the support I have received from the senior management team, which comprises Marketing Manager, Robyn Mitchell and Sales Development Manager, Leith Poad.

Robyn's and Leith's experience and expertise has been invaluable in ensuring the Company's successful pursuit of its business objectives, and in delivering well-informed strategic business recommendations and advice to the Board.

I would also like to thank our Business Development Managers (BDMs) - Sharon Richardson, Andrea Moore, Melissa Robertson, Simon Lang and Bruce Russ – for their unwavering dedication to nurturing and growing their respective state networks. Finally, it would be remiss of me not to acknowledge all of our corporate office staff, who have once again worked with enormous efficiency and enthusiasm on behalf of the Company and its members.

Robyn Mitchell
Marketing Manager

Leith Poad
Sales Development Manager

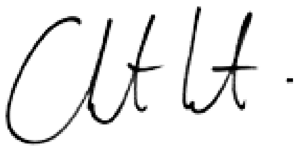
Strategies for the future

The challenges which faced Travellers Choice in 2012 are likely to remain during the next 12 months, in particular the impact of online operators, a slowing economy and limited opportunities for expansion through recruitment.

For that reason our focus will remain on capitalising on our relationships with a broad stable of preferred suppliers, as well as refining and improving the delivery and quality of member support services.

Over the past few years we have also developed a trusted and mutually beneficial relationship with JTG. I believe this arrangement will continue to deliver dividends for both parties as we work together to identify and realise commercial opportunities.

Thank you for your friendship and support this year. I look forward to working even more closely and cooperatively with all members as together we rise to meet challenges and seize the exciting opportunities ahead.



Christian Hunter
Chief Executive Officer

DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2012.

DIRECTORS

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

- Trish Ridsdale
- Mark Hastwell
- Anni Baillieu
- Cathy Barnett
- Gary Allomes
- Sue Holmes

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

Gary Allomes retired from his position as Managing Director on 31 December 2011, but has retained his Board position as an independent non-member Director.

INFORMATION ON DIRECTORS

TRISH RIDSDALE

Trish Ridsdale has been an independent Director on the Board of Travellers Choice since 2005 and has been the Chairman since 2007. She is also the Managing Director of Board Business, a specialist consultancy firm which specialises in executive coaching, corporate governance, risk management and strategic advisory services. She holds Director positions on a number of Boards including the Art Gallery of Western Australia and the Brightspark Foundation and between 2007 and 2012 was also a Commissioner on the Board of Tourism WA.

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

MARK HASTWELL

Mark Hastwell has been a Director of Travellers Choice since 1997 and served as Chairman of the Board between 2001 and 2007. Mark has also been a Director and Chairman of Travellers Choice Insurance Services Pty Ltd. In a career spanning almost four decades, Mark has gained broad knowledge and experience as the owner and operator of successful businesses in the advertising, marketing, publishing, wine and travel industries.

ANNI BAILLIEU

Anni brings 33 years of varied travel industry experience to the Travellers Choice Board. She has worked in both the airline and retail sectors in a number of capacities, from front-line travel consultant to Managing Director of her own agency, Moss Vale Cruise & Travel, which she has operated since 1990. Anni was also a board member of Tourism Southern Highlands, NSW from 1993-1995.

CATHY BARNETT

Cathy has worked in the travel industry for almost 30 years. For much of that time she has held management roles within a variety of respected travel companies in Australia and the UK, with a strong focus on sales and training. For the past nine years Cathy has owned and operated a successful corporate and leisure travel agency, Traveltime Now, based on Queensland's Sunshine Coast.

SUE HOLMES

Sue Holmes worked for one of the world's leading tour operators in Australia and the UK before moving into the retail travel sector almost 20 years ago. In 1997 she launched her own company, Carine Travel Bug, and the agency, located in 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.

