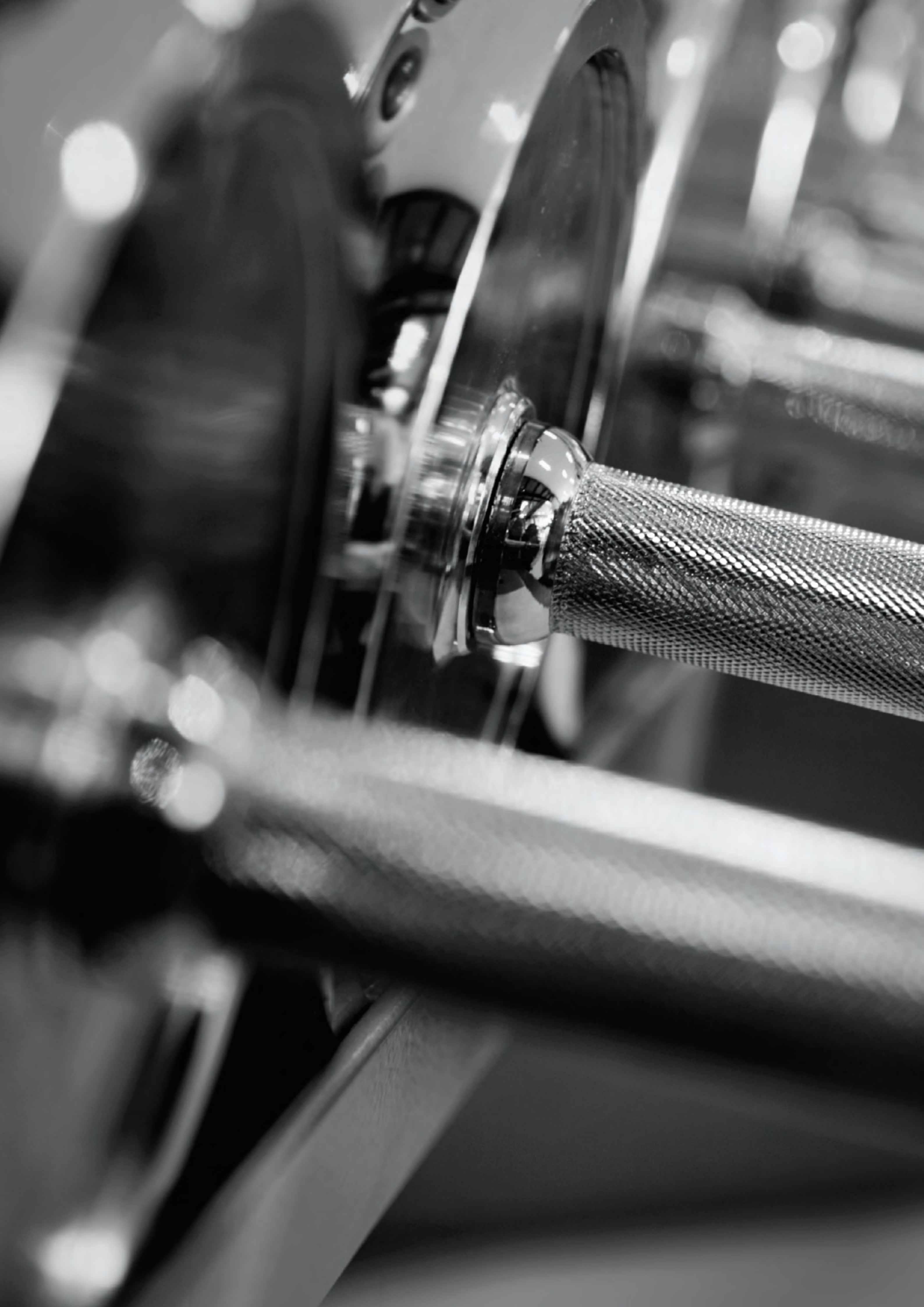
Annual Report 2014

silverchef group

silverchef
hospitality equipment funding
your recipe for success

gogetta
equipment funding
equipped to succeed



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Executive Chairman's Report

I am pleased to report that the Company has delivered another year of profitable growth. While the rate of growth has not been as strong as in previous years, I am delighted with the outcome and the initiatives established for future growth.

For 28 years Silver Chef has provided equipment funding solutions for the small and medium enterprise market. Our Rent.Try.Buy and Rent.Grow.Own products mean that a customer can rent the asset and have an option to purchase any time in the first 12 months and receive a 75% rental rebate. Our clients enjoy flexible end of term options which include return of the asset or continue renting and purchase at a future date. The majority of customers conserve their capital and continue to rent.

Highlights

- Asset acquisitions up 10% to $137.7 million
- Revenue up 24% to $141.3 million
- Rental assets (at cost) and lease receivables up 16% to $299.0 million
- EBIT up 6% to $24.9 million
- Profit (after tax) up 11% to $12.7 million
- Earnings per share (EPS) up 5% to 43.4 cents
- Equity up 16% to $67.7 million

The business model

The Company has two brands which operate as separate divisions: Hospitality (Silver Chef) which provides funding to business in the hospitality sector, and GoGetta, which provides equipment funding to small to medium sized businesses across a range of sectors. Both divisions offer a tried and tested equipment funding solution through the Rent. Try.Buy. and Rent.Grow.Own solutions.

The success of the Company has been built around a number of factors which provide clear competitive advantages:

- Experience – the Company has been providing its core business equipment funding model for 28 years
- Customers – a robust rental based equipment funding model for business critical assets that is well suited to the needs of small business
- People – we have strong focus on acquiring and developing high quality staff members with a strong personal commitment to achieving growth which builds value for shareholders
- Risk management – credit and asset management processes effectively manage risks associated with customer defaults
- Partnerships – established strong partnerships within the hospitality and equipment sectors and continue to develop these and build new partnerships

Restructure and expansion

In July 2013, to cater for future growth, the sales and administration operations based out of Brisbane and the equipment reconditioning and disposal facility ('RAD' - which cleans and repairs returned assets ready for sale and based at Wacol near Brisbane) were replicated in the setting up of a new facility at Laverton (near Melbourne). Expenses incurred in this start up totaled some $0.9 million. The initiative including the new RAD facility provides the Company with a unique market position in used equipment. Returned assets provide customers with a cost effective, quality option when considering purchasing equipment through our dealer network.

GoGetta

As reported in the half-year results, growth in our GoGetta division slowed relative to the prior year and the financial returns from this sector declined. After returning to the Company as Executive Chairman in February 2014, one of my key tasks was to review the GoGetta business and implement actions where necessary for improvement.

I am very pleased to advise that our sales teams are now led by brand focused management and there is an increased focus on staff training. Acquisition growth for the last quarter of the 2014 financial year improved and the pipeline for new business prospects is encouraging.

Executive Chairman's Report

Hospitality

Approximately 68% of rental assets and lease receivables are from our traditional hospitality business and the Company enjoyed a 17% growth in the year. Our Queensland team delivered an outstanding performance in achieving this growth and in addition, the Wacol RAD facility improved its returns and provided good support to the dealer network in our used equipment rental business.

Canada

The Board has taken a view that the strategic long-term growth of the business requires the Company to expand internationally and after the commencement of the successful operations in New Zealand in 2011, the Company commenced operations in Vancouver in October 2013.

In Canada we have been pleased with the results the team has delivered and the growth in the business is slightly ahead of forecast. There has been good focus on establishing our presence, and building customer awareness of our Rent.Try. Buy product.

We have a strong point of difference to other finance companies in the Canadian market as there are no rental programs offering the same advantages for customers as are available through Silver Chef.

Expenses incurred in the initial start up phase for Canada amounted to $1.3 million and losses are expected to reduce over the 2015 financial year.

Risk management

Managing risks associated with credit and financial exposure to clients as well as residual asset risk remains a high priority.

Features of our risk management program include:

- a highly diversified client base with more than 22,000 rental agreements in place and low concentration risk with our largest client representing less than one per cent of our rental income;
- a security bond which assists in managing bad debts;
- the ability to refurbish and re-market our used equipment through our Wacol and Laverton facilities;
- spreading exposure to an increasingly diverse range of industries: GoGetta customers represent 20 different industry sectors which limits the impact if one of these sector experiences difficulty; and
- in excess of 90% of our assets are in customers' businesses earning rental income for Silver Chef.

Outlook

The cafe and hospitality industry has consistently expanded in the past few years and it is our expectation that the consumer's love of a cup of coffee and dining out with friends will continue. If we continue to meet our high customer satisfaction levels then our business will continue to grow. I believe the momentum evident at the end of FY14 with GoGetta will continue into FY15.

In FY15 the Company will continue investing in the longer term growth of the Company including improving the systems and processes that underpin the business.

Funding

During the year, the Company increased its debt facility limit with the CBA from $110 million to $120 million, bringing total debt facilities including unsecured corporate notes to $150 million. The Board continues to seek further diversification of its debt as the Company grows.

People and culture

Every staff member has a bonus linked to the satisfaction levels of our customers that is measured monthly.

Over the past five years I have seen incremental growth in our customer satisfaction and this equates directly to repeat business for the Company. In effect this demonstrates a job well done by staff members.

For the past four years Silver Chef has been recognized in the BRW Great Places to Work in Australia. In 2013, the Company was accredited as an Aon Hewitt best employer, an award which is presented on a bi-annual basis.

Our largest shareholder is a non-profit foundation and this means we can link the financial success of our Company directly to dividend income that is used to benefit the disadvantaged in our community here and overseas.

We continue to attract some of the best talent available as we offer a great culture, career prospects and a sense of purpose in making positive change in the lives of others.

I would like to thank the leadership team and all the staff for their considerable effort this year. Thank you to my fellow Board members for their wise counsel, and hard work.

My thanks also to you the shareholders for your continued support.

Allan English
Executive Chairman

25 August 2014

Opportunity International

Silver Chef's corporate social responsibility is partly fulfilled through the Company's association with Opportunity International Australia (Opportunity). The Company and its people support Opportunity directly and indirectly, indirectly through the provision of office space and communication services and directly through numerous fundraising and awareness enhancing initiatives.

Allan English, Silver Chef Limited's Executive Chairman, through his personal participation and that of the English Family Foundation (which is now the largest shareholder in the Company), is a major supporter of Opportunity.

Being a responsible corporate citizen is very important at Silver Chef. Opportunity provides micro-financing in developing countries to the poorest of the poor, predominantly women. Silver Chef on the other hand provides equipment funding to small business operators across many sectors in Australia, New Zealand and Canada. Silver Chef and Opportunity are aligned in purpose and share many values. Silver Chef's success, in part, benefits Opportunity and in turn Opportunity provides Silver Chef with a sense of purpose far greater than just a corporate purpose. This purpose is an essential component of Silver Chef's success and in turn provides our people with a purpose to achieve what they do.

Opportunity is a non-profit organisation that uses a sustainable approach to solve the problem of poverty. Rather than a hand-out, they provide people living in poverty with a small loan (micro-finance) to help them start or grow their own small business. This enables them to earn a regular income so they no longer have to struggle to afford food, clean water, proper shelter or an education for their children.

