CASH CONVERTERS INTERNATIONAL LIMITED
A.B.N. 39 069 141 546

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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OPERATING AND FINANCIAL REVIEW

Although the year has been difficult with an interest rate cap commencing in Australia on 1 July 2013, which impacted both margins and volumes, the Company has achieved earnings before tax, depreciation and amortisation (EBITDA) of $48,541,360 (before minority interests), down 14.9% on the prior year. After adjusting for minority interests the EBITDA increased to $51,601,404. This result has been derived from a 21.6% growth in revenue, up $58,946,188 to $331,668,907. The majority of the revenue increase has been contributed by the corporate store segment, increasing by $35,846,048 and the personal loan segment with revenue increasing by $24,396,109. The vehicle leasing business contributed $8,740,241 in revenue this year following the acquisition of 80% of the equity of Green Light Auto in September 2013.

The result generated earnings per share of 5.67 cents. The directors have declared a two cent per share final dividend. This brings the full year dividend to four cents fully franked.

A summary of consolidated revenues and results by significant segment is set out below:

	Segment revenues		Segment results EBITDA	
	2014	**2013**	**2014**	**2013**
Franchise operations	18,452,587	21,673,773	6,633,516	6,387,128
Store operations	171,972,788	136,126,740	15,615,352	9,100,109
Financial services – administration	14,320,025	17,696,354	10,410,310	14,196,639
Financial services – personal loans	138,005,492	113,609,383	39,835,270	42,460,724
Vehicle leasing	8,740,241	-	(4,038,694)	-
Intersegment elimination of revenues	(24,018,386)	(18,835,095)	-	-
Totals	**327,472,747**	**270,271,155**	**68,455,754**	**72,144,600**
Head office – UK & Australia	4,196,160	2,451,564	(19,914,394)	(15,108,666)
Totals after head office	**331,668,907**	**272,722,719**	**48,541,360**	**57,035,934**
Depreciation and amortisation			(7,923,711)	(6,455,993)
Finance Costs			(8,577,184)	(2,915,734)
Income tax expense			(10,908,176)	(14,794,235)
Profit after income tax			**21,132,289**	**32,869,972**
Loss attributable to non-controlling interest			3,060,046	-
Profit attributable to members of Cash Converters International Limited			**24,192,335**	**32,869,972**

Comments on the operations and the results of those operations are set out below:

FRANCHISE OPERATIONS

The EBITDA profit of the franchise operations increased by 3.9% during the 2014 financial year to $6,633,516 (2013: $6,387,128). This financial year saw the acquisition, by the corporate store operations, of nine ex-franchised stores in Australia and as a result, the Australian business contributed a reduced EBITDA of $3,867,712 (2013: $4,120,254). The UK operation's contribution was EBITDA of $2,299,041 (2013: $1,867,559). EBITDA from international franchise operations increased to $466,763 (2013: $399,315).

The total number of franchised stores globally now stands at 646, with 166 stores in the UK, 87 in Australia and 393 throughout the rest of the world. The company continues to look for opportunities to expand its franchise network, both in Australia and internationally. With EZCORP Inc. (a major shareholder in Cash Converters International Limited (CCIL)) as a sub-franchisor in the

USA and holding the trademark and licensing rights in Canada, we are seeing an increase in the store footprint and brand profile across North America.

EZCORP Inc. has also signed a Joint Venture (JV) agreement with CCIL in March 2014 in relation to Mexico and South America. Under this agreement CCIL will hold a 20% interest in the JV through a subsidiary company in return for granting a master licence to the JV for Latin America and providing information technology, training and management support. EZCORP, through a subsidiary company, will inject US$3.6 million into the JV in return for its 80% interest.

In January 2015 CCIL, through a subsidiary company, acquired a 25% equity interest in all aspects of the New Zealand Cash Converters Master Franchisor, including corporate stores, franchise contracts, financial services and software. This interest was acquired for AUD$5 million which reflects the pro-rata share of the actual investment cost incurred to date by the New Zealand Master Franchisor.

During the year new franchised stores were opened in France, South Africa and Spain.

CORPORATE STORES OPERATIONS

Corporate stores generate their revenue through the operation of retail premises across Australia and the UK, and also through online retail sales via the Cash Converters Webshop and through cash advance online lending. The stores also receive commission from Cash Converters Personal Finance business for personal loans generated in the stores. The stores offer a mixture of 'buys and loans' (traditional pawn broking and second hand goods buying), personal finance (in the form of personal loans and cash advance) and the retailing of second hand goods.

During the year the company acquired nine ex-franchised stores; one store in Western Australia (November 2013) four stores in Victoria (January 2014), one store in NSW (January 2014) and three stores in Queensland (June 2014). These acquisitions took the total number of corporate stores to 122 (UK: 58, Australia: 64).

Corporate stores contributed EBITDA of $15,615,352 (2013:$9,100,109) to the group result, up $6,515,243 on the previous year. The performance of the two regions, Australia and UK are detailed below:

AUSTRALIA

The corporate store network in Australia performed strongly with an EBITDA contribution of $16,392,434 (2013:$8,818,216), up 85.9% on the prior year.

The strong EBITDA performance has resulted from the acquisition of eight stores in South Australia in May 2013 and one store in Western Australia acquired in February 2013, delivering a full year result in the FY 2014. The performance has also been helped by the acquisition of five stores in Victoria and New South Wales in January 2014 and to a lesser extent the four stores acquired in Queensland during June 2014.

With nine ex-franchised stores acquired during the period, the total number of corporate store numbers in Australia as at 30 June 2014 is 64.

Revenue from online sales via the Cash Converters Webshop increased over 42% to $3,245,717 (2013:$2,280,717) as the site became more established and the stores became more efficient at listing items on the site.

UNITED KINGDOM

The UK corporate stores continued to face challenging market conditions during the year. EBITDA for the UK corporate stores reported a loss of £412,691, down from a profit of £188,269 in the previous year. Revenues for the UK stores increased slightly to £34,560,025

(2013:£34,312,390), however, expenses also increased with additional support staff and higher wage costs in an endeavor to attract better quality staff to drive the business forward.

Central administrative overheads increased in 2014 by £168,000, contributed to by an increase in management staff and a reduction in training costs of £60,000.

There were no ex-franchised or greenfield stores acquired or opened during the period, however, four stores were closed due to poor performance and one store sold to an existing franchisee taking the total number of corporate store numbers in the UK to 58 as at 30 June 2014.

We believe the continued investment made in the UK store operations position the business well for future growth as the UK economy continues to strengthen.

WEBSHOP

The Cash Converters' 'Webshop' was initially launched in early 2008 and expands Cash Converters online presence. Not only generating revenue in its own right, the Webshop is proving to be an essential ingredient in introducing people to the Cash Converters brand, with many 'in-store' experiences being borne from an initial search of the online store.

The Webshop was initially only servicing the corporate store network, but has since been expanded to allow the franchise network to utilise the platform and list their items for sale. The company receives a commission based on an agreed percentage of retail sales for the provision of the site and payment services. Each store is responsible for its own item listings and despatch.

Items listed for sale on the site can be purchased through auction or a fixed price 'buy it now' option. Online sales have increased 65% over the last 12 months across both the Australian and UK operations.

Some key online statistics:

	UK	Australia
Registered users	199,506	70,344
Unique visitors	3,281,575	3,248,979
Total page views	35,935,625	29,479,434
Retail Sales	£2,338,194	$3,852,100

FINANCIAL SERVICES OPERATIONS

These divisions incorporate the trading results of MON-E Pty Ltd (Australia), Cash Converters Personal Finance Pty Ltd (CCPF)(Australia) and the UK Finance Division.

MON-E Pty Ltd is responsible for providing the internet platform and administration services for the Cash Converters network in Australia to offer small cash advance loans to their customers (average loan size of approximately $413). The cash advance principal loaned is financed by the corporate stores and the individual franchisees for the cash advances provided by their stores. MON-E receives commission from the store network for each cash advance processed through their systems.

CCPF provides small, largely unsecured loans through the franchise and corporate store networks in Australia and online. The principal is funded by CCPF who pay a commission to the stores (both corporate and franchise) for the generation of the lead and processing the application in store.

The UK Finance Division utilises the software developed in Australia, for both cash advances and personal loans, and is continuing to roll-out the finance products across both the franchise and corporate store networks in the UK.

During the period under review the EBITDA for this division was $50,245,580 (2013: $56,657,363), down $6,411,783 on last year, largely resulting from the legislative change introduced initially on 1 March 2013 and with a rate cap effective from 1 July 2013. CCPF contributed an EBITDA of $38,705,533 (2013:$40,655,261), MON-E $9,645,378 (2013:$13,447,343) and the UK Finance Division $1,894,669 (2013:$2,554,758).

PERSONAL LOANS - AUSTRALIA

The Australian personal loan book has grown by 19.3% from $91,526,152 at 30 June 2013 to $109,215,838 at 30 June 2014. A large part of this growth has been achieved through the increasing success of the company's online lending platform. During 2014, 43,728 (2013:16,471) online loans were advanced totalling $48,713,650 (2013:$26,918,170), representing an increase in value of 81% over the previous year. Online lending now represents 30.1% of the total principal advanced during the year.

For Australia, bad debt levels have increased to 6.6% (2013:5.3%) of the net principal written-off to the total principal advanced during the year. The increase has mainly resulted from a higher level of bad debts associated with customers classified under the protected earnings amount (PEA) of the new lending legislation. As a result, of this CCPF have increased the review process for loan applications from PEA customers and are improving company collection procedures to significantly reduce bad debts originating from this customer class.

The Christmas period is one of the busiest periods for the personal loan product and this year was no exception with an amount of $18,339,396 (2012:$16,874,388) advanced in Australia during December. This is the highest amount ever lent during a month and represents an 8.7% increase on the previous corresponding period.

Cash Converters is licensed to provide financial products pursuant to the National Consumer Protection Act and has responsible lending processes and controls in place. Following the enactment of the amendments to the responsible lending legislation on the 1st March 2013 (rate cap came into force on 1 July 2013), the financial services operations took steps to review the nature of the personal loan products offered and commenced trialling new loan types that fitted more appropriately with the new responsible lending requirements, whilst continuing to meet the ever growing demands of the customer. Faced with increasing competition from other 'online lenders' it became more pertinent to offer a point of difference when dealing with Cash Converters and the company continues to emphasise its commitment to responsible lending through a more personal approach to the assessment and approval of loan applications.

Some key operating statistics for the Australian personal finance division:

- Total number of approved loans increased by 15.4% to 155,820
- Total number of active customers increased by 53.7% to 124,853
- Loan book increased by 19.3% to $109,215,838
- Bad debts as a percentage of principal advanced increased to 6.6%
- Personal loans EBITDA down 4.8% to $38,705,533

PERSONAL LOANS - UNITED KINGDOM

The UK personal loan book at 30 June was £15,739,299 (2013:£20,291,979). The reduction has primarily resulted from the static loan outgoings and the write-off of bad debts that were provided for in the accounts at 30 June 2013. In total £16,013,550 (2013:£4,026,864) have been written-off as bad debts for the financial year ending 30 June 2014.

The EBITDA contributed by the UK personal loan book was £654,106 (2013: £1,120,391), down 41.6%. This result has been impacted by poor collections, with existing staff resources previously struggling to maintain contact with all customers in default. Renewed effort and resourcing have been applied to the collections operations, which is now improving. The table below demonstrates the improvement in the ageing profile of the UK loan book arrears from Jan 2013 to June 2014.

Age by Days	January 2013	June 2013	June 2014
120	5.01%	3.42%	3.80%
90	6.41%	3.33%	3.22%
60	6.58%	3.88%	4.58%
30	5.04%	4.00%	4.03%

With these improved collections, combined with improvements to the loan underwriting policies, it is anticipated that a proportion of the debts provided for will be recovered in the next financial year, and ultimately the bad debt level should improve compared to historic experience.

CASH ADVANCE – AUSTRALIA

The company derives income from the cash advance product in multiple ways. MON-E Pty Ltd receives a commission from all stores (both franchise and corporate stores) for the provision of the online software platform and administrative services. Secondly, the corporate store network generates interest income from the loans provided to their customers. The company has also embarked on a major initiative to launch the cash advance product online. A fully integrated online platform for the cash advance product went live in December 2012. The online option has proved to be popular with over $7 million in principal advanced during the year and highlights a section of the market that Cash Converters had previously not serviced, evidenced by an average of 54% new customer take up month on month since the product was launched. The EBITDA for the Australian cash advance business was $9,645,378 (2013:$13,447,343) a decrease of 28.3% over 2013. The main reason for the decrease is the impact of the legislation change, first of all from 1 March 2013, which severely impacted cash advance volumes, and secondly from 1 July 2013, when the rate cap was introduced.

What was previously a quick and convenient solution to a customer's short term cash requirements is now a more complicated and time consuming process.

The new legislation made the application process more onerous for both the customer and staff, with requirements to:-

- Provide the most recent 90 days of bank transactions. For most customers this is only available through online banking services and hence those customers that do not have access to online banking are unable to proceed with an application until they are registered with their bank;
- Analyse the 90 days of statements to ensure that there are no other current SACC (Small Amount Credit Contracts) loans with other lenders;
- Complete an income and expenditure form for each loan application and then assess the customer's capacity to repay the loan.

However, as both the customer and staff have become more familiar with the requirements and procedure, volumes have begun to increase back to pre-legislation change levels.

Key performance indicators for Cash Advance – Australia:

- Total principal advanced up 1.3% to $238,836,904
- Average loan amount up from $341 to $413
- Total customer numbers increase by 15.2% to 535,738

CASH ADVANCE – UNITED KINGDOM

The cash advance product for CCUK is struggling to gain good growth with EBITDA this year of £430,196 (2013: £491,110) representing a decrease of 12.4% on the previous period.

In July 2014 the Financial Conduct Authority (FCA) published its paper on the proposed rate cap in the UK. This consultation paper was open to comment until 1 September 2014, with the aim of finalising the legislation by mid-November and introducing the rate cap on 2 January 2015.

Prior to this, the Office of Fair Trading (OFT) had completed its own in depth review of the leading 50 'payday lenders' who make up 90% of the market in the UK, of which Cash Converters UK is one. Each company was issued with a report of the OFT's findings and given 12 weeks to respond with proof that they had addressed all areas of non-compliance identified during the review. As a result of the review:

- 19 of the 50 lenders informed the OFT that they are leaving the payday market. Four of these have surrendered their licenses;
- One business failed to provide an audit report by the OFT deadline. The business has informed the OFT that it is no longer lending.

In addition to the 50 leading lenders, and since the OFT published their final payday review report in March 2013:

- Three firms engaged in payday lending have had their licenses revoked;
- Another three lenders have also surrendered their licenses.

CCUK is pleased to report that the findings of the OFT in respect to Cash Converters payday lending activity were minor and had, in fact, already been addressed through internal management improvement plans prior to the OFT's report being issued. Cash Converters welcomes the OFT involvement in the industry and is pleased to see those lenders who are unable to comply with the requirements of the law leave the industry. This will provide a greater market share to those companies who remain and comply with the legislation.

Following the assumption of regulatory responsibility by the FCA on the 1 April 2014 further companies have announced their intention to restrict the level of services they currently offer under the high-cost short-term credit industry in the UK.

Key Performance Indicators for the UK Cash Advance product are:

- Total principal advanced down by 9% to £34,791,421
- Average loan amount up from £134 to £136
- Total customer numbers increase by 31.6% to 154,987

CORPORATE OFFICE COSTS

These costs represent the corporate office costs for both Australia and the UK and are shown separately because it is difficult to allocate the costs to any specific division/segment and to calculate an arbitrary split of the costs would not be appropriate in obtaining an accurate contribution from each of the divisions.

The 2014 financial year saw an overall increase in these costs. The Australian corporate office incurred stamp duty of $1,820,093 on the acquisition of the eight South Australian stores. The UK corporate office recorded costs associated with the final closure of the administration office in Ware and relocating to Runcorn in Manchester, and costs associated with store closures, including associated redundancy costs. These costs amounted to $1,210,568 - similar costs were not included in the 2013 result.

Also impacting the 2014 profit for CCUK is a provision of $1,358,333 (2013:$841,455) towards the Ausgroup Pty Ltd exit bonus. CCUK is currently utilising the knowledge and experience of Ausgroup Pty Ltd (Australian agent experienced in financial services) to roll out the financial services products to corporate stores, franchisees and to train staff – this agreement expires on 1 October 2014 at which point CCUK will take over the provision of these services. Ausgroup will be eligible for either an exit bonus or a continuation of a commission payment (less agreed costs) at the end of this agreement. If a decision is made by CCUK to pay an exit bonus the total bonus payable will be calculated on a mixed multiple of between 2.5 and 5.0 times the final annual commission, depending on whether the commission relates to a corporate store or a franchised store, net of the operational costs, paid to Ausgroup. Accounting Standards require that Cash Converters recognise the expense related to the estimated exit bonus payable to Ausgroup over the period of the contract.

The expiry of the contract will have a positive impact on UK earnings from 2015 onwards.

Corporate income on commercial loans to various entities dropped by approximately $600K during the year.

FINANCING AND INVESTMENT ACTIVITIES

SECURITISATION FACILITY

In the 2013 financial year, the Company completed negotiations to secure a new funding arrangement with Westpac Institutional Bank. The facility arrangement is a securitisation warehouse facility secured against the Australian personal loan book. The facility provides funding of up to $60 million. As at 30 June 2014 the facility was drawn to $54.3 million. The structure of the facility is such that it provides funding up to 70% of eligible receivables in the personal loan book. As the loan book grows, the capacity to draw down from the facility will increase. The securitisation facility required the establishment of a new entity operating as a trust which Cash Converters Personal Finance assigns the receivables to. Whilst the borrowings are shown in the financial statements as a current liability (see note 12 to the financial statements), the facility is for a minimum of two years, with an option to extend beyond this period. The Company has recently completed negotiations with Westpac to increase the facility to $70 million and extend the facility, with new documentation currently being prepared.

BOND ISSUE

The Company finalised, in September 2013, additional funding under a bond issue though FIIG Securities Ltd. A bond Issue for $60 million was made and took the form of senior unsecured and unsubordinated medium term notes. The term is for a five year maturity period. The bond provides additional capital to continue the businesses objective of reacquiring franchise stores, growing the personal loan book and pursuing other investment opportunities that are synergistic with the Company growth model.

CARBOODLE

The Carboodle brand was established by Green Light Auto Group Pty Ltd (GLA) in 2010. Designed as a total motoring solution, Carboodle provides customers who don't have access to main stream credit (retail and commercial) with a reliable, late model and well maintained vehicle. The leasing arrangement packages all running cost of the vehicle (with the exception of fuel) into one easy payment, and runs for 48 months. Packaged running costs can include:

- Annual registration
- Comprehensive insurance
- Extended warranty
- Scheduled servicing
- Tyres
- Roadside assistance

GLA retains ownership of the vehicle and at the end of the lease term, the customer hands back the car and may initiate a new lease on a new vehicle if they wish. Carboodle focusses on providing popular models of both passenger and commercial vehicles to retail customers as well as tradesmen and small businesses.

