

**COOK'S BODY WORKS PTY LTD**  
**A.B.N. 42 005 070 084**

**DIRECTORS REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2013**

In accordance with a resolution of the Directors dated 20 December 2013 the Directors of the Company have pleasure in reporting on the company for the financial year ended 30 September 2013 and the state of affairs as at 30 September 2013.

The Directors of the company in office at the date of this report are:

Richard Rees

Delwyn Garland Rees

**PRINCIPAL ACTIVITIES:**

The principal activity of Cooks Body Works Pty Ltd during the year remained unchanged with the company continuing to trade as a commercial vehicle body manufacturer.

**DIVIDENDS:**

No dividends were paid or recommended since the end of the previous financial year.

**REVIEW OF OPERATIONS:**

Cooks Body Works Pty Ltd has continued to experience difficult trading conditions with inconsistent customer demand and competition from imports supported by the strong Australian dollar.

Cook's management have worked on expansion of the customer base and product offering to improve sale and margin performance of the business.

**REVIEW OF FINANCIAL POSITION**

The directors refer readers to the financial statements including, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, in relation to the company's financial position and comparison.

**OPERATING RESULTS:**

The net loss, after crediting income tax of \$107,739 (2012 crediting income tax \$385,993) amounted to \$362,795 (2012 net loss of \$492,538).

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS:**

There have been no significant changes in the state of affairs of the company during the financial year.

**EVENTS SUBSEQUENT TO BALANCE DATE:**

No other matters or circumstances, except as detailed above, have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the company and the results of these operations or the state of affairs of the company in financial years subsequent to the financial year ended 30 September 2013.

**FUTURE DEVELOPMENTS:**

No information has been included on the likely developments of the Company as the directors are of the opinion that to include such comments would be unreasonably prejudicial to the interests of the Company.

**ENVIRONMENTAL ISSUES:**

The Company is not subject to significant environmental regulation in respect of its activities.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to begin 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**

The auditor's independence declaration for the year ended 30 September 2013 is included on page 5 of the Financial Report.

#### INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the holding company paid a premium of \$15,763 in respect of a contract insuring the directors of the company (as named below) and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent of the policy limits with a current \$7,500,000 in aggregate for all claims per twelve months.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

#### OPTIONS

No options over shares or interest in the group have been taken up during the period, or are outstanding at the end of the period.

#### REMUNERATION REPORT

The Board policy for determination of the nature and amount of remuneration for directors and senior executives is based on the yearly Chairman and Managing Director's assessment of individual's performance and the general overall performance of the company.

It is the stated policy that depending on this assessment, the level of remuneration may be increased or decreased after a review from its previous level.

The criteria on which individual performance is assessed are:-

- technical knowledge and skills in light of current levels for the applicable occupation or profession
- application by the individual of their knowledge and skills to their tasks
- the ability and success in imparting their knowledge, skills and work ethic to personnel assigned to them
- the ability to complete assignments successfully and in the allocated time
- the ability to assist the company and or subsidiary achieve profitable short, medium and long term performance and growth by delivering customers with quality, competitively priced and innovative products and services.

The table below sets out the remuneration paid during the year to Directors and executives with a breakdown into salaries/ bonuses, superannuation and non-monetary benefits.

No equity component of remuneration is provided but board policy is to encourage directors and executives to purchase shares in the company on the stock exchange with the objective of long term investment.

		Short Term Benefits				Post-Employment Benefits			
Name	Office	Salary/Bonus <sup>1</sup>		Non-Monetary Benefits		Superannuation		Total	
		2013 (\$)	2012 (\$)	2013 (\$)	2012 (\$)	2013 (\$)	2012 (\$)	2013 (\$)	2012 (\$)
D.G. Rees	Director	70,000	60,000	-	-	1,619	-	71,619	60,000
R. Rees	Director	305,000	268,759	40,000	40,000	27,741	50,000	372,741	358,759
C. Theodoropoulos <sup>2</sup>	Executive	176,085	170,000	-	-	15,000	15,300	191,085	185,300
Total		551,085	498,759	40,000	40,000	44,360	65,300	635,445	604,059

<sup>1</sup> R. Rees' salary for 2013 includes a bonus of \$120,000 (2012: \$110,000).

<sup>2</sup> C Theodoropoulos resigned as an Executive during the 2013 year, his last day of service was 20/09/2013 and no termination benefits were paid.

