

## **DIRECTORS REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016**

In accordance with a resolution of the Directors dated 16 December 2016 the Directors of the Company have pleasure in reporting on the Company for the financial year ended 30 September 2016 and the state of affairs as at 30 September 2016.

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

Richard Rees

Delwyn Garland Rees

Thomas Rees

### **PRINCIPAL ACTIVITIES:**

The principal activity of Cook's 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:**

Cook's Body Works Pty Ltd has experienced varied and at times weak demand for its products which has hindered management's efforts to return the business to profitability.

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 profit or loss and other 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 \$190,556 (2015 crediting income tax \$120,995) amounted to \$192,882 (2015 net loss of \$193,033).

### **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 2016.

### **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 2016 is included on page 6 of the Financial Report.



### INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the holding company paid a premium of \$14,970 in respect of a contract insuring the directors of the company (as named above) 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 company 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 from all Companies in the Group 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 Holding Company on the stock exchange with the objective of long term investment.

		Short Term Benefits				Post-Employment Benefits			
Name	Office	Salary/Bonus		Non-Monetary Benefits		Superannuation		Total	
		2016 (\$)	2015 (\$)	2016 (\$)	2015 (\$)	2016 (\$)	2015 (\$)	2016 (\$)	2015 (\$)
D.G. Rees	Director	70,000	70,000	-	-	6,650	6,650	76,650	76,650
R. Rees <sup>1</sup>	Director	269,000	268,500	40,000	40,000	17,575	54,425	326,575	362,925
T. Rees <sup>2</sup>	Director	58,065	-	-	-	5,516	-	63,581	-
Total		397,065	338,500	40,000	40,000	29,741	61,075	466,806	439,575

<sup>1</sup> R. Rees' salary for 2016 includes bonuses totalling \$84,000 (2015: \$83,500).

<sup>2</sup> T. Rees was appointed as Managing Director of Cook's Body Works Pty Ltd on 15/08/16. T. Rees' salary for 2016 includes a bonus of \$40,000 (2015: \$0).

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, 16 December 2016

  
DELWYN GARLAND REES



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

**INDEPENDENT AUDITOR'S 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 2016, 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 2016 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*.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company incurred an after tax loss of \$192,882 for the year ended 30 September 2016 and, as of that date; the company's current liabilities exceeded its current assets. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

A stylized, handwritten-style logo for Nexia in blue ink.

**Nexia Melbourne Audit Pty Ltd**  
Melbourne

A handwritten signature in blue ink, appearing to read "Richard Cen".

**Richard Cen**  
Director

Dated this 16<sup>th</sup> day of December 2016

**DIRECTORS' DECLARATION**

The directors declare that:

- a) The attached financial statements and notes (pages 7 to 23) thereto comply with Australian 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.

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,  
16 December 2016



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

**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 2016 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.



**Nexia Melbourne Audit Pty Ltd**  
Melbourne



**Richard Cen**  
Director

Dated this 16<sup>th</sup> day of December 2016

**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 2016**

	NOTE	2016 \$	2015 \$
Revenues	2	2,538,489	3,071,628
Expenses	3	(2,829,155)	(3,292,689)
Finance costs	3	(92,772)	(92,967)
Profit/(loss) before income tax expense		(383,438)	(314,028)
Income tax (expense)/revenue	4	190,556	120,995
Profit/(loss) after income tax expense		(192,882)	(193,033)
<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		(1,842)	1,328
Other comprehensive income/(loss)		(1,842)	1,328
Total comprehensive Income/(loss)		(194,724)	(191,705)

Notes to and forming part of the accounts are set out on pages 11 to 23.

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

**STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash assets	22	918,638	625,765
Receivables	5	283,047	361,127
Inventories	6	243,385	274,369
Other current assets	10	34,681	33,841
Income tax receivable	5	167,286	112,300
<b>TOTAL CURRENT ASSETS</b>		<u>1,647,037</u>	<u>1,407,402</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	26,307	34,944
Other financial assets	8	31,702	34,334
Deferred tax assets	9	70,793	73,746
<b>TOTAL NON-CURRENT ASSETS</b>		<u>128,802</u>	<u>143,024</u>
<b>TOTAL ASSETS</b>		<u>1,775,839</u>	<u>1,550,426</u>
<b>CURRENT LIABILITIES</b>			
Payables	11	5,941,309	5,506,497
Provisions	12	210,671	220,060
<b>TOTAL CURRENT LIABILITIES</b>		<u>6,151,980</u>	<u>5,726,557</u>
<b>NON-CURRENT LIABILITIES</b>			
Payables	13	400,000	400,000
Provisions	21	12,655	17,404
Deferred tax liabilities	14	12,475	13,012
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>425,130</u>	<u>430,416</u>
<b>TOTAL LIABILITIES</b>		<u>6,577,110</u>	<u>6,156,973</u>
<b>NET LIABILITIES</b>		<u>(4,801,271)</u>	<u>(4,606,547)</u>
<b>EQUITY</b>			
Issued capital	15	290,000	290,000
Reserves		4,831	6,673
Retained earnings/(losses)		(5,096,102)	(4,903,220)
<b>TOTAL EQUITY</b>		<u>(4,801,271)</u>	<u>(4,606,547)</u>