GLA has an exclusive license with the Company that allows it to use all Australian Cash Converters stores as its agent to promote the Carboodle product. Carboodle pays a royalty to the company and a commission to the stores for each lead converted to a lease. Carboodle showrooms have been established in Perth, Melbourne, and Brisbane.

At 30 June 2014, 807 active leases were in place with forward contracted lease payments of $25.6 million. Total revenue for the 2014 financial year was $8.7 million. Due to a number of logistical issues in regard to the sourcing and delivery of a high volume of vehicles the marketing of the Carboodle concept was reduced following the initial launch. These issues are in the process of being resolved and the take up of new leases should increase going forward in line with the GLA forecast.

During the 2013 financial year, GLA secured its own financing facility with Fortress Finance for up to $40 million in funding. The facility is secured against the lease book receivables and covers 80% of the vehicle purchase price.

Under its loan agreement with GLA, the Company converted part of its loan to GLA to 80% equity in September 2013. There is a further warrant option to acquire the 20% balance from February 2015. As a result of its 80% equity in GLA, the GLA business has been consolidated into the Cash Converters' financial statements for the year ended 30 June 2014.

Since taking control of the operations at GLA, significant improvements have been made to operating efficiencies, policies and procedures which management believe with enhance the future growth and profitability of the business.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year there were no significant changes in the state of affairs of the consolidated entity other than referred to elsewhere in the report, the financial statements or notes thereto.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

LEGISLATIVE CHANGE

In July 2014, the Financial Conduct Authority (FCA) announced proposed changes to legislation in regard to the high-cost short-term credit industry in the UK. The FCA have been regulating this industry since April 2014 and have a clear remit to tackle poor conduct in the market and ensure that there is an appropriate degree of protection for consumers.

In February 2014 the FCA published rules for consumer credit firms, setting out the standards they have to meet to continue doing business, including rules reflecting the Office of Fair Trading (OFT) previous guidance, for example on assessing if loans are affordable.

In January 2015, the FCA will introduce a price cap on what high-cost short-term credit lenders can charge with a view to securing an appropriate degree of protection for borrowers against excessive charges.

The proposed price cap will ensure consumers will never pay back more than twice what they have borrowed, and someone taking out a typical loan over 30 days and repaying on time will not pay more than £24 per £100 borrowed.

The consultation paper issued by the FCA was open for comments until 1 September 2014. Following a review of these responses, the FCA will issue their final policy proposal.

Whilst it is evident that the new legislation will have an impact on margins, Cash Converters believe that the overall impact will be positive as a significant proportion of our earnings are generated from the provision of short term credit. These rate caps give us the clarity and comparability, supporting a sustainable business model that will see earnings increase as our volume continues to grow. The legislation also provides a framework to regulate the industry and therefore protect vulnerable members of society from unscrupulous operators. Cash Converters continues to pride itself on the founding ethos of 'helping people get on with their lives', and believes by its continued efforts to be the most responsible lender in the market and providing a diverse and accessible product range, there are great opportunities to continue the success of the business.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company has assessed whether there are any particular or significant environmental Regulations, which apply to the Company, and has determined that there are none.

OUTLOOK

Following several years of protracted lobbying, negotiation and uncertainty surrounding the short term lending legislation, both in Australia and the UK, legislation has been introduced in Australia, and will shortly be finalised and introduced in the UK by January 2015, the Group is looking forward to a period of certainty in the high-cost short-term credit industry. With clear boundaries now set for the industry, both in the UK and Australia, Cash Converters can now look ahead with confidence as it continues to secure its position in the market and provide an exemplary product and service to its customers.

The coming year is anticipated to be a year of bedding in the new lending requirements in the UK and allowing the recent store additions to establish themselves in the corporate store network. With the nine new stores acquired in 2014, it is anticipated that increased revenues across all segments will off-set the capped margins of the short term loan products.

Cash Converters is already seeing cash advance levels in Australia returning to ‘pre-legislation change’ levels and the personal loan book continues to grow in Australia.

With the strong growth in online lending and the continued addition of new stores, it is strongly anticipated that the FY 2015 will bring a significant growth in revenue.

The company prepares internal forecasts for up to five years in advance, however these forecast are extremely subjective and are based on simple revenue and cost increases in-line with general market growth for the business concerned and CPI. Any extra-ordinary growth in both revenue and profit will be driven by acquisitions and new investments in potential opportunities, which at the date of this report are too speculative to give any meaningful guidance.

CORPORATE GOVERNANCE

BOARD

The Board is responsible for setting the Company's strategic direction and it strives to create shareholder value and to ensure shareholders' funds are adequately protected. Its functions include:

- Approving corporate strategies, financial budgets and group policies;
- Assessing actual performance against budgets in order to monitor the suitability of corporate strategy and to assess the performance of the management team;
- Review operational performance to ensure a clear understanding of the financial health of the Company;
- Ensure the Company always acts with a high level of ethical standards and in a legal and responsible way;
- Appointing, evaluating and rewarding the senior executives of the management team.

The non-executive directors, being Mr Reginald Webb, Mr John Yeudall, Mr William Love and Mr Joseph Beal, are independent, having no business or other relationships, which could compromise their autonomy. Mr John Yeudall resigned from the board on 20 November 2013, and was not replaced. Mr William Love and Mr Joseph Beal resigned from the board on 21 August 2014, Mr Lachlan Given joined the board with effect of 22 August 2014. The search for a further non-executive director is underway.

If a potential conflict of interest does arise, the director concerned does not receive the associated board papers and leaves the board meeting while the issue is considered. Directors must keep the Board advised on any matters that may lead to a conflict of interest. The Board has not conducted a performance evaluation in the current reporting period. A formal Board Charter has been adopted by the Board.

AUDIT COMMITTEE

The audit committee was established in 1995 and comprises of the four non-executive directors appointed by the Board, being Mr John Yeudall (Chairman), Mr Reginald Webb, Mr William Love and Mr Joseph Beal, and with regular attendance by the managing director at the request of the audit committee. Upon resignation of Mr John Yeudall, Mr William Love took responsibility for the Chairman position, with the committee subsequently having three members.

Meetings of the committee are usually held in February, July and August each year and at any other time as requested by a member of the committee or the external auditors. The primary function of the committee is to assist the Board in fulfilling its responsibilities for the Company's financial reporting and external reporting and ensuring all accounting reports are prepared in accordance with the appropriate accounting standards and statutory requirements. In addition, it reviews the performance of the auditors and makes any recommendations the committee feels necessary.

INDEPENDENT PROFESSIONAL ADVICE

In fulfilling their duties, the directors may obtain independent professional advice at the Company's expense.

SHARE TRADING

Included in the Board Charter is a share trading policy. This policy imposes restrictions on share dealings for directors, officers and senior employees and prohibits them from dealing in Company's securities while in possession of inside information.

REMUNERATION COMMITTEE

The remuneration committee was established on 26 May 1997 and comprises of the four non-executive directors, being Mr John Yeudall (Chairman), Mr Reginald Webb, Mr William Love and Mr Joseph Beal. Upon the resignation of Mr John Yeudall, Mr Joseph Beal took over duties of Chairman, with the committee subsequently having three members. The aims of the committee are to maintain a remuneration policy, which ensures the remuneration package of senior executives properly reflects their duties and responsibilities, and to attract and motivate senior executives of the quality required.

NOMINATION COMMITTEE

The nomination committee comprises of the four non-executive directors, being Mr John Yeudall (Chairman), Mr Reginald Webb, Mr William Love and Mr Joseph Beal, and the managing director Mr Peter Cumins. Upon the resignation of Mr John Yeudall, Mr Reginald Webb took over duties of Chairman, with the committee subsequently having three non-executive director members. The aim of the committee is to ensure that the board continues to operate within the established guidelines.

DIVERSITY

Cash Converters has a diversity policy and set measurable objectives for achieving gender diversity.

The nomination and remuneration committee is accountable to the Board for ensuring the diversity policy is implemented in respect of the Board and the process for identifying and selecting new directors. The managing director is accountable to the Board for ensuring the diversity policy is implemented throughout the Cash Converters' workforce. Senior executives and all personnel involved in recruitment are expected to ensure this policy is implemented and integrated into all of Cash Converters' activities.

Cash Converters recognises the value contributed to the company by employing people with varying skills, cultural backgrounds, characteristics and experience. Cash Converters believes its diverse workforce is the key to its continued growth, improved productivity and performance.

Cash Converters has adopted a diversity strategy in relation to gender diversity, and investigated the reporting capacity of business units for the purposes of determining diversity targets.

The Board has set specific gender diversity targets as follows:

Target	**Date for completion**
The next Board appointments desirably should be female with appropriate skills and attributes	When it is appropriate to expand or refresh the Board
To increase the number of women in senior management positions* with appropriate skills and attributes	When it is appropriate to expand or refresh the senior executive team
At least 35% of employees should be female with appropriate skills and attributes.	Annually by 30 June each year

**Senior management is defined as senior executives of the Group as well as the senior executives' direct reports*

Cash Converters has achieved its targets in relation to full time and part time employees during the year. As the Company decided not to replace the outgoing non-executive director, Mr John Yeudall, upon his resignation, there were no vacancies for Board appointments and there were no senior management appointments during the year.

Since the end of the year, Mr. William Love and Mr. Joseph Beal have resigned from the board. Mr. Lachlan Given was appointed as non-executive director to immediately replace one of the outgoing directors, at the date of this report the search for a suitable additional non-executive director is underway.

Of the four remaining Board positions at 30 June 2014, all four (100%) were held by men. Of 18 senior management positions, 15 (83.3%) were held by men and three (16.7%) were held by women. Of the 2114 full time and part time employees, 1179 (56%) were men and 935 (44%) were women.

As at 30 June 2014, the proportion of women employed by the Cash Converters Group is set out in the table below:

	Full time	**Part Time**	**Casual / Temp**	**Total**	**Split**
Female	743	192	66	1001	44%
Male	1022	157	70	1249	56%
Total	**1765**	**349**	**136**	**2250**	**100%**

ASX BEST PRACTICE RECOMMENDATIONS

The table below contains each of the ASX Best Practice Recommendations. Where the Company has complied with a recommendation during the reporting period, this is indicated with a tick (✓) in the appropriate column. Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a cross (×) and the Company's reasons are set out on the corresponding note appearing at the end of the table.

		Complied	Note
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	✓	
1.2	Disclose the process for evaluating the performance of senior executives.	✓	
1.3	Provide the information indicated in the Guide to Reporting on Principle 1.	✓	
2.1	A majority of the Board should be independent directors	✓	
2.2	The Chairperson should be an independent director	✓	
2.3	The roles of the Chairperson and Chief Executive Officer should not be exercised by the same individual	✓	
2.4	The Board should establish a nomination committee	✓	
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	✓	
2.6	Provide the information indicated in Guide to Reporting on Principle 2	✓	
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer(or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity	✓	
	3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders	✓	
	3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives of achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	✓	
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	✓	
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior management positions and women on the board.	✓	
3.5	Provide the information indicated in Guide to Reporting on Principle 3	✓	
4.1	The Board should establish an audit committee	✓	
4.2	Structure of the audit committee so that it consists of:		
	- only non-executive directors	✓	
	- a majority of independent directors	✓	
	- an independent chairperson, who is not chairperson of the Board	✓	
	- at least three members	✓	
4.3	The audit committee should have a formal charter	✓	
4.4	Provide the information indicated in Guide to Reporting on Principle 4	✓	

		Complied	Note
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclose requirements to ensure accountability at a senior management level for that compliance	✓	
5.2	Provide the information indicated in Guide to Reporting on Principle 5	✓	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	✓	
6. 2	Provide the information indicated in Guide to Reporting on Principle 6	✓	
7.1	The Board or appropriate board committee should establish policies on risk oversight and management	✓	
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide the information indicated in Guide to Reporting on Principle 7	✓	
8.1	The Board should establish a remuneration committee	✓	
8.2	The Remuneration Committee should be structured so that it:-	✓	
	- consist of a majority of independent directors	✓	
	- is chaired by an independent director	✓	
	- has at least three members	✓	
8.3	Clearly distinguish the structure of non-executive directors remuneration from that of executives	✓	
8.4	Provide the information indicated in Guide to Reporting on Principle 8	✓	

	Notes	2014	2013
		$	$
Franchise fees	3.1	10,814,182	10,306,090
Financial services interest revenue	3.2	202,932,785	168,882,887
Sale of goods	3.3	112,218,737	93,018,548
Other revenues	3.4	5,703,203	515,194
Revenue		331,668,907	272,722,719
Cost of Sales	3.5	(118,868,721)	(94,157,676)
Gross Profit		212,800,186	178,565,043
Administrative expenses	3.6	(80,545,397)	(64,372,146)
Advertising expenses		(7,691,909)	(5,117,850)
Occupancy expenses	3.7	(19,520,946)	(15,038,017)
Other expenses	3.8	(64,382,820)	(43,457,089)
Finance costs	3.9	(8,577,184)	(2,915,734)
Share of net loss of equity accounted investment	31	(41,465)	-
Profit before income tax		32,040,465	47,664,207
Income tax expense	4	(10,908,176)	(14,794,235)
Profit for the year		**21,132,289**	**32,869,972**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		5,692,747	3,398,557
Other comprehensive income for the year		5,692,747	3,398,557
Total comprehensive income for the year		26,825,036	36,268,529
Profit attributable to:			
Owners of the company		24,192,335	32,869,972
Non-controlling interest		(3,060,046)	-
		21,132,289	32,869,972
Total comprehensive income attributable to:			
Owners of the company		29,885,082	36,268,529
Non-controlling interest		(3,060,046)	-
		26,825,036	36,268,529
Earnings per share			
Basic (cents per share)	27	5.67	8.09
Diluted (cents per share)	27	5.56	7.92

The accompanying notes form an integral part of the consolidated statement of profit or loss and other comprehensive income

	Notes	2014	2013
Current assets		**$**	**$**
Cash and cash equivalents	6	26,843,072	20,729,330
Trade receivables	7	33,542,353	13,031,595
Personal loan receivables	7	123,677,192	109,279,232
Inventories	8	25,561,710	21,783,101
Other assets	9	10,578,199	8,587,646
Total current assets		220,202,526	173,410,904
Non-current assets			
Trade and other receivables	7	14,814,904	14,476,490
Plant and equipment	10	22,586,763	22,534,872
Deferred tax assets	4	13,543,414	5,627,598
Goodwill	15	110,726,057	98,771,899
Other intangible assets	14	21,899,866	22,423,074
Investments in associates	31	6,213,926	-
Other financial assets	32	-	4,000,000
Total non-current assets		189,784,930	167,833,933
Total assets		**409,987,456**	**341,244,837**
Current liabilities			
Trade and other payables	11	26,794,208	20,048,464
Borrowings	12	59,942,763	70,538,531
Current tax payables		9,737,589	4,662,548
Provisions	13	4,638,888	3,870,515
Total current liabilities		101,113,448	99,120,058
Non-current liabilities			
Borrowings	12	64,019,148	389,521
Provisions	13	148,539	104,474
Total non-current liabilities		64,167,687	493,995
Total liabilities		**165,281,135**	**99,614,053**
Net assets		**244,706,321**	**241,630,784**
Equity			
Issued capital	16	156,679,067	151,708,656
Reserves	17	(6,503,189)	(914,097)
Retained earnings	17	98,025,142	90,835,176
Equity attributable to owners of the company		248,201,020	241,629,735
Non-controlling interests	24	(3,494,699)	1,049
Total equity		**244,706,321**	**241,630,784**

The accompanying notes form an integral part of the consolidated statement of financial position

	Issued capital $	Foreign currency translation reserve $	Non-controlling interest acquisition reserve $	Share-based payment reserve $	Retained earnings $	Attributable to owners of the parent $	Non-controlling interest $	Total $
Balance as at 1 July 2012	**116,812,467**	**(6,028,429)**	**-**	**2,661,625**	**73,186,248**	**186,631,911**	**1,049**	**186,632,960**
Profit for the year	-	-	-	-	32,869,972	32,869,972	-	32,869,972
Exchange differences arising on translation of foreign operations	-	3,398,557	-	-	-	3,398,557	-	3,398,557
Total comprehensive income for the year	**-**	**3,398,557**	**-**	**-**	**32,869,972**	**36,268,529**	**-**	**36,268,529**
Issue of shares	32,725,011	-	-	-	-	32,725,011	-	32,725,011
Share issue costs (net of tax)	(775,582)	-	-	-	-	(775,582)	-	(775,582)
Share-based payments	-	-	-	2,000,910	-	2,000,910	-	2,000,910
Shares issued on exercise of performance rights	2,946,760	-	-	(2,946,760)	-	-	-	-
Payment of dividends	-	-	-	-	(15,221,044)	(15,221,044)	-	(15,221,044)
Balance at 30 June 2013	**151,708,656**	**(2,629,872)**	**-**	**1,715,775**	**90,835,176**	**241,629,735**	**1,049**	**241,630,784**
Profit for the year	-	-	-	-	24,192,335	24,192,335	(3,060,046)	21,132,289
Exchange differences arising on translation of foreign operations	-	5,692,747	-	-	-	5,692,747	-	5,692,747
Total comprehensive income for the year	**-**	**5,692,747**	**-**	**-**	**24,192,335**	**29,885,082**	**(3,060,046)**	**26,825,036**
Non-controlling interest arising from contractual arrangement	-	-	-	-	-	-	(12,097,952)	(12,097,952)
Issue of shares (DRP)	4,602,017	-	-	-	(4,602,017)	-	-	-
Share-based payments	-	-	-	748,805	-	748,805	-	748,805
Shares issued on exercise of performance rights	368,394	-	-	(368,394)	-	-	-	-
Payment of dividends	-	-	-	-	(12,400,352)	(12,400,352)	-	(12,400,352)
Acquisition of non-controlling interests	-	-	(11,662,250)	-	-	(11,662,250)	11,662,250	-
Balance at 30 June 2014	**156,679,067**	**3,062,875**	**(11,662,250)**	**2,096,186**	**98,025,142**	**248,201,020**	**(3,494,699)**	**244,706,321**

The accompanying notes form an integral part of the consolidated statement of changes in equity

	Notes	2014	2013
Cash flows from operating activities		**$**	**$**
Receipts from customers		202,319,838	219,344,268
Payments to suppliers and employees		(233,614,563)	(215,209,109)
Interest received		597,450	375,894
Interest received from personal loans		87,713,601	60,554,860
Net increase in personal loans		(30,753,427)	(32,909,734)
Interest and costs of finance paid		(8,577,184)	(2,915,734)
Income tax paid		(13,344,332)	(17,244,620)
Net cash flows provided by operating activities	6	**4,341,383**	**11,995,825**
Cash flows from investing activities			
Net cash paid for acquisitions of controlled entities	33	(10,654,215)	(35,867,903)
Acquisition of investment		(5,491,059)	-
Acquisition of intangible asset	14	(2,159,211)	(1,992,127)
Proceeds from sale of plant and equipment		76,273	37,000
Purchase of plant and equipment		(4,191,059)	(5,617,686)
Amounts advanced to third parties		(15,000,000)	(9,150,000)
Instalment credit loans repaid by franchisees		394,270	1,127,495
Net cash flows used in investing activities		**(37,025,001)**	**(51,463,221)**
Cash flows from financing activities			
Dividends paid – members of parent entity	28	(12,400,351)	(17,398,357)
Proceeds from borrowings		76,252,631	82,384,338
Repayment of borrowings		(26,323,211)	(53,740,317)
Borrowing Costs		(1,265,170)	-
Capital element of finance lease and hire purchase payments		(487,196)	(456,354)
Proceeds from issue of shares		-	32,725,011
Share issue costs		-	(1,107,975)
Net cash flows provided by financing activities		**35,776,703**	**42,406,346**
Net increase in cash and cash equivalents		3,093,085	2,938,950
Cash and cash equivalents at the beginning of the year		20,729,330	16,415,161
Effects of exchange rate changes on the balance of cash held in foreign currencies		3,020,657	1,375,219
Cash and cash equivalents at the end of the year	6	**26,843,072**	**20,729,330**

The accompanying notes form an integral part of the consolidated statement of cash flows

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. In the current year, the Group has applied for the first time AASB 10, AASB 11, AASB 12, AASB 13, AASB 119 and AASB 128 (as revised in 2011) together with the amendments to AASB 10, AASB 11 and AASB 12 regarding the transitional guidance.

