

TRAVEL COMPENSATION FUND

ABN 21 359 271 369

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE PERIOD FROM 1 JANUARY 2015
TO 1 DECEMBER 2016**

TRAVEL COMPENSATION FUND
ABN 21 359 271 369

CONTENTS

	PAGE NO
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Corpus	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 10
Trustees' Declaration	11
Independent Auditor's Report	12 - 13

TRAVEL COMPENSATION FUND
ABN 21 359 271 369

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 1 DECEMBER 2016

	Note	2016 \$	2015 \$
Revenue			
Revenue from Operations	2(a)	127,309	962,186
Interest Income	2(b)	12,054	532,248
		<u>139,363</u>	<u>1,494,434</u>
Expenses			
National Travel Reform Campaign		-	(26,681)
Choice - Funding Feed		-	(1,755,696)
Claims Paid		(3,996)	(102,532)
Payout to Australian States		-	(19,479,873)
Employee Benefit Expense	3	(233,338)	(197,791)
Consultancy Expenses		(1,973)	(54,611)
Legal Expenses		(9,303)	(309,004)
Occupancy Expenses		-	(137,237)
Other Expenses		(329,054)	(225,609)
		<u>(577,664)</u>	<u>(22,289,034)</u>
Net Deficit before income tax		(438,301)	(20,794,600)
Income tax expense	1(a)	-	-
Net deficit for the year		<u>(438,301)</u>	<u>(20,794,600)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(438,301)</u>	<u>(20,794,600)</u>

The accompanying notes form part of these financial statements.

TRAVEL COMPENSATION FUND
ABN 21 359 271 369

STATEMENT OF FINANCIAL POSITION
AS AT 1 DECEMBER 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,004,032	2,451,051
Trade and other receivables	5	-	28,216
Other current assets	6	-	90,677
TOTAL CURRENT ASSETS		<u>2,004,032</u>	<u>2,569,944</u>
TOTAL ASSETS		<u>2,004,032</u>	<u>2,569,944</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	-	19,697
Provisions	8	-	107,914
TOTAL CURRENT LIABILITIES		<u>-</u>	<u>127,611</u>
TOTAL LIABILITIES		<u>-</u>	<u>127,611</u>
NET ASSETS		<u>2,004,032</u>	<u>2,442,333</u>
CORPUS			
Trust Settlement		100	100
Accumulated Funds		<u>2,003,932</u>	<u>2,442,233</u>
TOTAL EQUITY		<u>2,004,032</u>	<u>2,442,333</u>

The accompanying notes form part of these financial statements.

TRAVEL COMPENSATION FUND
ABN 21 359 271 369

STATEMENT OF CHANGES IN CORPUS
FOR THE PERIOD ENDED 1 DECEMBER 2016

	Trust Settlement	Accumulated Funds	Total
	\$	\$	\$
Balance at 1 January 2015	100	23,236,833	23,236,933
Comprehensive income			
Deficit for the year	-	(20,794,600)	(20,794,600)
Other comprehensive income	-	-	-
	<u>-</u>	<u>(20,794,600)</u>	<u>(20,794,600)</u>
Balance at 31 December 2015	100	2,442,233	2,442,333
Comprehensive income			
Deficit for the year	-	(438,301)	(438,301)
Other comprehensive income	-	-	-
	<u>-</u>	<u>(438,301)</u>	<u>(438,301)</u>
Balance at 1 December 2016	<u>100</u>	<u>2,003,932</u>	<u>2,004,032</u>

The accompanying notes form part of these financial statements.

TRAVEL COMPENSATION FUND
ABN 21 359 271 369
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 1 DECEMBER 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from participants/recoveries		134,410	1,742,593
Other operating income		2,391	1,382
Payments to supplier and employees		(680,758)	(23,047,234)
Payments to claimants		(3,996)	(102,532)
Return of bond		88,880	-
Interest received		12,054	532,248
Net cash used in operating activities	14	<u>(447,019)</u>	<u>(20,873,543)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt from investments		-	22,238,013
Net cash provided by investing activities		<u>-</u>	<u>22,238,013</u>
Net (decrease)/increase in cash held		(447,019)	1,364,470
Cash at the beginning of the year		<u>2,451,051</u>	<u>1,086,581</u>
Cash at the end of the year	4(a)	<u><u>2,004,032</u></u>	<u><u>2,451,051</u></u>

The accompanying notes form part of these financial statements.

TRAVEL COMPENSATION FUND
ABN 21 359 271 369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are special purpose financial statements prepared to satisfy the reporting requirements of the Fund under the Trust Deed. The Trustees have determined that the Fund is not a reporting entity as the Trustees believe there are no users dependant on general purpose financial statements and that the accounting policies adopted are appropriate to meet the needs of the users of the Fund's financial statements.

These financial statements have been prepared for members of the Ministerial Council and Fund participants as required by the Trust Deed.

Nature of Operations and Principal Activities

The principal activities of the TCF are to provide compensation to certain people who deal with travel agents and to ensure that only persons who have sufficient financial resources to enable them to carry on business as a travel agent are participants of the TCF.