Notes to and forming part of the accounts are set out on pages 11 to 23.



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

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Issued Capital	Reserves*	Retained Earnings/ (Losses)	Total Equity
Balance at October 1, 2014	<u>290,000</u>	<u>5,345</u>	<u>(4,710,187)</u>	<u>(4,414,842)</u>
Net profit/(loss) for the period	-	-	(193,033)	(193,033)
Other comprehensive income	-	1,328	-	1,328
Balance at September 30, 2015	<u>290,000</u>	<u>6,673</u>	<u>(4,903,220)</u>	<u>(4,606,547)</u>
Net profit/(loss) for the period	-	-	(192,882)	(192,882)
Other comprehensive income	-	(1,842)	-	(1,842)
Balance September 30, 2016	<u>290,000</u>	<u>4,831</u>	<u>(5,096,102)</u>	<u>(4,801,271)</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 11 to 23.

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

**STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 SEPTEMBER 2016**

	NOTE	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		2,601,868	3,184,863
Payment to suppliers and employees		(2,312,394)	(2,831,530)
Interest received		12,805	10,938
Interest paid		-	-
Dividend received		1,897	1,867
Net cash provided by/(used in) operating activities	22(ii)	304,176	366,138
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(11,303)	(4,932)
Cash paid for investments		-	-
Net cash provided by/(used in) investing activities		(11,303)	(4,932)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from/(Repayment of) borrowings		-	-
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash held		292,873	361,206
Cash at beginning of financial year		625,765	264,559
Cash at end of financial year	22(i)	918,638	625,765

Notes to and forming part of the accounts are set out on pages 11 to 23.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

## **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*.

Cook's 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 Cook's Body Works Pty Ltd complies with Australian Accounting Standards. Material accounting policies adopted in the preparation of these statements are stated below and were consistently applied unless otherwise stated.

The financial statements were authorised for issue on 16 December 2016 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.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016**

**(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 when accrued and at ex-dividend date respectively.



**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 2016**

**(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.

Cook's 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. Cook's 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) Going Concern**

Notwithstanding the company's deficiency in net assets and working capital and an operating loss of \$192,882 after tax for the year ended 30 September 2016, the financial report has been prepared on the going concern basis. This basis has been adopted as Sietel Limited, being the ultimate holding company of the company, confirmed to the company that:

1. The amount owing by the company to Sietel Limited of \$6,163,494 as at 30 September 2016 shall not be called upon within the current period to the detriment of all other unsecured creditors.
2. If necessary, funds or additional bank security will be provided to the company or its debt financier to ensure that it can meet its current trading obligations that have, or will be incurred.



## **(O) 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 statement of profit or loss and other comprehensive income.



**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 2016

	2016 \$	2015 \$
<b>Note 2. Revenue</b>		
Operating:		
Sales Revenue	2,522,737	3,058,781
Dividends		
-Other Corporations	1,897	1,867
Interest Received	12,805	10,938
Other revenue	1,050	42
Total revenue	<u>2,538,489</u>	<u>3,071,628</u>

**Note 3. Expenses**

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

Cost of goods sold	1,575,674	1,962,459
Overheads	1,043,301	1,130,395
Administration expenses	137,191	141,249
Selling expenses	72,989	58,586
Finance expenses	92,772	92,967
Total expense	<u>2,921,927</u>	<u>3,385,656</u>

Depreciation of:

- Plant and equipment	15,838	21,152
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(b) Net transfers to (from) provisions for:

- Employee entitlements	(14,138)	972
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(c) Significant revenues and expenses