With more than 40 years' experience working with the poor, Opportunity International Australia is a leading provider and pioneer of socially focused microfinance and support services. Part of the global Opportunity International Network (with support partners in the United States, United Kingdom, Canada, Singapore, Hong Kong and Germany), they are currently providing a way out of poverty for millions of people in more than 20 developing countries around the world.

For more information, please visit www.opportunity.org.au

Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising of Silver Chef Limited ("the Company" or "the Group") and its controlled entities, for the year ended 30 June 2014 and the auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name and qualifications	Experience, special responsibilities and other Directorships
Allan English Age 59 Executive Chairman	The founder of Silver Chef Limited, Allan has had extensive experience in the hospitality and rental industry with over 30 years in equipment sales, service and rental sectors. Allan was the Managing Director from 1986 to June 2010 after which he was appointed non-executive Chairman. On 13 February 2014, Allan was appointed Executive Chairman and interim Chief Executive Officer upon the stepping down of the former Chief Executive Officer. He also is active in the not for profit sector and acts as a Director for Karuna Hospice Pty Ltd, English Family Foundation and the School of Social Entrepreneurs, an Australian organisation which runs practical learning programs for entrepreneurial individuals who have an idea or a start-up venture with a social or environmental benefit.
Karen Penrose Age 54 B.Comm, CPA GAICD Deputy Chairman	Appointed a independent non-executive director in September 2011 and Deputy Chair in March 2013. She is also Chairman of the Audit and Risk Management Committee and a member of the Finance and Remuneration Committees. Karen is a non-executive director of AWE Limited (appointed 28 August 2013), Commonwealth Managed Investments Limited and CFX Co Limited (appointed to both on 23 April 2014) and Marshall Investments Pty Limited. Karen's prior executive career spans 20 years in banking, with Commonwealth Bank and HSBC, and the most recent eight years to January 2014 in ASX listed companies in Chief Financial Officer and Chief Operating Officer roles.
Andrew Kemp Age 63 B.Comm, CA	Appointed a Director and Chairman in February 2005 at the time of listing, and resigned as Chairman on 30 June 2010. Andrew heads Huntington Group Pty Limited, a Brisbane-based corporate advisory company. His experience includes chartered accounting with KPMG and Littlewoods, merchant banking and corporate advisory services with AIFC (an affiliate of ANZ Banking Group) and since 1987 with Huntington Group. He is currently a director of the following ASX listed companies: PTB Group Limited (appointed August 2006) and G8 Education Limited (appointed March 2011). Formerly a director of Trojan Equity Limited from March 2005 until March 2013. Andrew is an independent non-executive director, Chairman of the Finance Committee and Remuneration Committee and a member of the Audit and Risk Management Committee.

Directors' Report

For the year ended 30 June 2014

Name and qualifications	Experience, special responsibilities and other Directorships
Bede King Age 58	Appointed a Director in March 2005. Bede is the senior partner at Tobin King Lateef, Solicitors & Notaries. Bede is a Trustee of the Board of Trustees of the State Public Sector Superannuation Scheme (QSuper) and is a director of QSuper Limited and QInvest Limited. Bede is a fellow of the Financial Services Institute of Australia, a director of several non-listed companies and a member of various compliance committees for property, mortgage and equity funds. He is the former National Chairman of YHA Australia, having occupied that position for over 10 years. He is currently a Board Member of St. Aidan's Foundation Limited and Synapse (formerly The Brain Injury Association of Queensland) both not-for-profit organisations. Bede is an independent non-executive director and member of the Audit and Risk Management Committee and Remuneration Committee.
Sophie Mitchell Age 47 B Econ, GAICD, SF Fin.	Appointed a Director in September 2011. Sophie's career has been in the financial sector and she is currently a director of Morgans. Previous roles have included Head of Research and senior analyst with Morgans' predecessor company ABN AMRO Morgans and Portfolio Manager for Seymour Wealth Management. Sophie is a Member of the Takeovers Panel and the Australia Council, a director (previously Chairman) of Expressions Dance Company, the Morgans Foundation, MTQ Insurance Limited and of ASX listed Flagship Investments Limited (appointed June 2008), and a Trustee of the Queensland Performing Arts Trust. Sophie is an independent non-executive director and member of the Finance Committee and Remuneration Committee.

2. Company Secretary

Don Mackenzie Age 69	Don Mackenzie was appointed Company Secretary in November 2010. He commenced his professional career with a Chartered Accounting firm, and in 1976 commenced employment in a senior accounting role with a Queensland based listed company. In 1993 he commenced practice as a Chartered Accountant providing corporate services predominantly to public companies until 2008 after which he acted in a personal capacity. In addition to his part time role at Silver Chef, he is also the Company Secretary for several listed and unlisted public companies. Until 18 March 2014 he was a Director (appointed March 2004) and Chairman of the Audit & Risk Management Committee of Aveo Healthcare Limited (formerly Forest Place Group Limited). He is also the Secretary to all Board committees.

3. Directors' meetings

The number of Directors' meetings (including meetings of Committees) and number of meetings attended during the financial year are:

Director	Board meetings		Audit and risk management committee meetings		Remuneration committee meetings		Finance committee meetings	
	A	B	A	B	A	B	A	B
Allan English	13	13	-	-	-	-	-	-
Karen Penrose	13	13	4	4	3	3	3	3
Andrew Kemp	13	13	4	4	3	3	3	3
Bede King	12	13	4	4	3	3	-	-
Sophie Mitchell	13	13	-	-	3	3	3	3

A – number of meetings attended   B – number of meetings held during the time the Director held office during the year

4. Corporate governance statement

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council (Recommendations), unless otherwise stated.

4.1 Board of Directors

Role of the Board

The Board Charter outlines the roles and responsibilities of the Board. Key responsibilities in summary include:

- determining Silver Chef's strategic direction;
- evaluating Board performance and determining Board size and composition;
- appointing and determining the duration, remuneration and other terms of appointment of the Chief Executive Officer;
- evaluating the performance of the Chief Executive Officer;
- establishing goals for management and monitoring the achievement of these goals;
- reviewing and approving the Group's Business Plan;
- approving all significant business transactions including acquisitions, divestments;
- monitoring business risk exposures and risk management systems;
- approving and monitoring financial and other external reporting;
- approving changes to the Group's capital structure;
- reporting to shareholders; and
- promoting ethical conduct.

Delegated authority

The Constitution and the Board Charter enable the Board to delegate their responsibilities to Committees and management.

The roles and responsibilities delegated to Board Committees are captured in the Charters of each established committee which includes the Audit & Risk Management Committee, Remuneration Committee and Finance Committee with a summary of the activities of each included in this report.

The Charter also provides for the Board to delegate to the Chief Executive Officer, who is responsible for the day to day management of the business and includes:

- strategy – implementing corporate strategies and making recommendations on significant strategic initiatives;
- senior management selection – the appointment of senior management, determining their terms of appointment, evaluating performance and maintaining succession plans for senior management roles;
- financial performance – developing the annual budget and managing day to day operations within the budget;
- risk management – maintaining effective risk management frameworks;
- continuous disclosure – keeping the Board fully informed about material developments to enable the Company to keep the market informed; and
- corporate responsibility – including compliance with social, ethical and environmental practices.

Board meetings

Meetings are normally held monthly but will number not less than ten in any year, with meeting papers being circulated prior to the meeting. Minutes of meetings are circulated within ten days of the Board meeting.

The Company's non-executive directors receive only fees for their services and the reimbursement of reasonable expenses. The fees are competitively set to attract and retain appropriately qualified and experienced directors.

The directors' fees available to non-executive directors have been set at a maximum of $250,000 per annum.

Skills and independence

The Board ensures, in the selection and appointment of proposed Board members, that a diverse range of candidates is considered and involve professional intermediaries to identify and/or assess candidates.

Together, the Board members have a broad range of relevant financial and other skills and knowledge combined with the extensive experience necessary to guide Silver Chef's business. Details of their skills and knowledge are set out in section 1 above.

The Board assesses the independence of Directors on appointment and at least annually. Each Director provides a regular attestation of their interests and independence. Directors are considered independent if they are independent of management and free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgment.

At the date of this annual report all non-executive directors are considered to be independent except for Allan English (founder) who is not regarded as being independent according to the ASX Principles.

Education

On appointment, Directors are offered an induction program appropriate to their experience to familiarise them with the business, strategy and any current issues before the Board. The Company also promotes continuing education.

Access to information and advice

With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are to be borne by the Company.

Composition of the Board

The Company's Constitution provides that the number of Directors shall not be less than three or more than ten and currently there are five Directors on the Board.

Silver Chef's Constitution states that at each Annual General Meeting one third of the Directors and any other Director who has held office for three or more years since their last election, must retire.

The Board is empowered to establish committees of the Board to support it carry out its function effectively and where practical, will comprise Board members.

4.2 Remuneration committee

On behalf of the Board, the Remuneration Committee (Committee) oversees the remuneration of non-executive directors and key management personnel. The Committee is a committee of the Board and has no authority independent of the function delegated to it by the Board, and is to report its findings and recommendations to the Board.

The Charter states that the Committee is to comprise at least three non-executive directors. In the period under review the Committee members were Andrew Kemp, Bede King, Sophie Mitchell and Karen Penrose. The Company Secretary serves as Secretary to the Committee.

The Charter provides that the Chief Executive Officer attends all Committee meetings except at times where his own arrangements are considered.

In addition to matters dealing with remuneration, the Committee has a broader role and is responsible for diversity and succession planning.

External advisors

In performing its role, the Board and the Committee directly commission and receive information, advice and recommendations from independent external advisors to ensure the appropriateness of remuneration packages and contracts of employment for the key management personnel so as to reflect trends in employment markets, and to achieve the objectives of the Group's remuneration strategy.

4.3 Remuneration report - audited

This Remuneration Report sets out the remuneration information relating to the Company's Directors and Senior Executives who comprise the key management personnel of the consolidated entity for the year ended 30 June 2014.

Executive Director

Allan English

Executive Chairman and appointed interim Chief Executive Officer 13 February 2014

Non-executive Directors

Karen Penrose

Deputy Chairman

Andrew Kemp

Bede King

Sophie Mitchell

Alternate Director

Don Mackenzie

(resigned 15 January 2014)

Senior Executives

Charles Gregory

Chief Executive Officer (stepped down 13 February 2014)

David Wilson

Chief Financial Officer

Principles of compensation

Key management personnel (who comprise the Directors and senior executives for the Group) have the authority and responsibility for planning, directing and controlling the activities of the Group.

Remuneration levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel; and
- the key management personnel's ability to control the Group's performance including:
  - the Group's profit before tax; and
  - the growth in earnings per share.

Remuneration packages include a mix of fixed and variable remuneration, and short-term and long-term performance-based incentives.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefit tax charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the Directors' and senior executives' remuneration is competitive in the market place. A senior executive's remuneration is also reviewed on promotion.