The adoption of these amendments has not resulted in any significant changes to the Group's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

1.1. STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report comprises the consolidated financial report of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures that the financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 11 September 2014.

1.2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.3. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of
- holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4. BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the consolidated entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (refer below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the consolidated entity's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the consolidated entity attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income *Taxes* and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the consolidated entity of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the consolidated entity obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

1.5. GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the consolidated entity's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

1.7. REVENUE RECOGNITION

1.7.1. FRANCHISE SALES/RENEWALS

Fees in respect of the initial sale of a franchise licence and fees from the renewal of a franchise licence are recognised on an accruals basis. Income is recognised in full upon the sale's completion or upon the renewal of the licence as all material services and/or conditions relating to the sale or renewal have been fully performed or satisfied by the economic entity.

1.7.2. CONTINUING FRANCHISE FEES/LEVIES

Continuing franchise fees/levies in respect of particular services, are recognised as income when they become due and receivable and the costs in relation to the income are recognised as expenses when incurred.

1.7.3. INSTALMENT CREDIT LOAN INTEREST

Interest received from franchisees in respect of instalment credit loans is recognised as income when earned. The effective interest rate method has been used to allocate fixed interest to accounting periods.

1.7.4. PERSONAL LOAN / VEHICLE LEASE INTEREST

Interest revenue in relation to personal loans and vehicles leases is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset net carrying amount.

1.7.5. LOAN ESTABLISHMENT FEE REVENUE

Establishment fees are deferred and recognised over the life of the loans at the effective interest rate applicable so as to recognise revenue at a constant rate to the underlying principal over the expected life of the loan.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7.6. OTHER VEHICLE REVENUE

Charges relating to the vehicle leases such as vehicle maintenance, warranty, registration and insurance, are recognised over the life of the lease in equal periodic amounts.

1.7.7. OTHER CATEGORIES OF REVENUE

Other categories of revenue, such as retail wholesale sales, corporate store revenue, cheque cashing commission and financial services commission, are recognised when the consolidated entity has transferred the risks and rewards of the goods to the buyer or when the services are provided. Bank interest and rent are recognised as earned on an accruals basis.

1.8. LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.8.1. CONSOLIDATED ENTITY AS LESSOR

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.8.2. CONSOLIDATED ENTITY AS LESSEE

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.9. FOREIGN CURRENCY

1.9.1. FOREIGN CURRENCY TRANSACTIONS

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

1.9.2. FOREIGN OPERATIONS

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

1.10. BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.11. EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

1.12. SHARE-BASED PAYMENTS

The consolidated entity provides benefits to executives of the consolidated entity in the form of share-based payment transactions, whereby key management personnel render services in exchange for options (equity-based transactions).

The current plan to provide these benefits is the Executive Performance Rights Plan. The cost of the equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation methodology.

The cost of equity-based transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of:

- The grant date fair value of the award.
- The current best estimate of the number of the awards that will vest, taking into account such factors as the likelihood of non-market performance conditions being met.
- The expired portion of the vesting period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

1.13. TAXATION

1.13.1. CURRENT TAX

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.13.2. DEFERRED TAX

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore a deferred tax liability is not recognised in relation to the temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

1.13.3. CURRENT AND DEFERRED TAX FOR THE PERIOD

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

1.13.4. TAX CONSOLIDATION

The company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Cash Converters International Limited is the head entity in the tax-

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

1.14. PLANT AND EQUIPMENT

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	8 years
Plant and equipment	5 years
Equipment under finance lease	5 years
Fixtures & fittings	8 years

1.15. INTANGIBLE ASSETS

1.15.1. TRADE NAMES

Trade names are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the assets estimated useful lives of 100 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.15.2. CUSTOMER RELATIONSHIPS

Customer relationships are recorded at fair value at acquisition date less accumulated amortisation and impairment. Customer relationships are recognised when franchise operations are acquired by the consolidated entity as required under AASB 3 Business Combinations and AASB 138 Intangible Assets and are amortised over 5 years.

1.15.3. REACQUIRED RIGHTS

Reacquired rights are recorded at fair value at acquisition date less accumulated amortisation and impairment. Reacquired rights are recognised when franchise operations are acquired by the consolidated entity as required under AASB 3 Business Combinations and AASB 138 Intangible Assets, and are amortised over the remaining life of the right concerned or the useful economic life of the asset where the reacquired right is indefinite.

1.15.4. INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

All potential intangible assets including software and reacquired rights, acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

1.15.5. SOFTWARE

Software development expenditure incurred is recognised when it is possible that future economic benefits that are attributable to the asset will flow to the entity. Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised on a straight line basis over the estimated useful life of 10 years.

1.16. IMPAIRMENT OF OTHER TANGIBLE AND INTANGIBLE ASSETS

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

1.17. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs, including purchase cost on a first in first out basis are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

1.18. PROVISIONS

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

1.19. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.19.1. FINANCIAL ASSETS

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company's separate accounts.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other financial assets are classified as 'loans and receivables'.

EFFECTIVE INTEREST METHOD
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

LOANS AND RECEIVABLES
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

IMPAIRMENT OF FINANCIAL ASSETS
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and personal loans where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.19.2. FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

CLASSIFICATION AS DEBT AND EQUITY INSTRUMENTS
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

INTEREST AND DIVIDENDS

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

FINANCIAL GUARANTEE CONTRACT LIABILITIES

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

Financial guarantee contract issued by a group entity are initially measured at their fair values and are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137
- 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised.

OTHER FINANCIAL LIABILITIES

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.20. GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash flows are included in the cash flow statement on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows

1.21. COMPARATIVE FINANCIAL INFORMATION

Certain comparative information within the statement of financial position has been reclassified to allow comparability with current period presentation.

1.22. STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards*	1-Jan-18	30-Jun-19
AASB 1031 'Materiality' (2013)	1-Jan-14	30-Jun-15
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1-Jan-14	30-Jun-15
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1-Jan-14	30-Jun-15
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1-Jan-14	30-Jun-15
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1-Jan-14	30-Jun-15
AASB 2014-1 'Amendments to Australian Accounting Standards'	1-Jul-14	30-Jun-15
- Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles'		
- Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'		
- Part C: 'Materiality'		
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1-Jan-16	30-Jun-17
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1-Jan-15	30-Jun-16
AASB 14 'Regulatory Deferral Accounts'	1-Jan-16	30-Jun-17

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1-Jan-16	30-Jun-17
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1-Jan-16	30-Jun-17
IFRS 15 'Revenue from Contracts with Customers'	1-Jan-17	30-Jun-18

**The AASB has issued the following versions of AASB 9 and the relevant amending standards;*

- *AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'*
- *AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'.*
- *In December 2013 the AASB issued AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2017. For annual reporting periods beginning before 1 January 2017, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.*

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the consolidated entity's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.1. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

2.1.1. ACQUISITION BY CONTRACT

During the year the Group acquired an 80% interest in Green Light Auto Group Pty Ltd ("GLA") as a result of the exercise of a convertible note, which was exercisable from 1 July 2013. The legal acquisition date was 23 September 2013, being the date that CCIL exercised its conversion option.

After analysis of the substance of the conversion option it was concluded that as at 1 July 2013, the Group did have the ability to control GLA, however it did not have an in-substance ownership interest, in that it could not share in economic returns until legal exercise.

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

As at 1 July 2013 CCIL had the ability to control the business, although did not have the right to share in the economic returns during the period prior to actual exercise, therefore resulting in the fact that no "in-substance" ownership interest was held prior to legal acquisition on 23 September, consequently a 100% non-controlling interest was recognised as at 1 July 2013, and until the legal acquisition date.

As at 23 September 2013, legal ownership was established, and the financial statements of the Group reflect the acquisition of the 80% interest in GLA. A proportion of the non-controlling interest was recognised for the 20% of GLA not acquired as at 23 September 2013.

2.2. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

2.2.1. IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of recoverable value of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the reporting date was $110,726,057 (2013: $98,771,899) refer to note 15.

2.2.2. USEFUL LIVES OF OTHER INTANGIBLE ASSETS

The consolidated entity reviews the estimated useful lives of other intangible assets at the end of each annual reporting period. The estimation of the remaining useful lives of the other intangible assets requires the entity to make significant estimates based on both past performance and expectations of future performance.

The carrying amount of other intangible assets at the balance sheet date was $21,899,866 (2013: $22,423,074) refer to note 14.

The impairment of personal loans requires the consolidated entity to assess impairment regularly. The credit provisions raised (specific and collective) represent management's best estimate of the losses incurred in the loan portfolio at reporting date based on their experienced judgment. The collective provision is estimated on the basis of historical loss experience for assets with similar credit characteristics. The historical loss experience is adjusted based on current observable data and events. The use of such judgments and reasonable estimates is considered.

The presentation and related classification of amounts included in the consolidated statement of profit or loss and other comprehensive income complies with the changes of AASB 2011 – 09 in respect to the classification of other comprehensive income and its characteristics as to whether the items are likely or not to be reflected in the Profit or Loss statement in future periods. This amended classification has had no effect on the profit before or after tax in either year presented.

3. Revenues and expenses

	2014 $	2013 $
3.1. Franchise Fees		
Weekly franchise fees	7,803,908	7,365,820
Initial fees	80,434	186,137
Advertising levies	486,750	446,900
Training levies	391,890	377,700
Computer levies	2,051,200	1,929,533
	10,814,182	**10,306,090**
3.2. Financial Services Interest Revenue		
Instalment credit loan interest	616,258	2,170,566
Personal loan interest	108,057,901	78,535,625
Loan establishment fees	32,595,291	25,072,013
Licence fees	12,678	13,122,324
Pawn broking fees	23,452,903	15,951,171
Cheque cashing commission	1,201,069	1,255,810
Financial services commission	33,300,838	32,775,378
Vehicle lease interest	3,695,847	-
	202,932,785	**168,882,887**
3.3. Sale of Goods		
Retail sales	110,489,531	90,642,383
Retail wholesales	919,609	2,376,165
Vehicle trade sales	809,597	-
	112,218,737	**93,018,548**
3.4. Other Revenue		
Bank Interest	597,450	375,894
Other vehicle revenue (note 1.7.6)	4,193,879	-
Other	911,874	139,300
	5,703,203	**515,194**

3. REVENUES AND EXPENSES (CONTINUED)

	2014	2013
	$	**$**
3.5. COST OF SALES		
Sale of goods	65,438,152	55,677,215
Personal loan bad debts	48,148,982	38,780,413
Cash advance bad debts	3,031,721	2,391,105
Franchise fees bad debts	91,852	104,065
Recovery of bad debts	(4,218,968)	(2,795,122)
Vehicles	6,376,982	-
	118,868,721	**94,157,676**

	2014	2013
3.6. ADMINISTRATION EXPENSES		
Employee benefits	73,473,603	57,249,326
Share based payments	748,805	2,000,910
Superannuation expense	3,881,252	2,950,225
Motor vehicle/travel costs	2,441,737	2,171,685
	80,545,397	**64,372,146**

	2014	2013
3.7. OCCUPANCY EXPENSES		
Rent	12,236,494	9,174,017
Outgoings	5,756,829	4,267,998
Other	1,527,623	1,596,002
	19,520,946	**15,038,017**

	2014	2013
3.8. OTHER EXPENSES		
Legal fees	1,928,184	1,285,036
Area agent fees/commission	28,849,586	18,265,895
Professional and registry costs	4,141,354	2,741,183
Auditing and accounting services	942,978	686,969
Bank charges	4,701,359	3,979,328
Loss on disposal of assets	484,418	6,219
Other expenses from ordinary activities	15,411,230	10,036,466
Depreciation	5,217,044	4,332,038
Amortisation	2,706,667	2,123,955
	64,382,820	**43,457,089**

3. REVENUES AND EXPENSES (CONTINUED)

3.9. FINANCE COSTS

	2014 $	2013 $
Interest	8,514,455	2,869,137
Finance lease charge	62,729	46,597
	8,577,184	**2,915,734**

4. INCOME TAX

4.1. CONSOLIDATED INCOME STATEMENT

The major components of income tax expense for the years ended 30 June 2014 and 2013 are:

Tax expense comprises:

	2014 $	2013 $
Current tax expense	17,865,206	15,866,871
Adjustments in respect of current income tax of previous year	-	(257,168)
Deferred tax expense relating to the origination and reversal of temporary differences	(6,957,030)	(815,468)
Total income tax expense reported in income statement	**10,908,176**	**14,794,235**

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 30 June 2014 and 2013 is as follows:

	2014 $	2013 $
Accounting profit before tax from continuing operations	32,040,465	47,664,207
At Australia's statutory income tax rate of 30% (2013: 30%)	9,612,141	14,299,262
Adjustments in respect to current income tax of previous years	-	(257,168)
Income tax rate differential	559,079	107,749
Non-deductible expenses for tax purposes	765,518	504,505
Tax effect of share based payment expense	(28,562)	-
Other	-	139,887
Income tax expense reported in the consolidated income statement	**10,908,176**	**14,794,235**

4. INCOME TAX (CONTINUED)

4.2. DEFERRED TAX

Deferred tax relates to the following:

	2014	2013
	$	$
Deferred Tax Assets		
Allowance for doubtful debts	7,635,785	4,610,772
Accruals	86,765	169,712
Provision for employee entitlements	1,429,335	1,178,759
Other provisions	849,498	513,890
Deferred income	-	1,328,730
Other	2,425,506	517,654
Carried Forward Losses	3,863,832	-
	16,290,721	8,319,517
Deferred Tax Liabilities		
Prepayments	-	(236)
Fixed assets	(629,636)	(557,283)
Intangible assets	(2,117,671)	(2,134,400)
	(2,747,307)	(2,691,919)
Net deferred tax assets	**13,543,414**	**5,627,598**

4.3. RECONCILIATION OF DEFERRED TAX ASSETS NET

	2014	2013
	$	$
Opening balance as of 1 July	5,627,598	4,812,132
Tax income/(expense) during the period recognised in profit or loss	6,957,030	815,466
Other	958,786	-
Closing balance as at 30 June 2014	13,543,414	5,627,598

4.4. UNRECOGNISED DEFERRED TAX BALANCES

	2014	2013
	$	$
Tax losses - revenue	166,511	166,511
	166,511	166,511

4. INCOME TAX (CONTINUED)

4.5. TAX CONSOLIDATION

4.5.1. RELEVANCE OF TAX CONSOLIDATION TO THE CONSOLIDATED ENTITY

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Cash Converters International Limited. The members of the tax-consolidated group are identified in note 23.