GARY ALLOMES

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

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

DIRECTORS' MEETINGS

Directors' meetings attended during the year:

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

DIRECTORS' INTERESTS

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

	Ordinary Shares
Mark Hastwell	2,000
Anni Baillieu	1,696
Sue Holmes	915
Cathy Barnett	343
Trish Ridsdale	-
Gary Allomes	-

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

DIRECTORS' REPORT (CONTINUED)

TRAVELLERS CHOICE INSURANCE SERVICES PTY LTD (TCIS)

Mark Hastwell and Christian Hunter are the Travellers Choice representatives on the Board of TCIS. Mark Hastwell is Chairman of the TCIS Board. The TCIS joint venture was dissolved on 30 June 2012.

OPERATING RESULTS

The Company produced an operating profit for the financial year of $727,553. After providing for income tax a profit was produced, amounting to $682,971 (2011: $943,926).

REVIEW OF OPERATIONS

The financial period commenced on 01 July 2011.

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

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

- A distribution based on member support of preferred airlines amounting to $385,000
- A distribution based on member support of all strategic suppliers amounting to $316,447
- A dividend payment of 5% of shareholding amounting to $26,076

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

No indemnities have been given, but Directors' Liability Insurance premiums have been paid during the financial year for the Directors and Officers of the Company.

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 $26,076 and two trading rebates of $385,000 and $316,447 have been declared since 30 June 2012. During the year dividends of $34,950 were paid.

LIKELY DEVELOPMENTS

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

PROCEEDINGS ON BEHALF OF COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

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

Director P. Ridsdale

Name: Trish Ridsdale

Dated this 26th day of September 2012

AUDITOR'S
INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2012

Anderson Munro & Wylie
CHARTERED ACCOUNTANTS
Unit 8 / 7 Hector Street, Osborne Park WA 6017
PO Box 1357, Osborne Park WA 6916
Phone: (08) 9445 9955 Fax: (08) 9445 9966
ABN 59 125 425 274
Website: www.amwaudit.com.au
Liability limited by a scheme approved under Professional Standards Legislation

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 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

BILLY-JOE THOMAS
Director

Osborne Park, WA

Dated this 27th day of September 2012

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012	2011
		$	$
Revenue	2	4,275,644	4,465,269
Cost of sales	3	(1,276,060)	(1,474,693)
Gross profit		2,999,584	2,990,576
Other revenues from ordinary operations		1,732,370	1,887,426
Annual conference		(335,399)	(263,745)
Marketing costs		(1,380,382)	(1,027,195)
Member overrides		(67,069)	(91,539)
Rent	3	(175,027)	(167,031)
Salaries & Wages		(1,332,937)	(1,374,575)
Ticketing fee		(438,742)	(275,155)
Other expenses from ordinary activities		(274,845)	(495,346)
Profit before income tax		727,553	1,183,416
Income tax expense	4	(44,582)	(239,490)
Profit for the year		**682,971**	**943,926**
Profit attributable to members of the entity		682,971	943,926
Total comprehensive income attributable to members of the entity		682,971	943,926

The accompanying notes form part of these financial statements.

STATEMENT OF
FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012	2010
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	394,670	933,650
Trade and other receivables	8	149,633	126,516
Other assets	9	1,509,839	1,474,330
TOTAL CURRENT ASSETS		2,054,142	2,534,496
NON-CURRENT ASSETS			
Property, plant and equipment	10	42,707	64,385
Investments		8,826	8,826
Deferred tax assets	12	47,794	79,037
TOTAL NON-CURRENT ASSETS		99,327	152,248
TOTAL ASSETS		**2,153,469**	**2,686,744**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	357,704	415,879
Interest bearing liabilities		67	67
Current tax liabilities	12	-	(543)
Deferred tax liabilities	12	440,535	427,197
Short-term provisions	13	132,769	196,328
TOTAL CURRENT LIABILITIES		931,075	1,038,928
TOTAL LIABILITIES		931,075	1,038,928
NET ASSETS		**1,222,394**	**1,647,816**
EQUITY			
Issued capital	14	521,530	582,505
Retained earnings		700,864	1,065,311
TOTAL EQUITY		**1,222,394**	**1,647,816**

The accompanying notes form part of these financial statements.