Performance linked remuneration

Performance linked remuneration includes both short-term and long-term incentives, and is designed to reward executives for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash; the long-term incentive (LTI) is also provided in the form of cash.

Short-term incentive bonus

Each year the Remuneration Committee reviews key performance indicators (KPIs) for the executives. The KPIs generally include measures relating to the Group, the relevant segment, and the individual and include financial, people, customer, strategy and risk measures.

The measures chosen align the individual's reward to the KPIs of the Group and to its strategy and performance.

The financial performance objectives are 'profit before tax' compared to budgeted amounts. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and environmental performance, customer satisfaction and staff development.

Also included in the short-term incentive is the annual payment of approximately half of any bonus earned under the long-term incentive scheme.

Long-term incentive

This incentive scheme is based on growth in earnings per share (EPS). For senior executives to obtain benefit from this scheme, earnings per share growth must exceed 10% per annum. Part of any benefit earned is payable each year after holding back a retention amount with the balance being earned and paid based on compound growth in EPS over a four year period. The level of bonus increases in steps between the minimum at 10% per annum and a maximum of 21% EPS growth.

The Remuneration Committee recommends the cash incentive to be paid to the individuals for approval by the Board. The method of assessment was chosen as it provides the Committee with an objective assessment of the individual's performance.

Share based incentive

A share based incentive scheme is in place for all eligible employees of the Group where employees are gifted shares each year in Silver Chef subject to meeting profit targets set by the Board for the relevant year. In the FY14 year, the value of the shares gifted was $250 (FY13:$500) per eligible employee.

Shares issued under the incentive scheme are allotted for a price equal to the closing price of shares on ASX on the trading day prior to issue. The number of shares issued is rounded down to the nearest whole number.

Offers (to the extent the Board decides to make them) are made following the announcement of the full year financial results to the ASX.

All full-time and permanent part-time employees who are employed by Silver Chef or its subsidiaries at the date set by the Board in respect of each Offer may participate in the Plan subject to the minimum service requirements.

Short-term and long-term incentive structure

The Remuneration Committee considers that the above performance-linked remuneration structure generates the desired outcome. The evidence for this is the growth in profits and earnings per share over a five year period. In the current year the Group fell short of its targets, however, it did achieve growth in profits and earnings per share for shareholders.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following data in respect of the current financial year and the previous four financial years.

	2014	2013	2012	2011	2010
Profit for the year $'000	12,701	11,449	8,991	6,691	5,216
Basic earnings per share (EPS) (cents)	43.4	41.5	37.4	29.7	26.6
Dividends paid $'000	8,286	7,704	4,763	4,207	3,295
Closing share price at year end	$5.07	$7.38	$3.33	$3.46	$2.27

Profit is considered as one of the financial performance targets in setting short-term incentives with the overall level of senior executives' compensation being aligned to the financial performance of the Group.

Employment contract – Chief Executive Officer (completed employment 13 February 2014)

Charles Gregory (appointed on 1 July 2010) entered into a contract of employment with the Company from that date with the principal terms including: remuneration comprising a fixed annual salary of $175,000, inclusive of any obligations under the superannuation guarantee legislation; a fully maintained motor vehicle; and, a conditional cash bonus equal to 100% of the fixed annual salary amount. The bonus components payable included the achievement of specific performance measures set by the Board for various key performance indicators. In addition, the contract term was ongoing at the discretion of the Board, and had a notice period of twelve months.

The terms of the contract of employment provided, inter alia, for: an annual review of the fixed annual salary and the conditional cash bonus according to appropriate measures, but as a minimum, an increase to the remuneration equal to the Consumer Price Index; and, after two consecutive years of employment as Chief Executive Officer (but only at the request of the Chief Executive Officer) the Company engage an external remuneration consultant to conduct a market review and use this as a basis for adjusting remuneration. The Remuneration Committee engaged CRA Plan Managers Pty Limited in the prior year, to provide the market review for the period commencing 1 July 2012 and arising from this review Mr Gregory's salary was increased to reflect the level established in the review. In November 2011, in addition to his original terms of employment, the Chief Executive Officer accepted the Company's offer to participate in its Long Term Incentive Plan.

On the 13 February 2014, Silver Chef announced that Mr Gregory was stepping down from his role effective immediately and that Allan English would return to the business in an executive capacity. Details of the payment on termination are set out in the table of payments to Key Management Personnel on page 12 of the annual report.

Employment contract – Senior Executive

The Chief Financial Officer has a service agreement which is capable of termination within three months, and in the event of termination or resignation, he is entitled to any statutory entitlements to annual leave and long service leave, if applicable.

Non-executive directors

Total remuneration for non-executive directors has been set at a maximum of $250,000, which was approved at the Annual General Meeting held on 18 November 2010.

Directors' fees cover all Board activities including attendance at committee meetings of the Board.

Other payments to Directors

On 13 February 2014, Allan English became Executive Chairman and interim Chief Executive Officer and in an explanatory note to the schedule of payments to non-executive directors, the pre and post appointments are detailed. Also, and in accordance with the request of the Board, Karen Penrose provided, in addition to normal director services, consultancy services at commercial rates. Details of the payment for these services are also detailed in the explanatory note to the schedule of payments to non-executive directors.

Directors' Report
For the year ended 30 June 2014

Remuneration of key management personnel

Details of the nature and amount of each major element of remuneration for each of the key management personnel are:

		Short-term			Long-term		Post-employment		Shared based			
In dollars		**Salary & fees**	**Non-monetary benefits**	**STI cash bonus**	**Long service leave**	**LTI cash bonus**	**Super-annuation**	**Termination benefits**	**Options and rights**	**Total**	**Proportion of remuneration performance related**	**S300A Value of options as proportion of remuneration %**
Directors												
Allan English[1]	2014	180,885	-	-	-	-	16,732	-	-	197,617	-	-
	2013	73,395	-	-	-	-	6,606	-	-	80,000	-	-
Andrew Kemp	2014	50,000	-	-	-	-	-	-	-	50,000	-	-
	2013	40,000	-	-	-	-	-	-	-	40,000	-	-
Bede King	2014	50,000	-	-	-	-	-	-	-	50,000	-	-
	2013	40,000	-	-	-	-	-	-	-	40,000	-	-
Sophie Mitchell	2014	46,605	-	-	-	-	3,395	-	-	50,000	-	-
	2013	36,698	-	-	-	-	3,302	-	-	40,000	-	-
Karen Penrose[2]	2014	74,576	-	-	-	-	5,092	-	-	79,668	-	-
	2013	40,649	-	-	-	-	3,658	-	-	44,307	-	-
Total	**2014**	**402,066**	**-**	**-**	**-**	**-**	**25,219**	**-**	**-**	**427,285**	**-**	**-**
Total	**2013**	**230,742**	**-**	**-**	**-**	**-**	**13,566**	**-**	**-**	**244,307**	**-**	**-**

[1] Fees paid to Allan English include Non-executive Director fees of $46,859 and Executive Chairman fees of $150,758

[2] Fees paid to Karen Penrose include Non-executive Director fees of $60,138 and consulting fees of $19,530

Directors' Report

For the year ended 30 June 2014

		Short-term			Long-term		Post-employment		Shared based				
In dollars		**Salary & fees**	**Non-monetary benefits**	**STI cash bonus**	**Long service leave**	**LTI bonus**	**Super-annuation**	**Termination benefits**	**Options and rights**	**Shares and units**	**Total**	**Proportion of remuneration performance related**	**S300A Value of options as proportion of remuneration %**
Senior executives													
Charles Gregory CEO *(stepped down 13 February 2014)*	2014	199,204	26,016	40,827	-	128,871	24,707	377,732	-	500	797,857	21%	
	2013	285,525	62,459	84,946	-	32,504	40,168	-	-	1,000	506,602	23%	-
David Wilson CFO[2]	2014	154,399	-	64,842	-	(56,086)	20,280	-	-	500	183,935	5%	
	2013	142,024	-	70,621	-	18,507	23,188	-	-	1,000	255,340	35%	-
Alternate Director *(resigned January 2014)* **and Company Secretary**													
Don Mackenzie[1]	2014	30,822	-	-	-	-	-	-	-	-	30,822	-	-
	2013	71,602	-	-	-	-	-	-	-	-	71,602	-	-
Total senior executives and company secretary	**2014**	**384,425**	**26,016**	**105,669**	**-**	**72,785**	**44,987**	**377,732**	**-**	**1,000**	**1,012,614**	**-**	**-**
Remuneration	**2013**	**499,151**	**62,459**	**155,567**	**-**	**51,011**	**63,356**	**-**	**-**	**2,000**	**833,544**	**-**	**-**

[1] Don Mackenzie resigned as Alternate Director in January 2014. The remuneration illustrated above relates to the fees paid to Don Mackenzie between 1 July 2013 and 15 January 2014.

[2] The negative amount for the LTI bonus disclosed for David Wilson represents the reversal of prior year accruals which at the end of the scheme, were not deemed payable.

4.3 Remuneration report (audited) - continued

Analysis of bonuses included in remuneration

	Short-term incentive bonus	Long-term incentive bonus	Total performance related remuneration
	Vested in year	Deferred	
Charles Gregory	40,827	128,871	169,698
David Wilson	64,842	(56,086)	8,756

Amounts paid as short-term incentive bonuses vested during the year. No further long term incentive bonus was payable in the current financial year as the four year incentive target was not achieved.

Equity instruments

The fair value of options issued is calculated at the date of grant using a Black - Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the option, market conditions have been taken into account since the ASX listing of Silver Chef.

All options refer to options over ordinary shares of Silver Chef Limited, which are exercisable on a one-for-one basis under the Employee Share Option Plan. The options will only vest while the person remains an employee of the Group. The Group prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements has been prohibited by law since July 2011.

During the financial year, no options over ordinary shares were granted to key management personnel.

Exercise of options granted as compensation

During the reporting period, the following shares were issued on the exercise of options previously granted as compensation:

	Number of shares	Amount paid $/share
Senior executives		
Charles Gregory	50,000	$1.90

There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2014 financial year.

Analysis of options and rights over equity instruments granted as compensation

Details of the vesting profiles of the options previously granted as remuneration to each key management person of the Group are detailed below.

Options granted

	Number	Date	% vested in year	% forfeited in year	Financial year in which grant vests
Senior executives					
Charles Gregory	50,000	1 July 2008	-	-	1 July 2011

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person is detailed below.