- Research and Development costs	323,200	145,235
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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	(383,438)	(314,028)
Prima facie income tax expense/(revenue)		
applicable to operating profit/(loss) at 30% (2015 30%)	(115,031)	(94,208)
Add/Deduct tax effect of:		
Permanent differences		
Research and development expenditure	(48,480)	(21,785)
Legal expenses	-	1,594
Tax offsets/rebates	(569)	(560)
Reclassification of brought forward timing differences and overprovision for tax	(26,476)	(6,036)
Income tax expense/(revenue) per accounts	<u>(190,556)</u>	<u>(120,995)</u>
The applicable weighted avg effective tax rates	<u>0%</u>	<u>0%</u>

**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 2016

	2016 \$	2015 \$
<b>Note 5. Current Receivables</b>		
Trade receivables	314,032	394,662
Provision for doubtful debts	(35,000)	(35,000)
Other receivables	4,015	1,465
	<u>283,047</u>	<u>361,127</u>
 Trade Receivables Summary*		
Amounts due	164,698	200,266
Amounts not yet due	149,334	194,396
	<u>314,032</u>	<u>394,662</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	<u>167,286</u>	<u>112,300</u>
	<u>167,286</u>	<u>112,300</u>
 <b>Note 6. Inventories</b>		
Raw material	130,282	134,984
Work in progress	92,966	104,553
Finished goods	20,137	34,832
	<u>243,385</u>	<u>274,369</u>
 <b>Note 7. Plant and Equipment</b>		
Plant and machinery at cost	515,760	515,760
Less: Accumulated depreciation	<u>(507,263)</u>	<u>(502,270)</u>
	8,497	13,490
 Furniture and fittings	36,729	36,729
Less: Accumulated depreciation	<u>(36,243)</u>	<u>(35,921)</u>
	486	808
 Office machines and equipment	113,799	111,680
Less: Accumulated depreciation	<u>(104,396)</u>	<u>(97,946)</u>
	9,403	13,734
 Motor Vehicles	108,468	103,384
Less: Accumulated depreciation	<u>(100,547)</u>	<u>(96,472)</u>
	7,921	6,912
<b>TOTAL PLANT AND EQUIPMENT</b>	<u>26,307</u>	<u>34,944</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

**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 & Machinery	Furniture & Fittings	Office Mach & Equip	Motor Vehicles	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Balance at 1 October 2015	13,490	808	13,734	6,912	34,944
Additions	-	-	2,118	5,084	7,202
Disposals	-	-	-	-	-
Depreciation expense	(4,993)	(322)	(6,449)	(4,075)	(15,839)
Balance at 30 September 2016	8,497	486	9,403	7,921	26,307

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

	Plant & Machinery	Furniture & Fittings	Office Mach & Equip	Motor Vehicles	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Balance at 1 October 2014	20,183	5,150	15,316	10,515	51,164
Additions	-	-	4,931	-	4,931
Disposals	-	-	-	-	-
Depreciation expense	(6,693)	(4,342)	(6,513)	(3,603)	(21,151)
Balance at 30 September 2015	13,490	808	13,734	6,912	34,944

	2016	2015
	\$	\$
<b>Note 8. Non-Current Other Financial Assets</b>		
Shares:		
In company under common control	1	1
In other listed companies	31,701	34,333
	<u>31,702</u>	<u>34,334</u>

**Note 9. Non-Current Deferred Tax Assets**

Deferred Tax Assets	70,793	73,746
	<u>70,793</u>	<u>73,746</u>

**Note 10. Other Current Assets**

Prepayments	34,681	33,841
	<u>34,681</u>	<u>33,841</u>

**Note 11. Current Payables**

<i>Unsecured</i>		
Trade creditors	103,510	105,069
Sundry creditors	74,305	37,008
<i>Secured</i>		
Amounts payable to Chief Entity (i)	5,763,494	5,364,420
	<u>5,941,309</u>	<u>5,506,497</u>

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



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

**Note 12. Current Provisions**

	Annual Leave	Long Service Leave	Directors' Fees	Provision for Warranty	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Opening Balance at 1 Oct 2015	70,352	84,708	-	65,000	220,060
Additional provisions	85,488	6,134	-	-	91,622
Amounts used	(88,167)	(11,173)	-	-	(99,340)
Amounts paid out on resignation	(1,671)	-	-	-	(1,671)
Amounts transferred out	-	-	-	-	-
Balance at 30 September 2016	66,002	79,669	-	65,000	210,671

**2016**  
\$

**2015**  
\$

**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

12,475

13,012

12,475

13,012

**Note 15. Issued Capital**

Issued capital 150,000 (2015 – 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 Companies in the Group \$466,806 (2015 \$439,575).

