TRAVELLERS CHOICE

ANNUAL REPORT

2021

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

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

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

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CHAIRMAN'S STATEMENT

In carefully developing strategies that ensure a company's viability and sustainability, a board will always identify and allow for a range of external and internal risks. But occasionally the magnitude of an unexpected calamity will require a certain amount of improvisation.

That has certainly been the case over the past 12 months, during which the Travellers Choice Board was forced to adopt a more adaptive and agile approach to strategy.

As each phase of the COVID-19 crisis unfolded – from lockdowns to limited domestic travel and now the staggered return of international air services – the Board responded with 'strategy sprints' in which the normal planning and execution processes were compressed, and goals were aligned to tangible outcomes.

At the same time, the Board's overarching focus remained on ensuring Travellers Choice's value proposition continued to be relevant and meaningful to its member shareholders. And that, beyond simply enduring the crisis, our Company was positioned to rebound quickly once we entered a less-restrictive trading environment.

This has required the Board to regularly address key questions concerning the post-pandemic retail travel landscape, and how best our Company can help members meet the evolving needs of their customers.

One of the things the Board has considered, for instance, is the Company's membership model. Does it need to respond to the fact that due to COVID-19 more members are now working from the home environment?

We have also continually assessed the kinds of products and support services travel agents will require, including the important role technology will play in facilitating the rapid return of travel sales. In line with this approach, the Board has worked with strategic partner, Snowstorm Technologies, to further enhance our ground-breaking TC One booking and lead generation platform through the addition of new content and functionality.

This ongoing, Company-wide review will continue to ensure our value proposition remains fit for purpose.

To respond effectively to a protracted crisis, a board must at all times remain dedicated, unified and supportive. During 2020/21, the Travellers Choice Board displayed all of those qualities. I would like, therefore, to take this opportunity to thank, on behalf of members, all of my fellow directors: Mark Brady, Phil Dalley, Trinity Hastwell, Greg Close, Jacqui Wilson-Smith and Managing Director Christian Hunter.

As expected, the COVID-19 crisis took an unprecedented toll on our Company's finances. While we witnessed small waves of sales as domestic and international borders temporarily opened, the reinstatement of lockdowns effectively halted even these modest signs of momentum. Overall, the Company's sales were down 88% compared to the same period in 2019/20, resulting in a pre-tax operating loss of $317,033 – down 150% on 2019/20.

This loss – our first in 44 years of trading – was better than expectations and budget, due to the assistance received from State and Federal governments, and strenuous efforts to limit expenditure. Our highly dedicated staff continued to work reduced hours, but inevitably we were forced to cut our overall head count, which now stands at just 25% of pre-COVID levels. The Company will continue to operate at minimal staffing levels while necessary.

Looking ahead, we are seeing some promising signs as high vaccination rates lead to the easing of travel restrictions. However, the re-emergence of unrestricted international travel will clearly take some time, and questions around consumer confidence, the impact of testing and quarantine processes, and the return of air capacity, will need to be resolved before any pent-up demand is released.

From a financial perspective, based on our Company's current trajectory the Board believes 2021/22 will deliver an even bigger loss than in 2020/21. With members still restrained in their ability to sell travel that departs in the current financial year, the Board expects the Company to receive little if any income from sales. In addition, income from members' annual fees will decline by at least 50%, while government support will be a fraction of that received during the previous fiscal period.

In response, we will need to be prudent in terms of when and how we rebuild our operational capacity, including our network of Business Development Managers. The process will be incremental and require time and patience.

Given our Company financial performance for 2020/21, and the expectation of further losses in the current financial year, the Board has resolved to pay no dividends or trading rebates. Travellers Choice has a proud history of returning profits to members, but I am sure that in the current circumstances, members will understand this decision.

On a personal note, I have been continually astounded over the past 12 months by the remarkable fortitude and undimmed optimism exhibited by our members. As always, I have also been uplifted and humbled by the support you have shown to the Board, our management and staff for their efforts.

Travellers Choice remains an exceptional organisation, with a rich culture and an exciting future.

Trent Bartlett
Chairman

MANAGING DIRECTOR'S REPORT

There are few more over-used phrases in the business world than 'Every challenge is an opportunity'. That doesn't make it any less true.

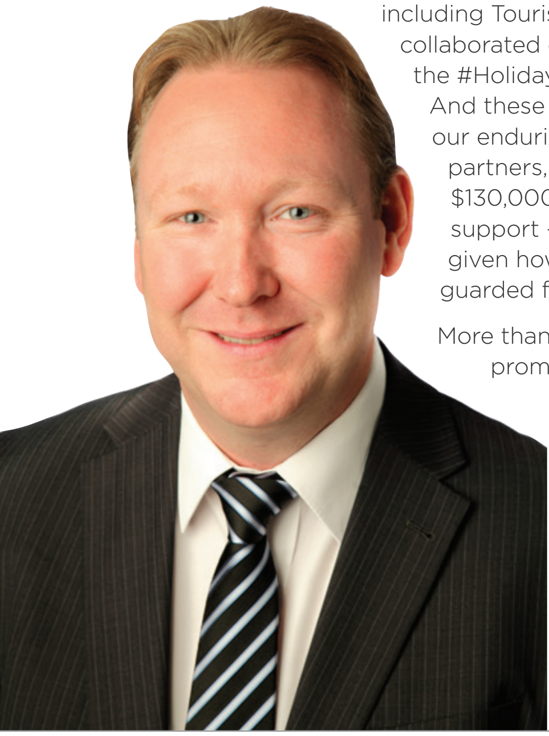
How we view events unquestionably depends on how we frame them. We can sit back and passively accept what the world throws at us, or we take control of our own destiny and push forward. Over the past 12 months, as always, Travellers Choice has opted for the latter.

In response to the closure of international borders and evaporation of income streams, we have forged new relationships with domestic players, secured better deals from service providers, constructed tighter legal contracts, opened new channels of communication with members, and gained invaluable insights into the workings of State and Federal governments.

As a result of these endeavours, our Company approaches the post-lockdown era – whatever that may look like – with new skills and more efficient processes, all of which better positions us to recapture lost momentum.

Pursuing these activities took resourcefulness and ingenuity. Those two traits were found in abundance in our Marketing team, who despite gradually losing most of its staff over the course of the fiscal year, still managed to recognise and seize every opportunity to help members promote viable products and stay connected to customers.

Their efforts helped foster new relationships with state and national tourism offices, including Tourism Australia, which collaborated on multiple iterations of the #HolidayHereThisYear campaign. And these connections, as well as our enduring bonds with preferred partners, helped garner more than $130,000 in marketing campaign support – a remarkable achievement given how closely every travel entity guarded funds in 2020/21.



More than 30 preferred supplier promotions were also rolled out through no-cost digital channels – including Site Builder member websites, TC Mail eDMs and social media – and aid was provided to more than 470 local area marketing initiatives. Meanwhile, the team uploaded a steady stream of bookable products to Site Builder sites and distributed countless supplier updates.