The above table represents the remuneration received from all companies in the group.

Signed in accordance with a resolution of the Directors made pursuant to S.298 (2) of the Corporations Act 2001.

On behalf of the Directors



RICHARD REES  
Moorabbin, 20 December 2013



DELWYN GARLAND REES



**Hayes Knight Audit**  
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Registered Audit Company 291969

**COOK'S BODY WORKS PTY LTD**  
ACN: 005 070 084

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COOK'S BODY WORKS PTY LTD

### Report on the Financial Report

We have audited the accompanying financial report of Cook's Body Works Pty Ltd, which comprises the statement of financial position as at 30 September 2013, 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, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 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 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 whether the financial report is free from material misstatement.

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

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

#### *Auditor's Opinion*

In our opinion the financial report of Cook's Body Works Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 September 2013 and of its performance of the year ended on that date; and
- (b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

*Hayes Knight Audit*

Hayes Knight Audit Pty Ltd  
Melbourne

  
Geoff S. Parker  
Director

Dated this 20 day of DECEMBER 2013

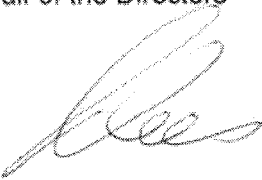
**DIRECTORS' DECLARATION**

The directors declare that:

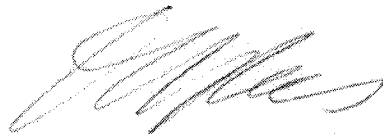
- a) The attached financial statements and notes (pages 6 to 23) thereto comply with accounting standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company.
- c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*; and
- d) 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 as the parent company has agreed to repayment of loans as outlined in Note 1.

Signed, in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Mr. R. Rees  
Director



Mr. D. G. Rees  
Director

Moorabbin,  
20 December 2013





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**COOK'S BODY WORKS PTY LTD**  
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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF COOK'S BODY WORKS PTY LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2013 there have been:

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

*Hayes Knight Audit*

Hayes Knight Audit Pty Ltd  
Melbourne

Geoff S. Parker  
Director

Dated this 20 day of December 2013

**COOK'S BODY WORKS PTY LTD**  
**A.B.N. 42 005 070 084**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	NOTE	2013 \$	2012 \$
Revenues	2	4,015,197	2,329,085
Expenses	3	(4,382,693)	(3,095,436)
Finance Costs	3	<u>(103,038)</u>	<u>(112,180)</u>
Profit/(loss) before income tax expense		(470,534)	(878,531)
Income tax (expense)/revenue	4	107,739	385,993
Profit/(loss) after income tax expense		<u>(362,795)</u>	<u>(492,538)</u>
<b>Other Comprehensive Income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net gain (loss) on available for sale financial assets		4,498	(567)
Other comprehensive income/(loss)		<u>4,498</u>	<u>(567)</u>
Total Comprehensive Income/(Loss)		(358,297)	(493,105)

Notes to and forming part of the accounts are set out on pages 10 to 23.

**COOK'S BODY WORKS PTY LTD**  
**A.B.N. 42 005 070 084**

**STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013**

	NOTE	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash assets	21	370,340	83,187
Receivables	5	325,293	265,670
Inventories	6	570,747	475,051
Other current assets	10	25,754	-
Income tax receivable	5	99,458	301,938
<b>TOTAL CURRENT ASSETS</b>		<b>1,391,592</b>	<b>1,125,846</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and equipment	7	67,265	68,777
Other financial assets	8	30,417	23,991
Deferred tax assets	9	126,015	125,260
<b>TOTAL NON-CURRENT ASSETS</b>		<b>223,696</b>	<b>218,028</b>
<b>TOTAL ASSETS</b>		<b>1,615,288</b>	<b>1,343,874</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	5,173,210	4,547,784
Provisions	12	189,890	194,732
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,363,100</b>	<b>4,742,516</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	13	400,000	400,000
Deferred tax liabilities	14	9,127	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>409,127</b>	<b>400,000</b>
<b>TOTAL LIABILITIES</b>		<b>5,772,227</b>	<b>5,142,516</b>
<b>NET LIABILITIES</b>		<b>(4,156,939)</b>	<b>(3,798,642)</b>
<b>EQUITY</b>			
Issued Capital	15	290,000	290,000
Reserves		3,931	(567)
Retained profit (loss)		(4,450,870)	(4,088,075)
<b>TOTAL EQUITY</b>		<b>(4,156,939)</b>	<b>(3,798,642)</b>

Notes to and forming part of the accounts are set out on pages 10 to 23.