4.5.2. NATURE OF TAX FUNDING ARRANGEMENTS AND TAX SHARING AGREEMENTS

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Cash Converters International Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognized in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

5. REMUNERATION OF AUDITORS

	2014	2013
	$	$
Auditor of the parent entity		
Audit or review of the financial report	445,200	329,082
Taxation services	137,078	184,001
Other non-audit services*	24,300	36,000
Related practice of the parent entity auditor		
Audit	91,200	67,570
Taxation services	245,200	70,316
	942,978	**686,969**

** Relates to accounting assistance for employee share trust and securitisation facilities*
The auditor of Cash Converters International Ltd is Deloitte Touche Tohmatsu

6. CASH AND CASH EQUIVALENTS

6.1. CASH AT BANK AND ON HAND

	2014	2013
	$	$
On hand	3,004,903	2,026,002
In bank *	23,838,169	18,703,328
	26,843,072	**20,729,330**

** Cash In bank of $23,838,169 (2013 $18,703,328) includes restricted cash of $5,183,191 (2013 $4,644,970) that is held in accounts controlled by the CCPF Warehouse Trust No.1 that was established to operate the company's Securitisation facility with Westpac bank. The facility prescribes that cash deposited in this account can only be used to fund new principal loan advances. Surplus funds at the end of the period are redistributed in keeping with the terms of the Securitisation facility.*

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	2014	2013
	$	$
Cash and cash equivalents	26,843,072	20,729,330
	26,843,072	**20,729,330**

6.2. RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2014	2013
	$	$
Profit after tax	21,132,289	32,869,972
Non-cash adjustment to reconcile profit after tax to net cash flows:		
Amortisation	2,706,667	2,123,955
Depreciation	5,217,044	4,332,038
Share based payment transaction expense	748,805	2,000,910
Bad debts written off	47,053,587	38,480,461
Loss on sale of plant and equipment	484,418	6,219
Share of net loss of equity accounted investment	41,465	-
Change in assets and liabilities:		
(Increase)/Decrease in inventories	(754,324)	(2,225,303)
(Increase)/Decrease in prepayments	(1,878,184)	(4,323,176)
(Increase)/Decrease in trade and loan receivables	(75,045,743)	(63,837,892)
Increase/(Decrease) in trade payables and accruals	6,259,078	3,764,750
Increase/(Decrease) in employee and other provisions	812,438	1,254,276
(Increase)/Decrease in income tax payable	5,222,939	(1,960,163)
Increase/(Decrease) in deferred tax	(7,659,096)	(490,222)
Net Cash generated by operating activities	**4,341,383**	**11,995,825**

7. TRADE AND OTHER RECEIVABLES

	2014	2013
	$	$
7.1. CURRENT		
Trade receivables (i)	5,696,476	7,150,967
Allowance for impairment losses	(2,343,601)	(2,763,030)
	3,352,875	4,387,937
Instalment credit loans (ii)	420,906	630,889
Allowance for impairment losses	-	-
	420,906	630,889
Total trade receivables (net)	**3,773,781**	**5,018,826**
Other receivables (iii)	29,768,572	8,012,769
Total trade and other receivables	**33,542,353**	**13,031,595**
Personal short term loans (iv)	166,944,852	145,716,872
Allowance for impairment losses	(31,135,507)	(30,707,355)
Deferred establishment fees (v)	(12,132,153)	(5,730,285)
Total personal loan receivables (net)	123,677,192	109,279,232
Total current	**157,219,545**	**122,310,827**
7.2. NON-CURRENT		
Instalment credit loans (ii)	92,423	276,710
Loans - Green Light Auto (vi)	-	14,199,780
- Cash Converters Holdings LP (New Zealand) (vii)	14,722,481	-
Total non-current	**14,814,904**	**14,476,490**

i. *Trade debtors include weekly franchise fees, wholesale sales, pawn broking fees; cash advance fees, default fees and OTC fees. Where the collection of the debtor is doubtful an allowance for impairment losses is recognised. The average credit period on sales is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter, interest is charged at 2% per month on the outstanding balance.*

ii. *The instalment credit loans relate to Cash Converters Pty Ltd and have a maximum maturity of 5 years. Interest rates are fixed at the time of entering into the contract at the rate of 12% or 13% depending on the repayment options agreed with each franchisee. To secure the instalment credit loans, a fixed and floating charge is held over the franchisee's store. Where collection of the debtor is doubtful and the assessed value of the property is less than the amount outstanding, an allowance for impairment losses is recognised for the shortfall.*

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

iii. *Other receivables include GST receivable, development agent fees outstanding, sub-master license sales, Mon-E fees, financial commission and the present value of vehicle lease receivables*

iv. *The credit period provided in relation to personal short term loans varies from 30 days to 12 months. Interest is charged on these loans at a fixed rate which varies dependent on the state or country of origin. An allowance has been made for estimated unrecoverable amounts arising from loans already issued, which has been determined by reference to past default experience. Before accepting any new customers, the consolidated entity uses an external scoring system to assess the potential customer's credit quality and define credit limits by customer. There is no concentration of credit risk within the personal loan book.*

v. *Deferred establishment fees relate to establishment fees charged on personal loans. The full amount of the fee is deferred at the commencement of the loan and is the recognised through the income statement at an effective interest rate over the life of the loan. The balance shown above reflects the amount of the fees still to be recognised at the end of the reporting period.*

vi. *Unsecured loan advanced to Greenlight Auto Group Pty Ltd*

vii. *Commercial loan advanced to Cash Converters Holdings LP (New Zealand master franchisee) with a maturity date of 15 September 2018, interest is charged quarterly at a rate of 8% per annum.*

7.3. ALLOWANCE FOR IMPAIRMENT LOSSES – PERSONAL LOAN RECEIVABLES

As at 30 June 2014, personal loan receivables of $31,135,507 (2013: $30,707,355) were impaired and fully provided for.

See below for the movements in the provision for impairment of personal loan receivables.

	2014	2013
	$	$
Balance at beginning of the year	30,707,355	14,576,721
Impairment losses recognised on receivables	30,298,620	34,942,190
Amounts written off as uncollectible	(29,870,468)	(18,811,556)
Balance at end of the year	**31,135,507**	**30,707,355**

In determining the recoverability of a personal loan, the consolidated entity considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 30 June 2014, the ageing analysis of personal loan receivables is as follows:

	Total	0-30 days	31-60 days PDNI	61-90 days PDNI	+ 90 days PDNI	+ 90 days CI
	$	$	$	$	$	$
2014	166,944,852	129,747,995	3,562,261	1,693,217	805,872	31,135,507
2013	145,716,872	109,981,183	3,016,498	1,087,400	924,436	30,707,355

* PDNI: past due not impaired
CI: considered impaired

7.4. ALLOWANCE FOR IMPAIRMENT LOSSES – TRADE RECEIVABLES

As at 30 June 2014, trade receivables and instalment credit loans of $2,343,601 (2013: $2,763,030) were impaired and fully provided for. See below the movements in the provision for impairment of trade receivables.

	2014	2013
	$	$
Balance at beginning of the year	2,763,030	2,356,036
Impairment losses recognised on receivables	180,012	581,771
Amounts written off as uncollectible	(599,441)	(174,777)
Balance at end of the year	**2,343,601**	**2,763,030**

As at 30 June 2014, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days PDNI	61-90 days PDNI	+ 90 days PDNI	+ 90 days CI
	$	$	$	$	$	$
2014	6,209,805	3,346,797	2,036	4,042	513,329	2,343,601
2013	8,058,566	4,004,262	363,023	20,654	907,597	2,763,030

* PDNI: past due not impaired
CI: considered impaired

8. INVENTORIES

	2014	2013
	$	$
New and pre-owned goods at cost	23,357,104	21,783,101
New and used motor vehicles at cost	2,204,606	-
	25,561,710	**21,783,101**

9. OTHER ASSETS

	2014	2013
	$	$
Prepayments	10,578,199	8,587,646

10. PLANT AND EQUIPMENT

	Leasehold improvements at cost	Plant and equipment at cost	Equipment under finance lease at cost	Leaseholds Improvements under finance lease at cost	Total
	$	$	$	$	$
Cost					
Balance as at 1 July 2012	**7,524,608**	**19,482,081**	**81,670**	**1,049,277**	**28,137,636**
Acquisition through business combinations	-	969,204	-	-	969,204
Additions	2,304,030	3,313,656	-	-	5,617,686
Disposals	-	(15,309)	(62,700)	-	(78,009)
Net foreign currency exchange differences	172,192	861,163	-	-	1,033,355
Balance as at 30 June 2013	**10,000,830**	**24,610,795**	**18,970**	**1,049,277**	**35,679,872**
Acquisition through business combinations	220,917	652,996	-	-	873,913
Additions	1,017,295	3,173,764	-	-	4,191,059
Disposals	(245,239)	(662,538)	-	-	(907,777)
Net foreign currency exchange differences	257,760	1,317,885	-	-	1,575,645
Balance as at 30 June 2014	**11,251,563**	**29,092,902**	**18,970**	**1,049,277**	**41,412,712**
Depreciation					
Balance as at 1 July 2012	**1,314,182**	**6,763,683**	**39,455**	**438,953**	**8,556,273**
Disposals	-	(11,666)	(23,126)	-	(34,792)
Depreciation expense	1,142,411	3,055,628	2,641	131,358	4,332,038
Net foreign currency exchange differences	34,468	257,013	-	-	291,481
Balance as at 30 June 2013	**2,491,061**	**10,064,658**	**18,970**	**570,311**	**13,145,000**
Acquisition through business combinations	20,688	150,655	-	-	171,343
Disposals	(83,775)	(300,385)	-	-	(384,160)
Depreciation expense	1,311,712	3,774,149	-	131,183	5,217,044
Net foreign currency exchange differences	81,409	595,313	-	-	676,722
Balance as at 30 June 2014	**3,821,095**	**14,284,390**	**18,970**	**701,494**	**18,825,949**
Net book value					
As at 30 June 2013	**7,509,769**	**14,546,137**	**-**	**478,966**	**22,534,872**
As at 30 June 2014	**7,430,468**	**14,808,512**	**-**	**347,783**	**22,586,763**

11. TRADE AND OTHER PAYABLES

	2014	2013
Current	**$**	**$**
Trade payables	6,482,322	5,451,759
Accruals	20,311,886	14,596,705
	26,794,208	**20,048,464**

The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the allowed credit period in order to avoid the payment of interest on outstanding accounts.

12. BORROWINGS

	2014	2013
	$	**$**
12.1. CURRENT		
Loans (i)	-	18,000,000
Securitisation/warehousing facilities (ii)	59,613,840	52,061,163
Hire purchase and lease liabilities (note 19) (iii)	328,923	477,368
	59,942,763	**70,538,531**
12.2. NON-CURRENT		
Loans (i)	5,000,000	-
Bond	58,945,692	-
Hire purchase and lease liabilities (note 19) (iii)	73,456	389,521
	64,019,148	**389,521**

i. The bank overdraft and the loans payable (which includes term loans and a variable rate bill facility) are secured by a fixed and floating charge over the total assets of the entity and a cross guarantee from the parent entity. There have been no breaches of loan covenants during the current or prior period.

ii. The Securitisation/warehousing facilities represents two amounts:

1) A Class A note liability relating to notes issued by the CCPF Warehouse Trust No.1, a consolidated subsidiary established as part of the borrowing arrangement with Westpac Banking Corporation. The notes fund eligible personal loan receivables originated by CCPF which generally have a maturity of less than twelve months and are secured on those receivables. Collections received in relation to these receivables are used to repay the notes on a monthly basis as they are received and additional Class A notes may be issued under the terms of the funding arrangement. The notes have been presented as a current liability because the trust does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The note subscriber is obligated to subscribe for additional notes up to 26 March 2015, if required, up to a prescribed facility limit. Therefore in the ordinary course of business the consolidated entity currently expects to draw additional notes in accordance with the funding arrangement through to 26 March 2015. All amounts outstanding under the funding arrangement must be repaid in full on or before 26 March 2016. The company is currently negotiating a 12 month extension to the facility and an increase of $10m. to the facility limit.

2) A senior note liability relating to GLA Receivable Trust No.1, a consolidated subsidiary established in conjunction with Fortress Finance securitisation facility. The notes fund eligible leases originated by Green Light Auto Group Pty Ltd (GLA).

iii. Hire purchase and lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

12. BORROWINGS (CONTINUED)

12.3. FINANCING ARRANGEMENTS

Unrestricted access was available at balance date to the following lines of credit:

	2014	2013
	$	**$**
12.3.1. TOTAL FACILITIES		
Bank overdrafts	480,799	464,690
Variable rate bill facility	-	18,000,000
Securitisation Facilities	80,000,000	60,000,000
Bond	60,000,000	-
Term loans	10,000,000	-
	150,480,799	**78,464,690**
12.3.2. USED AT BALANCE DATE		
Bank overdrafts	-	-
Variable rate bill facility	-	18,000,000
Securitisation Facilities	59,990,583	52,061,163
Bond	60,000,000	-
Term loans	5,000,000	-
	124,990,583	**70,061,163**
12.3.3. UN-USED AT BALANCE DATE		
Bank overdrafts	480,799	464,690
Variable rate bill facility	-	-
Securitisation Facilities	20,009,417	7,938,837
Bond	-	-
Term loans	5,000,000	-
	25,490,216	**8,403,527**

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates are variable and are currently between two and two and three quarter percentage points above the bank base rate. Refer to note 18 for further information in relation to financial instruments.

12.4. LOAN COVENANTS AND REVIEW EVENTS

The consolidated entity has borrowing facilities with Westpac Banking Corporation in Australia. All facilities are subject to various loan covenants and review events.

13. PROVISIONS

	2014	2013
	$	$
13.1. CURRENT		
Employee benefits	4,600,899	3,824,722
Fringe benefits tax	37,989	45,793
	4,638,888	**3,870,515**
13.2. NON-CURRENT		
Employee benefits	148,539	104,474
	148,539	**104,474**

14. OTHER INTANGIBLE ASSETS

14.1. ALLOCATION OF OTHER INTANGIBLE ASSETS TO CASH-GENERATING UNITS

Other intangible assets are allocated to their respective cash-generating unit and tested for impairment annually.

The carrying amount of reacquired rights, and trade names / customer relationships allocated to cash generating units that are significant individually or in aggregate is as follows:

	2014	2013
	$	$
Franchise operations	14,816,900	13,871,483
Financial services – administration (MON-E)	-	-
Financial services – personal loans (CCPF)	718,146	595,822
Corporate stores (Australia)	2,595,561	4,044,828
Corporate stores (UK)	3,751,583	3,910,941
Vehicle leasing	17,672	-
	21,899,862	**22,423,074**

14. OTHER INTANGIBLE ASSETS (CONTINUED)

14.2. CATEGORIES OF OTHER INTANGIBLE ASSETS

Cost	Reacquired rights (i) $	Trade names / customer relationship (ii) $	Software $	Software under finance lease $	Total $
Balance as at 1 July 2012	**3,242,932**	**13,194,835**	**5,996,122**	**446,588**	**22,880,477**
Acquisition through business combinations*	5,048,000	2,156,000	-	-	7,204,000
Additions	99,408	-	1,892,719	-	1,992,127
Disposals	-	-	-	-	-
Net foreign currency exchange differences	55,363	-	3,620	-	58,983
Balance as at 30 June 2013	**8,445,703**	**15,350,835**	**7,892,461**	**446,588**	**32,135,587**
Acquisition through business combinations*	-	-	2,174	-	2,174
Additions	-	-	2,159,211	-	2,159,211
Disposals	-	-	-	-	-
Adjustments**	(106,000)	71,000	-	-	(35,000)
Net foreign currency exchange differences	82,205	-	5,058	-	87,263
Balance as at 30 June 2014	**8,421,908**	**15,421,835**	**10,058,904**	**446,588**	**34,349,235**
Amortisation					
Balance as at 1 July 2012	**897,950**	**4,535,346**	**1,744,272**	**224,730**	**7,402,298**
Amortisation charge	1,184,961	178,755	694,921	65,318	2,123,955
Disposals	-	-	-	-	-
Net foreign currency exchange differences	182,640	-	3,620	-	186,260
Balance as at 30 June 2013	**2,265,551**	**4,714,101**	**2,442,813**	**290,048**	**9,712,513**
Acquisition through business combinations*	-	-	52	-	52
Amortisation charge	1,048,400	684,744	910,315	63,208	2,706,667
Disposals	-	-	-	-	-
Net foreign currency exchange differences	25,079	-	5,058	-	30,137
Balance as at 30 June 2014	**3,339,030**	**5,398,845**	**3,358,238**	**353,256**	**12,449,369**
Net book value					
At 30 June 2013	6,180,152	10,636,734	5,449,648	156,540	22,423,074
At 30 June 2014	5,082,878	10,022,990	6,700,666	93,332	21,899,866

** refer to note 33.1*
*** refer to note 33.2*

i. The useful economic life of reacquired rights is assessed on an individual asset basis in accordance with AASB 3 Business Combination and AASB 138 Intangible Assets, where the useful economic life is equal to the remaining life of each stores franchise agreement with the consolidated entity, in place at the acquisition date.

14. OTHER INTANGIBLE ASSETS (CONTINUED)

The useful economic life of reacquired rights is assessed on an individual asset basis, but is not more 100 years from the date of acquisition. The directors review the economic useful life annually.

ii. *The useful economic life of customer relationships is assessed on an individual asset basis, and is currently amortised over five years from the date of acquisition. The directors review the economic useful life annually.*

iii. *Trade names are stated at cost to the consolidated entity and relates to amounts recognised either through the buy-back of overseas sub-master license rights, or through direct acquisition of regional sub-master rights in Australia by Cash Converters Pty Ltd. The depreciable amount of all trade names is amortised on a straight-line basis over their economic useful life, where material. The economic useful life of the trade names has been assessed on an individual asset basis but not more than 100 years from the date of acquisition. The directors review the economic useful life annually.*

15. GOODWILL

	2014 $	2013 $
15.1. GROSS CARRYING AMOUNT		
Balance at beginning of financial year	98,771,899	77,249,320
Additional amounts recognised from business combinations occurring during the year (refer Note 33.1)	10,581,976	20,664,643
Disposal *	(37,039)	-
Adjustments arising on the finalisation of acquisition accounting	236,764	-
Foreign exchange movement	1,172,457	857,936
Balance at the end of the financial year	**110,726,057**	**98,771,899**

** Disposals relate to Goodwill associated with the sale and closure of UK corporate stores*

15.2. ACCUMULATED IMPAIRMENT LOSSES

	2014	2013
Balance at the beginning of the financial year	-	-
Impairment losses for the year	-	-
Balance at end of financial year	**-**	**-**

15.3. NET BOOK VALUE

	2014	2013
At the beginning of the financial year	98,771,899	77,249,320
At the end of the financial year	**110,726,057**	**98,771,899**

15. GOODWILL (CONTINUED)

15.4. ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Financial services - administration (MON-E)
- Financial services – personal loans (CCPF)
- Corporate stores (Australia)
- Corporate stores (UK)

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows

	2014	2013
	$	$
Financial services – administration (MON-E)	17,292,967	17,292,967
Financial services – personal loans (CCPF)	18,972,344	16,780,683
Corporate stores (Australia)	64,800,037	56,317,599
Corporate stores (UK)	9,660,709	8,380,650
	110,726,057	**98,771,899**

15.4.1. FINANCIAL SERVICES – ADMINISTRATION (MON-E)

The recoverable amount for MON-E is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 14.7% per annum (2013: 15% per annum). Terminal value has been calculated using a 2.5% growth rate.

Cash flows beyond the one-year period have been extrapolated using a steady 5% per annum growth rate. Management believes that any reasonably possible change in the key assumptions in which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

15.4.2. FINANCIAL SERVICES – PERSONAL LOANS (CCPF)

The recoverable amount for Cash Converters Personal Finance is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 13.1% per annum (2013: 15% per annum). Terminal value has been calculated using a 2.5% growth rate.

Management believes that any reasonably possible change in the key assumptions in which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

15. GOODWILL (CONTINUED)

15.4.3. CORPORATE STORES (UK & AUSTRALIA)

The recoverable amount for corporate stores is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 17.6% per annum for Australia (2013: 15% per annum), 14% for the UK (2013: 15% per annum). Separate cash flow projections have been prepared for both the UK and Australia. Terminal value has been calculated using a 2.5% growth rate.

Cash flows beyond the one-year period, for Australian corporate stores, have been extrapolated using a steady 3% per annum growth rate based on performance levels for the last 3 months of the first year forecast. Management believes that any reasonably possible change in the key assumptions in which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Impairment modelling for each cash-generating unit (CGU) has been prepared separately. Working capital requirements have been based in line with revenue growth. Capital investment, required to run the business (i.e. replacement and non-expansionary capital expenditure), has been included based on detailed estimates for the next financial year and incremental growth in subsequent years consistent with increasing revenues.