Assistance was delivered in other ways. Discounts were negotiated from key service providers, including IBC Digital, which since April 2020 has provided a 50% discount on monthly Site Builder fees, and Roobix, which since October 2020 has offered its services at no cost. The team also worked with members who chose to adopt the new legally approved terms and conditions templates specifically crafted for our Company.

The Sales team were equally inventive and dynamic.

With the Company's network of Business Development Managers (BDMs) working on reduced hours, state boundaries were removed and resources centralised. This avoided disruptions to BDM access and allowed members to receive support outside of normal business hours.

That support included escalating issues with suppliers and providing advice on a range of topics, including business cost control, applying for government grants and, when necessary, the difficult process of departing the industry. In addition, the Sales team's support for TC One ensured our exclusive platform remains on track for continued expansion.

Another area the team addressed was health and wellbeing – coordinating member catch-ups via Zoom and operating a virtual 'BDM bootcamp' to ensure staff maintained morale.

Many of these activities would not have been possible if it were not for the efforts of our Finance & Administration team, which identified and secured State and Federal government COVID-19 stimulus support packages valued at almost $600,000.

Despite the departure of key staff, the team continually reviewed corporate office outgoings and pursued cost reductions – including a renegotiation of our corporate office lease agreement – that positively impacted our financial position.

The Finance & Administration team also ensured the business found ways to circumnavigate travel restrictions and ensure member shareholders remained abreast of key developments. This included the implementation of a virtual platform to support an interactive 2020 Annual General Meeting, as well as five virtual Member Meetings.

It's difficult to gauge the overall impact of these actions, but there is no doubt they helped our Company stay true to its purpose, which is to support every member shareholder and remain a critical part of their business. These actions certainly contributed to our member retention rate of 95% and the fact that 100% of participants in our annual Member Survey reported being satisfied with their membership.

What we can quantify is the financial impact of COVID-19. With revenue from preferred agreements having plummeted and membership fees waived, our Company posted its first pre-tax operating loss in 44 years of trading. While disappointing, the final result – a loss of $317,033, compared to a pre-tax profit of $637,338 in the previous financial year – was better than expectations and budget.

During the past year our Company also lost valuable talent and experience. Among the employees departing the organisation were General Manager Finance & Administration Lutz Poelchow, Digital Services Supervisor Swati Vaghjiani and of course our esteemed BDMs Andrea Moore, Paula Moylan and Kim Tomlinson. All were highly dedicated and seasoned professionals who contributed enormously to our organisation.

We have, however, been fortunate enough to retain two members of our senior management team, General Manager Marketing Robyn Mitchell and General Manager Sales Nicola Strudwick, as well as our talented, multi-tasking BDMs Tim Bolton and Graham Smith. The drive, loyalty and agility each of them exhibits is extraordinary, and their experiences over the past 12 months have only enriched the insight and expertise they bring to their respective roles.

Robyn Mitchell
General Manager Marketing

Nicola Strudwick
General Manager Sales

I know I speak on behalf of all members when I pass on to every member of the Travellers Choice team – including those no longer with us – immense gratitude and respect.

LOOKING FORWARD

The long-awaited opening of state and international borders is an encouraging sign, but we have some distance to travel before our industry returns to anything approaching normality.

It is impossible to predict precisely how events will unfold, but we can expect that until mid-2022 travel agents will continue to operate in a challenging trading environment, while dealing with the continued financial fallout from COVID-19.

While there is clearly pent-up demand, our preferred partners will need time to rebuild capacity and capabilities, and there will inevitably be a delay before any revenue begins to flow through to agents' bottom lines. At the same time, some consumers are likely to remain hesitant about committing to international travel while uncertainty remains around border restrictions, as well as vaccination, testing and quarantine requirements.

This adds another layer of complexity to any international journey, but one that may create an opportunity. By providing customers with the latest and most relevant information, travel consultants can further enhance the value they have always provided and potentially reclaim business that has in the past gravitated to online travel agents.

On a personal note, during the past financial year I have enjoyed conducting more than 40 webinars, allowing me to connect with members across the country and emphasising just how fortunate I am to lead this award-winning group. More than ever, I look forward to working together as we put the events of the past year behind us and create future memories.

Christian Hunter
Managing Director

2020/21 MEMBER BENEFITS

100% DISCOUNT ON MEMBERSHIP FEES

44 WEEKLY WEBINARS

5 VIRTUAL MEMBER MEETINGS

93 MEMBERS FROM **101** AGENCIES

95% MEMBER RETENTION

100% SATISFACTION 2021 ANNUAL MEMBER SURVEY DURING MARCH SURVEY WEEK

$130K+ IN PARTNER-FUNDED CAMPAIGNS

30+ PARTNER PROMOTIONS

106 AGENCY TERMS & CONDITIONS REQUESTS

474 LOCAL AREA MARKETING REQUESTS

35 TC MAIL EDM'S

262 SITE BUILDER PRODUCTS UPLOADED (5 PER WEEK)

129 FACEBOOK MANAGEMENT POSTS

BUSINESS SUPPORT CHECKLIST (3 X UPDATES)

MOVING TO HOME BASE CHECKLIST

400+ COVID-19 SUPPLIER UPDATES SHARED

243 COVID-19 SUPPLIER BOOKING ISSUES ESCALATED AND RESOLVED

6/6 SUCCESSFUL COVID-19 CONSUMER TRAVEL SUPPORT PROGRAM GRANT INTERVENTIONS

DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2021.

DIRECTORS

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

- Trent Bartlett
- Mark Brady
- Greg Close
- Phil Dalley
- Trinity Hastwell
- Christian Hunter
- Jacqueline Wilson-Smith

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

INFORMATION ON DIRECTORS

TRENT BARTLETT

Trent has over 18 years of extensive multi-industry Chair, Independent Director, Executive Director and CEO level leadership and experience in listed public companies and large private companies, as well as not-for-profit and 'for benefit'-focused enterprises operating with diverse business models and scale across many industry sectors.

With a speciality in member owned andmember governed businesses – Trent is currently the Chair of Margaret River Busselton Tourism Association, Chiar of Good Samaritan Industries, Chir of Rocky Bay, Non-Executive Director, Audit Committee and Risk Committee Member of customer owned Beyond Bank, and Non-Executive Director and Chair of the Remuneration and Nomination Committee of the Australian Packaging Covenant.

Trent is a former CEO of Capricorn Society from 2001 to 2011, one of Australia's largest and most successful cooperative enterprises which also includes Travellers Choice member Capricorn Travel, as well as having a 15-year General Management career in Australia's largest retailers. He holds postgraduate qualifications in business and ecommerce and is a Faculty Member and Fellow of the Australian Institute of Company Directors and a certified Director (IDP-C) from INSEAD University (France).

MARK BRADY

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

A member of Travellers Choice now for 10 years, today he owns Ballina Cruise & Travel (NSW), is Chairman of the Audit & Risk Committee and is also a member of the Australian Institute of Company Directors.

GREG CLOSE

Greg joined Travellers Choice in 2011 and is the owner and operator of Live The Dream Travel in Murray Bridge (SA).

