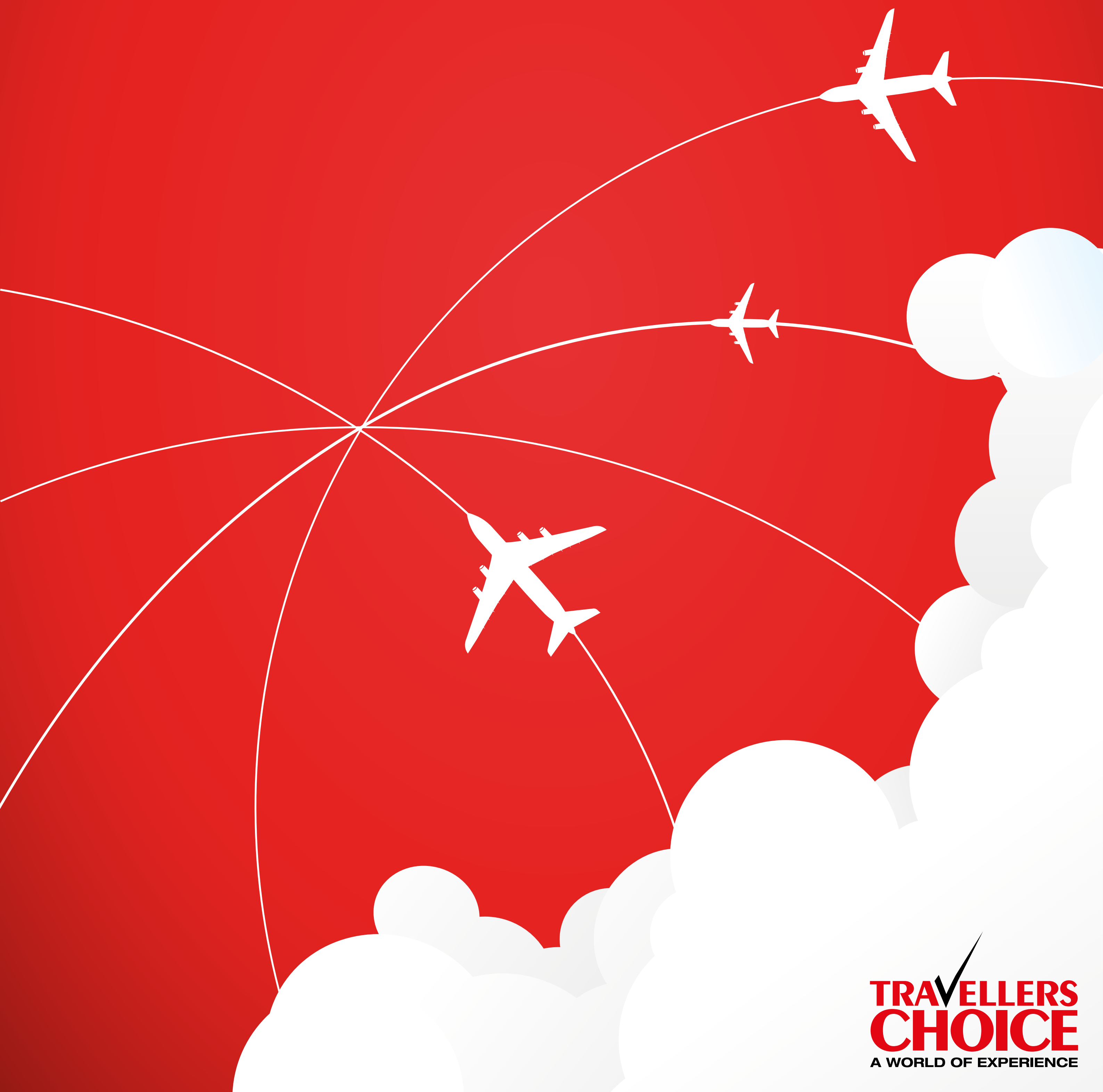
TRAVELLERS CHOICE

ANNUAL REPORT

2013



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.

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CHAIRMAN'S STATEMENT

THE KEY TO OUR SUCCESS LIES WITH OUR ABILITY TO EXTRACT MAXIMUM VALUE FROM COMMERCIAL RELATIONSHIPS.