16. ISSUED CAPITAL

16.1. FULLY PAID ORDINARY SHARES (NUMBER)

	2014	2013
	No. Shares	**No. Shares**
Balance at beginning of financial year	423,861,025	379,761,025
Shares issued during the year	5,025,099	44,100,000
Balance at end of financial year	**428,886,124**	**423,861,025**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the Corporations Act abolished the authorised capital and per value concept in relation to the share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

16.2. FULLY PAID ORDINARY SHARES (VALUE)

	2014	2013
	$	**$**
Balance at the beginning of the year	151,708,656	116,812,467
New shares issued (net of issue costs)	4,970,411	34,896,189
Balance at the end of the financial year	**156,679,067**	**151,708,656**

There are no securities stapled to the Cash Converters International Limited shares.

17. Reserves and Retained Earnings

17.1. Reserves

	2014	2013
	$	$
Foreign currency translation reserve	3,062,875	(2,629,872)
Share-based payment reserve	2,096,186	1,715,775
Non-controlling interest acquisition reserve	(11,662,250)	-
Balance at the end of the financial year	**(6,503,189)**	**(914,097)**

17.1.1. Foreign currency translation reserve

	2014	2013
	$	$
Balance at the beginning of the financial year	(2,629,872)	(6,028,429)
Translation of foreign operations	5,692,747	3,398,557
Balance at the end of the financial year	**3,062,875**	**(2,629,872)**

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian Dollars are brought to account by entries made directly to the foreign currency translation reserve.

17.1.2. Share-based payment reserve

	2014	2013
	$	$
Balance at the beginning of the financial year	1,715,775	2,661,625
Arising from share-based payment	748,805	2,000,910
Shares issued on exercise of performance rights	(368,394)	(2,946,760)
Balance at the end of the financial year	**2,096,186**	**1,715,775**

The share-based payment reserve arises due to the grant of share-based payments by the Company under the executive performance rights plan.

17.1.3. Non-controlling interest reserve

	2014	2013
	$	$
Balance at the beginning of the financial year	-	-
Arising from acquisition of non-controlling interest	(11,662,250)	-
Balance at the end of the financial year	**(11,662,250)**	**-**

The non-controlling interest acquisition reserve records the acquisition of non-controlling interest in Green Light Auto Group Pty Ltd

17. RESERVES AND RETAINED EARNINGS (CONTINUED)

17.2. RETAINED EARNINGS

	2014	2013
	$	$
Balance at the beginning of the financial year	90,835,176	73,186,248
Net profit attributable to members of the parent entity	24,192,335	32,869,972
Issue of shares (dividend reinvestment plan)	(4,602,017)	-
Dividends provided for or paid	(12,400,352)	(15,221,044)
Balance at the end of the financial year	**98,025,142**	**90,835,176**

18. FINANCIAL INSTRUMENTS

18.1. CAPITAL RISK MANAGEMENT

The consolidated entity manages its capital to maximise the return to stakeholders through the optimisation of the debt and equity balance whilst ensuring that the consolidated entity is able to continue as a going concern. The consolidated entity's overall strategy remains unchanged from prior year.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed in note 12, cash and cash equivalents and equity attributable to holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 16 and 17 respectively.

The consolidated entity operates globally, primarily through subsidiary companies established in the markets in which the consolidated entity trades. None of the consolidated entity's operations are subject to externally imposed capital requirements.

The consolidated entity's policy is to borrow both centrally and locally, using a variety of borrowing facilities, to meet anticipated funding requirements.

18.2. CATEGORIES OF FINANCIAL INSTRUMENTS

		2014	2013
		$	$
18.2.1.	FINANCIAL ASSETS		
	Cash and cash equivalents	26,843,072	20,729,330
	Trade and other receivables	48,357,257	27,508,085
	Personal loans receivable	123,677,192	115,009,517
	Investment in associates	6,213,926	-
	Other financial assets (GLA convertible note)	-	4,000,000
18.2.2.	FINANCIAL LIABILITIES		
	Trade and other payables	26,794,208	20,048,464
	Borrowings	123,961,911	70,928,052

The consolidated entity has no material financial assets or liabilities that are held at fair value.

18. FINANCIAL INSTRUMENTS (CONTINUED)

18.3. FINANCIAL RISK MANAGEMENT OBJECTIVES

The consolidated entity's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

18.3.1. MARKET RISK

The consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 18.3.2) and interest rates (refer note 18.3.3).

There has been no change to the consolidated entity's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

18.3.2. FOREIGN CURRENCY RISK MANAGEMENT

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are relatively small and spot rates are normally used.

There are no foreign currency denominated monetary assets or monetary liabilities in the consolidated entity at the reporting date.

18.3.3. INTEREST RATE RISK MANAGEMENT

The Company and the consolidated entity are exposed to interest rate risk as entities in the consolidated group borrow funds at variable rates and place funds on deposit at variable rates. Personal loans issues by the consolidated entity are at fixed rates. The risk is managed by the consolidated entity by monitoring interest rates.

The Company and the consolidated entity's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

18.4. INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used because this represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by approximately $324,953 (2013: increase/decrease by approximately $350,306).

The Group's sensitivity to interest rates has decreased during the current period mainly due to repaying variable rate borrowings and increasing its fixed rate borrowings.

18. FINANCIAL INSTRUMENTS (CONTINUED)

18.5. CREDIT RISK MANAGEMENT

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity 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 consolidated entity measures credit risk on a fair value basis. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than its franchisees. The consolidated entity has a policy of obtaining sufficient collateral or other securities from these franchisees. The majority of loans within the financing division relate to loans made by Cash Converters Personal Finance which makes both secured and unsecured personal loans. Credit risk is present in relation to all unsecured loans made which is managed within an agreed corporate policy on customer acceptance and on-going review of recoverability.

18.6. LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Included in note 12 is a listing of additional undrawn facilities that the company/consolidated entity has at its disposal to further reduce liquidity risk.

18.7. LIQUIDITY AND INTEREST RISK TABLES

18.7.1. FINANCIAL LIABILITIES

The following table detail the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the consolidated entity may be required to pay.

18. FINANCIAL INSTRUMENTS (CONTINUED)

	Weighted average effective interest rate	1 year or less	1 to 5 years	More than 5 years	Total
2014	**%**	**$**	**$**	**$**	**$**
Non-interest bearing	0.00	26,794,208	-	-	26,794,208
Finance lease liability - fixed rate	8.50	356,099	74,844	-	430,943
Fixed interest rate instruments	7.95	-	70,732,500	-	70,732,500
Variable interest rate instruments	6.19	63,756,187	5,579,375	-	69,335,562
		90,906,494	**76,386,719**	**-**	**167,293,213**
2013	**%**	**$**	**$**	**$**	**$**
Non-interest bearing	0.00	20,048,464	-	-	20,048,464
Finance lease liability - fixed rate	8.50	505,317	401,784	-	907,101
Fixed interest rate instruments	n/a	-	-	-	-
Variable interest rate instruments	5.70	74,021,280	-	-	74,021,280
		94,575,061	**401,784**	**-**	**94,976,845**

At the year-end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

18.7.2. FINANCIAL ASSETS

The following table details the consolidated entity's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company/consolidated entity anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	1 year or less	1 to 5 years	More than 5 years	Total
2014	**%**	**$**	**$**	**$**	**$**
Non-interest bearing	0.00	16,815,639	-	-	16,815,639
Variable interest rate instruments	1.83	27,334,307	-	-	27,334,307
Fixed interest rate instruments	126.42	232,133,793	18,211,524	-	250,345,317
		276,283,739	**18,211,524**	**-**	**294,495,263**
2013	%	**$**	**$**	**$**	**$**
Non-interest bearing	0.00	13,553,774	-	-	13,553,774
Variable interest rate instruments	2.30	21,206,105	-	-	21,206,105
Fixed interest rate instruments	126.20	189,544,585	17,082,258	-	206,626,843
		224,304,463	**17,082,258**	**-**	**241,386,721**

18. FINANCIAL INSTRUMENTS (CONTINUED)

The amounts included above for variable interest rate instruments for both assets and liabilities is subject to change if actual rates differ to from those applied in the above a calculations.

18.8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial assets and liabilities are determined on the following basis.

18.8.1. FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Subsequent to initial recognition, at fair value financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Levels are defined as follows:

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets of liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2014 and 30 June 2013 the Group has no material financial assets and liabilities that are measured on a recurring basis.

18.8.2. FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS (BUT WHERE FAIR VALUE DISCLOSURES ARE REQUIRED)

At 30 June 2014 and 30 June 2013, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

The fair value of the monetary financial assets and financial liabilities is based upon market prices where a market price exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

19. LEASES

19.1. FINANCE LEASES

Finance leases relate to computer equipment and motor vehicles with lease terms of up to 5 years. The consolidated entity has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements.

19. LEASES (CONTINUED)

	Minimum future lease payments		Present value of minimum future lease payments	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Finance lease and hire purchase expenditure contracted for at balance sheet date, payable:				
Within one year	356,099	546,880	328,923	477,368
Later than one, not later than five years	74,844	416,845	73,457	389,520
	430,943	963,725	402,380	866,888
Less future finance charges	(28,564)	(96,837)	-	-
	402,379	**866,888**	**402,380**	**866,888**
Included in the financial statement as:				
Current borrowings (note 12)			328,923	477,368
Non-current borrowings (note 12)			73,456	389,520
			402,379	**866,888**

19.2. OPERATING LEASES

Operating leases relate to office accommodation and retail premises with lease terms of between 5 to 10 years, with an option to extend for a further 5 years. All operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew. The consolidated entity does not have an option to purchase the leased assets at the expiry of the lease period.

	2014	**2013**
	$	**$**
Non-cancellable operating lease commitments payable:		
Within one year	10,767,858	8,725,888
Later than one, not later than five years	30,148,417	22,633,929
Later than five years	9,212,642	11,780,461
	50,128,917	**43,140,278**

Operating lease commitments relate to head office premises in Australia, the regional offices in the UK and around Australia and the corporate stores in the UK and Australia. Cash Converters hold an option to renew on the Australian premises.

19.3. COMMITMENT FOR CAPITAL EXPENDITURE

At 30 June 2014 capital expenditure commitments were $1,650,000 (2013: $1,150,000).

20. KEY MANAGEMENT PERSONNEL REMUNERATION

Details of directors and other members of key management personnel of Cash Converters International Limited during the year are:

- R. Webb (Chairman, non-executive director)
- P. Cumins (Managing director, executive)
- J. Yeudall (Non-executive director) – resigned 11 November 2013
- W. Love (Non-executive director) – resigned 21 August 2014
- J Beal (Non-executive director) – resigned 21 August 2014
- M. Cooke (Legal counsel)
- D. Patrick (Chief executive officer - UK)
- I. Day (General manager – Australia)
- R. Groom (Company secretary / chief financial officer)
- G. Fee (Chief information officer)
- M. Osborne (Company secretary / chief financial officer – UK) – resigned 31 July 2014

The aggregate compensation of the key management personnel of the consolidated entity is set out below:

	2014	2013
	$	$
Short-term employee benefits	3,548,303	3,392,825
Long-term employee benefits	-	-
Post-employee benefits	156,247	145,418
Share-based payment (i)	672,645	1,964,987
Total compensation	**4,377,195**	**5,503,230**

(i) Please refer to note 21 and the remuneration report for further information.

21. SHARE-BASED PAYMENTS

21.1. THE EXECUTIVE PERFORMANCE RIGHTS PLAN

The executive performance rights plan, which was approved by shareholders on 30 November 2010, allows the directors of the Company to issue up to 20,000,000 performance rights which will vest into ordinary shares in the Company upon the achievement of certain vesting conditions. As at 30 June 2014, the shareholders had approved the issue of 15,334,000 performance rights under the plan to the managing director and the Company's senior management team in various tranches with each tranche containing different vesting conditions.

Each right entitles the holder to subscribe for one fully paid ordinary share in the Company at the exercise price of $Nil. During the reporting period, a total of 683,000 performance rights were granted in Tranches 7, 8 and 9 to senior executives of the Company.

21. SHARE-BASED PAYMENTS (CONTINUED)

The following arrangement were in existence during the current and prior reporting periods:-

Performance rights tranche	Grant Date	Grant Date Fair Value	No. granted	Exercise Price	Expiry date of options/ performance rights
Managing Director					
1	30/11/2010	$0.57	4,000,000	nil	14/10/2012
2	30/11/2010	$0.43	6,000,000	nil	14/10/2016
Other Executives					
1	19/09/2011	$0.42	1,600,000	nil	22/08/2012
2	19/09/2011	$0.39	400,000	nil	4/10/2013
3	19/09/2011	$0.31	1,800,000	nil	15/09/2016
4	25/09/2012	$0.75	283,668	nil	4/10/2013
5	25/09/2012	$0.71	283,667	nil	1/07/2014
6	25/09/2012	$0.68	283,665	nil	1/07/2015
7	25/09/2013	$1.21	215,668	nil	1/07/2014
8	25/09/2013	$1.15	215,668	nil	1/07/2015
9	25/09/2013	$1.09	215,664	nil	1/07/2016

21.2. FAIR VALUE OF SHARE OPTIONS GRANTED IN THE YEAR

The weighted average fair value of the share options granted during the financial year is $1.15 (2013: $0.70). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model is based on the earliest vesting date possible for each tranche, based on the vesting conditions.

	Tranche 7	Tranche 8	Tranche 9
Grant Date share price	$1.26	$1.26	$1.26
Exercise Price	nil	nil	nil
Expected volatility	40%	40%	40%
Option life	0.8 Years	1.8 Years	2.8 Years
Dividend Yield	5%	5%	5%
Risk-free interest rate	2.56%	2.56%	2.86%

21.3. MOVEMENT IN SHARE OPTIONS DURING THE YEAR

The following table illustrates the number of, and movements in, performance rights during the year. The performance rights were issued free of charge, weighted average exercise price is nil. No shares were exercisable at the end of the current year.

21. SHARE-BASED PAYMENTS (CONTINUED)

	2014 Number	2013 Number
Outstanding 1 July	**9,051,000**	**13,800,000**
Granted during the year	647,000	851,000
Forfeited/Lapsed during the year	(206,667)	-
Exercised during the year	(683,668)	(5,600,000)
Expired during the year	-	-
Outstanding at end of the year	**8,807,665**	**9,051,000**

21.3.1. SHARE OPTIONS EXERCISED DURING THE YEAR

Performance rights tranche	Grant Date	No. exercised	Exercise Date	Share price at exercise date
Other Executives				
2	19/09/2011	400,000	4/10/2013	$1.26
4	25/09/2012	283,668	4/10/2013	$1.26
		683,668		

21.3.2. EXPENSE RECOGNISED

The cumulative expense recognised for employee services received by the Company is shown in the table below.

	30 June 2014 $	30 June 2013 $
Balance as at 1 July	4,662,535	2,661,625
Expense arising from equity-settled share-based payment transactions	748,805	2,000,910
Total expenses arising from share-based payment transactions	**5,411,340**	**4,662,535**

21.3.3. SHARE OPTIONS LAPSED DURING THE YEAR

Performance rights tranche	Grant date	No. lapsed
Other executives		
5	25/09/2012	106,667
6	25/09/2012	50,000
7	24/09/2013	16,667
8	24/09/2013	16,667
9	24/09/2013	16,666
		206,667

21. SHARE-BASED PAYMENTS (CONTINUED)

21.3.4. SHARE OPTIONS OUTSTANDING AT YEAR END

The total number of options outstanding at the year-end were 8,607,665

Performance rights tranche	Grant date	No. outstanding	Expiry date of options/ performance rights
Managing director			
1	30/11/2010	6,000,000	14/10/2016
Other executives			
3	19/09/2011	1,800,000	15/09/2016
5	25/09/2012	177,001	1/07/2014
6	25/09/2012	233,664	1/07/2015
7	25/09/2013	132,334	1/07/2014
8	25/09/2013	132,334	1/07/2015
9	25/09/2013	132,332	1/07/2016
		8,607,665	

The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2014 is 2.1 years. (2013: 2.9 years)

22. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party of the Group is Cash Converters International Ltd.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Other than share based payments (as disclosed in note 21) and shareholdings of key management personnel (as disclosed in the remuneration report); the parent; its subsidiaries, associates and key management personnel made no related party transactions during the reporting period.

23. SUBSIDIARIES

23.1. COMPOSITION OF THE GROUP

The financial statements include the financial statements of the Group and the subsidiaries listed in the following table:

Name of entity	Country of incorporation	Ownership interest 2014	2013
Parent entity			
Cash Converters International Limited (i)	Australia		
Directly controlled by Cash Converters International Limited			
Cash Converters Pty Ltd (ii) (iii)	Australia	100%	100%
Cash Converters UK Holdings PLC	UK	100%	100%
Cash Converters USA Limited (note 24)	Australia	99.285%	99.285%
Mon-e Pty Ltd (ii) (iii)	Australia	100%	100%
Cash Converters Personal Finance Pty Ltd (ii) (iii)	Australia	100%	100%
Safrock Finance Corporation (QLD) Pty Ltd (ii) (iii)	Australia	100%	100%
Safrock Finance Corporation (WA) Pty Ltd (ii) (iii)	Australia	100%	100%
Finance Administrators of Australia Pty Ltd (ii) (iii)	Australia	100%	100%
Cash Converters (Stores) Pty Ltd (ii) (iii)	Australia	100%	100%
Cash Converters (Cash Advance) Pty Ltd (ii) (iii)	Australia	100%	100%
Green Light Auto Group Pty Ltd	Australia	80%	0%
Cash Converters (NZ) Pty Ltd	Australia	100%	n/a
Directly Controlled by Cash Converters Personal Finance Pty Ltd			
CCPF Warehouse Trust No.1	Australia	100%	100%
Directly controlled by Cash Converters (Stores) Pty Ltd			
BAK Property Pty Ltd	Australia	100%	100%
Directly controlled by Cash Converters Pty Ltd			
Cash Converters Finance Corporation Ltd	Australia	57.31%	50.85%
Directly controlled by Green Light Auto Group Pty Ltd			
GLA Receivables Trust No. 1	Australia	100%	100%
Directly controlled by Cash Converters USA Limited			
Cash Converters USA Inc.	USA	100%	100%

i. *Cash Converters International Limited is the head entity within the tax consolidated group.*
ii. *These companies are members of the tax consolidated group.*
iii. *These wholly owned subsidiaries have entered into a deed of cross guarantee with Cash Converters International Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.*

23. SUBSIDIARIES (CONTINUED)

23.2. FINANCIAL SUPPORT

The company Cash Converters International Limited has entered into a 'Deed of Cross Guarantee' under which each company guarantees the debts of the others.