Prior to operating his own business, Greg was employed within Flight Centre Travel Group's Cruiseabout brand as a business turnaround specialist. His role was to spend time in underperforming stores, turn them around and then move on to the next underperforming location.

Greg is a creative thinker possessing strong marketing skills which was rewarded a few years ago when he won the Cruise Lines International Australasia award for the best cruise promotion. Greg is part of the Audit & Risk Committee.

PHIL DALLEY

Phil Dalley was elected to the board in 2014 and has 33 years of travel Industry experience in various roles, firstly with East West Airlines, Australian Airlines and Qantas Airways. Phil successfully runs a high-profile retail and wholesale travel agency in the ACT, Travel Makers, which he established in 1998.

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

TRINITY HASTWELL

Trinity has worked in the retail travel industry for more than 16 years. A Graduate of the Australian Institute of Company Directors, Trinity was elected to the Travellers Choice Board in 2014. She is the Managing Director of Hastwell Travel & Cruise, which has locations in Frewville and McLaren Vale (SA), and has been a member of Travellers Choice for more than 27 years.

Trinity holds a Business Management Degree from the University of South Australia, graduating with a Marketing major and minors in Public Relations and Tourism & Hospitality. Trinity has also spent three decades working in the South Australian wine industry and is Strategic Advisor for family-run winery Hastwell & Lightfoot.

CHRISTIAN HUNTER

Christian has worked in the UK and Australian travel industries for more than 30 years and has been employed by Travellers Choice since 2004 in a number of managerial positions, including CEO. He joined the Board as Managing Director in November 2015.

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

JACQUELINE WILSON-SMITH

Jacqueline (Jac) has been driving strategy, innovation and transformations since 1995 when she switched from being an accountant with Ernst & Young to a design-led innovator holding global roles with McCormick, Gourmet Garden, Mondelez, Constellation and Hardy Wine Company. In 2019, Jac founded the Sustainable Innovation Company on a mission to catalyse impactful innovation. Jac works globally and aspires to be known as a pioneer of collaborative leadership, capable of mobilising teams and organisations to create better.

In addition, Jac is Co-Founder and past immediate Chair of Food Agribusiness Network (FAN) and a Non-Executive Director and Advisor on a number of boards, panels and committees including Food Agility, AgriFutures' Rural Women's Award Alumni, AgriFutures' Ginger Advisory Panel (Chair) and Queensland ImpaQt Investment Committee. In 2017 Jac was the Queensland AgriFutures' Rural Women's Award recipient.

DIRECTORS' MEETINGS

Directors' meetings attended during the year:

	NUMBER OF MEETINGS	
	Eligible to attend	Attended
Phil Dalley	7	6
Trinity Hastwell	7	7
Mark Brady	7	7
Christian Hunter	7	7
Greg Close	7	6
Jacqueline Wilson-Smith	7	7
Trent Bartlett	7	7

DIRECTORS' INTERESTS

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

	Ordinary Shares
Greg Close	200
Phil Dalley	1,200
Trinity Hastwell	2,000
Mark Brady	1,000
Christian Hunter	-
Jacqueline Wilson-Smith	-
Trent Bartlett	-

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 loss before providing for income tax for the financial year of $317,033 (2020: profit before income tax $637,338). After providing for income tax a loss of $256,445 was produced (2020: profit $413,965).

REVIEW OF OPERATIONS

The financial period commenced on 01 July 2020.

The Directors have resolved that, as part of the Company's response to the current COVID-impacted trading environment, no end-of-year trading rebate or dividends would be paid in relation to this year.

PRINCIPAL ACTIVITIES

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

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

SHARE OPTIONS

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

INDEMNIFICATION & INSURANCE OF OFFICERS & AUDITORS

A deed of indemnity has been executed by all Directors and Officers. Directors & Officers Liability insurance premiums have also been paid, totalling $5,780 inclusive of GST, Stamp Duty and all fees.

ENVIRONMENTAL REGULATION

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the Company's state of affairs occurred during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year, the Travellers Choice Travel Centre was closed. This became effective at the end of August 2021.

Other than the above, no matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

DIVIDENDS & TRADING REBATES

No dividends and trading rebates were declared or recommended but not paid during the financial year.

LIKELY DEVELOPMENTS

IIn the coming year, Travellers Choice's member services will be focused on providing members with the support required to navigate the impact of COVID-19 on their businesses. These services will be continually reviewed to ensure the Company is positioned for a strong rebound post-COVID.

In conjunction with this, business strategies focusing on retaining key agents and recruitment of new travel agent members are in place, with marketing activities remaining agile to leverage key preferred supplier campaigns as and when they become viable.

Cashflow management will continue to be a major priority with comprehensive modelling in place that will be continually monitored for any major deviations from forecasts.

The Company will continue its niche positioning within the retail travel sector as the leading travel group for independent travel agents in Australia.

PROCEEDINGS ON BEHALF OF COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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

Trent Bartlett
Director

Dated this 30th day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION

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

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Travellers Choice Limited. As the audit partner for the audit of the financial report of Travellers Choice Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the C*orporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

AMW Audit

AMW AUDIT
Chartered Accountants (Auditor registration number 314299)

MARTIN SHONE
Director

Perth, WA

Dated this 30th day of September 2021

TRAVELLERS CHOICE LIMITED CORPORATE GOVERNANCE STATEMENT

OVERVIEW

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

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

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

Where the Company has not adopted a particular recommendation, a detailed explanation is provided. This statement is current at 08 October 2021.

PRINCIPLE 1 CREATE, PROTECT AND RETURN MEMBER VALUE

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

The Board is responsible for:

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

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

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

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

The Board uses its annual member meetings and annual conference to communicate with members from time to time the strategic objectives developed by the Board and performance against these, however the 2020 conference was cancelled due to COVID-19.

PRINCIPLE 2 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

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

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

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

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

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

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

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

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

The CEO has been the company secretary for several years and the secretary duties may transition to the General Manager Finance & Administration within the next year.

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

As at 30 June 2021, female representation at Travellers Choice was as follows:

- 50% of the total workforce;
- 50% of the senior management team; and
- 29% of the Board.

Board Performance

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

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

PRINCIPLE 3 STRUCTURE THE BOARD TO ADD MEMBER VALUE

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

Board Composition

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

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

Board Committees

There are currently two committees of the Board:

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

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

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

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

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

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

Role of the Chair

Since 2007, Travellers Choice has elected to have an independent Chairman to augment the skills and experience of the Board. The role of the Chairman is an important leadership position which leads the communication with shareholders, mentors and guides the CEO, and facilitates effective decision making by the Board.

Induction Program for Directors

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

PRINCIPLE 4 ACT ETHICALLY AND RESPONSIBLY

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

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

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

Whistleblower Protection Policy
A formal policy regarding whistleblower protections has been communicated to all staff members and forms part of the Company's Employee Handbook.

Employees are encouraged to report concerns in relation to illegal, unethical or improper conduct in circumstances where they may be apprehensive about raising their concern because of fear of possible adverse repercussions.