STATEMENT OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	ISSUED CAPITAL ORDINARY	RETAINED EARNINGS	TOTAL
		$	$	$
Balance at 1 July 2010		598,440	813,728	1,412,168
Shares issued during the year		(15,935)	-	(15,935)
Net profit for the year		-	943,926	943,926
Subtotal		582,505	1,757,654	2,340,159
Dividends paid or provided for	7	-	(692,343)	(692,343)
Balance at 30 June 2011		582,505	1,065,311	1,647,816
Shares bought back during the year		(60,975)	-	(60,975)
Net profit for the year		-	682,971	682,971
Subtotal		521,530	1,748,282	2,269,812
Dividends paid or provided for	7	-	(1,047,418)	(1,047,418)
Balance at 30 June 2012		521,530	700,864	1,222,394

The accompanying notes form part of these financial statements.

STATEMENT OF
CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012	2011
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,884,128	5,986,525
Payments to suppliers and employees		(5,323,736)	(5,109,691)
Interest received		10,343	15,573
Income tax refunded / (paid)		542	214
Net cash provided by / (used in) operating activities	18	571,277	892,621
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		-	(8,759)
Proceeds from disposal of assets		18,182	-
Purchase of property, plant and equipment		(797)	(79,681)
Net cash used in investing activities		17,385	(88,440)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on share buy backs		(80,224)	(20,007)
Dividends and rebates paid		(1,047,418)	(692,343)
Net cash used in financing activities		(1,127,642)	(712,350)
Net decrease in cash held		(538,980)	91,831
Cash at beginning of financial year		933,650	841,819
Cash at end of financial year	**7**	**394,670**	**933,650**

The accompanying notes form part of these financial statements.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

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

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

a. Income Tax

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

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

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Property, Plant and Equipment

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

Plant and equipment

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

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

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

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. Leases

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

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

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

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

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

d. Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition, (ii) less principal repayments, (iii) plus or minus the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

(v) *Financial liabilities*

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

Derecognition

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

Impairment of Assets

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

f. Employee Benefits

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

g. Provisions

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

h. Cash and Cash Equivalents

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

i. Revenue and Other Income

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

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

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

j. Trade and Other Payables

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

k. Goods and Services Tax (GST)

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

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

o. Comparative Figures

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

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

p. Critical Accounting Estimates and Judgments

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

Key estimates

(i) Impairment

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

Key judgments

(i) Provision for impairment of receivables

NIL.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

q. Adoption of New and Revised Accounting Standards

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

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

r. New Accounting Standards for Application in Future Periods

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

NOTE 2: REVENUE AND OTHER INCOME

		NOTE	2012	2011
Revenue			$	$
Sales revenue:				
–	sale of goods		4,275,644	4,465,269
Other revenue:				
–	Annual fees		367,944	383,368
–	Commission revenue		117,230	212,752
–	Conference fees		328,870	276,427
–	Marketing revenue		732,450	570,529
–	Other income		175,533	428,777
–	interest received	2a	10,343	15,573
			1,732,370	1,887,426
Total revenue			6,008,014	6,352,695
a.	Interest revenue from:			
	– banks		10,343	15,573
	Total interest revenue on financial assets not at fair value through profit or loss		10,343	15,573

NOTE 3: PROFIT FOR THE YEAR

	NOTE	2012	2011
Expenses		$	$
Cost of sales		(1,276,060)	(1,474,693)
Bad and doubtful debts:			
– trade receivables		–	–
Total bad and doubtful debts		–	–
Rental expense on operating leases		(175,027)	(167,031)