Trish Ridsdale - Chairman

One of the most important responsibilities of any Board is to look beyond the day-to-day matters and short-term issues that demand so much of our attention, and instead foster strategies and solutions designed to deliver long-term growth.

In 2009 the Travellers Choice Board did precisely that when we entered into a Collective Purchasing Agreement (CPA) with the Jetset Travelworld Group (JTG). This agreement has since facilitated the joint negotiation of preferred sales arrangements with selected suppliers without compromising the independence of either organisation or diminishing the vigorous competition evident between members of both groups.

Leveraging our collective buying power and reducing overall costs has undoubtedly been mutually beneficial to Travellers Choice and JTG. The CPA has also broadened the number and variety of preferred suppliers with which our members now work, in turn providing more opportunities for our Company to earn financial rewards - in the form of overrides and incentives - in return for meeting key sales targets.

I'm pleased to report that this year Travellers Choice and JTG acknowledged the success of the CPA by agreeing to further extend the current arrangement well beyond its original five-year period, ensuring future stability and ongoing financial benefits.

This is not the only area in which Travellers Choice is working with JTG for the advantage of both groups' members. Recently we also appointed JTG's specialist cruise wholesale division, The Cruise Team, to supply fully-packaged products and additional marketing and training support to members of the Travellers Choice Cruise Club.

By doing so we are ensuring Travellers Choice Cruise Club members are fully-equipped to compete for lucrative cruise business. In addition, our marketing team is providing members with an additional edge by coordinating the production and distribution of quality, direct mail marketing to member databases.

This sort of highly-targeted, cost-effective marketing support is not new to Travellers Choice members. Over the past few years our Company has successfully expanded our marketing activities well beyond the traditional national and local print advertising campaigns. Today we offer members a variety of tools with which to design and execute local area marketing activities that build databases and reach new and existing customers through digital channels such as email, websites and social media.

As always the key to our Company's success ultimately lies with our ability to extract maximum value from all of our commercial relationships. Central to this is a strategic and disciplined approach to supporting our preferred partners, with members secure in the knowledge that all rewards ultimately flow back to them as shareholders.

Our Company's record financial performance for 2012/13 – which includes a pre-tax operating profit of $1.22 million – again demonstrates that our national network clearly appreciates this commercial reality.

The result – the Company's 36th consecutive operating profit -

represents an encouraging 68 per cent increase on the previous financial year.

For the 2012/13 year the Board declared an unfranked dividend of 6.6 per cent on issued capital (being 33 cents per share), with the majority of the remaining profits distributed to members through trading rebates based on sales support for airline and wholesale partners.

One of the most encouraging aspects of this year's result is that was delivered despite the fact that competitive pressures within the retail sector were undiminished, and demand for international travel was again spurred by competitive pricing, which can erode yields and make it more challenging to achieve ambitious sales targets.

Despite rising consumer confidence and a strong Australian dollar, the market will remain highly competitive over the next 12 months, with retailers operating against a backdrop of relatively subdued domestic economic growth, and a weakening outlook for world growth.

In terms of strengthening our membership base, some well-established agents are currently expressing an interest in joining our network. This is a welcome development, but the arrival of new members is likely to be off-set by natural attrition, resulting in a negligible increase in overall numbers but a positive impact on sales volumes.

Based on these expectations, the Board is forecasting only modest growth for 2013/14.

Over the past year Travellers Choice has been managed by a skilled and trusted team led by Chief Executive Officer Christian Hunter, who in his second year at the helm brought drive, acuity and composure to the role.

Christian was once again ably supported by a passionate and highly-experienced senior management group that includes Marketing Manager Robyn Mitchell and Sales Development Manager Leith Poad.

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

My fellow Directors – Anni Baillieu, Mark Hastwell, Cathy Barnett, Sue Holmes and Gary Allomes – have also once again fulfilled their responsibilities with distinction.

As always, I would also like to convey my appreciation to you, our shareholders, for the faith and respect you continue to show your Board, management and staff.

Our Company has always been bound together by a culture based on the core values of equality, camaraderie, independence and cooperation. I'm pleased to say that in 2013, that culture is alive and well.