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

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

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

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

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

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

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

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

Due to travel restrictions and ongoing border closures, the 2020 AGM will be a virtual meeting, which all shareholders will be invited to attend in line with ASIC guidelines.

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

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

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

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

PRINCIPLE 6 MAKE TIMELY AND BALANCED DISCLOSURE

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

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

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

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

PRINCIPLE 7 RESPECT THE RIGHTS OF MEMBERS AND OTHER STAKEHOLDERS

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

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

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

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

General Meetings

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

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

Electronic Communications

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

PRINCIPLE 8 RECOGNISE AND MANAGE RISK

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

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

Role of the Board and Audit & Risk Committee

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

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

The Board is responsible for:

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

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

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

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

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

Internal Audit

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

Sustainability Reporting

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

PRINCIPLE 9 REMUNERATE FAIRLY AND RESPONSIBLY

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

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

Directors

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

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

Senior Management

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021	2020
		$	$
Revenue	2	585,093	4,341,731
Cost of sales	3	-	-
Gross profit		585,093	4,341,731
Other revenues	2	823,051	2,216,258
Annual conference		-	(612,149)
Computer expenses		(38,111)	(43,231)
Consultancy fees		(355)	(7,365)
Depreciation and amortisation expenses	3	(167,145)	(188,125)
Director fees		(69,350)	(80,848)
Fees (Corp/TCF/Lic./BSP)		(23,311)	(124,567)
Insurance expense		(17,935)	(23,621)
Marketing costs		(235,883)	(1,322,771)
Member overrides		(52,803)	(1,022,862)
Rent	3	(3,300)	(9,008)
Salaries & wages		(954,896)	(1,858,264)
Ticketing fee		8,314	(203,959)
Other expenses from ordinary activities		(170,402)	(423,881)
(Loss)/ profit before income tax	3	(317,033)	637,338
Income tax expense	4	60,588	(223,373)
(Loss)/ profit for the year		(256,445)	413,965
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(33,822)	-
Other comprehensive loss for the year, net of tax		(33,822)	-
Total comprehensive income attributable to members of the Company		(290,267)	413,965

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	2021	2020
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,788,140	1,598,875
Trade and other receivables	8	39,051	149,006
Other assets	9	160,838	849,954
TOTAL CURRENT ASSETS		1,988,029	2,597,835
NON-CURRENT ASSETS			
Property, plant and equipment	10	21,506	36,397
Intangible assets	11	20,576	45,232
Right of Use Assets	12	461,469	599,632
Financial assets	13	466,667	511,763
Deferred tax assets	15	145,003	217,297
TOTAL NON-CURRENT ASSETS		1,115,221	1,410,321
TOTAL ASSETS		3,103,250	4,008,156
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	394,389	622,943
Current tax liabilities	15	802,069	705,644
Provisions	16	172,245	225,269
Lease liabilities	17	130,743	101,674
TOTAL CURRENT LIABILITIES		1,499,446	1,655,530
NON-CURRENT LIABILITIES			
Provisions	16	45,204	67,354
Lease Liabilties	17	377,423	497,958
Deferred tax liabilities	15	48,575	280,430
TOTAL NON-CURRENT LIABILITIES		471,202	845,742
TOTAL LIABILITIES		1,970,648	2,501,272
NET ASSETS		1,132,602	1,506,884
EQUITY			
Issued ordinary share capital	18	367,265	451,280
Retained earnings		799,159	1,055,604
Reserve	25	(33,822)	-
TOTAL EQUITY		1,132,602	1,506,884

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	ISSUED ORDINARY SHARE CAPITAL	RESERVE	RETAINED EARNINGS	TOTAL
		$	$	$	$
Balance at 01 July 2019		451,280	–	2,446,842	2,898,122
Net profit for the year		–	–	413,965	413,965
Other comprehensive income		–	–	–	–
Total other comprehensive income for the year		451,280	–	2,860,807	3,312,087
Dividends and rebates paid		–	–	(1,805,203)	(1,805,203)
Balance at 30 June 2020		451,280	–	1,055,604	1,506,884
Loss for the year		–	–	(256,445)	(256,445)
Other comprehensive income					
Foreign currency translation		–	(33,822)	–	(33,822)
Total other comprehensive loss for the year		–	(33,822)	(256,445)	(290,267)
Dividends and rebates paid		–	–	–	–
Share buy-back		(84,015)	–	–	(84,015)
Balance at 30 June 2021		367,265	(33,822)	799,159	1,132,602

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021	2020
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and government		1,895,547	8,682,308
Payments to suppliers and employees		(1,560,659)	(5,746,410)
Interest received		1,897	8,223
Net cash provided by operating activities	22a	336,785	2,944,121
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(908)	(15,680)
Purchase of intangible assets		-	(16,640)
Purchase of investments		-	(511,763)
Net cash used in investing activities		(908)	(544,083)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends and rebates paid		-	(1,805,203)
Share buyback		(84,015)	-
Repayment of lease liability		(62,597)	(155,653)
Net cash used in financing activities		(146,612)	(1,960,856)
Net increase in cash held		189,265	439,182
Cash and cash equivalents at beginning of year		1,598,875	1,159,693
Cash and cash equivalents at end of year	7	1,788,140	1,598,875

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

The financial statements were authorised for issue on 30th day of September 2021 by the Directors of Travellers Choice Limited.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

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

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

Accounting Policies

a. Income Tax

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

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

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

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

(a) the initial recognition of goodwill; or

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

- (i) is not a business combination; and
- (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Income Tax (continued)**

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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

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

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

Reduction in Corporate Tax

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities at the reporting date are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled.

b. **Fair Value of Assets and Liabilities**

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

c. Property, Plant and Equipment

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

Plant and equipment

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

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

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

Depreciation

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

The depreciation rates used for each class of depreciable assets are:

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

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

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

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

d. Leases

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. Leases (continued)

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- amortised cost; or
- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

e. Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to statement of profit or loss and other comprehensive income immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Financial Instruments (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Financial Instruments (continued)

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the Groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the company's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Financial Instruments (continued)

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie the company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derivative financial instruments

The Company enters into various derivative financial instruments (ie foreign exchange forward contracts and interest rate swaps) to manage its exposure to interest rate and foreign exchange rate risks.

Derivative financial instruments are initially and subsequently measured at fair value. All gains and losses subsequent to the initial recognition are recognised in profit or loss.

Hedge accounting

At the inception of a hedge relationship, the Company identifies the appropriate risks to be managed by documenting the relationship between the hedging instrument and the hedged item, along with risk management objectives and the strategy for undertaking various hedge transactions.

The Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. That is, whether the hedging relationships meet all of the following hedge effective requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedged ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company uses to hedge the quantity of hedged item.

When the hedging relationship ceases to meet the hedging ratio requirement, the Company rebalances the hedge so that it meets the qualifying criteria again.