NOTE 4: INCOME TAX EXPENSE

		NOTE	2012	2011
a.	The components of tax expense comprise:		$	$
	Current tax		–	–
	Deferred tax	12	(44,582)	(239,490)
			(44,582)	(239,490)
b.	The prima facie tax on profit before income tax is reconciled to the income tax as follows:			
	Prima facie tax payable on profit before income tax at 30% (2009: 30%)		218,266	355,025
	Tax effect of:			
	– Non–deductable income and expenses		439,631	137,374
	– Deductible income and expenses		(657,897)	(492,399)
	– Deferred tax asset/liability brought to account		44,582	(239,490)
	Income tax attributable to entity		44,582	(239,490)

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2012	2011
Short–term employee benefits	368,164	348,251
Post–employment benefits	25,290	30,841
	393,454	379,092

Remuneration of Directors and Executives

	CASH SALARY AND FEES		SUPERANNUATION BENEFITS		TOTAL REMUNERATION	
	2012	2011	2012	2011	2012	2011
Director	$	$	$	$	$	$
Trish Ridsdale	25,500	25,500	-	-	25,500	25,500
Mark Hastwell	13,500	18,000	1,215	1,620	14,715	19,620
Anni Baillieu	13,500	20,857	1,215	1,877	14,715	22,734
Cathy Barnett	12,500	17,500	1,125	1,575	13,625	19,075
Sue Holmes	12,500	10,000	1,125	900	13,625	10,900
Gary Allomes	150,543	158,474	8,030	14,001	158,573	172,475
Christian Hunter	140,121	123,420	12,580	10,868	152,701	134,288
	368,164	373,751	25,290	30,841	393,454	404,592

NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor

	NOTE	2012	2011
		$	$
– auditing or reviewing the financial report		16,472	10,700
– taxation services		–	–

NOTE 7: CASH AND CASH EQUIVALENTS

	NOTE	2012	2011
		$	$
Cash at bank and in hand		394,670	933,650
The effective interest rate on short–term bank deposits was 3.83% (2010: 5%); these deposits have an average maturity of 182 days (2010: 150 days).			
Reconciliation of cash			

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	NOTE	2012	2011
Cash and cash equivalents			
Cash at bank and in hand	19	394,670	933,650

NOTE 8: TRADE AND OTHER RECEIVABLES

	NOTE	2012	2011
		$	$
CURRENT			
Fares and ticketing debtors		(5,979)	-
Other debtors		160,612	131,516
Provision for impairment		(5,000)	(5,000)
Total current trade and other receivables		149,633	126,516

Credit risk

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

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

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

NOTE 8: TRADE AND OTHER RECEIVABLES

2012	GROSS AMOUNT	PAST DUE AND IMPAIRED	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			
			0–7	8–14	15–21	>21
	$	$	$	$	$	$
Trade and term receivables	160,612	-	4,498	20,805	7,350	127,959
Other receivables	-	-	-	-	-	-
Total	**160,612**	**-**	**4,498**	**20,805**	**7,350**	**127,959**

2011	GROSS AMOUNT	PAST DUE AND IMPAIRED	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			
			0–7	8–14	15–21	>21
	$	$	$	$	$	$
Trade and term receivables	131,516	-	10,250	8,061	-	113,205
Other receivables	-	-	-	-	-	-
Total	**131,516**	**-**	**10,250**	**8,061**	**-**	**113,205**

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

		NOTE	2012	2011
			$	$
a.	**Financial assets classified as loans and receivables**			
	Trade and other receivables:			
	– total current		160,612	131,516
	Financial assets	**19**	**160,612**	**131,516**
b.	**Collateral held as security**			
	No collateral is held over trade and other receivables.			