Senior executives	Granted in year	Value of options exercised in year (A)	Lapsed in year
Charles Gregory	-	344,500	-

(A) The value of the options exercised during the year is calculated at the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

Options and rights over equity instruments holdings

The movements during the reporting period in the number of options over ordinary shares in Silver Chef Limited held, directly, indirectly or beneficially, by each Director and senior executive, including their personally-related entities, are as follows:

2014	Held at 1 July 2013	Granted as remun-eration	Exercised	Held at 30 June 2014	Vested at 30 June 2014	Vested & exercisable at 30 June 2014	Vested & Un-exercisable at 30 June 2014
Senior executives							
Charles Gregory	50,000	-	(50,000)	-	-	-	-
		-					-

Options were exercised at an average value of $1.90 per option.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Silver Chef Limited held, directly, indirectly or beneficially, by each key management person, included their related parties, is as follows:

2014	Held 1 July 2013	Purchased	Options exercised	Employee share scheme	Sold	Dividend reinvest-ment plan	Net change other	Held 30 June 2014
Directors								
Andrew Kemp	1,002,172	6,500	-	-	-	-	-	1,008,672
Allan English	9,081,513	9,827	-	-	-	-	-	9,091,340
Bede King	60,000	15,000	-	-	-	3,049	-	78,049
Sophie Mitchell	16,975	3,750	-	-	-	849	-	21,574
Karen Penrose	11,077	1,500	-	-	-	-	-	12,577
Senior Executives								
Charles Gregory (a)	142,048	-	50,000	64	-	-	(192,112)	-
David Wilson	967	-	-	64	-	-	-	1,031
	10,314,752	**36,577**	**50,000**	**128**	**-**	**3,898**	**(192,112)**	**10,213,243**

(a) Ceased to be part of key management personnel during the year.

Individual Directors and executives compensation disclosures

Apart from the details disclosed in this report, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Key management personnel and Director transactions

Three Directors, or their related entities, hold or held positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

These entities transacted with the Group in the reporting period in relation to legal advice and capital raising in the normal course of business and reflect long standing relationships between the Group and those entities. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis. Karen Penrose resigned from Wilson HTM Investment Group Ltd in January 2014.

The aggregate amount recognised during the year relating to Directors and their personally-related entities, amounted to $175,843 (2013: $340,162). Details of the transactions are as follows:

	Transaction	Note	2014 $	2013 $
Bede King	Legal advice	(i)	69,647	89,376
Sophie Mitchell	Management and underwriting fees	(ii)	53,098	125,393
Karen Penrose	Management and underwriting fees	(iii)	53,098	125,393
			175,843	**340,162**

(i) Legal fees paid to Tobin King Lateef, a law firm in which Bede King is a partner. Services provided were on commercial terms as one of the Company's panel of legal firms.

(ii) Fees paid to Morgans, a company in which Sophie Mitchell is a director, for services provided jointly with Wilson HTM Investment Group Ltd arising from capital raising on commercial terms.

(iii) Fees paid to Wilson HTM Investment Group Ltd for services provided jointly with Morgans arising from capital raising on commercial terms. Karen Penrose resigned from Wilson HTM in January 2014.

Remuneration report (audited) - end

4.4 Audit and Risk Management Committee

The Board delegates oversight responsibility for risk management to the Audit and Risk Management Committee ("ARM Committee").

The purpose of the ARM Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of Silver Chef. The ARM Committee operates with the primary objective to assist the Board of Directors in fulfilling the Board's responsibilities relating to the accounting, reporting and financial risk management practices of the Company.

The specific recommendation issued by the ASX Recommendations specifies that an ARM Committee comprise at least three Directors, all of whom are non-executive directors, and a majority of whom are independent.

At the date of this report, the members of the Company's ARM Committee are Karen Penrose (Chair), Andrew Kemp and Bede King. The Company Secretary serves as Secretary to the Committee.

In fulfilling their objectives, the ARM Committee meets at least four times each year. The main duties and responsibilities of the committee include:

- internal control framework including management information systems including oversight of the internal audit function;
- assessing corporate risk compliance with internal controls;
- management processes supporting external reporting;
- review of financial statements and other financial information distributed externally;
- review of the effectiveness of the external audit function;
- review of the performance and independence of the external auditors;
- review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in or breakdown of controls;
- assessing the adequacy of external reporting for the needs of shareholders;
- monitoring compliance with the Company's code of ethics;
- monitoring the procedures to ensure compliance with the Corporations Act 2001, the ASX Listing Rules and all other regulatory requirements; and

- addressing any matters outstanding with auditors, Australian Tax Office, Australian Securities Exchange, Australian Securities and Investments Commission and other regulators.

Operating and reporting

Meetings of the ARM Committee are held quarterly with two meetings being focused on financial reporting to coincide with annual and half year financial reporting and the other two meetings are dedicated to matters relating to risk management.

The Charter provides that the Chief Executive Officer and the Chief Financial Officer attend the ARM Committee meetings in an ex-officio capacity and external auditors are invited to attend all meetings. All Directors receive Committee papers and may also attend meetings on an ad hoc basis.

Prior to signing the Group's 2014 annual financial statements, Silver Chef's Executive Chairman and Chief Financial Officer report in writing to the ARM Committee that:

- the statement given in accordance with ASX Principles Recommendations best practice recommendation 7.2 and 7.3 and Section 295 of the Corporations Act 2001 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in relation to financial risks.

External auditor

The role of the external auditor is to provide an independent opinion that Silver Chef's financial reports are true and fair, and comply with applicable regulations.

KPMG are auditors of Silver Chef and were appointed by shareholders at the Annual General Meeting in 2010.

The ARM Committee requires the external auditor to confirm at each reporting period that they have maintained their independence and have complied with the independence standards required by Australian regulators and professional bodies.

4.5 Finance Committee

At the date of this report, the members of the Company's Finance Committee are Andrew Kemp (Chair), Sophie Mitchell and Karen Penrose. Other Directors attend on an ad hoc basis. Members are required to be financially literate and include at least one, and preferably two, member(s) with past employment experience in finance.

The Charter provides that the Chief Executive Officer and the Chief Financial Officer attend all meetings of the Committee together with such other executives and management as may be invited by the Committee. The Company Secretary served as Secretary to the Committee.

The Finance Committee shall have responsibility for the following in respect of Silver Chef and its subsidiaries from time to time, or as required:

(a) considering and making recommendations to the Board concerning the formulation and monitoring of the Company's capital management strategy, including dividend payment strategies;

(b) considering the Company's funding requirements and making recommendations to the Board concerning specific funding proposals;

(c) monitoring borrowings from financial institutions and compliance with borrowing covenants;

(d) formulating, approving and monitoring policies in relation to capital structure, treasury practices (cash management, payments processing and bank account administration) and the management of credit, debt structure, liquidity and market risks (interest rates, currency and commodity) assumed by the Company in the course of carrying on its business;

(e) reviewing and making recommendations to the Board in relation to financial risks and exposure resulting from movements in interest rates and exchange rates, including the extent and methods of financial hedging;

(f) considering and reporting to the Board on such other matters as the Board may refer to the Committee from time to time; and

(g) reviewing all ASX releases, broker presentations and releases containing any financial results or indicative forecasts.

4.6 Risk management

Quantitative disclosures are included throughout these consolidated financial statements in relation to the Group's exposure to risks, their objectives, policies and processes for measuring and managing risk and their management of capital.

Risk management approach

The approach to assessing risk is by identifying and managing risks that affect the business and enables the risks to be balanced against appropriate rewards and reflects our values, objectives and strategies. The Company has established policies for the oversight and management of our material business risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the ARM Committee, which is responsible for developing and monitoring risk management policies and the committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and to monitor risks and adherence to limits which are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive

control environment in which all employees understand their roles and obligations.

The ARM Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Chief Executive Officer or his delegate and Chief Financial Officer having ultimate responsibility to the Board for the Group's risk management and internal control activities. Arrangements put in place by the Board to monitor risk management include:

- regular reporting to the Board in respect of operations and the financial position of the Group;
- reports by the Chairman of the ARM Committee and circulation to the Board of the minutes of each meeting held by the ARM Committee;
- reports to the Board from the internal auditor on internal controls;
- presentations made to the Board throughout the year by appropriate members of the Group's Leadership Team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk; and
- any Director may request that operational and project audits be undertaken by management.

The Group's financial instruments comprise receivables, payables, bank loans, unsecured corporate notes, finance leases, cash and short-term deposits. Further details of the Group's policies relating to interest rate management, liquidity risk management, market risk management and credit risk management are included in note 26 to the consolidated financial statements.

Operational risk

Operational risk arises from direct or indirect loss from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks can arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to minimise control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management and is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

4.7 Ethical standards

Code of conduct and principles for doing business

The Board encourages the highest standards of ethical conduct by all Directors and employees of the Group and has adopted a Code of Ethics that sets out the principles and standards with which all Group officers and employees are expected to comply in the performance of their respective functions and which include:

- comply with the law;
- act honestly and with integrity;
- reduce the opportunity for situations to arise which result in divided loyalties or conflicts of interest;
- ensure there is responsibility and accountability for individuals for reporting and investigating reports of unethical practices;
- use Silver Chef's assets responsibly and in the best interests of Silver Chef shareholders; and
- be responsible and accountable for their actions.

Policies for reporting unethical practices and legal obligations are contained in the Company's Corporate Governance Charter.

4.8 Diversity

The Board is committed to having an appropriate blend of diversity. The Board has established a policy regarding gender, age, ethnic and cultural diversity. The key elements of the diversity policy are to work towards:

- increased gender diversity in the Company
- an annual assessment by the Board of performance against the objectives.

Directors' Report
For the year ended 30 June 2014

Gender representation	June 2014		June 2013	
	Female %	Male %	Female %	Male %
Board representation	40%	60%	33%	67%
Leadership Team representation	40%	60%	38%	62%
Group representation	56%	44%	58%	42%

Trading in Silver Chef shares

Under the Company's Securities Trading Policy all employees (including Directors) may only buy and sell Silver Chef shares in accordance with the Policy which specifically states that Silver Chef employees are prohibited from buying and selling Silver Chef shares at any time if they are aware of any price sensitive information that has not been made public and during periods when a trading blackout applies.

4.9 Communication with shareholders

Silver Chef has in place procedures to ensure a level of disclosure that provides all investors with equal, timely, balanced and meaningful information.

The Company Secretary is accountable for the compliance with ASX Listing Rules and the Chief Executive Officer and Chief Financial Officer are responsible for monitoring the Company's activities in light of its continuous disclosure policy and where necessary discussing disclosure obligations with the Company Secretary and the Board.

The Group encourages communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group.

Mechanisms employed in shareholder communications include:

- regular shareholder communications such as half-yearly reports, quarterly newsletters and the full financial report;
- financial results presentations at the Company's Annual General Meeting;
- shareholder access to communications through Silver Chef's website; and
- utilising Boardroom Pty Limited, the Group's share registry service provider.

Shareholders are encouraged to attend and actively participate in Silver Chef's Annual General Meeting, and at the time of receipt of the Notice of Meeting, shareholders are invited to put forward questions that they would like addressed at that meeting.

5. Principal activities

The principal activity of the Group is the rental and financing of commercial equipment. There have been no changes in the nature of the activities in the year.