Discontinuation of hedge is not voluntary and is only permitted if:

- the risk management objective has changed;
- there is no longer an economic relationship between the hedged item and the hedging instrument; or
- the credit risk is dominating the hedge relationship.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Financial Instruments (continued)

Qualifying items

Each eligible hedged item must be reliably measurable and will only be designated as a hedge item if it is made with a party which is not part of the Company and is from one of the following categories:

- a recognised asset or liability (financial or non-financial);
- an unrecognised firm commitment (binding agreement with specified quantity, price and dates); or
- a highly probable forecast transaction.

Fair value hedges

At each reporting date, except when the hedging instrument hedges an equity instrument designated as at fair value through other comprehensive income, the carrying amount of the qualifying hedge instruments will be adjusted for the fair value change and the attributable change is recognised in profit and loss, at the same line as the hedged item.

When the hedged item is an equity instrument designated as at fair value through other comprehensive income, the hedging gain or loss remains in other comprehensive income to match the hedging instrument.

Cash flow hedges

The effective portion of the changes in fair value of the hedging instrument is not recognised directly in profit or loss, but to the extent the hedging relationship is effective, it is recognised in other comprehensive income and accumulated under the heading Cash Flow Hedging Reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion (balancing figure) is recognised immediately in profit or loss.

Hedge accounting on cash flow hedge instruments is discontinued prospectively when the hedge relationship no longer meets the qualifying criteria. Amounts recognised in the cash flow hedging reserve that are related to the discontinued hedging instrument will immediately be reclassified to profit or loss.

Preference shares

Preferred share capital is classified as equity if it is non-redeemable or redeemable only at the discretion of the Parent Entity, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the Directors. Preferred share capital is classified as a liability if it is redeemable on a set date or at the option of the shareholders, or where the dividends are mandatory. Dividends thereon are recognised as interest expense in profit or loss.

Compound financial instruments

Compound instruments (convertible preference shares) issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the arrangements. An option that is convertible and that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on date of issue. This is done by using the prevailing market interest rate of the same kind of instrument. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of life of the instrument.

The equity portion is calculated by deducting the liability amount from the fair value of the instrument as a whole. The equity portion is not remeasured after initial recognition. Equity will remain as such until the option is exercised. When the option is exercised a corresponding amount will be transferred to share capital. If the option lapses without the option being exercised the balance in equity will be recognised in profit or loss.

Costs of the transaction of the issue of convertible instruments are proportionally allocated to the equity and liability. Transaction costs in regards to the liability are included in the carrying amount of the liability and are amortised over its life using the effective interest method. Transaction cost in equity is directly recognised in equity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Financial Instruments (continued)

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments:*

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customer*s and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Company measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Financial Instruments (continued)

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Company applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

f. 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 joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g. Intangible Assets Other than Goodwill

Acquired customer contracts and the related client relationships

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

Trademarks

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

Software and website development costs

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Intangible Assets Other than Goodwill (continued)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

h. Employee Benefits

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees up to balance date. These entitlements include wages and salaries, annual leave, and long service leave. Employee entitlements have been measured at the current values of leave owing to the respective employee, plus related on-costs. The calculation has been made for all employees from the date of commencement and the liability is classified as current for all employees who have completed seven years of continuous service at the reporting date.

Employees are entitled to take that balance as leave in the current financial year and / or have it paid out to them if they cease employment with the Company.

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

i. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

j. Cash and Cash Equivalents

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

k. Revenue and Other Income

The principal activities of the Company are those of acting as an agent for tour, travel and accommodation suppliers for which the Company earns service revenue, predominantly in the form of commissions. Revenue is recognised and measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, agent commissions and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's primary activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. Revenue and Other Income (continued)

The Company's key revenue streams are outlined below:

(i) Commissions

Commissions consist of at source commissions across the Company's businesses and override commissions for performance of volume based sales targets with specific airline and leisure partners. The Company acts in the capacity of an agent rather than principal with the facilitation of tour, travel and accommodation services as the Company's customer is a travel agent or supplier. As a result, commission revenue is recognised as the net amount of commission received or receivable by the Company. The revenue policy for the various types of commissions across the Company is outlined below:

At Source commissions - retail and travel management businessess
The Company's retail and travel management businesses receive at source commission from suppliers for the arrangement of travel, tours and travel related products. Revenue is recognised at the point of time when tickets, itineraries or travel documents are issued (ticketed date) as this is when the performance obligation is met to the travel agent or supplier.

Other types of at source commissions
The Company also receives commissions from sales of travel related products such as insurance, foreign currency purchasing services and incentives from suppliers. These commissions are recognised as revenue at a point of time on an accrual basis when the performance obligation is met and the amount can be reliably measured.

Overide Comussion revenue
The Company receives volume based override commissions from airline and leisure partners across the air, land and cruise travel products sold.

The override commission revenue is recognised over a period of time using a tiered earning rate, based on eligible departed travel sales (for air and cruise) or on commencement of hotel stay (for land), for the contracted period as performance obligations involving target tier volumes are met with the suppliers over the life of the contract based on the departure date of the traveller. Each supplier has separate contractual agreements with the Company and the contractual rates, performance tiers and contract periods vary accordingly.

Override commission is calculated for the contract period, based on the value of eligible travel during the period at the expected contracted applicable override rates. Eligible travel for the financial year is calculated based on detailed booking information and is reviewed by management considering current and historical booking trends. To estimate the appropriate override rate to use in the calculation of the estimated override commission, the expected eligible travel sales for the contract period are estimated (based on actual sales, forecast bookings and historical trends) and compared to the contractual performance tiers.

(ii) Transaction and service fees

The Company's travel management business charges customers a transaction fee when travel arrangements are booked through either the Company's online system or using a travel management consultant. Transaction fees are levied in accordance with their contractually agreed rates for the type of product booked. Transaction and service fees are recognised as revenue at the point of time when tickets are issued (ticketed date) as this is when the performance obligation is met to the consumer for the booking of travel arrangements and revenue can be measured reliably. Where amendments occur after the initial transaction, these are treated separately and additional transaction fees may be incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. Revenue and Other Income (continued)

(ii) Marketing related activites

The Company receives contributions from suppliers to compensate for the costs incurred in relation to the production of brochures, in relation to marketing campaigns and activities, and for travel conferences organised by the Company. Revenue is recognised at a point of time when the marketing related activity is undertaken as the performance obligation to the supplier has been met.

Dividend revenue is recognised when the right to receive a dividend has been established.

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

A receivable will be recognised when they are rendered. The Company's right to consideration is deemed unconditional at this time as only the passage of time is required before payment of that consideration is due. There is no significant financing component because sales are made within a credit term of 30 to 45 days.

No impact is shown for AASB 15 as the Directors, after applying the five-step model per AASB 15, assessed that there is no material difference in the result of the Company between applying AASB 118 and AASB 15.

l. Trade and Other Receivables

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

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

m. Trade and Other Payables

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

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

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

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

o. Comparative Figures

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

o. Comparative Figures (continued)

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

p. Critical Accounting Estimates and Judgments

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

Key estimates

(i) Impairment

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

Key judgments

(i) Provision for impairment of receivables

Included in trade receivables at the end of the reporting period are receivables amounting to $10,860 (2020: $8,690) that have been outstanding for over more than 90 days.