**COOK'S BODY WORKS PTY LTD**  
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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	<b>Issued Capital</b>	<b>Reserves*</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
Balance at October 1, 2011	290,000	-	(3,595,537)	(3,305,537)
Net profit (loss) for the period	-	-	(492,538)	(492,538)
Other comprehensive income	-	(567)	-	(567)
Balance at September 30, 2012	<u>290,000</u>	<u>(567)</u>	<u>(4,088,075)</u>	<u>(3,798,642)</u>
Net profit (loss) for the period	-	-	(362,795)	(362,795)
Other comprehensive income	-	4,498	-	4,498
Balance September 30, 2013	<u>290,000</u>	<u>3,931</u>	<u>(4,450,870)</u>	<u>(4,156,939)</u>

\* 'Reserves' refers to a financial assets reserve, which includes all of the unrealised gains over cost on our available for sale financial assets, net of capital gains tax.

Notes to and forming part of the accounts are set out on pages 10 to 23.



**COOK'S BODY WORKS PTY LTD**  
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**STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 SEPTEMBER 2013**

	NOTE	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		4,164,720	2,415,449
Payment to suppliers and employees		(3,810,116)	(2,549,325)
Interest received		5,801	2,237
Interest paid		-	-
Dividend received		1,714	1,714
Net cash provided by/(used in) operating activities	21(ii)	362,118	(129,925)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(24,965)	(29,643)
Cash paid for investments		-	-
Net cash provided by/(used in) investing activities		(24,965)	(29,643)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from/(Repayment of) borrowings		(50,000)	276,572
Net cash provided by/(used in) financing activities		(50,000)	276,572
Net increase/(decrease) in cash held		287,153	117,004
Cash at beginning of financial year		83,187	(33,817)
Cash at end of financial year	21(i)	370,340	83,187

Notes to and forming part of the accounts are set out on pages 10 to 23.

**COOK'S BODY WORKS PTY LTD**  
**A.B.N. 42 005 070 084**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

**Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report prepared to satisfy the financial report preparation requirements of the *Corporations Act 2001*.

Cooks Body Works Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared for a for-profit entity, with the Australian Dollar as presentation currency and amounts rounded to the nearest whole dollar.

**Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, including Australian accounting interpretations, other authoritative pronouncements of the Australian Accounting Standards Board & *The Corporations Act 2001*.

The financial report of Cooks Body Works Pty Ltd complies with Australian Accounting Standards. Material accounting policies adopted in the preparation of these statements are stated below & were consistently applied unless otherwise stated.

The financial statements were authorised for issue on 20 December 2013 by the directors of the company.

**Reporting Basis and Conventions**

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Accounting Policies**

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(A) Significant Accounting Policies**

Accounting policies are selected and applied in a manner which helps ensure that the resultant financial information satisfies the concepts of relevance and reliability, thereby, ensuring that the substance of the underlying transactions and other events is reported. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

In addition to the accounting policies prescribed by applicable Accounting Standards, the following significant accounting policies have been adopted in the preparation and presentation of the financial report.

**(B) Property, Plant and Equipment**

Depreciation has been charged in the accounts using either the straight line or reducing balance method on all classes of depreciable assets so as to write off their book value over the estimated useful life of the asset. The following estimated useful lives are used in the calculation of depreciation. Plant and equipment 4 – 8 years.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

**(C) Inventories**

The Company has:

- (i) Valued stocks at the lower of cost and net realisable value.
- (ii) Calculated costs by including all variable manufacturing cost, and an appropriate portion of fixed manufacturing cost, but excluding selling, distribution and administration expenses, and
- (iii) Assigned cost to inventory quantities on hand at balance date on a first in first out basis.

**(D) Research and Development Expenditure**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

**(E) Employee Entitlements**

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and are capable of being measured reliably.

Provisions made in respect of annual leave and long service leave, expected to be settled within 12 months and after 12 months are measured at their nominal values plus related on costs.

**(F) Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted with changes in presentation for the current financial year.