NOTE 9: OTHER ASSETS

	NOTE	2012	2011
		$	$
CURRENT			
Prepayments		41,390	50,341
Accrued Income		1,468,449	1,423,989
		1,509,839	**1,474,330**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	NOTE	2012	2011
		$	$
PLANT AND EQUIPMENT			
Plant and equipment:			
At cost		416,784	449,806
Accumulated depreciation		(374,077)	(385,421)
Total		42,707	64,385
Total property, plant and equipment		**42,707**	**64,385**

a. **Movements in carrying amounts**

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

	PLANT AND EQUIPMENT	TOTAL
	$	$
Balance at 1 July 2010	32,230	32,230
Additions	79,681	79,681
Depreciation expense	(47,526)	(47,526)
Carrying amount at 30 June 2011	**64,385**	**64,385**
Additions	797	797
Depreciation expense	(12,803)	(12,803)
Carrying amount at 30 June 2012	**42,707**	**42,707**

NOTE 11: TRADE AND OTHER PAYABLES

	NOTE	2012	2011
		$	$
CURRENT			
Unsecured liabilities:			
Trade payables		87,108	40,753
Accrued expenses		224,565	246,832
Prepaid Income		21,544	62,131
Other creditors		24,487	66,164
		357,704	**415,880**
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
– total current		357,704	415,880
Financial liabilities as trade and other payables	19	357,704	415,880

NOTE 12: TAX

	2011	2010
	$	$
CURRENT		
Income tax	197,299	(543)

	OPENING BALANCE	CHARGED TO INCOME	CHARGED DIRECTLY TO EQUITY	CLOSING BALANCE
	$	$	$	$
Deferred tax liability				
Accrued income	153,900	273,297	-	427,197
Balance at 30 June 2011	**153,900**	**273,297**	**-**	**427,197**
Accrued income	427,197	13,338	-	440,535
Balance at 30 June 2012	427,197	13,338	-	440,535

	OPENING BALANCE	CHARGED TO INCOME	CHARGED DIRECTLY TO EQUITY	CLOSING BALANCE
	$	$	$	$
Deferred tax assets				
Provision for doubtful debts	1,500	-	-	1,500
Provisions – employee benefits	43,730	15,168	-	58,898
Prepaid income	-	18,639	-	18,639
Balance at 30 June 2011	**45,230**	**33,807**	**-**	**79,037**
Provision for doubtful debts	1,500	-	-	1,500
Provisions – employee benefits	58,898	(19,067)	-	39,831
Prepaid income	18,639	(12,176)	-	6,463
Balance at 30 June 2012	**79,037**	**(31,243)**	**-**	**47,794**

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

NOTE 13: PROVISIONS

	SHORT-TERM EMPLOYEE BENEFITS	LONG-TERM EMPLOYEE BENEFITS	TOTAL
	$	$	$
Opening balance at 1 July 2011	71,233	125,095	196,328
Movement	(6,724)	(56,835)	(63,559)
Balance at 30 June 2012	**64,509**	**68,260**	**132,769**

Analysis of total provisions	2012	2011
	$	$
Current	132,769	196,328
	132,769	196,328

Provision for long-term employee benefits

A provision has been recognised for non-current employee benefits relating to long service leave for employees.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1.

NOTE 14: ISSUED CAPITAL

	2012	2011
	$	$
104,306 (2011: 116,501) fully paid ordinary shares	521,530	582,505
	521,530	582,505

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

a. Ordinary shares

	2012	2011
	No.	No.
At the beginning of the reporting period	116,501	119,688
Shares bought back in the year	(12,195)	(3,187)
Shares issued during the year	-	-
At the end of the reporting period	**104,306**	**116,501**

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

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

b. Capital management

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

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

There are no externally imposed capital requirements.

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

NOTE 15: CAPITAL AND LEASING COMMITMENTS

The Company, Travellers Choice Ltd, has the following Property Lease agreement in place at 30 June 2012 with Australasian Investments Pty Ltd.

Property Lease Agreement

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

The lease commenced 15 January 2010 for a period of four years, expiring 14 January 2014. Rent payable in the 2012/13 financial year will total $147,800 plus outgoings of approximately $29,000. Rent will increase at a fixed rate of four precent per annum for the duration of the lease agreement.

NOTE 16: RELATED PARTY TRANSACTIONS

There was no related party transaction during the year.