By entering into the Deed of Cross Guarantee, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The consolidated statement of comprehensive income and statement of financial position of the entities party to the cross guarantee are:

23.2.1. STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
	$	$
Franchise fees	5,824,052	7,539,049
Financial services interest revenue	162,159,254	133,796,352
Sale of goods	55,768,890	43,366,687
Other revenues	2,365,881	1,091,603
Revenue	226,118,077	185,793,691
Cost of sales	(59,474,691)	(43,006,234)
Gross profit	**166,643,386**	**142,787,457**
Administrative expenses	(60,811,592)	(50,898,887)
Advertising expenses	(5,897,403)	(4,908,799)
Occupancy expenses	(11,260,972)	(9,256,886)
Other expenses	(35,233,439)	(23,816,124)
Finance costs	(7,459,224)	(2,841,338)
Share of net loss of equity accounted investment	(41,465)	-
Profit before income tax	45,939,291	51,065,423
Income tax expense	(14,518,745)	(15,497,733)
Profit for the year	**31,420,546**	**35,567,690**
Other comprehensive income for the year	**-**	**-**
Total comprehensive income for the year	**31,420,546**	**35,567,690**

23. SUBSIDIARIES (CONTINUED)

23.2.2. STATEMENT OF FINANCIAL POSITION

	2014	2013
Current assets	**$**	**$**
Cash and cash equivalents	22,072,012	18,797,907
Trade receivables	20,401,278	10,592,408
Personal loans receivable	98,729,828	89,162,073
Inventories	11,458,200	10,306,581
Other assets	7,229,068	4,148,742
Total current assets	**159,890,386**	**133,007,711**
Non-current assets		
Trade and other receivables	64,829,895	69,533,728
Plant and equipment	14,084,468	12,987,894
Deferred tax assets	7,640,923	5,729,706
Goodwill	100,968,171	90,494,072
Other intangible assets	16,348,495	16,511,352
Investments in associates	6,213,926	-
Other financial assets	34,250,137	4,463,481
Total non-current assets	**244,336,015**	**199,720,233**
Total assets	**404,226,401**	**332,727,944**
Current liabilities		
Trade and other payables	15,369,848	13,779,871
Borrowings	54,140,459	70,438,043
Current tax payables	7,810,080	5,889,701
Provisions	4,594,068	3,870,515
Total current liabilities	**81,914,455**	**93,978,130**
Non-current liabilities		
Borrowings	64,007,130	258,058
Provisions	148,539	104,474
Total non-current liabilities	**64,155,669**	**362,532**
Total liabilities	**146,070,124**	**94,340,662**
Net assets	**258,156,277**	**238,387,282**
Equity		
Issued capital	156,679,067	151,708,657
Reserves	2,013,492	1,633,084
Retained earnings *	99,463,718	85,045,541
Parent entity interest	**258,156,277**	**238,387,282**

23. SUBSIDIARIES (CONTINUED)

	2014	2013
*** Retained earnings**	**$**	**$**
Retained earnings as at the beginning of the financial year	85,045,541	64,698,895
Net profit	31,420,546	35,567,690
Issue of shares (DRP)	(4,602,017)	-
Dividends provided for or paid	(12,400,352)	(15,221,044)
Retained earnings as at the end of the financial year	**99,463,718**	**85,045,541**

24. NON-CONTROLLING INTERESTS

24.1. NON-CONTROLLING INTERESTS IN CONTROLLED ENTITIES

	2014	2013
	$	**$**
Balance at beginning of year	1,049	1,049
Non-controlling interest arising from contractual arrangement (Green Light Auto Group Pty Ltd)	(12,097,952)	
Acquisition of non-controlling interests (Green Light Auto Group Pty Ltd)	11,662,250	-
Share of loss for the year	(3,060,046)	-
	(3,494,699)	**1,049**

24.1.1. CASH CONVERTERS USA LTD

Non-controlling interests hold 83,936 - one cent ordinary units in Cash Converters USA Limited, being 0.715% of the total equity of the company.

24.1.2. GREEN LIGHT AUTO GROUP PTY LTD

Non-controlling interest hold 800,000 – one dollar ordinary shares in Green Light Auto Group Pty Ltd, being 20% of the total equity of the company.

25. CONTINGENT LIABILITIES

In the course of its normal business the consolidated entity occasionally receives claims and writs for damages and other matters arising from its operations. Where in the opinion of the directors it is deemed appropriate a specific provision is made, otherwise the directors deem such matters are either without merit or of such kind or involved such amounts that would not have a material adverse effect on the operating results or financial position of the economic entity if disposed of unfavourably.

As previously disclosed to the Australian Securities Exchange, a class action has been commenced against the Company and three subsidiaries alleging that lending in New South Wales between 1/7/2010 and 30/6/2013 was based on an unlawful model and therefore borrowers are entitled to damages. The current status is that the matter is being defended and is in the early procedural stages. The Company is satisfied that these loans were made in a lawful manner. The potential financial impact cannot be reliably estimated at this stage.

The directors are not aware of any other material contingent liabilities in existence at 30 June 2014 requiring disclosure in the financial statements.

26. EVENTS AFTER THE REPORTING PERIOD

26.1. UK LEGISLATIVE CHANGES

In July 2014, the Financial Conduct Authority (FCA) released its consultation paper CP14/10 – 'Proposals for a price cap on high-cost short-term credit'. The FCA have been regulating this industry in the UK since April 2014 and have a clear remit to tackle poor conduct in the market and ensure that there is an appropriate degree of protection for consumers.

The paper proposes changes to take effect from 2 January 2015, included are an initial cost of credit cap (proposed at 0.8% per day), a total cost of credit cap (proposed at 100% of the amount advanced) and a fixed charge cap on default fees (proposed at £15 per loan). The FCA were accepting comments on the paper until 1 September 2014. Following a review of these responses the FCA will issue their final policy proposal in late October 2014.

Whilst it is evident that the new legislation will have an impact on margins, Cash Converters believe that the overall impact will be positive. These rate caps give us the clarity and comparability, supporting a sustainable business model that will see earnings increase as our volume continues to grow. The legislation also provides a framework to regulate the industry and therefore protect vulnerable members of society from unscrupulous operators. Cash Converters continues to pride itself on the founding ethos of 'helping people get on with their lives', and believes by its continued efforts to be the most responsible lender in the market and providing a diverse and accessible product range, there are great opportunities to continue the success of the business.

26.2. WESTPAC SECURITISATION FACILITY

In September 2014, Cash Converters successfully completed negotiations to increase their facility limit with Westpac Institutional bank from $60m to $70m. The additional $10m facility will help to continue funding the growing personal loan book and can be drawn down in the same manner as the existing facility. In conjunction with the increase facility limit the scheduled availability period and termination date for the facility has been extended by one year to March 2016 and March 2017 respectively.

27. EARNINGS PER SHARE

	2014	2013
Earnings used in the calculation of basic earnings per share (net profit)	$24,192,335	$32,869,972
Weighted average ordinary shares outstanding—basic	**426,320,267**	**406,344,313**
Dilutive effect of performance rights (note 21)	8,543,325	8,850,491
Weighted average ordinary shares outstanding—diluted	**434,863,592**	**415,194,804**
Basic earnings per common share	$5.67	$8.09
Diluted earnings per common share	$5.56	$7.92

The number of potential ordinary shares not included in the above calculation is Nil.

28. DIVIDENDS

On the 21 August 2014 the directors of the Company declared a final fully franked dividend of 2.0 (two) cents per share, in respect of the financial year ended 30 June 2014, to be paid on 30 September 2014. The Company Dividend Reinvestment Plan (DRP) will apply to this dividend, providing shareholders with the option to reinvest all or part of their eligible dividends at a discount of 2.5% of the price established by the 5 day VWAP up to and including the record date. This dividend has not been included as a liability in these consolidated financial statements. The total estimated dividend to be paid is $8,577,722. The Company has Australian franking credits available of $48,293,422 on a tax paid basis (2013: $41,686,758).

	2014		2013	
Recognised amounts	**Cents per share**	**Total $**	**Cents per share**	**Total $**
Final dividend Prior Year: Franked to 100% at 30%	2.00	8,477,221	1.75	6,743,823
Interim dividend current year: Franked to 100% at 30%	2.00	8,525,148	2.00	8,477,221
		17,002,369		**15,221,044**
Unrecognised amounts				
Final dividend: Franked to 100% at 30%	2.00	8,577,722	2.00	8,477,221

29. SEGMENTAL INFORMATION

Information reported to the consolidated entity's managing director for the purposes of resource assessment and assessment of performance is focused on the nature of the service and category of customer. The consolidated entity's reportable segments under AASB 8 *Operating Segments* are therefore as follows:

29.1. FRANCHISE OPERATIONS

This involves the sale of franchises for the retail sale of second had goods and the sale of master licenses for the development of franchises in countries around the world.

29.2. STORE OPERATIONS

This involves the retail sale of second hand goods at corporate owned stores in Australia and the UK.

29.3. FINANCIAL SERVICES – PERSONAL LOANS

This segment includes the Cash Converters Personal Finance personal loans business.

29.4. FINANCIAL SERVICES – ADMINISTRATION

This segment includes Mon-E which is responsible for providing the internet platform and administration services for the Cash Converters network in Australia to offer small cash advance loans to their customers.

29.5. VEHICLE LEASING

This segment includes Green Light Auto Group Pty Ltd which provides fully maintained vehicles through a lease product to customer over 4 years. Revenue is split between lease interest and additional service income (warranty, insurance and maintenance), also the sale of end of lease vehicle stock.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the consolidated entity's accounting policies.

The following is an analysis of the consolidated entity's revenue and results by reportable operating segment for the periods under review.

29. SEGMENTAL INFORMATION (CONTINUED)

For the year ended 30 June 2014	Franchise operations	Store operations	Financial services - administration	Financial services - personal loans	Vehicle leasing	Corporate head office	Total
Interest revenue (i)	853,851	50,715,277	9,975,616	137,692,194	3,695,847	-	202,932,785
Other revenue	17,598,736	121,208,375	4,340,267	481	5,013,278	3,995,921	152,157,058
Gross revenue	18,452,587	171,923,652	14,315,883	137,692,675	8,709,125	3,995,921	355,089,843
Less intercompany sales	(6,189,157)	(11,096,393)	(4,340,267)	-	-	(2,392,569)	(24,018,386)
Segment revenue	12,263,430	160,827,259	9,975,616	137,692,675	8,709,125	1,603,352	331,071,457
External Interest revenue (ii)	-	49,136	4,142	312,817	31,116	200,239	597,450
Total revenue	**12,263,430**	**160,876,395**	**9,979,758**	**138,005,492**	**8,740,241**	**1,803,591**	**331,668,907**
EBITDA	**6,633,516**	**15,615,352**	**10,410,310**	**39,835,270**	**(4,038,694)**	**(19,914,394)**	**48,541,360**
Depreciation and amortisation	(260,518)	(5,234,532)	(4,242)	(828,594)	(179,179)	(1,416,646)	(7,923,711)
EBIT	**6,372,998**	**10,380,820**	**10,406,068**	**39,006,676**	**(4,217,873)**	**(21,331,040)**	**40,617,649**
Interest expense	-	(27,638)	-	(2,971,665)	(1,076,393)	(4,501,488)	(8,577,184)
Profit/(Loss) before tax	**6,372,998**	**10,353,182**	**10,406,068**	**36,035,011**	**(5,294,266)**	**(25,832,528)**	**32,040,465**
Income tax expense							(10,908,176)
Operating profit after tax							**21,132,289**
Loss attributable to non-controlling interest							3,060,046
Profit attributable to members of CCIL							**24,192,335**

29. SEGMENTAL INFORMATION (CONTINUED)

For the year ended 30 June 2013	Franchise operations	Store operations	Financial services - administration	Financial services - personal loans	Vehicle leasing	Corporate head office	Total
Interest revenue [i]	348,586	39,697,768	13,440,134	113,433,653	-	1,962,746	168,882,887
Other revenue	21,325,187	96,367,349	4,249,388	18,457	-	338,652	122,299,033
Gross revenue	21,673,773	136,065,117	17,689,522	113,452,110	-	2,301,398	291,181,920
Less intercompany sales	(8,418,809)	(6,166,898)	(4,249,388)	-	-	-	(18,835,095)
Segment revenue	13,254,964	129,898,219	13,440,134	113,452,110	-	2,301,398	272,346,825
External Interest revenue [ii]	-	61,623	6,832	157,273	-	150,166	375,894
Total revenue	**13,254,964**	**129,959,842**	**13,446,966**	**113,609,383**	**-**	**2,451,564**	**272,722,719**
EBITDA	**6,387,128**	**9,100,109**	**14,196,639**	**42,460,724**	**-**	**(15,108,666)**	**57,035,934**
Depreciation and amortisation	(256,030)	(4,499,995)	(10,759)	(611,964)	-	(1,077,245)	(6,455,993)
EBIT	**6,131,098**	**4,600,114**	**14,185,880**	**41,848,760**	**-**	**(16,185,911)**	**50,579,941**
Interest expense	-	(25,266)	-	(744,333)		(2,146,135)	(2,915,734)
Profit/(Loss) before tax	**6,131,098**	**4,574,848**	**14,185,880**	**41,104,427**	**-**	**(18,332,046)**	**47,664,207**
Income tax expense							(14,794,235)
Operating profit after tax							**32,869,972**
(Profit)/Loss attributable to non-controlling interest							-
Profit attributable to members of CCIL							**32,869,972**

(i) Interest Revenue comprises of personal loan interest, cash advance fee income, pawn broking interest from customers and commercial loan interest from 3rd parties
(ii) External interest revenue is interest received on bank deposits

29. SEGMENTAL INFORMATION (CONTINUED)

Segment profit represents the profit earned by each segment without the allocation of central administration costs and directors' salaries, interest income and expense in relation to corporate facilities, and tax expense. This is the measure reported to the managing director (chief operating decision maker) for the purpose of resource allocation and assessment of segment performance.

29.6. CONSOLIDATED ENTITY ASSETS BY REPORTABLE SEGMENT

	30 June 2014	30 June 2013
	$	$
Franchise operations	22,086,355	21,437,821
Store operations	155,957,914	136,281,822
Financial services – administration	18,171,602	18,071,113
Financial services - personal loans	159,336,472	134,200,107
Vehicle leasing	15,759,263	-
Total of all segments	**371,311,606**	**309,990,863**
Unallocated assets	38,675,850	31,253,974
Total assets	**409,987,456**	**341,244,837**

Unallocated assets include various corporate assets including cash held at a corporate level that has not been allocated to the underlying segments.

29.7. CONSOLIDATED ENTITY LIABILITIES BY REPORTABLE SEGMENT

	30 June 2014	30 June 2013
	$	$
Franchise operations	2,591,445	2,030,329
Store operations	12,841,108	9,020,978
Financial services - administration	4,866,524	2,974,992
Financial services – personal loans	93,003,169	74,251,328
Vehicle leasing	6,492,422	-
Total of all segments	**119,794,668**	**88,277,627**
Unallocated liabilities	45,486,467	11,336,426
Total liabilities	**165,281,135**	**99,614,053**

Unallocated liabilities include consolidated entity borrowings not specifically allocated to the underlying segments.

29. SEGMENTAL INFORMATION (CONTINUED)

29.8. OTHER SEGMENT INFORMATION

	Depreciation and amortisation Year ended		Additions to non-current assets Year ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	$	$	$	$
Franchise operations	1,570,934	1,459,845	3,956,297	3,525,693
Store operations	5,119,065	4,206,748	10,536,384	31,778,569
Financial services - administration	225,939	177,435	-	-
Financial services - personal loans	828,594	611,965	2,557,323	1,143,398
Vehicle leasing	179,179	-	995,092	-
Total of all segments	7,923,711	6,455,993	18,045,096	36,447,660
Unallocated	-	-	-	-
Total	**7,923,711**	**6,455,993**	**18,045,096**	**36,447,660**

29.9. GEOGRAPHICAL INFORMATION

The consolidated entity operates in two principal geographical areas – Australia (country of domicile) and the United Kingdom. The consolidated entity's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue from external customers Year ended		Non-current assets* Year ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	$	$	$	$
Australia	230,984,335	183,190,376	132,307,425	120,258,101
United Kingdom	100,147,536	89,109,573	22,905,261	23,471,744
Rest of world	537,036	422,770	-	-
	331,668,907	**272,722,719**	**155,212,686**	**143,729,845**

**Non-current assets excluding those relating to deferred tax assets, trade and other receivables and other financial assets. Includes property, plant and equipment; goodwill and other intangible assets.*

30. PARENT ENTITY DISCLOSURES

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 1 for a summary of the significant accounting policies relating to the Group

30.1. FINANCIAL POSITION

	30 June 2014	**30 June 2013**
Assets	**$**	**$**
Current assets	82	-
Non-current assets	225,843,060	176,930,529
Total assets	**225,843,142**	**176,930,529**
Liabilities		
Current liabilities	7,805,090	23,892,475
Non-current liabilities	65,000,000	-
Total liabilities	**72,805,090**	**23,892,475**
Net assets	**153,038,052**	**153,038,054**
Equity		
Issues capital	148,761,887	148,761,887
Reserves	-	-
Retained earnings	4,276,165	4,276,167
Total equity	**153,038,052**	**153,038,054**

30.2. FINANCIAL PERFORMANCE

Profit for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-

30.3. GUARANTEES ENTERED INTO BY PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

Cross guarantees have been provided by the parent entity and its controlled entities as listed on note 23. The fair value of the cross guarantee has been assessed as $Nil based on the underlying performance of the entities in the cross guarantee.

	2014	**2013**
Guarantee provided under the deed of cross guarantee (i)	2,140,975	2,140,975

(i) Cash Converters International Limited has provided a cross guarantee to HSBC for a BACS facility provided to CCUK.

31. INVESTMENT IN ASSOCIATES

During the period, the Group invested in the New Zealand Cash Converters Master Franchisor. The Group acquired a 25% equity interest in all aspects of the New Zealand enterprise, including corporate stores, franchise contracts, financial services and software. Cash consideration of AUD$5.5m. was paid on 23rd January 2014. The Group's share of the loss of $41,465 is reflected in the financial result for the year.

Also during the year, the Group entered into a joint venture with EZCORP Inc. to launch Cash Converters in South America and Mexico. As consideration, valued at US$720k, for its 20% interest in the joint venture, the Group granted a master license to the joint venture for Latin America and provided information technology services, training and management support. As at the reporting date there has been no trading activity by the joint venture. The value of the consideration has been determined as being 20% of the Net tangible assets of the joint venture (US$3.6m) at the reporting date.

Balances of the investments in associates and joint ventures are shown below

	2014	2013
	$	$
Balance at the beginning of the financial year	-	-
Investment in Cash Converters New Zealand	5,491,059	-
Net Loss for year	(41,465)	-
EZCorp JV - Mexico & South America	764,332	-
Balance at the end of the financial year	**6,213,926**	**-**

32. OTHER FINANCIAL ASSETS

Cash Converters International Limited invested in 'Green Light Auto Group Pty Limited' in the form of a convertible note, carrying a 10% coupon rate, paid six monthly in arrears and was secured.