P. Ridsdale

Trish Ridsdale
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

TRAVELLERS CHOICE MEMBERS HELPED THE COMPANY DELIVER A RECORD PROFIT FOR THE 2012/2013 FINANCIAL YEAR.

Christian Hunter
- Chief Executive Officer

2012/13 IN REVIEW

These are exciting times for the Australian travel industry.

Along with the usual economic and social factors that constantly impact the travel sector we are currently seeing a reversal of the consolidation that has defined the retail sector over the past decade as independent agencies re-evaluate their individual brand strategies.

In addition long-awaited changes to the regulatory environment are fast approaching, with the Travel Compensation Fund due to disappear in mid-2014 and retail leaders working together to construct what we hope will be a more efficient, less costly framework for consumer protection.

Amid these changes, Travellers Choice has continued to pursue a range of strategies to address the many competitive challenges facing our members and our Company.

Following is a summary of some of the key areas we have addressed in order to generate new sales and marketing opportunities for our members:

Marketing services

Travellers Choice is continuing to pursue a highly-successful Digital Marketing Strategy that now encompasses website development, Search Engine Optimisation, social media activities and the evolution of our email marketing solution, TC Direct.

These activities are allowing our members to take engagement and interaction with existing and potential customers to a new level.

It has been particularly pleasing during 2012/13 to see members continue to embrace TC Direct as an efficient and cost-effective way to grow and leverage their customer databases – surely one of the most important assets of any business.

Thanks to sustained growth in the level of email marketing activity through TC Direct, we were able this year to negotiate a 50 per cent increase in the number of free personalised emails our members can send each month, while at the same time halving the cost of each additional email. As expected, this is now making it even more attractive for members to pursue smart, creative and targeted promotions.

One of the most appealing features of digital marketing is its transparency. Using a range of analytical tools, for instance, we can track visitation and behaviour on the Travellers Choice website, as well as members' site builder websites, enabling us to review all aspects of a digital promotion.

This year we also developed templates that allow our marketing team to more effectively evaluate and compare campaigns. A key element of this process has been working with preferred partners to source more frequent and relevant sales data. The resulting information is now providing our marketing team with the meaningful insights they need to craft ever more targeted and effective campaigns.

Travellers Choice Cruise Club

Travellers Choice was one of the first retail networks to recognise the importance of the Australian cruise industry when we unveiled our Cruise Club in 2006. Since then, the cruise sector has continued to exceed expectations by maintaining extraordinary levels of growth.

In fact, the annual Australian Cruise Industry Report, released earlier this year by the Cruise Lines International Association (CLIA), showed that in 2012 Australia once again outpaced other major markets by recording an 11 per cent surge in passenger numbers - the eighth consecutive year of double digit growth. The number of Australians taking a cruise holiday has now doubled over the past four years to a record high of 694,062.

To ensure our members have every possible opportunity to capitalise on this strong growth we undertook a major review this year of the Travellers Choice Cruise Club. The results highlighted a need for some significant changes in terms of the products and sales support on offer.

Our response - unveiled in October 2013 – was a completely revamped Cruise Club that offers packaged product developed for members by Travellers Choice Platinum partner The Cruise Team. These packages are now providing our members with a competitive edge over rival retailers and reducing the need to look beyond our preferred portfolio.

Travellers Choice Cruise Club members also now enjoy a variety of additional benefits, from a tier-targeted incentive program to participation in high-quality, direct mail campaigns coordinated by the Travellers Choice marketing team and targeting nominated customers.

The response to the new-look Cruise Club has been overwhelmingly positive, and I am confident our members now have the support they require to share fully in the Australian cruise sector's ongoing success.

WIN

Since it was created in 1985, the Worldwide Independent Travel Network (WIN) has brought together like-minded independent travel organisations from around the world. Today the organisation represents more than 6,000 agency locations in 40 countries.

Travellers Choice has been a member of WIN since 2002, and over the years we have benefited greatly from the shared knowledge and insight of our fellow participants. This spirit of cooperation was once again on display in May this year when I travelled to Spain to attend a forum exploring ways WIN agents can work together on international and global corporate accounts.