(ii) Financial assets at fair value through other comprehensive income

The Company maintain a convertible debenture with a carrying amount at the end of the reporting period of $466,667 (202: $511,763). Other than the decline in foreign currency translation, no impairment has been recognised in respect of this investment.

(iii) Employee benefits

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

q. New and Amended Accounting Polices Adopted by the Company
Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions

AASB 108.28(a)–(d) AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions* amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of AASB 2018-6: *Amendments to Australian Accounting Standards – Definition of a Business*

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: *Business Combinations*, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTE 2 REVENUE AND OTHER INCOME

	NOTE	2021	2020
Revenue		$	$
Sales revenue:			
– Sale of services and commission		585,093	4,341,731
Other revenue:			
– Membership fees		30,445	373,955
– Insurance commission		-	193,736
– Conference fees		-	621,516
– Cruise Club annual fees		-	42,637
– Interest received	2a	1,897	8,223
– Marketing revenue		153,313	714,790
– JobKeeper subsidy		453,350	180,000
– Cash flow boost		-	100,000
– COVID-19 WA Govt Grant		17,500	-
– WA Travel Agent Support Program		27,000	-
– COVID-19 Consumer Travel Support Program		100,000	-
– Forgiven lease payments		39,535	-
– Other income		11	(18,599)
		823,051	2,216,258
Total revenue		1,408,144	6,557,989
a. Interest revenue from:			
– Banks		1,897	8,223
		1,897	8,223

NOTE 3 (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit before income tax from continuing operations includes the following expenses:

	NOTE	2021	2020
Expenses		$	$
Depreciation of property, plant and equipment		(15,799)	(20,544)
Amortisation of intangible assets		(24,656)	(38,658)
Depreciation of right of use asset		(126,690)	(128,923)
		167,145	188,125
Rental expense on operating leases		(3,300)	(9,008)

NOTE 4 INCOME TAX EXPENSE

	NOTE	2021	2020
a. The components of tax expense comprise:		$	$
– Current tax expense		87,699	705,644
– Deferred tax (income)/ expense relating to the origination and reversal of temporary differences	15	(148,287)	(482,271)
		(60,588)	223,373
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)		(82,429)	175,268
Tax effect of:			
– Non-deductable income and expenses		290,190	922,294
– Deductible income and expenses		(120,062)	(391,918)
– Deferred tax asset/liability brought to account		(148,287)	(482,271)
Income tax attributable to Company		(60,588)	223,373
The applicable income tax rate is the Australian federal tax rate of 26% (2020: 27.5%) applicable to Australian resident companies.			
Weighted average effective tax rates are:		19%	35%

NOTE 5 DIVIDENDS

Dividends recognised as distributions and paid during the period:

	2021	2020
	$	$
Declared 5% unfranked ordinary dividend of nil (2020: nil) cents per share franked at the tax rate of 0% (2020:0%)	-	-
	-	-
Per share dividends amount paid during the period	-	-

NOTE 6 AUDITORS' REMUNERATION

	NOTE	2021	2020
		$	$
Remuneration of the auditor is as follows:			
– Auditing and preparation of the financial statements		15,559	15,115
– Auditing of other information		1,000	2,500
		16,559	17,615

NOTE 7 CASH AND CASH EQUIVALENTS

	NOTE	2021	2020
		$	$
Cash at bank and on hand		1,685,341	1,345,405
Short-term deposits		102,799	253,470
	24	1,788,140	1,159,875

The effective interest rate on short-term bank deposits was 0.25% (2020: 1.67%); these deposits have an average maturity of one year (2020: 150 days).

Cash and cash equivalents balance as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows:		
Per the statement of financial position	1,788,140	1,159,875
Less bank overdraft	-	-
Per the statement of cash flows	1,788,140	1,1598,875

NOTE 8 TRADE AND OTHER RECEIVABLES

	NOTE	2020	2019
		$	$
CURRENT			
Trade receivables		77,399	73,396
Provision for impairment of doubtful receivables		-	(8,690)
		77,399	64,706
Other receivables:			
Travel centre receivables		(38,348)	(13,200)
Other receivables		-	97,500
		(38,348)	84,300
Total current trade and other receivables		39,051	149,006

NOTE 8 TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The main sources of credit risk to the Company are considered to relate to the classes of assets described as “trade and other receivables”.

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

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

	GROSS AMOUNT	PAST DUE AND IMPAIRED	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			
			<30	31-60	>60	NOT PAST DUE
2021	$	$	$	$	$	$
Trade and term receivables	77,399	–	39,865	6,192	31,342	–
Other receivables	(38,348)	–	–	–	(38,348)	–
Total	39,051	–	39,865	6,192	(7,006)	–
2020	$	$	$	$	$	$
Trade and term receivables	64,706	–	11,962	–	52,744	–
Other receivables	84,300	–	59,300	12,500	12,500	–
Total	149,006	–	71,202	12,500	65,244	–

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

NOTE 8 TRADE AND OTHER RECEIVABLES (CONTINUED)

	NOTE	2021	2020
		$	$
a. Financial assets classified as trade and other receivables			
Trade and other receivables:			
– Total current		39,051	149,006
Total financial assets classified as trade and other receivables	24	39,051	149,006

b. Collateral held as security

No collateral is held over trade and other receivables.

NOTE 9 OTHER ASSETS

	NOTE	2021	2020
		$	$
CURRENT			
Prepayments		88,512	98,445
Accrued income		72,326	751,509
		160,838	849,954

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

	NOTE	2021	2020
		$	$
PLANT AND EQUIPMENT			
At cost		166,708	165,799
Accumulated depreciation		(145,202)	(129,402)
Total plant and equipment		21,506	36,397

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.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	FURNITURE & OFFICE EQUIPMENT	VEHICLES	TOTAL
	$	$	$
Balance at 01 July 2019	13,698	27,563	41,261
Additions	15,680	–	15,680
Depreciation expense	(13,712)	(6,832)	(20,544)
Carrying amount at 30 June 2020	15,666	20,731	36,397
Additions	908	–	908
Depreciation expense	(10,675)	(5,124)	(15,799)
Carrying amount at 30 June 2021	5,899	15,607	21,506

NOTE 11 INTANGIBLE ASSETS

	NOTE	2021	2020
		$	$
Website development costs			
Capitalisation cost		249,929	249,929
Accumulated amortisation		(229,353)	(204,697)
Total intangible assets		20,576	45,232

a. Movements in carrying amounts

	NOTE	WEBSITE DEVELOPMENT
		$
Balance at 01 July 2019		67,250
Additions externally acquired		16,640
Amortisation expense		(38,658)
Carrying amount at 30 June 2020		45,232
Additions externally acquired		-
Amortisation expense		(24,656)
Carrying amount at 30 June 2021		20,576