The convertible note was exercised by Cash Converters International Limited on 23 September 2014. See note 33 for details

	2014	2013
	$	$
Balance at the beginning of the financial year	4,000,000	4,000,000
Conversion of note	(4,000,000)	-
Balance at the end of the financial year	**-**	**4,000,000**

33. BUSINESS COMBINATIONS

33.1. BUSINESS COMBINATIONS DURING THE CURRENT YEAR

During the period the Group acquired; the trade and assets of nine Cash Converters franchised stores in Australia; the trade and assets of Ribhurst Pty Ltd, (an entity previously engaged in providing administrative support and personal loan processing services to the personal loan business of the Group) and 80% of the equity in Green Light Auto Group Pty Ltd (GLA).

33.1.1. CORPORATE STORES/RIBHURST

These transactions have been accounted for using the acquisition method of accounting. The net assets acquired in the business combinations, and the goodwill arising, are shown below:

	Fair Value recognised on acquisition **$**
Net assets acquired:	
Cash and cash equivalents	129,634
Trade and other receivables	3,181,899
Plant and equipment	128,497
Inventories	879,181
Trade and other payables	(283,927)
Fair value of net identifiable assets acquired	**4,035,284**
Consideration:	
Consideration satisfied by cash	14,617,260
Goodwill arising on acquisition	10,581,976
The cash outflow on acquisition is as follows:	
Net cash acquired with the stores	129,634
Cash paid	(14,617,260)
Net consolidated cash outflow	**(14,487,626)**

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisitions. In particular, the independent valuations of separately identifiable intangible assets have not been finalised. The business combination above is therefore prepared provisionally subject to these valuations being completed.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire the stores. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the stores. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

33. BUSINESS COMBINATIONS (CONTINUED)

For tax purposes the tax values of the assets are required to be reset based on market values and other factors. Any adjustments to the fair value of these assets has been reflected in the plant, property & equipment figure of $128,497

Included in the net profit for the period is $427,360 attributable to the additional business generated by the nine stores and $130,294 from cost savings realised through the acquisition of Ribhurst Pty Ltd.

Had these business combinations been effected at 1 July 2013, the revenue of the Group from continuing operations would have been $343,483,720, and the profit for the year from continuing operations would have been $26,246,213. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

33.1.2. GREEN LIGHT AUTO GROUP PTY LTD

During the year the Group acquired an 80% interest in Green Light Auto Group Pty Ltd ("GLA") as a result of the exercise of a convertible note, which was exercisable from 1 July 2013. The net assets acquired in the business combinations are shown below.

	Fair value recognised on acquisition **$**
Net assets acquired:	
Cash and cash equivalents	3,833,411
Trade and other receivables	6,275,349
Deferred tax asset	266,708
Inventories	2,109,064
Plant and equipment	582,876
Trade and other payables	(25,165,359)
Fair value of 100% net identifiable liabilities acquired	**(12,097,951)**
Non-controlling interest - at date of control	(12,097,951)
Non-controlling interest - at date of legal acquisition	(2,419,590)
Consideration:	
Consideration satisfied by Cash	-
Deemed consideration	-
Goodwill arising on acquisition	-
Recognised amount of non-controlling interest	12,097,951
The cash inflow on acquisition is as follows:	
Net cash acquired with the business	3,833,411
Cash paid	-
Net consolidated cash inflow	**3,833,411**

33. BUSINESS COMBINATIONS (CONTINUED)

The legal acquisition date was 23 September 2013, being the date that Cash Converters International Limited (CCIL) exercised its conversion option.

After analysis of the substance of the conversion option it was concluded that as at 1 July 2013, the Group did have the ability to control GLA, however it did not have an in-substance ownership interest, in that it could not share in economic returns until legal exercise.

As at 1 July 2013 CCIL had the ability to control the business, although did not have the right to share in the economic returns during the period prior to actual exercise, therefore resulting in the fact that no "in-substance" ownership interest was held prior to legal acquisition on 23 September, consequently a 100% non-controlling interest was recognised as at 1 July 2013, and until the legal acquisition date.

As at 23 September 2013, legal ownership was established, and the financial statements of the Group reflect the acquisition of the 80% interest in GLA. A proportion of the non-controlling interest was recognised for the 20% of GLA not acquired as at 23 September 2013.

At the time the financial statements were authorised for use, the Group had not yet completed the accounting for the acquisitions. In particular, the independent valuations of separately identifiable intangible assets have not been finalised. The business combination above is therefore prepared provisionally subject to these valuations being completed.

Had these business combinations been effected at 1 July 2013, the revenue of the Group from continuing operations would have been $331,668,907 and the profit for the year from continuing operations attributable to shareholders would have been $21,132,289. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

33.2. FINALISATION OF PRIOR YEAR BUSINESS COMBINATIONS

During the year, the valuations of the stores acquisition business combinations that took place during the previous financial year, were finalised. As a result of these valuations, the following changes were reflected in the current year financial statements;-

	Debit / (credit)
	$
Goodwill	236,764
Reacquired rights intangible asset	(106,000)
Customer relationships intangible asset	71,000
Trade & other receivables	(201,764)
	-

Included in the net profit for the year is additional amortisation of $241,516 in relation to the changes made to the separately identifiable intangibles valuation and their useful life.

34. COMPANY DETAILS

Cash Converters International Limited is a listed public company, incorporated in Australia.

Registered office & principal place of business:
Level 18, 37 St Georges Terrace, PERTH WA 6000, Telephone: +61 8 9221 9111

DIRECTORS' REPORT

The directors of Cash Converters International Limited submit the following report for the year ended 30 June 2013.

DIRECTORS

The following persons held office as directors of the Company during the financial year and until the date of this report (directors were in office for this entire period unless otherwise stated):

- Mr Reginald Webb (non-executive director, chairman)
- Mr Peter Cumins (managing director)
- Mr John Yeudall (non-executive director) – resigned 18th November 2013
- Mr William Love (non-executive director) – resigned 22nd August 2014
- Mr Joseph Beal (non-executive director) – resigned 22nd August 2014
- Mr Lachlan Given (non-executive director) – appointed 22nd August 2014

PRINCIPAL ACTIVITIES

The consolidated entity's principal activity is that of a franchisor of second hand goods and financial services stores, a provider of secured and unsecured loans and the operator of a growing number of corporate stores, all of which trade under the Cash Converters name.

Country franchise licences are also sold to licensees to allow the development of the Cash Converters brand but without the need for support from Cash Converters International Limited.

OPERATING RESULTS FOR THE YEAR

The consolidated entity's net profit attributable to members of the parent entity for the year ended 30 June 2014 was $21,132,289 (2013: $32,869,972) after a charge for income tax of $10,908,176 (2013: $14,794,235).

DIVIDENDS

The directors of the Company paid a fully franked interim dividend of two cents per share on 28 March 2014. The directors have also declared a final fully franked dividend of two cents per share to be paid on 30 September 2014 to those shareholders on the register at the close of business on 16 September 2014. The final dividend is subject to the Company's Dividend Reinvestment Plan (DRP), which allows eligible shareholders to use all or part of their dividend payment to acquire additional shares at a discount of 2.5% of the weighted average price of the shares in the preceding five days of the record date. In addition, a fully franked dividend of two cents per share declared in relation to the prior year was paid on 27 September 2013.

OPERATING AND FINANCIAL REVIEW

A review of the consolidated entities' operations and financial performance has been provided for on pages 3 to 13.

INFORMATION ON DIRECTORS/COMPANY SECRETARY

Director/Company Secretary	Qualifications and experience	Position held	The interests of the directors in the shares and options of Cash Converters International Limited at the date of this report	
			Number of ordinary shares	**Number of options over ordinary shares***
Peter Cumins	Former General Manager of Cash Converters Pty Ltd. A qualified accountant. Joined the board in 1995. Mr Cumins joined the board of EZCorp Inc. as a non-executive director.	Managing director	10,253,030	6,000,000
Reginald Webb	FCA. Fellow of the Institute of Chartered Accountants and a former partner of PricewaterhouseCoopers. Mr Webb joined the board in 1997. He is also a director of Dorsogna Limited since 1996.	Non-executive chairman	1,012,500	Nil
John Yeudall	A Chartered Engineer and member of the Australian Institute of Company Directors. Founder of the IKEA franchise in Western Australia. Previously Australia's senior Trade Commissioner Middle East and Consul General Dubai. Joined the board in 2002.	Non-executive director	Nil	Nil
William Love	A licensed Certified Public Accountant and a Certified Valuation Analyst. Former partner of KPMG Peat Marwick and its predecessors. Mr Love joined the board in 2009 and he is also a board member of EZCORP Inc.	Non-executive director	Nil	Nil
Joseph Beal	Former CEO of the Lower Colorado River Authority, a Texas conservation and reclamation district with over US$1 billion in annual revenues, over $3 billion in assets and over 2,200 employees. Mr Beal joined the board in 2009 and he is also a board member of EZCORP Inc.	Non-executive director	Nil	Nil
Lachlan Given	Executive vice chairman of EZCORP Inc. Holds directorships at The Farm Journal Corporation, a 134 year old pre-eminent US agricultural media company; Senetas Corporation Ltd (ASX:SEN); CANSTAR Pty Ltd and RateCity.com Pty Ltd. Graduate of the Queensland University of Technology in Banking and Finance.	Non-executive director	Nil	Nil
Ralph Groom	FCPA, FCIS, CGMA. Qualified as a Chartered Management Accountant in the UK before joining the group in 1995. Undertook further studies in Australia to qualify as a CPA and Chartered Secretary.	Company secretary / Chief financial officer	Nil	383,333

** Please refer note 21 for further information.*

The particulars of directors' interests in shares are as at the date of this directors' report, or date of resignation if applicable.

DIRECTORS' MEETINGS

The number of meetings of directors and meetings of committees of directors held during the year and the number of meetings attended by each director were as follows:

	Board of directors meetings		**Audit committee meetings**		**Remuneration/nomination committee meetings**	
Directors	Number held	Number attended	Number held	Number attended	Number held	Number attended
P. Cumins	13	12	2	2	5	5
R. Webb	13	13	2	2	5	5
J. Yeudall	6	6	1	1	3	3
W. Love	13	13	2	2	5	5
J. Beal	13	13	2	2	5	5
L. Given	0	0	0	0	0	0

COMMITTEE MEMBERSHIP

As at the date of this report, the company had an audit committee, a remuneration committee and a nomination committee of the board of directors.

Members acting on the committees of the board during the year were:

Audit
J. Yeudall (c)*
W. Love (c)
J. Beal
R. Webb

Remuneration
J. Yeudall (c)*
W. Love
J. Beal (c)
R. Webb

Nomination
J. Yeudall (c)*
W. Love
J. Beal
R. Webb (c)
P. Cumins

Notes:
** resigned during the year*
(c) Designates the chairman of committee

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Ralph Groom, 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 permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, 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.

SHARE OPTIONS

The 2014 financial year saw the vesting of Tranche 2 and 4 of the senior executives (excluding the managing director) of performance rights granted under the executive performance rights plan (approved by shareholders on 30 November 2010). On vesting, each of 683,668 performance rights in the tranches equated to one ordinary share.

During the year additional options were granted under the plan to senior executives. A total of 683,000 options were granted in three tranches. This brings the total number of performance rights still outstanding as at 30 June 2014 to 8,474,330 (2013: 9,051,000). Refer to the remuneration report for further details of the performance rights outstanding.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option/ performance right	Class of share	Exercise price	Expiry date of options/ performance rights
Cash Converters International Limited	242,667	Ordinary	Nil	15 September 2014
Cash Converters International Limited	293,331	Ordinary	Nil	15 September 2015
Cash Converters International Limited	132,332	Ordinary	Nil	15 September 2016
Cash Converters International Limited	1,800,000	Ordinary	Nil	15 September 2016
Cash Converters International Limited	6,000,000	Ordinary	Nil	14 October 2016

The performance rights noted above are in substance share options with an exercise price of $nil, which vest and are immediately exercised into ordinary shares once certain performance / vesting conditions are met.

The holders of these performance rights do not have the right, by virtue of the performance right, to participate in any share issue or interest issue of the Company or of any other body corporate.

Shares issued as a result of the exercise of share options or performance rights during or since the end of the financial year are:

Issuing entity	Number of shares under option/ performance right	Class of share	Exercise price	Exercise date
Cash Converters International Limited	400,000	Ordinary	Nil	21 October 2013
Cash Converters International Limted	283,668	Ordinary	Nil	21 October 2013

REMUNERATION REPORT (AUDITED)

DIRECTORS' AND EXECUTIVES' REMUNERATION

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Cash Converters International Limited directors and its senior management in accordance with the requirements of the Corporation Act 2001 (the Act) and its regulations for the financial year ended 30 June 2014. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of directors and senior management
- Share-based payment plan
- Key terms of employment contracts.

DIRECTOR AND SENIOR MANAGEMENT DETAILS

The following persons acted as directors of the company during or since the end of the financial year:

- Mr Reginald Webb (non-executive director, chairman)
- Mr Peter Cumins (managing director)
- Mr John Yeudall (non-executive director)[1]
- Mr William Love (non-executive director)[2]
- Mr Joseph Beal (non-executive director)[2]
- Mr Lachlan Given (non-executive director)[3]

[1] *Resigned 20 November 2013*
[2] *Resigned 21 August 2014*
[3] *Appointed 21 August 2014*

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Mr Michael Cooke (group legal counsel)
- Mr Ian Day (general manager, Australia)
- Mr Ralph Groom (company secretary / chief financial officer)
- Mr Glen Fee (chief information officer)
- Mr David Patrick (chief executive officer, UK)
- Mr Mike Osborne (company secretary / chief financial officer, UK)[4]

[4] *Resigned 31 July 2014*

Senior management as used within this remuneration report are officers who are involved in, concerned in, or who take part in, the management of the affairs of Cash Converters International Limited and / or related bodies corporate.

REMUNERATION POLICY

The remuneration committee, consisting of the four non-executive directors, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors and other senior executives.

Executive remuneration and other terms of employment are reviewed by the committee having regard to performance against goals set, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, performance-related bonuses and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's operations.

Remuneration and other terms of employment for the managing director and certain other senior executives are formalised in service agreements (refer to the key terms of employment contracts section within the remuneration report for further information).

Remuneration of non-executive directors is determined by the remuneration committee and approved by the Board within the maximum amount approved by the shareholders from time to time. Bonuses are not payable to non-executive directors.

Remuneration packages contain the following key elements:

a. Short-term employee benefits – salary/fees, bonuses and non-monetary benefits including the provision of motor vehicles;
b. Post-employment benefits – include superannuation and prescribed retirement benefits; and
c. Share-based payments – include share options/performance rights.

Since the year end, the committee have appointed KPMG as advisors to assist in a compressive review of the directors' and senior executives' remuneration policy. The review will encompass fixed remuneration, short term and long term incentives.

RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2014:

		30 June 2014	30 June 2013	30 June 2012	30 June 2011 (iii)	30 June 2010 (iii)
Revenue	$	331,668,907	272,722,719	234,354,795	186,384,204	126,070,428
Net profit before tax	$	32,040,465	47,664,207	41,425,274	39,270,559	25,462,577
Net profit after tax	$	21,132,289	32,869,972	29,416,024	27,692,433	15,926,163
Share price at start of year	¢	107.0	64.5	72.5	55.0	42.0
Share price at end of year	¢	108.0	107.0	64.5	72.5	55.0
Interim dividend (i)	¢	2.00	2.00	1.75	1.75	1.50
Final dividend (i) (ii)	¢	2.00	2.00	1.75	1.75	1.50
Basic earnings per share	¢	5.67	8.09	7.75	7.28	6.60
Diluted earnings per share	¢	5.56	7.92	7.63	7.23	6.58

(i) Franked to 100% at 30% corporate income tax rate.
(ii) Declared after the balance date and not reflected in the financial statements.
(iii) Restated for the impact of the prior year adjustment related to Quickdraw Financial Solutions Pty Ltd..

Other than with respect to share-based payments which are disclosed below, there is no relationship between shareholder wealth and remuneration, however certain bonuses are paid based on performance targets set for the individual concerned as discussed further in the following section.

During the year ended 30 June 2014, no additional performance rights were granted.

On vesting each performance right equates to one ordinary share. The performance rights are split into multiple tranches and are subject to various vesting conditions. One such vesting condition is the consolidated entity achieving budgeted profit after tax for various periods, should any of the vesting conditions fail to be achieved the performance rights will not vest, consequently there is a direct link between the creation of shareholder wealth and share based payment remuneration.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the nature and amount of each element of the remuneration of each director of the Company and member of senior management of the consolidated entity are set out in the following tables:

	Short-term employee benefits				Post employment benefits	Other Long-term benefits	Share based payments	
	Salary & fees $	Cash bonus $	Non monetary benefits $	Other $	Super-annuation $	Long service leave $	Options & rights $	Total $
2014								
Non-executive directors								
R. Webb	125,000	-	-	-	-	-	-	125,000
J. Yeudall	36,944	-	-	-	-	-	-	36,944
W. Love	90,833	-	-	-	-	-	-	90,833
J. Beal	90,833	-	-	-	-	-	-	90,833
Executive director								
P. Cumins	643,291	200,000	53,953	-	17,775	-	439,817	1,354,836
Other executives								
M. Cooke	520,739	-	-	-	-	-	118,350	639,089
I. Day	301,341	233,979	-	-	17,775	-	47,600	600,695
R. Groom	299,840	162,443	23,316	-	17,775	-	54,740	558,114
G. Fee	238,254	23,736	-	-	17,775	-	12,138	291,903
D. Patrick	259,825	-	4,332	3,623	62,983	-	-	330,763
M. Osborne	233,002	-	-	3,019	22,164	-	-	258,185
Total	**2,839,902**	**620,158**	**81,601**	**6,642**	**156,247**	**-**	**672,645**	**4,377,195**
2013								
Non-executive directors								
R. Webb	120,000	-	-	-	-	-	-	120,000
J. Yeudall	95,000	-	-	-	-	-	-	95,000
W. Love	85,833	-	-	-	-	-	-	85,833
J. Beal	85,833	-	-	-	-	-	-	85,833
Executive director								
P. Cumins	643,291	200,000	77,528	-	16,464	-	1,489,683	2,426,966
Other executives								
M. Cooke	508,038	-	-	-	-	-	211,085	719,123
I. Day	283,100	95,114	-	-	16,464	-	71,843	466,521
R. Groom	281,170	56,600	21,454	-	16,565	-	82,620	458,409
G. Fee	231,000	-	-	-	20,790	-	12,767	264,557
D. Patrick	212,456	36,056	15,810	-	56,601	-	61,067	381,990
R. Pilgrim*	103,391	-	11,858	-	-	-	-	115,249
M. Osborne	189,969	23,514	15,810	-	18,534	-	35,922	283,749
Total	**2,839,082**	**411,284**	**142,460**	**-**	**145,418**	**-**	**1,964,987**	**5,503,230**

** ceased to be a KMP from 1 July 2013*

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

BONUSES AND SHARE-BASED PAYMENTS GRANTED AS COMPENSATION FOR THE CURRENT FINANCIAL YEAR

The Company pays short term incentives (STI's) to its senior management team based on meeting short term targets (12 months) in regard to the various operating divisions the Company reports under. There are four main reporting divisions: franchise operations; store operations; financial services – administration; and financial services – personal loans. The Board approves a forward 12 month budget for each division and it is against this budget that each senior manager is assessed against. The Board has discretion to award the STI to a manager, which is only granted after a review of the manager's performance over the full 12 month period of the STI.