As a result of this meeting, Travellers Choice members active in the corporate travel sphere will see opportunities to work with fellow WIN members to service international corporate accounts and collaboratively bid for new business.

Travellers Choice is not only an active member of WIN; since 2010 our company has also been a minority shareholder in the network, along with independent retail groups in the United Kingdom, Germany and South Africa.

In April this year, following a change of ownership that made WIN's Canadian shareholder ineligible for membership, the Travellers Choice Board was invited to expand our stake. Over the next three years we will acquire additional shares, and by the end of the 2014/15 financial year we will be on an equal footing with WIN's other three shareholders.

As an equal partner we will enjoy greater influence over WIN's strategic direction and product development, and a greater share of WIN's financial success – which will enable members to receive greater reward for support of WIN products.

Outstanding financial performance

In the face of robust competition and sustained downward pressure on pricing, Travellers Choice members did an outstanding job at supporting our expanded range of preferred suppliers and helping the Company deliver a record profit. Our performance for the 2012/2013 financial year can be summarised as follows:

- Pre-tax operating profit of $1.22 million
- Distribution of a 33 cents per share unfranked dividend
- 98% of profits returned directly to members
- Share capital and reserves for 2012/13 of $1,652,860

Membership

As you would expect, given our Company's low-fee business model, broad range of member support services, co-branding strategy and unique ownership structure, Travellers Choice is attracting considerable interest from prospective new members.

Where appropriate we are working hard to convert opportunities and this has already resulted in some valuable additions to our network. While we expect to see more agencies join the Travellers Choice fold over the next year, it is a major decision for any business to change its allegiances and the process itself can take considerable time to complete. As a result, our network growth is likely to be slow and steady.

As always, underpinning our recruitment strategy is a firm focus on attracting only high-quality members who can contribute positively to our organisation both financially and culturally.

CHIEF EXECUTIVE OFFICER'S REPORT

(CONTINUED)

Management and staff

One of the characteristics that stands Travellers Choice apart from other retail travel groups is the dedication, experience, approachability and stability of our management and staff.

Robyn Mitchell
Marketing Manager

Leith Poad
Sales Development Manager

No one exemplifies these attributes more than our senior management team of Marketing Manager, Robyn Mitchell and Sales Development Manager, Leith Poad. Over the past 12 months they have provided me with invaluable support, while working diligently to ensure the Company's successful pursuit of its business objectives and the delivery of well-informed strategic business recommendations and advice to the Board.

Thank you also to our Business Development team - Sharon Richardson, Andrea Moore, Melissa Robertson, Simon Lang, Jane Southee and Bruce Russ – who have once again nurtured and grown their respective state networks, while promoting our Company's qualities and culture to the industry at large.

Finally I would like to acknowledge all of our corporate office staff, who once again have delivered unwavering loyalty and commitment to the Company and its members.

Strategies for the future

This year's record financial result shows that Travellers Choice members have the ability and resolve to unlock the maximum value within each of our commercial agreements. There is no doubt that over the next 12 months, maintaining our steadfast support for preferred suppliers will remain a key priority.

Travellers Choice also remains committed to developing and enhancing our stable of support services, ensuring members remain well placed to meet current and future challenges.

In particular we will continue to refine our multi-faceted approach to digital marketing, which provides the tools our members need to differentiate themselves from competitors, drive business through the door and foster closer relationships with new and existing customers.

In the current retail environment recruitment must also remain a primary focus, and I am confident that we will continue to seize rare opportunities to attract high-calibre businesses that enrich our national network.

It is an honour to work on behalf of Travellers Choice members and I'd like to thank you once again for all your encouragement and friendship during 2012/13. With your support, I look forward to meeting the challenges ahead and embracing all the opportunities we are sure to encounter.

Christian Hunter
Chief Executive

DIRECTORS' REPORT

THE NAMES OF THE DIRECTORS IN OFFICE AT ANY TIME DURING OR SINCE THE END OF THE YEAR ARE:

- Trish Ridsdale
- Mark Hastwell
- 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.

Your Directors present their report on the Company for the financial year ended 30 June 2013.