NOTE 12 RIGHT OF USE ASSETS

The Company's lease portfolio includes buildings	NOTE	2021	2020
		$	$
i) AASB related amounts recognised in the balance sheet			
Right of use assets		728,555	728,555
Leased building		12,751	–
Effect from rent relief		741,306	728,555
Accumulated depreciation		(255,613)	(128,923)
Effect from rent relief		(24,224)	–
		(279,837)	(128,923)
		461,469	599,632
Movement in carrying amounts:			
Leased buildings:			
Opening net carrying amount		599,632	728,555
Effect from rent relief - net		(11,473)	–
Depreciation expense		(126,690)	(128,923)
Net carrying amount		461,469	599,632
ii) AASB 16 related amounts recognised in the statement of profit or loss			
Depreciation charge related to right-of-use assets		126,690	128,923
Interest expense on lease liabilities		22,139	26,730

NOTE 13 FINANCIAL ASSETS

	NOTE	2021	2020
		$	$
Investments in equity instruments designated as at fair value through other comprehensive income		466,667	511,763
	24	466,667	511,763

NOTE 14 TRADE AND OTHER PAYABLES

	NOTE	2021	2020
		$	$
CURRENT			
Unsecured liabilities:			
Trade payables		52,485	87,657
Accrued expenses		87,785	387,623
Prepaid income		182,986	101,234
Other payables		69,856	46,429
Credit card payables		1,277	–
Total trade and other payables	14a	394,389	622,943

	NOTE	2021	2020
a. **Financial liabilities at amortised cost classified as trade and other payables**			
Trade and other payables:			
Total current		394,389	622,943
Total non-current		–	–
		394,389	622,943
Add/(less): GST refundable/(payable)		(1,999)	(2,584)
Financial liabilities as trade and other payables	23	392,390	620,359

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

NOTE 15 TAX BALANCES

	2021	2020
	$	$
Current liabilities		
Income tax payable	802,069	705,644
Non-current assets		
Deferred tax assets	145,003	217,297
Non-current liabilities		
Deferred tax liabilities	48,575	280,430

NOTE 15 TAX BALANCES (CONTINUED)

	Balance as at 30 June 2021	(Charged) /Credited to Income	(Charged) /Credited to Equity	Balance as at 30 June 2020	(Charged) /Credited to Income	(Charged) /Credited to Equity	Balance as at 01 July 2019
	$	$	$	$	$	$	$
2021 at 25% (2020: 26%) Note 1(a)							
Deferred tax assets							
Provision for employee benefits	54,362	(26,109)	–	80,471	2,566	–	77,905
Provision for doubtful debts	–	(2,390)	–	2,390	2,390	–	–
Prepaid income	45,747	17,908	–	27,839	(60,053)	–	87,892
Accrued expenses	21,946	(84,651)	–	106,597	(32,860)	–	139,457
Net ROUA/ lease liability	11,674	11,674	–	–	–		
Investments	11,274	–	11,274	–	–		
Property, plant and equipment	–	–	–	–	(6,292)	–	6,292
Intangible assets	–	–	–	–	(2,840)	–	2,840
	145,003	(83,568)	11,274	217,297	(97,089)	–	314,386
Deferred tax liabilities							
Accelerated depreciation for tax purposes	(8,366)	11,514	–	(19,880)	(19,880)	–	–
Prepayments	(22,128)	4,944	–	(27,072)	52,131	–	(79,203)
Interest receivable	(15)	96	–	(111)	(111)	–	–
Other receivables	–	26,813	–	(26,813)	(26,813)	–	–
Accrued income	(18,066)	188,488	–	(206,554)	574,033	–	(780,587)
	(48,575)	231,855	–	(280,430	579,360	–	(859,790)
Net amount	96,428	148,287	11,274	(63,133)	482,271	–	(545,404)

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

- temporary differences $Nil (2020: $Nil); and
- tax losses: operating losses $Nil (2020 $Nil).

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

NOTE 16 PROVISIONS

	EMPLOYEE BENEFITS	TOTAL PROVISIONS
	$	$
Analysis of provisions		
Opening balance at 01 July 2020	292,623	292,623
Amount provided during the year	55,907	55,907
Amounts used	(131,081)	(131,081)
Balance at 30 June 2021	217,449	217,449

	2021	2020
CURRENT	$	$
Annual leave	56,282	95,060
Long service leave	115,963	134,209
	172,245	225,269
NON-CURRENT		
Long service leave	45,204	67,354
Total provisions	217,449	292,623

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

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

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

NOTE 17 LEASE LIABILITIES

		2021	2020
		$	$
Current	19	130,743	101,674
Non-current	19	377,423	497,958
Total lease liabilities	18, 24	508,166	599,632

NOTE 18 ISSUED CAPITAL

	2021	2020
	$	$
73,453 (2020: 90,256) fully paid ordinary shares	367,265	451,280
Total share capital	367,265	451,280

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

	2021	2020
a. Movements in issued capital	No.	No.
Fully paid ordinary shares:		
At the beginning of the reporting period	90,256	90,256
Shares issued during the year	–	–
Share buyback during the year	(16,803)	–
At the end of the reporting period	73,453	90,256

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

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

b. Capital management

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

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

There are no externally imposed capital requirements.

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

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

The capital structure at 30 June 2021 and 30 June 2020 is as follows:

	NOTE	2021	2020
		$	$
Trade and other payables	14	394,389	622,943
Lease liabilities	17	508,166	599,632
Less cash and cash equivalents	7	(1,788,140)	(1,598,875)
Net debt		–	–
Total equity		1,132,602	1,506,884
Total capital		1,132,602	1,506,884
Gearing ratio		0%	0%

NOTE 19 CAPITAL AND LEASING COMMITMENTS

Non-cancellable operating leases contracted for but not recognised in the financial statements as lease liabilities under AASB16

	2021	2020
Payable — minimum lease payments:		
— not later than 12 months	130,743	101,674
— between 12 months and five years	377,423	497,958
— later than five years	-	-
Total operating lease payables	508,166	599,632

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

The lease was extended for a period of five (5) years, commencing on 1 April 2020 and expiring on 31 March 2025. The Landlord has provided the Tenant with rent-free terms until 31 May 2022, at which time the lease may be surrendered without penalty. Should the lease be surrendered, new premises will be sought. If the lease remains in place, terms of the lease will be a subject of negotiation from that time.

NOTE 20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no contingent assets and liabilities for the year ended 30 June 2021.