**(G) Receivables**

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

**(H) Recoverable Amount of Non-Current Assets**

Non-current assets are written down to recoverable amount where the carrying value of any non-current assets exceed recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

**(I) Accounts Payable**

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

**(J) Provision for Warranties**

Provision is made in respect of the company's estimated liability on products under warranty at balance date.

**(K) Revenue**

Revenue from the sale of goods is recognised upon delivery and invoicing of goods to customers. Interest & dividend revenue is recognised on receipt

**COOK'S BODY WORKS PTY LTD**  
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

**(L) Income Tax**

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Cooks Body Works Pty Ltd, which is a wholly-owned Australian subsidiary company, is a member of an income tax consolidated group under the tax consolidation regime. Cooks Body Works Pty Ltd recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of the entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from October 1, 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

**(M) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report 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 - Impairment**

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

## **(N) Financial Instruments**

### **Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

### **Derecognition**

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

### **Classification and Subsequent Measurement**

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

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from change in fair value are included in profit or loss in the period in which they arise.

#### **(ii) Loans and receivables**

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

#### **(iii) Held-to-maturity investments**

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

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

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

#### **(v) Financial Liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

### **Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### **Impairment**

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**COOK'S BODY WORKS PTY LTD**  
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013 \$	2012 \$
<b>Note 2. Revenue</b>		
Operating:		
Sales Revenue	3,986,081	2,322,493
Dividends		
-Other Corporations	1,714	1,714
Interest Received	5,801	2,237
Other revenue	21,601	2,641
Total revenue	<u>4,015,197</u>	<u>2,329,085</u>

**Note 3. Expenses**

(a) Operating profit before income tax has been determined after:

Cost of goods sold	2,865,079	1,615,531
Overheads	1,266,074	1,142,625
Administration expenses	142,256	194,034
Selling expenses	109,284	143,246
Finance expenses	103,038	112,180
Total expense	<u>4,485,731</u>	<u>3,207,616</u>

Depreciation of:

- Plant and equipment	26,482	32,904
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(b) Net transfers to (from) provisions for:

- Employee entitlements	4,842	(25,861)
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(c) Significant revenues and expenses

- Research and Development costs	214,193	263,678
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**Note 4. Income Tax Expense**

(a) The prima facie tax on operating profit is reconciled to the income tax expense (benefit) in the accounts as follows.

Operating profit (loss) before income tax	(470,534)	(878,531)
Prima Facie income tax expense applicable to operating profit at 30% (2012 30%)	(141,160)	(263,559)
Add/Deduct tax effect of:		
Permanent differences		
Research and Development Expenditure	(38,129)	(118,655)
Tax offsets/rebates	(515)	(515)
Reclassification of brought forward timing differences and overprovision for tax	72,065	(3,264)
Income Tax Expense per Accounts	(107,739)	(385,993)
The applicable weighted avg effective tax rates	0%	0%



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

**Note 5. Current Receivables**

Trade receivables	334,348	260,355
Provision for doubtful debts	(10,000)	-
Other receivables	945	5,315
	<u>325,293</u>	<u>265,670</u>

Trade Receivables Summary\*

Amounts due	1,015	7,669
Amounts not yet due	<u>333,333</u>	<u>252,686</u>
	<u>334,348</u>	<u>260,355</u>

\*Please note that not all customers are offered the same credit terms

Credit terms range from 0 to 60 days.

Current income tax receivable	99,458	301,938
	<u>99,458</u>	<u>301,938</u>

**Note 6. Inventories**

Raw Material	339,228	374,487
Work in progress	226,519	56,800
Finished goods	5,000	43,764
	<u>570,747</u>	<u>475,051</u>

**Note 7. Plant and Equipment**

Plant and machinery at cost	512,360	493,272
Less: Accumulated depreciation	<u>(486,604)</u>	<u>(478,581)</u>
	25,756	14,691

Furniture and fittings	36,729	36,729
Less: Accumulated depreciation	<u>(26,647)</u>	<u>(21,618)</u>
	10,082	15,111

Office machines and equipment	102,758	96,881
Less: Accumulated depreciation	<u>(85,717)</u>	<u>(76,760)</u>
	17,041	20,121

Motor Vehicles	103,385	103,385
Less: Accumulated depreciation	<u>(88,999)</u>	<u>(84,531)</u>
	14,386	18,854

<b>TOTAL PLANT AND EQUIPMENT</b>	<u>67,265</u>	<u>68,777</u>
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

**Note 7. Plant and Equipment (cont.)**

Movements in the carrying amounts for plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment
Balance at 1 October 2012	68,777
Additions	24,965
Disposals	-
Depreciation expense	(26,477)
Balance at 30 September 2013	<u>67,265</u>

Movements in the carrying amounts for plant and equipment between the beginning and the end of the previous financial year.