6. Operating and financial review

Silver Chef Limited is a commercial equipment rental and financing company which provides flexible equipment funding solutions to small and medium sized businesses. The Group operates through two main segments:

- Silver Chef Rentals (Hospitality) which provides commercial equipment rental and financing solutions to small and medium sized businesses in the hospitality industry. Customer sectors in the Hospitality business include coffee shops, takeaway stores and independently owned restaurants. Silver Chef Rentals operates in Australia, New Zealand and Canada.
- GoGetta Equipment Funding (GoGetta) which provides commercial equipment rental and financing solutions to small and medium sized businesses in industries other than the hospitality industry. GoGetta was formed in 2007 to diversify the Group's industry exposure. The main customer sectors in the GoGetta business are transport, fitness, light construction, butchery and bakery. GoGetta operates in Australia.

Financial performance

Overall Group revenue for the 2014 financial year increased by 24% on the previous corresponding period. Revenue for the Group is derived from the growth and effective utilisation of the rental asset book and the growth in lease receivables relating to those rental arrangements that qualify as finance leases for accounting purposes.

Hospitality revenue grew 26% from \$76.6 million to \$96.7 million. Of this revenue, \$93.1 million was generated by contracts in Australia and the remainder by contracts in New Zealand and Canada.

GoGetta revenue grew 12% from \$37.5 million to \$42.0 million. The rate of growth in the GoGetta business was slower in this financial year compared with the prior year, which had a major impact on the overall Group's results. The main cause of this slowdown has been identified as being mostly internal, as detailed in the Executive Chairman's report and is being addressed successfully as evident from the upturn in asset acquisitions in the last quarter of the 2014 financial year.

EBITDA margins have decreased slightly in the 2014 financial year, mainly due to expansion into Canada for the Hospitality business and the establishment of a second service facility in Melbourne, Australia. The impact of establishing the Canadian business in the 2014 financial year is a pre-tax net loss of \$1.3 million.

The establishment of a service facility and operational team in Melbourne was to better cater for returned assets and reduce handling costs and increase turnaround time. The impact of establishing this facility in the 2014 financial year is a pre-tax loss of $0.9 million.

In line with expectations, bad debts increased in FY15 to 1% of rental income. There was a significant increase to the impairment of rental assets in FY14. During the year, rental assets with a book value of approximately $1 million were written off after they were stolen near the beginning of the contracts.

The remaining $1.8 million increase in the impairment charge was due to the normal activities and growth of the business.

Key financial performance information	2014 $'000's	2013 $'000's	2012 $'000's	2011 $'000's
Rental income	138,631	114,148	84,028	62,729
Lease interest	2,586	-	-	-
Other income	109	226	185	200
Total revenue	**141,326**	**114,374**	**84,213**	**62,929**
Depreciation and amortisation expense	(62,189)	(49,234)	(34,773)	(26,679)
Loss on sale of rental assets	(5,405)	(4,476)	(3,455)	(1,473)
Impairment of rental assets	(6,274)	(3,504)	(2,249)	(1,907)
Bad debt expense	(1,564)	(652)	(623)	(1,663)
Expenses from ordinary activities and other expenses	(22,754)	(18,265)	(13,397)	(9,437)
Employee expenses	(18,258)	(14,845)	(11,605)	(7,851)
Finance costs	(6,950)	(6,817)	(5,027)	(4,204)
Profit before income tax expense	17,932	16,581	13,084	9,715
Income tax expense	(5,231)	(5,132)	(4,093)	(3,024)
Profit for the year	**12,701**	**11,449**	**8,991**	**6,691**
Basic earnings per share	43.4 cents	41.5 cents	37.4 cents	29.7 cents

Financial position

The key drivers of the Group's revenue are the growth and high utilisation rate of its rental assets and the growth of its long term rental contracts, recognised as finance leases as illustrated below:

Rental assets and lease receivables	2014 $'000's	2013 $'000's	2012 $'000's	2011 $'000's
Hospitality rental assets at cost				
- Australia	187,672	168,497	132,757	108,617
- New Zealand	8,863	4,993	954	-
- Canada	894	-	-	-
Hospitality lease receivables	5,376	-	-	-
Total Hospitality rental assets and lease receivables	**202,805**	**173,490**	**133,711**	**108,617**
GoGetta rental assets at cost	90,094	83,948	56,132	32,646
GoGetta lease receivables	6,083	-	-	-
Total GoGetta rental assets and lease receivables	**96,177**	**83,948**	**54,845**	**32,646**
Total Group rental assets and lease receivables	**298,982**	**257,438**	**189,873**	**141,263**

Directors' Report
For the year ended 30 June 2014

Growth in the Hospitality rental asset base and lease receivables were in line with expectations and in total represent an increase of 17% since 30 June 2013. This growth has been supported by growth in New Zealand and Canada.

Growth in the GoGetta rental asset base and lease receivables was slower than in previous years, increasing by 15% since 30 June 2013.

Cash flows

The Group continues to generate operating cash flow to support its growth, supplemented by debt facilities and raising equity. Net operating cash flow grew by 19% to $89.4 million. Net operating cash flow was affected by an increase in receipts from customers in the form of rental payments and security bonds, offset by an increase in amounts paid to suppliers and employees.

Key cash flow information	2014 $'000's	2013 $'000's	2012 $'000's	2011 $'000's
Net operating cash flow	89,402	75,344	56,394	43,476
Cash received from the sale of rental assets	35,064	24,236	19,066	14,755
Cash paid for new rental assets	(137,675)	(126,098)	(94,367)	(67,229)
Dividends paid	(6,891)	(7,179)	(4,763)	(3,368)
Net proceeds from borrowings	17,457	26,326	12,891	8,971
Proceeds from the issue of shares	3,658	8,779	10,343	3,456

Capital management

Borrowings increased to $109.5 million. During the year, the Group increased its debt facility limit with the CBA from $110 million to $120 million, bringing total debt facilities including unsecured corporate notes to $150 million. The Group's gearing targets remain within its targeted ranges (Note 26e). The Group continues to meet all debt covenants.

It is the Board's intention to continue to diversify the Group's sources of debt to maintain a secure capital base.

Risks

The outlook for the Company is subject to the risks of operating in the rental finance industry including economic conditions, credit risk, competitive pressures and residual asset risk.

The main risks facing the Group are credit risk and residual asset risk.

Credit risk is the risk that customers will not pay amounts due on time and will default. The Group uses a combination of product design and procedural means of managing this risk. These include:

- Receiving rental payments weekly in advance, by direct debit. This allows the credit teams to identify issues early if a customer begins to default.
- Receiving a security bond from the customer at the beginning of the contract. This bond is used to offset any overdue amounts owed if the customer defaults.
- The Group seeks to work with small business and their cash flow commitments, however if a contract remains in arrears for over six weeks, appropriate recovery action is implemented.

There has been no material change to the credit performance of the Group's contracts and bad debts have remained at around 1% of rental income.

Residual asset risk is the risk that assets cannot be recovered from defaulting customers and written off or the assets are returned from contracts and not effectively remarketed. The Group uses a number of means to manage this risk including:

- Retaining title over its rental assets and registering its rental assets on the Personal Property Securities Register.
- Using agents to recover assets on defaulting contracts.
- Managing any returned hospitality assets through one of the Group's service facilities. Returned assets are cleaned, serviced and remarketed through direct sale or placing the asset back onto a new rental contract.
- GoGetta assets which are returned or repossessed are managed through the vendor network.

Directors' Report

For the year ended 30 June 2014

Strategy

The Company continues to focus on delivering its ten year Argenti strategic plan. The Hospitality strategy is to continue to grow its core markets within Australia and to continue to build its presence in New Zealand and Canada. The GoGetta growth strategy is to retain focus within Australia and penetrate deeper into core markets while focussing on training and customer value.

Outlook

The cafe and hospitality industry has consistently expanded in the past few years and it is our expectation that the consumer's love of a cup of coffee and dining out with friends will continue. If we continue to meet our high customer satisfaction levels then our business will continue to grow. The Company believes the momentum evident at the end of FY14 with GoGetta will continue into FY15.

In FY15 the Company will continue investing in the longer term growth of the Company including improving the systems and processes that underpin the business.

7. Dividends

Dividends paid or declared by the Company to members since the end of the previous year were:

Type	Cents per share	Total amount ($)	Date of payment
Declared and paid during the year			
Final dividend – 2013	14.5	4,179,000	1 October 2013
Interim dividend – 2014	14.0	4,107,000	28 March 2014
		8,286,000	
			Date of payment
Dividend declared – after year-end	16.0	4,693,000	26 September 2014

8. Events subsequent to reporting date

A dividend of 16.0 cents per share, 100% fully franked was declared by the Directors on 25 August 2014. The dividend has not been provided for in the 30 June 2014 financial report.

9. Directors' interests

The relevant interests of each Director in the shares and options over such instruments issued by the Company as notified by the Directors to Australian Securities Exchange in accordance with section 205G (1) of the Corporations Act 2001, at the date of this report is:

Name	Ordinary shares
Allan English	
- English Family Foundation Pty Ltd <English Family Foundation A/C>	4,400,000
- Tessana Pty Ltd <A English Family A/C>	4,399,955
- Tessana Pty Ltd < Tessana Superannuation Fund >	291,385
	9,091,340
Andrew Kemp	
- Huntington Group Pty Ltd	137,130
- Huntington Group Pty Ltd <S Account>	533,412
- Huntington Investment Services Pty Ltd	239,259
- Manco (Aust) Pty Ltd	6,524
- A P & A Kemp	92,347
	1,008,672
Bede King	
- BF King & HJ King <King Superannuation Plan>	78,049
	78,049
Sophie Mitchell	
- Mitchelldangar Pty Ltd	21,574
	21,574
Karen Penrose	
- GKP Acquisitions Pty Ltd <Karen Lee Super Fund A/C>	12,577
	12,577

Each of the persons listed above has a beneficial interest or an interest through an association in the shares registered in entities associated with each of the Directors.

Directors' Report
For the year ended 30 June 2014

10. Share options

Options granted by Silver Chef Limited to Directors and officers of the Company

During the financial year, no options on ordinary shares were granted by the Company.

Unissued ordinary shares under option's issued by Silver Chef Limited

At the date of this report there were no unissued shares of the Company under option.

Shares issued on exercise of options

During or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
50,000	$1.90

11. Indemnification and insurance of officers and auditors

The Company has agreed to indemnify the Directors and senior executives of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their positions as Directors and Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance contracts, for current and former Directors and Officers, including senior executives of the Company and Directors of its controlled entities. The premium and level of cover of this policy is deemed to be confidential and not disclosed in this report.

The insurance premiums relate to:

- Costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving willful breach of duty or improper use of information or position to gain a personal advantage.

12. Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 27 to the financial statements.

13. Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under Section 307C of the Corporations Act is included on page 64.

14. Rounding off

The Company is an entity of a kind referred to in ASIC Class Order 98/100 10 July 1998, and in accordance with that Class Order, amounts in the financial report and Directors' Report are rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of Directors

Allan English
Executive Chairman

25 August 2014

Corporate Governance Statement

Silver Chef Limited (the **Company**) and the Board of Directors (the **Board**) are committed to achieving and demonstrating the highest standards of corporate governance. The Board endorses the 2nd edition of the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

The Company's Corporate Governance Charter is available on the Company website www.silverchefgroup.com.au

The table below summarises how the Company complies with the ASX Principles, and if not, why not.