NOTE 21 EVENTS AFTER THE REPORTING PERIOD

The impact of the COVID-19 pandemic is ongoing and while it has been financially negative for the Company up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Since the end of the financial year, the Travellers Choice Travel Centre was closed at the end of August 2021.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

NOTE 22 CASHFLOW INFORMATION

	2021	2020
	$	$
a. Reconciliation of cash flows from operating activities with profit/(loss) for the year		
(Loss)/Profit after income tax	(256,445)	413,965
Non-cash flows items:		
— Depreciation and amortisation	167,145	188,125
— Interest from lease liability	22,139	26,730
— Forgiven lease payments	(39,535)	-
— Foreign currency translation difference	11,274	-
Changes in assets and liabilities:		
— (increase)/decrease in trade and other receivables	109,955	263,926
— (increase)/decrease in deferred tax asset	72,294	97,089
— (increase)/decrease in other assets	689,116	2,276,555
— increase/(decrease) in trade and other payables	(228,554)	(457,884)
— increase/(decrease) in current tax liabilities	96,425	705,644
— increase/(decrease) in deferred tax liabilities	(231,855)	(579,360)
— increase/(decrease) in provisions	(75,174)	9,331
	336,785	2,944,121

NOTE 23 RELATED PARTY TRANSACTIONS

The Company's main related parties are as follows:

a. Entities that exercise control over the Company
None.

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

c. Controlled entities
None.

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

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

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

NOTE 23 RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and outstanding balances with related parties

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

The following transactions occurred with related parties:

	NOTE	2021	2020
Key management personnel		$	$
Key management personnel compensation:			
Short-term employee benefits		248,362	273,226
Post-employment benefits		21,100	22,965
Other long-term benefits		35,056	41,002
		304,518	337,193

Remuneration of Directors and Executives

Name	CASH SALARY AND FEES		SUPERANNUATION BENEFITS		TOTAL REMUNERATION	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Jacqueline Wilson-Smith	10,500	15,000	–	–	10,500	15,000
Trent Bartlett	15,750	16,500	–	–	15,750	16,500
Greg Close	7,997	11,420	760	1,085	8,757	12,505
Phil Dalley	8,259	11,797	784	1,121	9,043	12,918
Trinity Hastwell	7,997	11,420	760	1,085	8,757	12,505
Mark Brady	8,259	11,797	784	1,121	9,043	12,918
Christian Hunter	189,600	195,292	18,012	18,553	207,612	213,845
	248,362	273,226	21,100	22,965	269,462	296,191

In response to the challenges associated with COVID-19, both staff members and Directors reduced remuneration to support the business. From the period from April to September 2020, all staff salaries reduced by 25%, with further 5% reductions applied from October 2020. Directors waived their right to claim Director Fees from April to September 2020. Director Fees beyond that period would be indexed to the reduction in management salaries.

NOTE 24 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 9: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies, are as follows:

	NOTE	2021	2020
Financial assets		$	$
Cash and cash equivalents	7	1,788,140	1,598,875
Trade and other receivables	8	39,051	149,006
Financial assets	13	466,667	511,763
Total financial assets		2,293,858	2,259,644
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	14a	392,390	620,359
Lease liabilities	17	508,166	599,632
Total financial liabilities		900,556	1,219,991

Financial Risk Management Policies

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

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

Specific Financial Risk Exposures and Management

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

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company. The Company's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans. There is no significant credit risk exposure on available-for-sale financial assets and held-to-maturity investments.

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

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

NOTE 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk exposures

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

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

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

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

	2021	2020
	$	$
Cash and cash equivalents:	1,788,140	1,598,875
AA-rated	1,788,140	1,598,875

b. Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement. The Company manages its liquidity risk through the following mechanisms:

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

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

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

NOTE 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial asset maturity analysis

	NOTE	WITHIN 1 YEAR 2021 $'000	WITHIN 1 YEAR 2020 $'000	1 TO 5 YEARS 2021 $'000	1 TO 5 YEARS 2020 $'000	OVER 5 YEARS 2021 $'000	OVER 5 YEARS 2020 $'000	TOTAL 2021 $'000	TOTAL 2020 $'000
Financial liabilities due									
Trade and other payables	14a	392	620	–	–	–	–	392	620
Lease liabilities	17	508	600	–	–	–	–	508	600
Total contractual outflows		900	1,220	–	–	–	–	900	1,220
Less bank overdrafts		–	–	–	–	–	–	–	–
Total expected outflows		900	1,220	–	–	–	–	900	1,220
Financial assets realisable									
Cash and cash equivalents	7	1,788	1,599	–	–	–	–	1,788	1,599
Trade and other receivables	8	39	149	–	–	–	–	39	149
Financial assets	13	467	512					467	512
Total anticipated inflows		2,294	2,260	–	–	–	–	2,294	2,260
Net (outflow)/inflow on financial instruments		1,394	1,040	–	–	–	–	1,394	1,040

c. Market risk

i. Interest rate risk

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

Interest rate risk is managed using a mix of fixed and floating rate instruments. At 30 June 2021, the company had no interest-bearing financial liabilities and approximately 12% of group interest-bearing financial assets have fixed interest rates. It is the company's policy to keep interest-bearing financial assets with fixed interest rates between 10% and 20%.

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

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

	2021	2020
Financial assets		
Cash and cash equivalents	0.25%	1.67%

NOTE 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

ii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk) for securities. The Company's exposure to other price risk arises mainly from available-for-sale financial assets. Such risk is managed through diversification of investments across industries and geographical locations.

The Company is not exposed to any other price risk.

Sensitivity analysis

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

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

	PROFIT	EQUITY
Year ended 30 June 2021	$	$
+/- 2% in interest rates (interest income)	7,500	7,500
Year ended 30 June 2020		
+/- 2% in interest rates (interest income)	9,800	9,800

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

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 assump-tions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

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

NOTE 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	NOTE	CARRYING VALUE 2021	CARRYING VALUE 2020	FAIR VALUE 2021	FAIR VALUE 2020
		$	$	$	$
Financial assets					
Cash and cash equivalents (i)	7	1,788,140	1,598,875	1,788,140	1,598,875
Trade and other receivables (i)	8	39,051	149,006	39,051	149,006
Financial assets at fair value through other comprehensive income	13	466,667	511,763	466,667	511,763
Total financial assets		2,293,858	2,259,644	2,293,858	2,259,644
Financial liabilities					
Trade and other payables (i)	14a	392,390	620,359	392,390	620,359
Lease liabilities	17	508,166	599,632	508,166	599,632
Total financial liabilities		900,556	1,219,991	900,556	1,219,991

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments whose carrying amounts approximate their fair values. Trade and other payables exclude amounts relating to the provision of annual leave and deferred revenue, which are outside the scope of AASB 9.

NOTE 25 RESERVE

	2021	2020
Financial assets reserve		
Foreign currency translation	(33,822)	-
Foreign currency translation reserve	(33,822)	-

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign transactions to Australian dollars.

NOTE 26 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

In accordance with a resolution of the Directors of Travellers Choice Limited, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 20 to 57 are in accordance with the *Corporations Act 2001* and:

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

   (b) give a true and fair view of the financial position as at 30 June 2021 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

Trent Bartlett
Director

Dated this 30th day of September 2021

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Travellers Choice Limited (the "Company"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion:

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

   (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

AMW Audit

AMW AUDIT
Chartered Accountants
Address: Unit 8, 210 Winton Road, Joondalup, Western Australia

MARTIN SHONE
Director & Registered Company Auditor
Dated at Perth, Western Australia this 30th day of September 2021

TRAVELLERS CHOICE LIMITED

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ATAS No. A10430