INFORMATION ON DIRECTORS

TRISH RIDSDALE

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

CATHY BARNETT

Cathy 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. Cathy has been a Director of Travellers Choice for the past 4 years and for the past 12 years 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

DIRECTORS' REPORT

(CONTINUED)

Board as an independent, non-member Director.

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

DIRECTORS' MEETINGS

Directors meetings attended during the year:

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

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.

OPERATING RESULTS

The Company produced an operating profit for the financial year of $1,219,745. After providing for income tax a profit was produced, amounting to $1,203,835 (2012: $682,971).

REVIEW OF OPERATIONS

The financial period commenced on 01 July 2012.

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 $666,511
- A distribution based on member support of all strategic suppliers amounting to $502,807
- A dividend payment of 6.6% of shareholding amounting to $30,682

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 $30,682 and two trading rebates of $666,511 and $502,807 have been declared since 30 June 2013. During the year dividends of $26,076 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 10.

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

Director P. Ridsdale

Name: Trish Ridsdale

Dated this 27th day of September 2013

AUDITOR'S **INDEPENDENCE DECLARATION**

Auditor's
Independence Declaration

FOR THE YEAR ENDED 30 JUNE 2013

Anderson Munro & Wyllie
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
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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 2013 there have been:

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

Anderson Munro & Wyllie

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

BILLY-JOE THOMAS
Director

Osborne Park, WA

Dated this 27th day of September 2013

STATEMENT OF **COMPREHENSIVE INCOME**

Statement of **Comprehensive Income**

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013	2012
		$	**$**
Revenue	2	4,415,140	4,275,644
Cost of sales	3	(1,171,967)	(1,276,060)
Gross profit		3,243,173	2,999,584
Other revenues from ordinary operations		1,708,071	1,732,370
Annual conference		(242,969)	(335,399)
Marketing costs		(1,022,194)	(1,380,382)
Member overrides		(105,963)	(67,069)
Rent	3	(203,116)	(175,027)
Salaries & Wages		(1,339,614)	(1,332,937)
Ticketing fee		(531,732)	(438,742)
Other expenses from ordinary activities		(285,911)	(274,845)
Profit before income tax		1,219,745	727,553
Income tax expense	4	(15,910)	(44,582)
Profit for the year		**1,203,835**	**682,971**
Profit attributable to members of the entity		1,203,835	682,971
Total comprehensive income attributable to members of the entity		1,203,835	682,971

The accompanying notes form part of these financial statements.

STATEMENT OF **FINANCIAL POSITION**

Statement of **Financial Position**

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013	2012
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	887,345	394,670
Trade and other receivables	8	187,167	149,633
Other assets	9	1,467,486	1,509,839
TOTAL CURRENT ASSETS		2,541,998	2,054,142
NON-CURRENT ASSETS			
Property, plant and equipment	10	34,766	42,707
Investments		40,245	8,826
Deferred tax assets	12	57,815	47,794
TOTAL NON-CURRENT ASSETS		132,826	99,327
TOTAL ASSETS		2,674,824	2,153,469
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	397,148	357,704
Interest bearing liabilities		-	67
Current tax liabilities	12	32,765	-
Deferred tax liabilities	12	433,701	440,535
Short-term provisions	13	158,350	132,769
TOTAL CURRENT LIABILITIES		1,021,964	931,075
TOTAL LIABILITIES		1,021,964	931,075
NET ASSETS		1,652,860	1,222,394
EQUITY			
Issued capital	14	464,875	521,530
Retained earnings		1,187,985	700,864
TOTAL EQUITY		1,652,860	1,222,394

The accompanying notes form part of these financial statements.

STATEMENT OF **CHANGES IN EQUITY**

Statement of **Changes in Equity**

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	ISSUED CAPITAL ORDINARY	RETAINED EARNINGS	TOTAL
		$	$	$
Balance at 1 July 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
Shares bought back during the year		(56,655)	-	(56,655)
Net profit for the year		-	1,203,835	1,203,835
Subtotal		464,875	1,904,699	2,369,574
Dividends paid or provided for	7	-	(716,714)	(716,714)
Balance at 30 June 2013		464,875	1,187,985	1,652,860

The accompanying notes form part of these financial statements.