Principle Number	Best practice recommendations	Compliance (Yes/No)	Comments
1.0	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	
1.2	Disclose the process for evaluating the performance of senior executives.	Yes	
1.3	Provide the information indicated in the Guide to reporting on Principle 1	Yes	
2.0	**Structure the Board to add value**		
2.1	A majority of the Board should be independent Directors.	Yes	
2.2	The Chair person should be an independent Director.	No	See note 1
2.3	The roles of Chair and Chief Executive Officer or similar roles should not be exercised by the same individual.	No	See note 2
2.4	The Board should establish a nominations committee.	No	See note 3
2.5	Disclose the process for evaluating performance of the Board, its committees and individual Directors.	Yes	
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	Yes	
3.0	**Promote ethical and responsible decision – making**		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to:		
	• The practices necessary to maintain confidence in the Company's integrity	Yes	
	• The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and	Yes	
	• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
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 assess measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress achieving them.	Yes	
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.	Yes	
3.4	Disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the Board.	Yes	
3.5	Provide the information indicated in the Guide to reporting on Principle 3	Yes	
4.0	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	Yes	
4.2	Structure the audit committee so that it:		
	• Consists of only non-executive directors	Yes	
	• Consists of a majority of independent Directors	Yes	
	Is chaired by an independent chair, who is not chair of the Board; and	Yes	
	• Has at least three members	Yes	

Corporate Governance Statement

Principle Number	Best practice recommendations	Compliance (Yes/No)	Comments
4.3	The audit committee should have a formal charter.	Yes	
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	Yes	
5.0	**Make timely and balance disclosure**	Yes	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	Yes	
6.0	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose the policy.	Yes	
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	Yes	
7.0	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	
7.2	Board to direct management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it 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.	Yes	
7.3	The Board should disclose whether it has received assurance from the Executive Chairman and the Chief Financial Officer that the declaration provided under s295A 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.	Yes	
7.4	Provide the information indicated in the Guide to reporting on Principle 7.	Yes	
8.0	**Remunerate fairly and responsibly**		
8.1	Establish a Remuneration Committee	Yes	
8.2	The committee should be structured so that it:		
	• Consists of a majority of independent Directors;	Yes	
	• Is chaired by an independent chair	Yes	
	• Has at least three members	Yes	
8.3	Ensures that Silver Chef clearly distinguishes the structure of the non-executive directors' remuneration from that of executive Directors and senior executives	Yes	
8.4	Provide the information indicated in the Guide to reporting on Principle 8.	Yes	

Departures from ASX Principles

Note	Details
1	Silver Chef does not comply with ASX Principles that requires a chair person to be an independent Director. Allan English cannot be regarded as independent by virtue of his shareholding interests. The Board has processes in place to manage any potential conflicts arising from the shareholdings in which Allan English has a beneficial or relevant interest.
2	With effect from 13 February 2014, the founder of Silver Chef returned to the Company in a full time role as Executive Chairman. The Board agrees that it is in the best interests of the Company, its leadership team and shareholders that Allan English assumes the Executive Chairman role and he has agreed to do so pending the recruitment of a Chief Executive Officer.
3	Silver Chef has not established a nominations committee. The full Board deals with such matters in accordance with the Nomination Committee's charter.

Consolidated Financial Statements

For the year ended 30 June 2014

Consolidated financial statements

For the year ended 30 June 2014

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2014

	Note	2014 $000's	2013 $000's
Revenue	7	141,326	114,374
Depreciation and amortisation expense		(62,189)	(49,234)
Loss on sale of rental assets		(5,405)	(4,476)
Impairment of rental assets	11	(6,274)	(3,504)
Bad debt expense		(1,564)	(652)
Employee expenses	9	(18,258)	(14,845)
Expenses from ordinary activities	8	(22,683)	(18,610)
Finance costs	10	(6,950)	(6,817)
Change in fair value of derivative financial instruments		1	507
Change in fair value of properties		(16)	(151)
Loss on sale of properties		(56)	(11)
Profit before income tax		**17,932**	**16,581**
Income tax expense	14	(5,231)	(5,132)
Profit after income tax		**12,701**	**11,449**
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences – foreign operations		178	157
Total comprehensive income for the year attributable to owners of the company		**12,879**	**11,606**
Dividend per share	**22**	**30.0 cents**	**28.5 cents**
Earnings per share			
Basic earnings per share	23	43.4 cents	41.5 cents
Diluted earnings per share	23	43.4 cents	41.4 cents

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Consolidated statement of changes in equity

For the year ended 30 June 2014

	Number of shares on issue 000's	Share capital $000's	Retained earnings $000's	Translation reserve $000's	Total equity $000's
Balance at 1 July 2012	26,849	31,069	14,182	(35)	45,216
Total comprehensive income for the year					
Profit for the year	-	-	11,449	-	11,449
Foreign currency translation differences	-	-	-	157	157
Total comprehensive income for the year	-	-	11,449	157	11,606
Transactions with owners of the Company					
Dividends recognised and paid during the year	-	-	(7,704)	-	(7,704)
Share issue costs	-	(293)	-	-	(293)
Shares issued under share placement and SPP	1,540	8,007	-	-	8,007
Shares issued under employee share scheme	22	87	-	-	87
Shares issued on exercise of options	14	22	-	-	22
Shares issued under dividend reinvestment plan	138	525	-	-	525
Shares issued under DRP shortfall agreement	200	750	-	-	750
Foreign currency translation differences	-	-	(45)	-	(45)
Total contributions by and distributions to owners of the Company	1,914	9,098	(7,749)	-	1,349
Balance at 30 June 2013	**28,763**	**40,167**	**17,882**	**122**	**58,171**

	Number of shares on issue 000's	Share capital $000's	Retained earnings $000's	Translation reserve $000's	Total equity $000's
Balance at 1 July 2013	28,763	40,167	17,882	122	58,171
Total comprehensive income for the year					
Profit for the year	-	-	12,701	-	12,701
Foreign currency translation differences	-	-	-	178	178
Total comprehensive income for the year	-	-	12,701	178	12,879
Transactions with owners of the Company					
Dividends recognised and paid during the year	-	-	(8,286)	-	(8,286)
Share issue costs	-	(171)	-	-	(171)
Shares issued under employee share scheme	7	56	-	-	56
Shares issued on exercise of options	50	95	-	-	95
Shares issued under dividend reinvestment plan	217	1,394	-	-	1,394
Shares issued under DRP shortfall agreement	433	3,540	-	-	3,540
Total contributions by and distributions to owners of the Company	707	4,914	(8,286)	-	(3,372)
Balance at 30 June 2014	**29,470**	**45,081**	**22,297**	**300**	**67,678**

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Consolidated statement of financial position

As at 30 June 2014

	Note	2014 $000's	2013 $000's
ASSETS			
Current assets			
Cash and cash equivalents	21A	1,461	1,296
Trade and other receivables	15	8,842	3,860
Properties held for sale	13	-	1,306
Other assets	16	623	364
Total current assets		**10,926**	**6,826**
Non-current assets			
Trade and other receivables	15	8,291	-
Property, plant and equipment	11	191,599	176,710
Intangible assets	12	857	940
Deferred tax assets	14	6,772	5,522
Total non-current assets		**207,519**	**183,172**
Total assets		**218,445**	**189,998**
LIABILITIES			
Current liabilities			
Trade and other payables	17	7,719	7,388
Customer security bonds payable		29,306	27,300
Loans and borrowings	19	440	1,056
Current tax payable	18	838	2,859
Employee benefits	20	1,027	981
Total current liabilities		**39,330**	**39,584**
Non-current liabilities			
Customer security bonds payable		1,830	-
Loans and borrowings	19	109,083	91,170
Employee benefits	20	292	946
Other liabilities		232	127
Total non-current liabilities		**111,437**	**92,243**
Total liabilities		**150,767**	**131,827**
Net assets		**67,678**	**58,171**
EQUITY			
Share capital		45,081	40,167
Retained earnings		22,297	17,882
Foreign currency translation reserve		300	122
Total equity		**67,678**	**58,171**

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

Consolidated statement of cash flows

As at 30 June 2014

	Note	2014 $000's	2013 $000's
Cash flows from operating activities			
Receipts from customers		164,353	134,279
Payments to suppliers and employees		(58,325)	(47,806)
Finance costs paid		(6,680)	(6,477)
Interest received		54	124
Income taxes paid		(8,501)	(5,948)
GST (paid)/ recovered		(1,499)	1,172
Net cash from operating activities	**21B**	**89,402**	**75,344**
Cash flows from investing activities			
Payments for plant and equipment		(139,117)	(126,098)
Proceeds from sale of plant and equipment		35,064	24,236
Proceeds from sale of properties		1,234	730
Net cash used in investing activities		**(102,819)**	**(101,132)**
Cash flows from financing activities			
Proceeds from borrowings		21,457	56,043
Repayment of borrowings		(4,000)	(29,717)
Repayment of finance leases		(409)	(484)
Transaction costs paid in relation to loans and borrowings		(62)	(745)
Proceeds from issue of shares		3,658	8,779
Transaction costs paid in relation to issue of shares		(171)	(293)
Dividends paid		(6,891)	(7,179)
Net cash from financing activities		**13,582**	**26,404**
Net increase in cash held		165	616
Cash at beginning of year		1,296	680
Cash and cash equivalents at end of year	**21A**	**1,461**	**1,296**

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

Notes to the consolidated financial statements

For the year ended 30 June 2014

1. Reporting entity

Silver Chef Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Park Tower, 20 Pidgeon Close West End Qld 4101. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a for-profit entity and is primarily involved in the rental of commercial equipment.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. At year end there existed a deficiency of current assets to current liabilities, which is summarised below.

	2014 $000's	2013 $000's
Current assets	10,926	6,826
Current liabilities	(39,330)	(39,584)
	(28,404)	**(32,758)**

Included in the consolidated current liabilities at 30 June 2014 is an amount of $29,306,000 of customer security bonds (30 June 2013 $27,300,000). The security bonds are an important part of the Group's business model and in commercial terms, perform as follows:

- The bonds are taken as a cash deposit from the customer at the inception of the contract;
- The bonds are used by the Group as security over any defaults, excessive repatriation costs or damaged assets;
- The Group retains control over the bonds and they form a part of the Group's operating cash flows;
- Bond refunds will occur in two instances, when the customer returns the asset at the completion of the contract, after deducting any amounts for arrears and repatriation expenses or, when the customer purchases the asset from the Group, after deducting any amounts for arrears. In the majority of cases, where the customer will purchase the asset, their bond will be refunded once the Group has received payment for the asset, making the transaction net cash flow positive; and
- Those bonds attached to a long term contract remain payable until the maturity date of the contract and if the customer takes the option to purchase the asset will form part of the purchase price.

Except for those security bonds which are attached to a rental contract with a maturity date greater than 12 months, customer security bonds are classified as current as the Group does not have the unconditional right to defer repayment of the bonds for a period greater than 12 months in the majority of cases. In practice, not all customer security bonds are refunded within 12 months.