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

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

NOTE 18: CASHFLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax	2012 $	2011 $
Profit after income tax	682,971	943,926
Non-cash flows in profit:		
- depreciation	9,672	47,526
- gain on asset disposal	(5,379)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(20,145)	9,422
- (increase)/decrease in deferred tax asset	31,243	(33,807)
- decrease/(increase) in other assets	(38,481)	(377,953)
- increase/(decrease) in trade and other payables	(38,926)	(20,566)
- increase/(decrease) in income taxes payable	543	214
- increase/(decrease) in deferred tax liabilities	13,338	273,297
- increase/(decrease) in employee entitlements	(63,559)	50,562
	571,277	**892,621**

NOTE 19: FINANCIAL RISK MANAGEMENT

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

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

	NOTE	2012	2011
Financial assets		$	$
Cash and cash equivalents	7	394,670	933,650
Investments		8,826	8,826
Loans and receivables	8	160,612	131,516
Total financial assets		**564,108**	**1,073,992**
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	11	357,704	415,879
Total financial liabilities		**357,704**	**415,879**

Financial Risk Management Policies

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

The main purpose of non-derivative financial instruments is to raise finance for company operations. The Company does not have any derivative instruments at 30 June 2012.

a. Credit risk

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

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

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

Credit risk exposures

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

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

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

b. Liquidity risk

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

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities due for payment								
Trade and other payables	358	416	-	-	-	-	358	416
Total contractual outflows	358	416	-	-	-	-	358	416
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	**358**	**416**	**-**	**-**	**-**	**-**	**358**	**416**
Financial assets – cash flows realisable								
Cash and cash equivalents	395	934	-	-	-	-	395	934
Investments	-	-	-	-	9	9	9	9
Trade, term and loan receivables	161	132	-	-	-	-	161	132
Total anticipated inflows	556	1,066	-	-	9	9	565	1,075
Net (outflow)/inflow on financial instruments	198	650	-	-	(9)	(9)	207	659

Market risk

i. Interest rate risk

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

ii. Price risk

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

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

Net Fair Values

Fair value estimation

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

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

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

	FOOTNOTE	2012		2011	
		NET CARRYING VALUE	NET FAIR VALUE	NET CARRYING VALUE	NET FAIR VALUE
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	394,670	394,670	933,650	933,650
Investments	(ii)	8,826	8,826	8,826	8,826
Trade and other receivables	(i)	160,612	160,612	131,516	131,516
Total financial assets		**564,108**	**564,108**	**1,073,992**	**1,073,992**
Financial liabilities					
Trade and other payables	(i)	357,704	357,704	415,879	415,879
Total financial liabilities		**357,704**	**357,704**	**415,879**	**415,879**

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

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

NOTE 18: 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.

INDEPENDENT
DIRECTORS' DECLARATION

TO THE MEMBERS OF TRAVELLERS CHOICE LTD ACN 121 496 900

TRAVELLERS CHOICE LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

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

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

   (b) give a true and fair view of the financial position as at 30th June 2012 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

Director.......................................

Dated this 26th day of September 2012

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVELLERS CHOICE LTD ACN 121 496 900

Anderson Munro & Wyllie
CHARTERED ACCOUNTANTS
Unit 8 / 7 Hector Street, Osborne Park WA 6017
PO Box 1357, Osborne Park WA 6916
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAVELLERS CHOICE LTD ACN 121 496 900

Report on the Financial Report

We have audited the accompanying financial report of Travellers Choice Ltd which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Travellers Choice Ltd on 27 September 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVELLERS CHOICE LTD ACN 121 496 900

Auditor's Opinion

In our opinion:

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

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and

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

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

Anderson Munro & Wyllie

Anderson Munro & Wyllie
Chartered Accountants
Unit 8 / 7 Hector Street, Osborne Park, Perth WA 6017
Dated this 27th day of September 2012

Billy-Joe Thomas
Director

TRAVELLERS CHOICE
A WORLD OF EXPERIENCE

TRAVELLERS CHOICE LIMITED

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