STATEMENT OF **CASH FLOWS**

Statement of **Cash Flows**

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013	2012
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,112,070	5,884,128
Payments to suppliers and employees		(4,821,733)	(5,323,736)
Interest received		4,208	10,343
Income tax refunded/(paid)		-	542
Net cash provided by operating activities	18	1,294,545	571,277
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(31,486)	-
Proceeds from disposal of investments		67	-
Proceeds from disposal of assets		-	18,182
Purchase of property, plant and equipment		-	(797)
Net cash used in investing activities		(31,419)	17,385
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(67)	-
Payments on share buy backs		(53,670)	(80,224)
Dividends and rebates paid		(716,714)	(1,047,418)
Net cash used in financing activities		(770,451)	(1,127,642)
Net decrease in cash held		492,675	(538,980)
Cash at beginning of financial year		394,670	933,650
Cash at end of financial year	7	887,345	394,670

The accompanying notes form part of these financial statements.

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.

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

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

NOTE 1:
Summary of Significant Accounting Policies

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

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.

NOTE 1: Summary of Significant Accounting Policies

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

c. Leases

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

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

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

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

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

d. Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

NOTE 1: Summary of Significant Accounting Policies

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.

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.

NOTE 1:
Summary of Significant Accounting Policies

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

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

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

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

e. Impairment of Assets

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

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.

NOTE 1:
Summary of Significant Accounting Policies

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.

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.

NOTE 1:
Summary of Significant Accounting Policies

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.

l. 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.

m. 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

n. 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.

o. 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	2013	2012
Revenue		**$**	**$**
Sales revenue:			
– sale of goods		4,415,140	4,275,644
Other revenue:			
– Annual fees		385,120	367,944
– Commission revenue		283,148	117,230
– Conference fees		340,273	328,870
– Marketing revenue		507,574	732,450
– Other income		187,748	175,533
– interest received	2a	4,208	10,343
		1,708,071	1,732,370
Total revenue		6,123,211	6,008,014
a. Interest revenue from:			
– banks		4,208	10,343
Total interest revenue on financial assets not at fair value through profit or loss		4,208	10,343

NOTE 3:
Profit for the year

	2013	2012
Expenses	**$**	**$**
Cost of sales	(1,171,968)	(1,276,060)
Bad and doubtful debts:		
– trade receivables	–	–
Total bad and doubtful debts	–	–
Rental expense on operating leases	(203,116)	(175,027)

NOTE 4:
Income tax expense

		NOTE	2013	2012
a.	The components of tax expense comprise:		**$**	**$**
	Current tax		(32,765)	-
	Deferred tax	12	16,855	(44,582)
			(15,910)	(44,582)
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% (2012: 30%)		365,923	218,266
	Tax effect of:			
	– Non–deductable income and expenses		444,804	439,631
	– Deductible income and expenses		(777,962)	(657,897)
	– Deferred tax asset/liability brought to account		(16,855)	44,582
	Income tax attributable to entity		15,910	44,582

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2013

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:

	2013	2012
Short–term employee benefits	224,394	368,164
Post–employment benefits	30,811	25,290
	255,205	393,454

REMUNERATION OF DIRECTORS AND EXECUTIVES

	CASH SALARY AND FEES		SUPERANNUATION BENEFITS		TOTAL REMUNERATION	
	2013	2012	2013	2012	2013	2012
Director	**$**	**$**	**$**	**$**	**$**	**$**
Trish Ridsdale	25,500	25,500	-	-	25,500	25,500
Mark Hastwell	-	13,500	14,260	1,215	14,260	14,715
Anni Baillieu	13,500	13,500	1,215	1,215	14,715	14,715
Cathy Barnett	12,583	12,500	1,132	1,125	13,715	13,625
Sue Holmes	12,583	12,500	1,132	1,125	13,715	13,625
Gary Allomes	13,000	150,543	-	8,030	13,000	158,573
Christian Hunter	147,228	140,121	13,072	12,580	160,300	152,701
	224,394	368,164	30,811	25,290	255,205	393,454

NOTE 6: Auditors' remuneration

AUDITORS' REMUNERATION

	2013	2012
	$	$
– auditing or reviewing the financial report	12,800	16,472
– auditing of other information	1,900	-
– taxation services	-	-