The balance of the bond liability is affected by movements in the rental asset base. Any decrease in the bond liability will usually be timed with the disposal of rental assets.

Another factor affecting the current ratio imbalance is the Group's cash management practices. The Group holds enough cash on hand to cover short term working capital requirements. The majority of the cash requirements are covered by the reliable, daily cash receipts from rental payments and other cash receipts which results in the Group not needing to hold large cash balances. Any excess cash is deployed in purchasing rental assets, returned to shareholders as dividend payments or used to pay down debt. This practice is supported by the debt facility with the CBA, with the Group being able to draw down extra funds as required. At 30 June 2014, the Group had available undrawn facilities of $41.302 million.

After considering the above and other available current information, the directors believe there are reasonable grounds that the Group will be able to pay its debts as and when they fall due and the preparation of the financial report on a going concern basis is appropriate.

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in note 11 – Property plant and equipment – carrying amount of rental assets.

(e) Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

AASB 13 Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in financial statements for financial instruments: however, none of these requirements are applicable to the Group at 30 June 2014.

AASB 119 Employee Benefits

AASB 119 changes the definition of short-term and long-term employee benefits to clarify the distinction between the two. The adoption of this standard has not had a significant impact on the Group's financial statements.

3. Significant accounting policies

Except for the changes explained in Note 2(e), the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Foreign currency differences arising on re-translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets and financial liabilities – recognition and de-recognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Notes to the consolidated financial statements

For the year ended 30 June 2014

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) Financial instruments

(ii) Non-derivative financial assets - measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the period of time that management estimates it can utilise the leased assets to generate income.

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- rental assets 1 to 5 years
- fixtures and fittings 5 to 10 years
- computer equipment 2 to 4 years
- motor vehicles 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives from the date that they are available for use.

The estimated useful lives for the current and comparative years of significant intangible assets are as follows:

- software 4 to 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Properties

Properties are investment properties which are held to earn rental income. Properties are measured at cost on initial recognition and subsequently stated at fair value with any change therein recognised in profit or loss. The fair values are based on independent valuations and Directors' Valuations, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

All remaining properties were disposed of during the current period and any gain or loss on disposal of a property (calculated as the difference between the net proceeds from disposal and its carrying amount) is recognised in profit or loss.

(g) Leases – Group is lessee

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(h) Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

(i) Employee benefits

(i) Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The share option programme allows Group employees to acquire shares in the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black – Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(iv) Long term incentive

During the current period, the long term incentive program for the Leadership Team matured. Due to the performance of the Group in the fourth and final year, the earnings per share growth target was not achieved and a portion of the final bonus that was accrued in prior periods was no longer payable.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Revenue

(i) Contract rental income

The Group recognises revenue from its Rent Try Buy and rent. Grow.own contracts as rental income. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term as it falls due.

Operating leases arise where substantially all of the risks and benefits incidental to ownership of the leased asset remain with the Group. Payments under operating leases are due and payable by the lessee on a weekly or in some cases monthly basis in advance.

(ii) Lease finance interest revenue

The Group recognises lease finance interest revenue by applying discount rates implicit in the lease balances receivable at the beginning of each payment period.

(iii) Property rental income

Rental income from Properties is recognised in profit or loss on a straight-line basis over the term of the lease.

(l) Leases - Group is lessor

The Group has classified its long term contracts as finance leases for accounting purposes. Under a finance lease, substantially all the risks and benefits incidental to the ownership of the leased asset are transferred by the lessor to the lessees. The Group recognises at the beginning of the lease term an asset at an amount equal to the aggregate of the present value (discounted at the interest rate implicit in the lease) of the minimum lease payments and an estimate of any unguaranteed residual value expected to accrue to the Group at the end of the lease term.

(m) Impairment

(i) Non-derivative financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that they are impaired. The main non-derivative financial assets held by the Group are contract debtors and lease receivables.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- indications that a debtor will enter bankruptcy; or
- adverse changes in the payment status of contract holders.

The Group considers evidence of impairment for their rental contract debtors at a collective level. Contracts in arrears are assessed and grouped together depending on their risk characteristics.

In assessing collective impairment, the Group uses historical information on the likelihood of recoveries, the total amount of security bonds held against the delinquent contracts and impairs the debtor ledger accordingly. Losses are recognised in profit or loss and reflected in an allowance account. When the Group has exhausted all reasonable efforts of recovery, the net book debt of the contract is written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than properties and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Impairment losses are recognised in profit or loss and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised in profit or loss as it accrues.

Finance costs comprise interest expense on borrowings and are recognised in profit or loss using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(o) Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Silver Chef Limited. Foreign entities are taxed individually within their respective tax jurisdictions.

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of these standards is expected to have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued by the International Accounting Standards Board in May 2014. IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The new revenue standard will be mandatory for the Group's 30 June 2018 financial statements. The new standard is currently being assessed for the impact, if any, on the Group's future financial results.

5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(ii) Non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. In respect of the liability component of finance leases, the market rate of interest is determined by reference to similar lease agreements. The future value of the corporate loan notes has been determined by the market value of the loan notes at reporting date.

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For the year ended 30 June 2014

6. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer similar products and services, and are managed separately because they target distinctively different markets. For each of the strategic divisions, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Hospitality. Providing equipment rental finance predominantly to the hospitality industry; and
- GoGetta. Providing equipment rental finance to other industries.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Information about reportable segments

	Hospitality		GoGetta		Total	
	2014 $000's	**2013 $000's**	**2014 $000's**	**2013 $000's**	**2014 $000's**	**2013 $000's**
External revenue	94,552	74,749	43,914	37,342	138,466	112,091
Depreciation and amortisation	(40,037)	(32,280)	(20,817)	(15,935)	(60,854)	(48,215)
Loss on sale of property, plant and equipment	(3,798)	(2,239)	(1,607)	(2,245)	(5,405)	(4,476)
Bad and doubtful debt expense	(1,150)	(419)	(414)	(233)	(1,564)	(652)
Impairment on property, plant and equipment	(3,861)	(2,783)	(2,413)	(721)	(6,274)	(3,504)
Reportable segment profit before tax	29,704	25,374	9,338	10,894	39,042	36,268
Reportable segment assets	152,323	130,157	73,249	65,427	225,572	195,584
Property, plant and equipment acquired during year	86,746	76,690	50,929	48,635	137,675	125,325
Reportable segment liabilities	(147,756)	(106,607)	(73,656)	(58,277)	(221,412)	(164,884)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2014 $000's	**2013 $000's**
Revenues		
Total revenue for reportable segments	138,466	112,091
Other revenue	2,860	2,283
Consolidated revenue	**141,326**	**114,374**
Profit or loss		
Total profit or loss for reportable segments	39,042	36,268
Other profit or loss	(21,111)	(20,194)
Change in fair value of derivatives	1	507
Consolidated profit before tax	**17,932**	**16,581**

Notes to the consolidated financial statements

For the year ended 30 June 2014

	2014 $000's	2013 $000's
Assets		
Total assets for reportable segments	225,572	195,584
Other assets	6,412	7,953
Elimination of inter-segment assets	(13,539)	(13,539)
Consolidated total assets	**218,445**	**189,998**
Liabilities		
Total liabilities for reportable segments	221,412	164,884
Other liabilities	99,840	97,132
Elimination of inter-segment liabilities	(170,485)	(130,189)
Consolidated total liabilities	**150,767**	**131,827**

Geographical information

The geographic information below analyses the Group's revenue and non-current assets based on their geographical location.

	2014 $000's		2013 $000's	
	Revenue	**Non-current assets**	**Revenue**	**Non-current assets**
Australia	137,703	199,242	112,733	178,786
New Zealand	3,515	7,226	1,641	4,386
Canada	108	1,051	-	-
Total	**141,326**	**207,519**	**114,374**	**183,172**

7. Revenue

	2014 $000's	2013 $000's
Rental income	138,631	114,148
Lease interest	2,586	-
Interest	54	124
Property rental income	55	102
Total revenue	**141,326**	**114,374**

Notes to the consolidated financial statements

For the year ended 30 June 2014

8. Expenses from ordinary activities

	2014 $000's	2013 $000's
Cost of sales – services	10,725	8,249
Other administrative expenses	9,011	6,705
Sales and marketing	2,850	3,576
Property expenses[1]	97	80
Total expenses from ordinary activities	**22,683**	**18,610**

[1] Direct operating expenses arising from properties that generated property rental income.

9. Employee benefits expense

	2014 $000's	2013 $000's
Wages and salaries	15,367	12,555
Other associated personnel expenses	1,447	1,197
Superannuation	1,310	1,013
Long service leave	134	80
Total employee benefits expense	**18,258**	**14,845**

10. Finance costs

	2014 $000's	2013 $000's
Interest expense on financial liabilities measured at amortised cost	6,681	6,477
Amortisation of capitalised borrowing costs	269	340
Total finance costs	**6,950**	**6,817**

Notes to the consolidated financial statements

For the year ended 30 June 2014

11. Property, plant and equipment

	2014 $000's	2013 $000's
Plant and equipment		
At cost	6,443	5,149
Less accumulated depreciation	(2,993)	(1,965)
Carrying amount of property, plant and equipment	**3,450**	**3,184**
Movements during the year		
Balance at 1 July	3,184	3,122
Additions	1,654	914
Depreciation expense	(1,047)	(796)
Disposals	(341)	(56)
Balance at 30 June	**3,450**	**3,184**
Rental assets		
At cost	287,523	257,438
Less accumulated depreciation	(96,648)	(81,577)
Less provision for impairment	(2,726)	(2,335)
Carrying amount of rental assets	**188,149**	**173,526**
Movements during the year		
Balance at 1 July	173,526	129,245
Additions	137,675	125,325
Depreciation expense	(60,854)	(48,215)
Impairment loss[1]	(6,274)	(3,504)
Foreign currency translation	384	-
Assets transferred to lease receivables	(13,728)	-
Disposals	(42,580)	(29,325)
Balance at 30 June	**188,149**	**173,526**
Total property, plant and equipment	**191,599**	**176,710**

[1]Impairment of rental assets: assessments are made monthly on the recoverable amount of returned assets and assets on contracts which have defaulted. No impairment losses have been reversed. (2013: Nil)

	2014 $000's	2013 $000's
Assets leased out under operating leases and included in rental assets above		
At cost	273,830	246,578
Less accumulated depreciation	(91,419)	(77,478)
Less provision for impairment	(1,503)	(1,036)
Carrying amount of rental assets pledged as security for liabilities	**180,908**	**168,064**
Depreciation recognised as an expense	58,333	46,756

Notes to the consolidated financial statements

For the year ended 30 June 2014

12. Intangible assets

	2014 $000's	2013 $000's
Intangible assets		
Software at cost	2,792	2,587
Less accumulated depreciation	(1,935)	(1,647)
Carrying amount of intangible assets	**857**	**940**
Movements during the year		
Balance at 1 July	940	830
Additions	205	333
Amortisation expense	(288)	(223)
Balance at 30 June	**857**	**940**

13. Properties

	2014 $000's	2013 $000's
Current		
Properties at fair value	-	1,306
Carrying amount of properties pledged as security for liabilities	**-**	**1,306**
Movements during the year		
Balance at 1 July	1,306	2,199
Revaluations	(16)	(151)
Disposals	(1,290)	(742)
Balance at 30 June	**-**	**1,306**

14. Taxes

Current tax expense

	2014 $000's	2013 $000's
Tax recognised in profit or loss		
Current year	6,460	7,365
Adjustment for prior year	(12)	41
Increase in deferred tax asset posted from equity	33	127
Deferred tax expense	(1,250)	(2,401)
	5,231	**5,132**

Notes to the consolidated financial statements

For the year ended 30 June 2014

Reconciliation of effective tax rate	%	2014 $000's	%	2013 $000's
Profit for the year		12,701		11,449
Total tax expense		5,231		5,132
Profit before tax		**17,932**		**16,581**
Tax using the Company's domestic tax rate	30.0%	5,380	30.0%	4,974
Prior year adjustment		-	0.2%	41
Non-assessable items	(1.0%)	(185)	-	-
Non-deductible expenses	0.4%	67	0.7%	120
Other	(0.2%)	(31)	0.0%	(3)
	29.2%	**5,231**	**30.9%**	**5,132**

Unrecognised deferred tax assets	2014 $000's	2013 $000's
Deferred tax assets have not been recognised in respect of the following items:		
Capital tax losses	579	464
	579	**464**

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable capital gains will be available against which the Group can utilise the benefits there from.