	Plant and Equipment
Balance at 1 October 2011	72,036
Additions	29,645
Disposals	-
Depreciation expense	(32,904)
Balance at 30 September 2012	<u>68,777</u>

	2013 \$	2012 \$
<b>Note 8. Non-Current Other Financial Assets</b>		
Shares:		
In company under common control	1	1
In other listed companies	30,416	23,990
	<u>30,417</u>	<u>23,991</u>
<b>Note 9. Non-Current Deferred Tax Assets</b>		
Deferred Tax Assets	126,015	125,260
	<u>126,015</u>	<u>125,260</u>
<b>Note 10. Other Current Assets</b>		
Prepayments	25,754	-
	<u>25,754</u>	<u>-</u>

**Note 11. Current Payables**

<i>Unsecured</i>		
Trade creditors	304,705	216,045
Sundry creditors	412,200	174,075
<i>Secured</i>		
Amounts payable to Chief Entity	4,456,305	4,157,664
	<u>5,173,210</u>	<u>4,547,784</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

**Note 12. Current Provisions**

	<b>Annual Leave</b>	<b>Long Service Leave</b>	<b>Directors' Fees</b>	<b>Provision for Warranty</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Opening Balance at 1 Oct 2012	97,543	57,189	-	40,000	194,732
Additional provisions	87,876	9,951	-	-	97,827
Amounts used	(77,817)	-	-	-	(77,817)
Amounts paid out on resignation	(24,852)	-	-	-	(24,852)
Amounts transferred out	-	-	-	-	-
Balance at 30 September 2013	82,750	67,140	-	40,000	189,890

**2013**  
**\$****2012**  
**\$****Note 13. Non-Current Payables**

Amount payable to Chief Entity (i)

400,000

400,000

(i) The loan from Sietel Ltd is secured by a registered debenture over all the assets and undertakings of the company

**Note 14. Non-Current Deferred Tax Liabilities**

Deferred Tax Liabilities

9,127

-

9,127

-

**Note 15. Issued Capital**

Issued capital 150,000 (2012 – 150,000) ordinary shares fully paid

290,000

290,000

Ordinary Shareholders are entitled to one vote per share

**Note 16. Remuneration of Key Management Personnel**

Income received or due and receivable by all directors of the company from the company and any related bodies corporate \$635,445 (2012 \$604,059).

The number of Directors whose income from the company and related bodies corporate was within the following bands.

	<b>2013</b>	<b>2012</b>
\$ 0 - \$ 269,999	2	2
\$ 270,000 - \$ 449,999	1	1
\$ 450,000 - \$ 499,999		
\$1,600,000 - \$ 1,699,999		

Retirement and Superannuation payments paid on retirement from office or to prescribed superannuation funds for provision of retirement benefits of Directors of the Company: \$ 29,360 (2012 \$50,000).

The names of the Directors who held office during the financial year:

Richard Rees

Delwyn Garland Rees

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013 \$	2012 \$
<b>Note 17. Auditors Remuneration</b>		
Amounts received or due and receivable by the company's auditors for:		
- Audit and review	14,073	16,158
- Other services	-	-

**Note 18. Related Party Transactions**

- (a) Mr R. Rees and Mr D.G. Rees are directors of the company. Both are also a director of the chief entity, Sietel Limited.
- (b) The following are the directors who held office during the year.  
Richard Rees                      Delwyn Garland Rees
- (c) The ultimate chief entity is Sietel Limited which owns 100% of Cooks Body Works Pty Ltd. Sietel Limited, has made a secured loan of \$4,856,305 (2012 - \$4,557,664) to the company in lieu of a bank bill facility with no set period of repayment, subject to no default.
- (d) Chief Entity transactions:
- Personnel charges paid to Chief Entity \$60,000 (2012 - \$60,000).
  - Interest paid to Chief Entity \$90,000 (2012 - \$90,000)
  - Rent for premises paid to Chief Entity \$273,000 (2012 - \$273,000)
  - Lease rentals for plant paid to Chief Entity \$36,000 (2012 - \$36,000)
- (e) Sietel Ltd has provided the same undertakings in relation to the Company's \$50,000 overdraft facility.
- (f) Audit fees for this year were paid by the Chief Entity.