NOTE 7:
Cash and cash equivalents

	NOTE	2013	2012
		$	$
Cash at bank and in hand		887,345	394,670
The effective interest rate on short-term bank deposits was 1.83% (2012: 3.21%); these deposits have an average maturity of 183 days (2012: 138 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:			
Cash and cash equivalents			
Cash at bank and in hand	19	887,345	394,670

NOTE 8:
Trade and other receivables

	NOTE	2013	2012
		$	$
CURRENT			
Travel centre debtors		12,887	(5,979)
Other debtors		179,280	160,612
Provision for impairment		(5,000)	(5,000)
Total current trade and other receivables		187,167	149,633

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.

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8: Trade and other receivables

2013	GROSS AMOUNT	PAST DUE AND IMPAIRED	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			
			0-30	31-60	61-90	>90
	$	$	$	$	$	$
Trade and term receivables	179,280	-	33,695	40,403	6,908	98,274
Other receivables	-	-	-	-	-	-
Total	**179,280**	**-**	**33,695**	**40,403**	**6,908**	**98,274**

2012	GROSS AMOUNT	PAST DUE AND IMPAIRED	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			
			0-30	31-60	61-90	>90
	$	$	$	$	$	$
Trade and term receivables	160,612	-	33,574	42,382	7,739	76,917
Other receivables	-	-	-	-	-	-
Total	**160,612**	**-**	**33,574**	**42,382**	**7,739**	**76,917**

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

		NOTE	2013	2012
			$	$
a.	**Financial assets classified as loans and receivables**			
	Trade and other receivables:			
	– total current		179,280	160,612
	Financial assets	**19**	**179,280**	**160,612**
b.	**Collateral held as security**			
	No collateral is held over trade and other receivables.			

NOTE 9: Other assets

	2013	2012
	$	$
CURRENT		
Prepayments	21,817	41,390
Accrued Income	1,445,669	1,468,449
	1,467,486	**1,509,839**

NOTE 10: Property, plant and equipment

	2013	2012
	$	$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	75,428	416,784
Accumulated depreciation	(40,662)	(374,077)
Total	34,766	42,707
Total property, plant and equipment	**34,766**	**42,707**

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 2011	64,385	64,385
Additions	797	797
Disposals	(12,803)	(12,803)
Depreciation expense	(9,672)	(9,672)
Carrying amount at 30 June 2012	**42,707**	**42,707**
Additions	-	-
Disposals	-	-
Depreciation expense	(7,941)	(7,941)
Carrying amount at 30 June 2013	**34,766**	**34,766**

NOTE 11: Trade and other payables

	NOTE	2013	2012
		$	$
CURRENT			
Unsecured liabilities:			
Trade payables		88,851	87,108
Accrued expenses		234,113	224,565
Prepaid Income		29,365	21,544
Other creditors		44,819	24,487
		397,148	**357,704**
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
– total current		397,148	357,704
Financial liabilities as trade and other payables	19	397,148	357,704

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 12:
Tax

	2013	2012
	$	$
CURRENT		
Income tax	32,765	197,299

	OPENING BALANCE	CHARGED TO INCOME	CHARGED DIRECTLY TO EQUITY	CLOSING BALANCE
	$	$	$	$
Deferred tax liability				
Accrued income	427,197	13,338	-	440,535
Balance at 30 June 2012	**427,197**	**13,338**	**-**	**440,535**
Accrued income	440,535	(6,834)	-	433,701
Balance at 30 June 2013	440,535	(6,834)	-	433,701

	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	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**
Provision for doubtful debts	1,500	-	-	1,500
Provisions – employee benefits	39,831	7,674	-	47,505
Prepaid income	6,463	2,347	-	8,810
Balance at 30 June 2013	**47,794**	**10,021**	**-**	**57,815**

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 2012	64,509	68,260	132,769
Movement	13,016	12,565	25,581
Balance at 30 June 2013	**77,525**	**80,825**	**158,350**

Analysis of total provisions	2013	2012
	$	$
Current	158,350	132,769
	158,350	132,769

Provision for long-term employee benefits

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

NOTE 14: Issued capital

	2013	2012
	$	$
92,975 (2012: 104,306) fully paid ordinary shares	464,875	521,530
	464,875	521,530

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

a. **Ordinary shares**	2013	2012
	NO.	NO.
At the beginning of the reporting period	104,306	116,501
Shares bought back in the year	(11,331)	(12,195)
Shares issued during the year	-	-
At the end of the reporting period	**92,975**	**104,306**

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 Limited has the following Property Lease agreement in place at 30 June 2013 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.