Each manager has an STI target that may earn him/her an incentive which represents a range of 25% to a maximum of 75% of base salary, depending on what percentage the actual result is above the budget. The budget is approved by the Board for each division. If the actual result is only 95% of the budget for a division then no STI will be paid.

The managing director's STI is based on the Group actual performance against the Group Board budget. The STI target may earn the managing director an STI of $200K if the actual profit exceeds the budgeted profit.

CASH BONUS AS A PERCENTAGE OF TOTAL COMPENSATION

Executive	2014	2013
P Cumins	14.6%	8.2%
D Patrick	0.0%	17.2%
M Osborne	0.0%	15.3%
R Groom	28.8%	12.3%
G Fee	8.1%	0.0%
I Day	39.0%	20.4%

SHARE-BASED PAYMENT PLAN

At the annual general meeting held on 30 November, 2010, the shareholders approved the establishment of the executive performance rights plan ("EPRP"). At the same time, the shareholders passed a resolution authorising and directing the Board to issue to the managing director, Mr Peter Cumins, 10,000,000 performance rights. The conditions attaching to those rights were set out in the shareholder resolution and the Board and the remuneration committee had no discretion concerning the issue of those rights.

The shareholders also authorised the issue of a further 10,000,000 performance rights to senior executives at the discretion of the Board. It is only the issue of performance rights out of this further 10,000,000 that is within the Board's power. The rights vest into ordinary shares in the Company upon achievement of certain vesting conditions which are described fully on page 93. Insofar as the vesting conditions relate to Mr Cumins, these were set by the shareholders as explained above.

Under the EPRP, the Company will issue performance rights to employees as part of their total remuneration package. The rights were issued free of charge.

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current or future financial years is set out below:-

Name	Performance rights series	Year	Grant date	Vesting date	No. of rights granted	Grant date fair value	Exercise price	Vesting conditions
P Cumins	Tranche 2	2011	30/11/2010	14/10/2016	6,000,000	$0.43	Nil	(2)
I Day	Tranche 2	2012	19/09/2011	4/10/2013	100,000	$0.39	Nil	(4)
	Tranche 4	2013	25/09/2012	4/10/2013	66,667	$0.75	Nil	(6)
	Tranche 5	2013	25/09/2012	1/07/2014	66,667	$0.71	Nil	(7)
	Tranche 6	2013	25/09/2012	1/07/2015	66,666	$0.68	Nil	(8)
	Tranche 7	2014	25/09/2013	1/07/2014	66,667	$1.21	Nil	(7)
	Tranche 8	2014	25/09/2013	1/07/2015	66,667	$1.15	Nil	(8)
	Tranche 9	2014	25/09/2013	1/07/2016	66,666	$1.09	Nil	(9)
R Groom	Tranche 2	2012	19/09/2011	4/10/2013	115,000	$0.39	Nil	(4)
	Tranche 4	2013	25/09/2012	4/10/2013	76,667	$0.75	Nil	(6)
	Tranche 5	2013	25/09/2012	1/07/2014	76,667	$0.71	Nil	(7)
	Tranche 6	2013	25/09/2012	1/07/2015	76,666	$0.68	Nil	(8)
	Tranche 7	2014	25/09/2013	1/07/2014	76,667	$1.21	Nil	(7)
	Tranche 8	2014	25/09/2013	1/07/2015	76,667	$1.15	Nil	(8)
	Tranche 9	2014	25/09/2013	1/07/2016	76,666	$1.09	Nil	(9)
M Cooke	Tranche 3	2012	19/09/2011	15/09/2016	1,800,000	$0.32	Nil	(5)
D Patrick	Tranche 2	2012	19/09/2011	4/10/2013	85,000	$0.39	Nil	(4)
	Tranche 4	2013	25/09/2012	4/10/2013	56,667	$0.75	Nil	(6)
	Tranche 5	2013	25/09/2012	1/07/2014	56,667	$0.71	Nil	(7)
	Tranche 6	2013	25/09/2012	1/07/2015	56,666	$0.68	Nil	(8)
M Osborne	Tranche 2	2012	19/09/2011	4/10/2013	50,000	$0.39	Nil	(4)
	Tranche 4	2013	25/09/2012	4/10/2013	33,333	$0.75	Nil	(6)
	Tranche 5	2013	25/09/2012	1/07/2014	33,333	$0.71	Nil	(7)
	Tranche 6	2013	25/09/2012	1/07/2015	33,334	$0.68	Nil	(8)
G Fee	Tranche 4	2013	25/09/2012	4/10/2013	17,000	$0.75	Nil	(6)
	Tranche 5	2013	25/09/2012	1/07/2014	17,000	$0.71	Nil	(7)
	Tranche 6	2013	25/09/2012	1/07/2015	17,000	$0.68	Nil	(8)
	Tranche 7	2014	25/09/2013	1/07/2014	17,000	$1.21	Nil	(7)
	Tranche 8	2014	25/09/2013	1/07/2015	17,000	$1.15	Nil	(8)
	Tranche 9	2014	25/09/2013	1/07/2016	17,000	$1.09	Nil	(9)

The following vesting conditions are attached to the performance rights

Number	Vesting condition
2	i) Completion of various predefined organisational change initiatives. ii) The Consolidated Entity achieving budgeted Net Profit after tax in each of FY2013 - FY2016. iii) Continuous employment through to vesting determination date, being 14 October 2016.
3	i) The Consolidated Entity achieving budgeted Net Profit after tax for the financial year ending 30 June 2012. ii) Continuous employment through to vesting determination date, being 15 September 2012.
4	i) The Consolidated Entity achieving budgeted Net Profit after tax in each of FY2012 and FY2013. ii) Continuous employment through to vesting determination date, being 15 September 2013.
5	i) The Consolidated Entity achieving budgeted Net Profit after tax in each of FY2012 – FY2016. ii) Continuous employment through to vesting determination date, being 15 September 2016.
6	i) The Consolidated Entity achieving budgeted Net Profit after tax for the financial year ending 30 June 2013 ii) Continuous employment through to vesting determination date, being 1 July 2013
7	i) The executive's responsible entity/division* achieving budgeted Net Profit after tax for the financial year ending 30 June 2014 ii) Continuous employment through to vesting determination date, being 1 July 2014
8	i) The executives responsible entity/division* achieving budgeted Net Profit after tax for the financial year ending 30 June 2015 ii) Continuous employment through to vesting determination date, being 1 July 2015
9	i) The executives responsible entity/division* achieving budgeted Net Profit after tax for the financial year ending 30 June 2016 ii) Continuous employment through to vesting determination date, being 1 July 2016

* the responsible entity/division allocations are as follows

R Groom, G Fee, M Cooke – consolidated group

I Day – Combined Australian operations

D Patrick, M Osborne – Cash Converters UK Ltd

During the financial year the following share-based payment arrangements were granted to key management personnel

Performance rights series	Year	Grant date	Vesting date	No. of rights granted	Grant date fair value	Vesting conditions
Ian Day						
Tranche 7	2014	25/09/2013	1/07/2014	66,667	$1.21	(7)
Tranche 8	2014	25/09/2013	1/07/2015	66,667	$1.15	(8)
Tranche 9	2014	25/09/2013	1/07/2016	66,666	$1.09	(9)
Ralph Groom						
Tranche 7	2014	25/09/2013	1/07/2014	76,667	$1.21	(7)
Tranche 8	2014	25/09/2013	1/07/2015	76,667	$1.15	(8)
Tranche 9	2014	25/09/2013	1/07/2016	76,666	$1.09	(9)
Glen Fee						
Tranche 7	2014	25/09/2013	1/07/2014	17,000	$1.21	(7)
Tranche 8	2014	25/09/2013	1/07/2015	17,000	$1.15	(8)
Tranche 9	2014	25/09/2013	1/07/2016	17,000	$1.09	(9)

During the year, the following key management personnel exercised options that were granted to them as part of the compensation. Each option converts to one ordinary share of Cash Converters International Ltd.

Name	Performance rights series	Year	Grant date	Vesting date	No. of rights granted	Grant date fair value	No. vested during year	Exercise price	Vesting conditions
I Day	Tranche 2	2012	19/09/2011	4/10/2013	100,000	$0.39	100,000	Nil	(4)
	Tranche 4	2013	25/09/2012	4/10/2013	66,667	$0.75	66,667	Nil	(6)
R Groom	Tranche 2	2012	19/09/2011	4/10/2013	115,000	$0.39	115,000	Nil	(4)
	Tranche 4	2013	25/09/2012	4/10/2013	76,667	$0.75	76,667	Nil	(6)
D Patrick	Tranche 2	2012	19/09/2011	4/10/2013	85,000	$0.39	85,000	Nil	(4)
	Tranche 4	2013	25/09/2012	4/10/2013	56,667	$0.75	56,667	Nil	(6)
M Osborne	Tranche 2	2012	19/09/2011	4/10/2013	50,000	$0.39	50,000	Nil	(4)
	Tranche 4	2013	25/09/2012	4/10/2013	33,333	$0.75	33,333	Nil	(6)
G Fee	Tranche 4	2013	25/09/2012	4/10/2013	17,000	$0.75	17,000	Nil	(6)

During the year, the following key management personnel had options lapse due to their failure to meet the vesting conditions as applicable to that tranche.

Performance rights series	Year	Grant date	Vesting date	No. of rights granted	Grant date fair value	No. lapsed during year	Vesting conditions
David Patrick							
Tranche 5	2013	25/09/2012	1/07/2014	56,667	$0.71	56,667	(7)
Mike Osborne							
Tranche 5	2013	25/09/2012	1/07/2014	33,333	$0.71	33,333	(7)
Tranche 6	2013	25/09/2012	1/07/2015	33,334	$0.68	33,334	(8)

The following summarises the grants of share-based payment compensation to directors and senior management relate to the current year:

Name	No. granted (i)	Value of performance rights granted at the grant date (ii)	No. Lapsed	Value of lapsed performance rights	No. Vested	Value of vested performance rights	% of grant vested	% of compensation for the year consisting of share-based payments
P Cumins	10,000,000	$4,865,040	-	-	4,000,000	$2,280,360	40.00%	32.06%
I Day	600,000	$223,423	-	-	266,667	$130,557	44.44%	19.34%
R Groom	690,000	$256,936	-	-	306,667	$150,140	44.44%	20.56%
M Cooke	3,000,000	$1,066,260	-	-	1,200,000	$499,800	40.00%	29.35%
G Fee	102,000	$95,098	-	-	17,000	$12,767	16.67%	4.16%
D Patrick	340,000	$189,909	56,667	$40,460	226,667	$68,417	66.67%	0.00%
M Osborne	200,000	$111,712	66,667	$46,434	133,333	$40,245	66.67%	0.00%

(i) The number granted includes rights granted in the current and prior years. Prior year grants are included where amounts have vested during the current year.

(ii) The value of performance rights granted during the year is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

KEY TERMS OF EMPLOYMENT CONTRACTS

Contracts of employment for Peter Cumins, Ralph Groom, and Ian Day require a notice period of not less than three months from the executive and 12 months from the company, to terminate employment. In the event of termination by the company the company may elect that the executive does not serve the notice period in which case 12 months' salary would be payable. The contracts are rolling with no fixed term.

Contract of employment for David Patrick requires a notice period of 12 months by either party. Contracts of employment for Mike Osborne and Glen Fee require a notice period of not less than three months by either party. In the event of termination by the company the company may elect that the executive does not serve the notice period in which case three months' salary would be payable. The contracts are rolling with no fixed term.

None of the non-executive directors have an employment contract with the company.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Fully paid ordinary shares held in Cash Converters International Limited

Directors	Balance at 1 July 2013 No.	Granted as remuneration No.	Received on exercise of options No.	Acquisition / (disposal) of shares No.	Balance at 30 June 2014 No.
P. Cumins	10,253,030	-	-	-	10,253,030
R. Webb	1,012,500	-	-	-	1,012,500
J. Yeudall	295,668	-	-	(295,668)	-
W. Love	-	-	-	-	-
J. Beal	-	-	-	-	-
Other key management personnel					
I. Day	3,781,174	-	166,677	(3,947,851)	-
R. Groom	1,132,318	-	191,667	(1,323,985)	-
G. Fee	-	-	17,000	-	17,000
D. Patrick	85,000	-	141,667	(226,667)	-
M. Osborne	50,000	-	83,333	(133,333)	-
M. Cooke	-	-	-	-	-
	16,609,690	**-**	**600,344**	**(5,927,504)**	**11,282,530**

Directors	Balance at 1 July 2012 No.	Granted as remuneration No.	Received on exercise of options No.	Acquisition / (disposal) of shares No.	Balance at 30 June 2013 No.
P. Cumins	8,053,030	-	4,000,000	(1,800,000)	10,253,030
R. Webb	1,112,500	-	-	(100,000)	1,012,500
J. Yeudall	295,668	-	-	-	295,668
W. Love	-	-	-	-	-
J. Beal	-	-	-	-	-
Other key management personnel					
I. Day	3,681,174	-	100,000	-	3,781,174
R. Groom	2,877,451	-	115,000	(1,860,133)	1,132,318
G. Fee	-	-	-	-	-
D. Patrick	-	-	85,000	-	85,000
M. Osborne	-	-	50,000	-	50,000
M. Cooke	4,500,000	-	1,200,000	(5,700,000)	-
	20,519,823	**-**	**5,550,000**	**(9,460,133)**	**16,609,690**

No shares were held indirectly by any member of the senior management in the current or preceding year.

PERFORMANCE RIGHTS/OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

30 June 2014	Balance at 1 July 2013	Granted as remuneration	Options / rights exercised	Lapsed/ Forfeited	Balance at 30 June 2014
Directors					
P. Cumins	6,000,000	-	-	-	6,000,000
Other key management personnel					
M. Cooke	1,800,000	-	-	-	1,800,000
R. Groom	345,000	230,000	(191,667)	-	383,333
I. Day	300,000	200,000	(166,677)	-	333,323
G. Fee	51,000	51,000	(17,000)	-	85,000
D. Patrick	255,000	-	(141,667)	(56,667)	56,666
M. Osborne	150,000	-	(83,333)	(66,667)	-
Total	**8,901,000**	**481,000**	**(600,344)**	**(123,334)**	**8,658,322**

30 June 2013	Balance at 1 July 2012	Granted as remuneration	Options / rights exercised	Lapsed/ Forfeited	Balance at 30 June 2013
Directors					
P. Cumins	10,000,000	-	(4,000,000)	-	6,000,000
Other key management personnel					
M. Cooke	3,000,000	-	(1,200,000)	-	1,800,000
R. Groom	230,000	230,000	(115,000)	-	345,000
I. Day	200,000	200,000	(100,000)	-	300,000
G. Fee	-	51,000	-	-	51,000
D. Patrick	170,000	170,000	(85,000)	-	255,000
M. Osborne	100,000	100,000	(50,000)	-	150,000
Total	**13,700,000**	**751,000**	**(5,550,000)**	**-**	**8,901,000**

2012 & 2013 REMUNERATION REPORT DISCLOSURE

At the AGM held on 16 November 2012, approximately 30% of shareholders cast a 'no' vote in relation to the adoption of the remuneration report for the year end 30 June 2012. The Company therefore received what is known as a 'first strike' under the Amendments to the Corporations Act. The resolution was still passed as an 'ordinary resolution'.

At the AGM held on 20 November 2013, a 'second strike' was received as a result of, for a second concurrent year, a greater than 25% 'no' vote in relation to the adoption of the remuneration report (actual voting 28% "no"). In this instance, for the year end 30 June 2013. (The resolution was still passed as an 'ordinary resolution'.)

In the event of a 'second strike', the Company must give shareholders the option to require that the entire board (except the managing director and any directors appointed since the remuneration report was approved by the board) stand for re-election at a further general meeting (the spill meeting). This meeting must take place within 90 days.

An immediate vote was taken to hold a Board spill meeting (conditional spill resolution), the result of which were 95% against and so the resolution was not passed. The failure to pass the resolution effectively resets both the first and second strikes. The previous no votes will have no impact on the voting and outcome of the resolution in the coming year's AGM.

Following the vote against the remuneration report at the 2012 and 2013 AGM the Board has held discussions with certain proxy advisors who revealed that they had made their negative voting recommendations without considering or being aware of the fact that all of the 10,000,000 performance rights issued to Mr Cumins had been authorised and issued pursuant to the shareholders' resolution at the 2010 AGM. The advisors failed to examine the history of those rights which was easily available. Had they done so, they would have realised that those rights should be considered to have been issued by the shareholders and neither the remuneration committee nor the Board should be criticised for implementing the instruction of the 2010 AGM. Indeed, the Board had no choice but to carry out the instruction of the shareholders. In addition some of the advisors wrongly believed that the performance rights were subject to no performance conditions, which is incorrect, the performance conditions were previously disclosed.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included at the end of the financial statements.

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001, as the nature of the services was limited to the preparation of the statutory income tax returns, indirect tax compliance, transaction/compliance related matters and generic accounting advice. All non-audit services have been reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor, and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 5 to the financial statements.

The directors' report is signed in accordance with a resolution of directors made pursuant to S298(2) of the Corporations Act 2001.

For and on behalf of the Board

Peter Cumins
Director

Perth, Western Australia
Date: 11 September 2014

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cash Converters International Limited, I state that:

1. In the opinion of the directors:
   a. the financial statements and notes are in accordance with the Corporations Act 2001, including:
      i. giving a true and fair view of the financial position as at 30 June 2014 and the performance for the year ended on that date of the consolidated entity; and
      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
   b. the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
   c. There are reasonable grounds to believe that the Company will be able to pays its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 23 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the deed of cross guarantee.

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

Peter Cumins
Director

Perth, Western Australia
Date: 11 September 2014

Deloitte.

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The Board of Directors
Cash Converters International Limited
Level 18
37 St Georges Terrace
Perth WA 6000

11 September 2014

Dear Directors

Cash Converters International Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Cash Converters International Limited.

As lead audit partner for the audit of the financial statements of Cash Converters International Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Cash Converters International Limited

Report on the Financial Report

We have audited the accompanying financial report of Cash Converters International Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 17 to 82 and 98.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1**,** the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cash Converters International Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Cash Converters International Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 87 to 96 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Cash Converters International Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 11 September 2014