Basis of Preparation

The financial statements have been prepared in accordance with recognition and measurement requirements specified by all Australian Accounting Standards and interpretations, issued by the Australian Accounting Standards Board (AASB) and the disclosure requirements of Accounting Standards AASB 101 "Presentation of Financial Statements", AASB107 "Cash Flow Statements" and AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors", AASB 1031 "Materiality", AASB 1048 "Interpretation and Application of Standards", and AASB 1054 "Australian Addition Disclosures", as appropriate for not-for profit oriented entities. TCF is a not-for profit entity and these statements have been prepared on liquidation basis.

The TCF undertakes prudential supervision and compensatory roles in terms of its Trust Deed. In reporting the Fund's income and expenditure no apportionment is made between these roles.

Liquidation basis of preparation

The statement of financial position of the Fund has been prepared on liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and noncurrent. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled more than twelve months after the end of each reporting period cannot be reliably determined.

Accordingly the financial statements are not prepared on a going concern basis. The Trustees have applied the requirements of paragraph 25 of AASB 101 Presentation of Financial Statements which states that "When the financial report is not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the entity not regarded as a going concern."

(a) Taxation Status

The Australian Taxation Office and the NSW Office of State Revenue have confirmed that the TCF is exempt from payment of income tax and NSW stamp duty, respectively.

In regards to the Goods and Service Tax (GST), the Treasurer has issued determination that the various fees (whether on initial application, renewal, penalty, contribution or levy) currently specified by legislative instruments and do not constitute the provision of consideration for a taxable supply that the TCF makes and accordingly the fees are exempt from GST.

TRAVEL COMPENSATION FUND

ABN 21 359 271 369

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(c) Trade and Other Receivables

Trade and other receivables are measured at their net realisable amount. No adjustment has been recognised on the change to liquidation basis as the realisable amount approximates the amortised cost using the effective interest method.

(d) Financial Instruments

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities depending on the purpose for which the liabilities was acquired. The TCF's financial liabilities including trade and other payables, are measured at cost, which is materially consistent with amortised costs. Financial liabilities are recognised when the TCF becomes a party to the contractual agreements of the instrument.

(e) Impairment of Assets

At each reporting date, the carrying values of the TCF's tangible assets are reviewed to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to Statement of Comprehensive Income.

(f) Employee Benefits

Provision is made for the TCF's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs, as all the employee benefits payable will be settled within one year time.

(g) Provisions

Provisions are recognised when the TCF 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. The liability is measured as the present value of expected future payments to be made.

(h) Revenue Recognition

Non-refundable levies, administration, application, penalty and renewal fees are recognised on a receipt basis. Interest is accounted for on an accrual basis. Contributions premium received but not yet approved are recognised as contributions received in advance in the Statements of Financial Position. Once it is approved, it is transferred to revenue in the Statements of Comprehensive Income.

Due to the contingent nature of achieving recoveries through legal action, the TCF does not recognise revenue from this source:

- until it is actually received; or
- the TCF has entered into a binding settlement agreement with, or obtained judgement against, parties who can reasonably be expected to pay the relevant sum within a particular period.

TRAVEL COMPENSATION FUND
ABN 21 359 271 369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Interest Revenue

Interest income is recognised on a time proportion basis using the effective interest method.

(j) Goods and Service Tax (GST)

Revenue, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expenses. Receivables and payables in the Statement of Financial Position are shown inclusive of GST

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

(k) Claims Payable

Claims payable are recognised for the estimated future payments of claims and takes account of claims that have been reported but not paid. Once the claims have been approved by the trustees, the amount is transferred to Claims Clearing Bank Account. The amount shown as claims paid (\$102,532) reflect claims received and/or payable in 2015.

(l) Trade and Other Payables

Trade and other payables are measured at their anticipated settled amount. No adjustment has been recognised on the change to liquidation basis as the anticipated settled amount approximates the amortised cost.

(m) Event After the Balance Sheet Date

Assets and liabilities are adjusted for events occurring after the balance date that provide evidence of conditions existing at the balance date. Important after balance date events which do not meet this criteria are disclosed in Note 14.

(p) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year or as a result of changes in accounting policy.

(q) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Fund for the reporting period ended 1 December 2016. The Fund has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

TRAVEL COMPENSATION FUND
ABN 21 359 271 369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of TCF's accounting policies, the Trustees are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements

The following are the critical judgements that the Trustees of the TCF have made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Employee Benefit

As mentioned in Note 1(f), the Trustee's judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increased in wages and salaries;
- future on cost rates; and
- experience of employee departures and period of service.

Claims Payable

The Trustees of the TCF have reviewed any claims reported but not yet paid at year end and have determined that the estimated future payments at balance date is nil (2015: nil).

Liquidation value and liquidation expenses

Under the liquidation basis of accounting, assets and liabilities are measured at liquidation value. The liquidation value of assets and liabilities is the estimated value for which assets are realised and liabilities settled.