The number of Directors whose income from Companies in the Group was within the following bands.

	2016	2015
\$ 0 - \$ 269,999	2	1
\$ 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: \$ 29,741 (2015 \$61,075).

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

Richard Rees

Delwyn Garland Rees

Thomas Rees

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

2016	2015
\$	\$

**Note 17. Auditors Remuneration**

Amounts received or due and receivable by the company's auditors for:

- Audit and review	15,925	15,288
- Other services	-	-

**Note 18. Related Party Transactions**

- (a) Mr R. Rees and Mr D.G. Rees are directors of the company. Both are also directors of the chief entity, Sietel Limited.
- (b) The following are the directors who held office during the year.
- |              |                     |             |
|--------------|---------------------|-------------|
| Richard Rees | Delwyn Garland Rees | Thomas Rees |
|--------------|---------------------|-------------|
- (c) The ultimate chief entity is Sietel Limited which owns 100% of Cook's Body Works Pty Ltd. Sietel Limited, has made a secured loan of \$6,163,494 (2015 - \$5,764,421) 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 \$65,833.36 (2015 - \$60,000).
  - Interest paid to Chief Entity \$90,000 (2015 - \$90,000)
  - Rent for premises paid to Chief Entity \$273,000 (2015 - \$273,000)
  - Lease rentals for plant paid to Chief Entity \$36,000 (2015 - \$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.

**Note 21. Non-Current Provisions**

	Annual Leave	Long Service Leave	Directors' Fees	Provision for Warranty	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Opening Balance at 1 Oct 2015	-	17,404	-	-	17,404
Additional provisions	-	2,867	-	-	2,867
Amounts used	-	-	-	-	-
Amounts paid out on resignation	-	-	-	-	-
Amounts transferred out	-	(7,616)	-	-	(7,616)
Balance at 30 September 2016	-	12,655	-	-	12,655



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

**Note 22. 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>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash at the end of year is shown in the balance sheet as:		
Cash on hand	918,638	625,765
Bank overdrafts	-	-
	<u>918,638</u>	<u>625,765</u>

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

Operating profit (loss) after income tax	(192,882)	(193,033)
Non-cash flows in operating profit		
- Depreciation	15,838	21,152
- (Profit)/Loss on sale of Plant and Equipment	-	-
Changes in assets and liabilities		
- (Increase)/Decrease in trade debtors and other assets	77,241	129,380
- (Increase)/Decrease in inventories	30,984	117,828
- (Increase)/Decrease in provision for warranties	-	-
- Increase/(Decrease) in trade creditors and other financial liabilities	438,914	235,502
- Increase/(Decrease) in provisions	(14,138)	971
- Movements in taxation balances	(51,781)	54,338
	<u>304,176</u>	<u>366,138</u>

**Note 23. 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>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Note 24. 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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

**Note 25. 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 Company's financial instruments consist mainly of deposits with banks, local money market instruments, available for sale financial assets, and accounts receivable and payable.

**(b) Interest Rate Risk**

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

	2016 Average Interest Rate %	2016 Total \$	2015 Average Interest Rate %	2015 Total \$
<b>Financial Assets</b>				
Cash	1.49	918,638	1.98	625,765

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 2016, 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.

	2016 \$	2015 \$
Change in profit		
- Increase in interest rate by 1%	8,122	4,695
- Decrease in interest rate by 1%	(8,059)	(4,653)
Change in equity		
- Increase in interest rate by 1%	8,122	4,695
- Decrease in interest rate by 1%	(8,059)	(4,653)

**(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 2016

**Note 26 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 27 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 Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test.

AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:

- a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- b) Allows 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
- c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases
- d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
  - ii) The remaining change is presented in profit or loss.

AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

**Note 27 New Accounting Standards for Application in Future Periods (Continued)**

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:

- a) identify the contract with a customer;
- b) identify the separate performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the separate performance obligations in the contract; and
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

Consequential amendments to other Standards are made by AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15. The mandatory application date of AASB 15 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-8

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112] (applicable to annual reporting periods commencing on or after 1 January 2017).

This Standard amends AASB 112 Income Taxes to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealised losses on debt instruments measured at fair value.

AASB 2016-2 Amendments to Australian Accounting Standards –Disclosure Initiative: Amendments to AASB 107 (applicable to annual reporting periods commencing on or after 1 January 2017).

This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Directors do not anticipate the adoption of AASB 2016-1 and AASB 2016-2 will have a material impact on the Company's financial statements.