**Note 19. Ultimate Chief Entity**

The company is ultimately controlled by Sietel Limited which is incorporated in Australia.

**Note 20. Segment Reporting**

The company operated predominantly in Australia in the Manufacturing industry.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

**Note 21. Notes To The Statement of Cash Flows**

(i) Reconciliation of cash

for the purpose of the statement of cash flows cash includes:

1. Cash on hand and in at call deposits with banks or financial institutions.
2. Investments in money market instruments with less than 14 days to maturity.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash at the end of year is shown in the balance sheet as:		
Cash on hand	370,340	83,187
Bank overdrafts	-	-
	<u>370,340</u>	<u>83,187</u>

(ii) Reconciliation of cash flows from operations with operating profit after income tax.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Operating profit (loss) after income tax.	(362,795)	(492,538)
Cash flows in Operating Profit attributable to Non-Operating activities		
- Depreciation	26,477	32,903
- Income Tax	(107,740)	(74,802)
- Changes to provisions	153,470	284,605
- (Profit)/Loss on sale of Plant and Equipment	-	-
Changes in assets and liabilities		
- (Increase)/Decrease in trade debtors	30,926	4,723
- (Increase)/Decrease in inventories	95,697	48,786
- (Increase)/Decrease in provision for warranties	-	-
- Increase/(Decrease) in trade creditors	526,083	66,398
	<u>362,118</u>	<u>(129,925)</u>

**Note 22. Superannuation Commitments**

Cook's Body Works Pty Ltd pays the employer's contribution required by the Superannuation Guarantee Charge Act and any further salary sacrifice amounts or employee contributions, if instructed, to complying superannuation funds as selected by their employees.

The amount and time of payment of benefits by these various superannuation funds will be in accordance with the terms and conditions negotiated by each individual employee and are not guaranteed in any way by the company.

The company has a legal obligation to contribute to these superannuation funds in accordance with relevant requirements of the Superannuation Guarantee legislation.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Note 23. Capital and leasing commitments</b>		
Lease commitment to chief entity		
- Due within one year	-	-
- Due within one year but not later than five years	-	-
- Due after five years	-	-
Total	<u>-</u>	<u>-</u>
Capital expenditure commitment	Nil	Nil

**Note 24. Financial Instruments**

**(a) Significant Accounting Policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the accounts.

The group's financial instruments consist mainly of deposits with banks, local money market instruments, available for sale financial assets, accounts receivable and payable and preference shares.

**(b) Interest Rate Risk**

The following details the company's exposure to interest rate risk as at the reporting date.

	2013 Average Interest Rate %	2013 Total \$	2012 Average Interest Rate %	2012 Total \$
<b>Financial Assets</b>				
Cash	1.09	370,340	0.0	83,187

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 September 2013, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows for interest revenue.

	2013 \$	2012 \$
Change in profit		
- Increase in interest rate by 1%	1,954	813
- Decrease in interest rate by 1%	(93)	0
Change in equity		
- Increase in interest rate by 1%	1,954	813
- Decrease in interest rate by 1%	(93)	0

**(c) Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The company measures credit risk on a fair value basis.

**(d) Net Fair Value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the accounts.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

**Note 25 Company Details**

The registered office of the company is:

140-144 Cochranes Road, Moorabbin VIC 3189

The principal place of business is:

140-144 Cochranes Road, Moorabbin VIC 3189

**Note 26 New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: Amendments to Australian Accounting Standards — Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010-7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012-10: Amendments to Australian Accounting Standards — Transition Guidance and Other Amendments), and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to be accounted for using the equity method of accounting under AASB 11. The proportionate consolidation method is no longer permitted. However, this will not have any impact on the Group's financial statements.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 SEPTEMBER 2013**

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013). AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.

AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and re-measurements and recognition of:
  - (i) service cost and net interest expense in profit or loss; and
  - (ii) re-measurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

Sietel Group does not have any employees with defined benefit superannuation plans.

AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact the Group's financial statements.

AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

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AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.