	1 Dec 2016	31 Dec 2015
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
(a) Revenue from Operations		
Recoveries - Legal Fees	106,194	960,804
Sundry Income	21,115	1,382
	127,309	962,186
 (b) Interest Income	12,054	532,248

NOTE 3: EMPLOYEE BENEFIT EXPENSES

Wages and Salaries	220,562	57,621
Superannuation Contributions	1,066	58,563
Other Employee Benefit	11,710	81,607
	233,338	197,791

TRAVEL COMPENSATION FUND
ABN 21 359 271 369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 DECEMBER 2016

	1 Dec 2016 \$	31 Dec 2015 \$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash at bank	2,004,032	2,451,051
	<u>2,004,032</u>	<u>2,451,051</u>
(a) Reconciliation of Cash:		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	<u>2,004,032</u>	<u>2,451,051</u>
NOTE 5: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade debtors	-	<u>28,216</u>
NOTE 6: OTHER ASSETS		
CURRENT		
Rental bond	-	88,880
Prepayments	-	1,797
	<u>-</u>	<u>90,677</u>
NOTE 7: TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors and accruals	-	19,697
	<u>-</u>	<u>19,697</u>
NOTE 8 :PROVISION		
CURRENT		
Annual leave	-	58,141
Long service leave	-	49,773
	<u>-</u>	<u>107,914</u>
NOTE 9: AUDITOR'S REMUNERATION		
Remuneration of the Auditor:		
- Auditing the financial report	8,000	14,500
- Other services	2,500	2,500
	<u>10,500</u>	<u>17,000</u>

TRAVEL COMPENSATION FUND
ABN 21 359 271 369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 DECEMBER 2016

NOTE 10: CONTINGENT LIABILITIES AND COMMITMENTS

There are no commitments and no material contingent or potential liabilities under claims or for any other matter. TCF has complied with all aspects of contractual agreements that could have a material effect on the financial report in the event of non-compliance.

NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE

On 5 December 2016, TCF transferred \$1.9 million of its cash balance to the States in accordance to its Trust Deed and have transferred the remaining cash balance to NSW Fair Trading, delegating the rights to NSW Fair Trading for any unforeseen expenditure. The bank account was closed on 20 December 2016.

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of TCF.

NOTE 12: CASH FLOW INFORMATION

	1 Dec 2016	31 Dec 2015
	\$	\$
Reconciliation of Cash Flow from Operations with Deficit after Income Tax		
Deficit after income tax	(438,301)	(20,794,600)
Changes in assets and liabilities		
– Decrease in trade and other receivables	28,216	797,393
– Decrease in trade and other payables	(19,697)	(203,322)
– Decrease in other provisions	(107,914)	(673,014)
– Decrease in other assets	90,677	-
	<u>(447,019)</u>	<u>(20,873,543)</u>

NOTE 13: FUND DETAILS

The registered office and principal place of business of the Travel Compensation Fund is:

Level 5, Suite 1
15 Castlereagh Street
SYDNEY NSW 2000

**TRAVEL COMPENSATION FUND
ABN 21 359 271 369**

**TRUSTEES' DECLARATION
FOR THE PERIOD ENDED 1 DECEMBER 2016**

The Trustees have determined that Travel Compensation Fund ("the Fund") is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

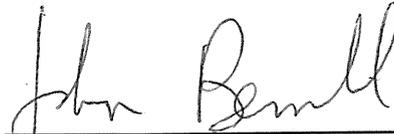
The Trustees of the Company declare that:

1. The financial statements and notes, as set out on page 1 to 10 present fairly the Fund's financial position as at 1 December 2016 and its performance for the period ended on that date in accordance with accounting policies described in Note 1 of the financial statements.
2. The signing of these accounts and the subsequent closure of the Fund's bank account represent the completion of the termination of the Fund.

This declaration is made in accordance with a resolution of the Trustees and is signed for and on behalf of the Trustees.



Rod Stowe
Trustee on behalf of the
Travel Compensation Fund



John Berrill
Trustee on behalf of the
Travel Compensation Fund

Dated in Sydney, this 15th day of February 2017.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF TRAVEL COMPENSATION FUND

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Travel Compensation Fund ("the Fund"), which comprises the statement of financial position as at 1 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the trustee's declaration.

Trustee's Responsibility for the Financial Report

The trustees of the Fund are responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 of the financial report is appropriate to meet the requirements of the Trust Deed and is appropriate to meet the needs of the members. The trustees' responsibility also includes such internal control as the trustees determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion, the financial report presents fairly the financial position of Travel Compensation Fund as at 1 December 2016 and of its financial performance for the period then ended in accordance with the accounting policies described in Note 1 to the financial statements and the financial reporting requirements of the Trust Deed.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report of the Fund has been prepared on a liquidation basis, given the winding up the Fund in accordance with the Travel Industry Transition Plan. The assets and liabilities of the Fund have been measured at their estimated net realisable value and expected settlement amounts respectively.

The financial report is prepared to assist the trustees to meet the financial reporting responsibilities under the Trust Deed. As a result, the financial report may not be suitable for another purpose.



C I CHANDRAN
PARTNER



PITCHER PARTNERS
Sydney

15 February 2017