Purchase of shares

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

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	2013	2012
	$	$
Profit after income tax	1,203,835	682,971
Non-cash flows in profit:		
- Depreciation	7,941	9,672
- 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	905	(20,145)
- (increase)/decrease in deferred tax asset	(10,021)	31,243
- decrease/(increase) in other assets	3,914	(38,481)
- increase/(decrease) in trade and other payables	36,459	(38,926)
- increase/(decrease) in income taxes payable	32,765	543
- increase/(decrease) in deferred tax liabilities	(6,834)	13,338
- increase/(decrease) in employee entitlements	25,581	(63,559)
	1,294,545	**571,277**

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	2013	2012
Financial assets		$	$
Cash and cash equivalents	7	887,345	394,670
Investments		40,245	8,826
Loans and receivables	8	179,280	160,612
Total financial assets		**1,106,870**	**564,108**
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	11	397,148	357,704
Total financial liabilities		**397,148**	**357,704**

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 2013.

NOTE 19: Financial risk management

Specific Financial Risk Exposures and Management

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

a. Credit risk

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

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

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

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

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

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

b. Liquidity risk

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

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

NOTE 19:
Financial risk management

Financial liability and financial asset maturity analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities due for payment								
Trade and other payables	397	358	-	-	-	-	397	358
Total contractual outflows	397	358	-	-	-	-	397	358
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	**397**	**358**	**-**	**-**	**-**	**-**	**397**	**358**
Financial assets – cash flows realisable								
Cash and cash equivalents	887	395	-	-	-	-	887	395
Investments	-	-	-	-	40	9	40	9
Trade, term and loan receivables	179	161	-	-	-	-	179	161
Total anticipated inflows	1,066	556	-	-	40	9	1,106	565
Net (outflow)/inflow on financial instruments	669	198	-	-	40	9	709	207

c. Market risk

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

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

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

NOTE 19: Financial risk management

Net Fair Values

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	2013		2012	
		NET CARRYING VALUE	NET FAIR VALUE	NET CARRYING VALUE	NET FAIR VALUE
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	887,345	887,345	394,670	394,670
Investments	(ii)	40,245	40,245	8,826	8,826
Trade and other receivables	(i)	179,280	179,280	160,612	160,612
Total financial assets		**1,106,870**	**1,106,870**	**564,108**	**564,108**
Financial liabilities					
Trade and other payables	(i)	397,148	397,148	357,704	357,704
Total financial liabilities		**397,148**	**397,148**	**357,704**	**357,704**

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

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

NOTE 20: Company 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.

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 30 June 2013 and of the performance for the year ended on that date of the company.

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

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

Director P. Ridsdale

Dated this 27th day of September 2013

INDEPENDENT **AUDITOR'S REPORT**

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
Phone: (08) 9445 9955 Fax: (08) 9445 9966
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Website: www.amwaudit.com.au
Liability limited by a scheme approved under Professional Standards Legislation

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

Report on the Financial Report

We have audited the accompanying financial report of Travellers Choice Ltd which comprises the statement of financial position as at 30 June 2013, 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.

INDEPENDENT **AUDITOR'S REPORT**

Independent
Auditor's Report

TO THE MEMBERS OF TRAVELLERS CHOICE LTD ACN 121 496 900

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

Auditor's Opinion

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

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

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

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

Anderson Munro & Wyllie
Chartered Accountants (Auditor registration number 314299)
Unit 8 / 7 Hector Street, Osborne Park, Perth WA 6017
Dated this 27th day of September 2013

Billy-Joe Thomas
Director

TRAVELLERS CHOICE
A WORLD OF EXPERIENCE

TRAVELLERS CHOICE LIMITED

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