	2014 $000's	2013 $000's
Recognised deferred tax assets and liabilities		
Deferred tax liabilities		
Lease receivables	3,411	-
Plant and equipment	24	54
Intangibles	73	72
Other	-	1
Total deferred tax liabilities	**3,508**	**127**
Deferred tax assets		
Rental assets	8,099	3,602
Allowance for impairment of receivables	506	306
Employee entitlements	413	594
Rental asset impairment	764	642
Other	498	505
Total deferred tax assets	**10,280**	**5,649**
Net deferred tax assets	**6,772**	**5,522**

Notes to the consolidated financial statements

For the year ended 30 June 2014

14. Taxes (continued)

Movement in deferred tax balances during the year	2014 $000's	2013 $000's
Deferred tax liabilities		
Lease receivables	3,411	-
Plant and equipment	(30)	5
Intangibles	1	43
Other	(1)	-
Deferred tax assets		
Rental assets	(4,497)	(2,013)
Allowance for impairment of receivables	(200)	57
Employee entitlements	181	(345)
Rental asset impairment	(122)	(239)
Other	7	91
Deferred tax expense	**(1,250)**	**(2,401)**
Movement in deferred tax asset recognised directly in equity	33	127

15. Trade and other receivables

	2014 $000's	2013 $000's
Included in current receivables		
Trade receivables	7,277	4,354
Finance lease receivables	3,167	-
Other receivables	91	526
Allowance for impairment losses	(1,693)	(1,020)
Current receivables	**8,842**	**3,860**
Included in non-current receivables		
Finance lease receivables	8,291	-
Non-current receivables	**8,291**	**-**
Total receivables	**17,133**	**3,860**
Operating leases – Group is lessor		
Plant and equipment is leased to various industries		
Included in current receivables		
Lease commitments receivable	5,067	2,740
Less provision for impairment	(1,087)	(588)
Net operating lease commitments receivable	**3,980**	**2,152**

	2014 $000's	2013 $000's
Future minimum lease receipts in respect of non-cancellable leases according to the time expected to elapse to the expected date of receipt:		
Rental equipment		
Not later than one year	58,042	54,290
Total future minimum lease receipts	**58,042**	**54,290**
Rental contracts are normally for a minimum of twelve months duration.		
Finance leases – Group is a lessor		
Less than one year	8,299	-
Between one and five years	13,685	-
	21,984	**-**
Unearned interest income	(10,499)	-
Net finance lease receivables	**11,458**	**-**
The net investment in finance leases comprise:		
Less than one year	3,167	-
Between one and five years	8,291	-
	11,458	**-**

16. Other assets

	2014 $000's	2013 $000's
Current		
Prepayments	623	364

17. Trade and other payables

	2014 $000's	2013 $000's
Current		
Creditors and accruals (unsecured)	4,685	6,359
Deferred rental revenue	3,034	1,029
	7,719	**7,388**

18. Tax assets and liabilities

	2014 $000's	2013 $000's
Current		
Current tax payable	838	2,859

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For the year ended 30 June 2014

19. Loans and borrowings

	2014 $000's	2013 $000's
Current		
Secured:		
Finance lease liabilities	440	409
Property bank loans	-	647
	440	**1,056**
Non-current		
Secured:		
Finance lease liabilities	943	1,384
Bank loans[1]	78,595	60,350
Unsecured:		
Corporate loan notes[2]	29,545	29,436
	109,083	**91,170**

[1] At 30 June 2014, the Group's banker has provided funding to the Group under a facility which expires on 31 December 2015. The total available facility is $120,000,000. The facility incurs interest at a rate of 5.51% (2013: 6.75%) and is secured by a fixed and floating charge over the assets of the Group.

[2] The corporate loan notes are senior, unsecured, unsubordinated notes with a face value of $30 million at a fixed coupon rate of 8.5% per annum and a maturity date of 14 September 2018. Interest on the corporate loan notes is payable on a six monthly basis.

	2014 $000's	2013 $000's
Summary of available facilities		
Finance lease liabilities secured by respective plant and equipment	477	477
Commercial bills secured by way of a fixed and floating charge over the Group's assets	41,302	49,450

Finance lease payment commitments

	2014			2013		
	Future minimum lease payments $000's	Interest $000's	Present value of minimum lease payments $000's	Future minimum lease payments $000's	Interest $000's	Present value of minimum lease payments $000's
Less than one year	529	88	441	529	120	409
Between one and five years	1,015	72	943	1,544	160	1,384
Total	**1,544**	**160**	**1,384**	**2,073**	**280**	**1,793**

Notes to the consolidated financial statements

For the year ended 30 June 2014

20. Employee benefits

	2014 $000's	2013 $000's
Current		
Annual leave	823	859
Long service leave	86	68
Other	118	54
	1,027	**981**
Non-current		
Long service leave	292	187
Other	-	759
	292	**946**

21A. Cash and cash equivalents

	2014 $000's	2013 $000's
Bank balances	1,461	1,296
Cash and cash equivalents in the statement of cash flows	**1,461**	**1,296**

21B. Reconciliation of cash flows from operating activities

	2014 $000's	2013 $000's
Profit for the year	12,701	11,449
Adjustments for:		
Depreciation	61,901	49,011
Amortisation of borrowing costs	269	340
Amortisation of intangible assets	288	223
Impairment loss on receivables	673	(190)
Impairment provision on rental assets	6,274	2,164
Loss on sale of fixed assets	5,405	5,818
Loss on sale of properties	56	11
Change in fair value of properties	16	151
Change in tax payable	(2,020)	1,586
Change in net deferred tax assets	(1,250)	(2,401)
Change in trade receivables	(988)	(2,157)
Change in lease receivables	4,581	-
Change in other current assets	(259)	39
Change in derivative financial instruments	(1)	(507)
Change in creditors and accruals	(479)	2,079
Change in deferred revenue, advances and bonds	4,011	5,939
Change in provision for employee benefits	(576)	727
Change in GST clearing	(1,200)	1,062
Net cash provided by operating activities	**89,402**	**75,344**

Notes to the consolidated financial statements

For the year ended 30 June 2014

22. Dividends

The following dividends were declared and paid by the Group

	Cents per share	Total Amount $000's	Franked/ unfranked	Date of payment
2014				
Final dividend – 2013	14.5	4,179	Franked	1 October 2013
Interim dividend – 2014	14.0	4,107	Franked	28 March 2014
	28.5	**8,286**		
2013				
Final dividend – 2012	14.5	3,893	Franked	28 September 2012
Interim dividend – 2013	14.0	3,811	Franked	28 March 2013
	28.5	**7,704**		

Subsequent events

After 30 June 2014, the following dividends were declared by the Directors. The dividends have not been provided for and there are no income tax consequences.

	Cents per share	Total Amount $000's	Date of payment
Final dividend 2014	16.0	4,693	26 September 2014

Franking account balance

The ability to utilise the franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, the Company as head entity in the tax consolidated group has also assumed the benefit of $14,404,000 (2013: $9,512,000) franking credits. The amount of franking credits available to shareholders for subsequent financial years is as follows:

	2014 $000's	2013 $000's
Franking account balance as at the end of the financial year at 30% (2013: 30%)	14,404	9,512
Franking (debits)/credits that will arise from the refund/payment of income tax payable as at the end of the financial year	869	2,858
	15,273	**12,370**

Notes to the consolidated financial statements

For the year ended 30 June 2014

23. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the profit attributable to ordinary shareholders of $12,701,000 (2013: $11,449,000) and a weighted average number of ordinary shares outstanding of 29,237,000 (2013: 27,566,000), calculated as follows:

Profit attributable to ordinary shareholders

	2014 $000's	2013 $000's
Profit for the year	**12,701**	**11,449**
Weighted average number of ordinary shares	**No. of shares 000's**	**No. of shares 000's**
Issued ordinary shares at 1 July	28,763	26,849
Effect of share options exercised	40	11
Effect of shares issued under the dividend reinvestment plan	97	249
Effect of shares issued under the employee share scheme	6	18
Effect of shares issued under DRP shortfall agreement	331	438
Weighted average number of ordinary shares at 30 June	**29,237**	**27,565**

In accordance with the tax consolidation legislation, the Company as head entity in the tax consolidated group has also assumed the benefit of $14,404,000 (2013:$9,512,000) franking credits.

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2014 was based on the profit attributable to ordinary shareholders of $12,701,000 (2013: $11,449,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 29,242,000 (2013: 27,640,000), calculated as follows:

Profit attributable to ordinary shareholders (diluted)	**2014 $000's**	**2013 $000's**
Profit for the year	**12,701**	**11,449**
Weighted average number of ordinary shares (diluted)	**No. of shares 000's**	**No. of shares 000's**
Weighted average number of ordinary shares (basic)	29,237	27,565
Effect of share options on issue	-	64
Effect of employee share based payment transactions	5	11
Weighted average number of ordinary shares at 30 June	**29,242**	**27,640**

Notes to the consolidated financial statements

For the year ended 30 June 2014

24. Capital and reserves

Share capital

	2014 000's	2013 000's
On issue at 1 July	28,763	26,849
Issued under dividend reinvestment plan	217	138
Issued under dividend reinvestment plan shortfall agreement	433	200
Exercise of share options	50	14
Issued under employee share scheme	7	22
Issued for cash	-	1,540
On issue at 30 June	**29,470**	**28,763**

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Issue of ordinary shares

During the period, 135,863 shares were issued under the dividend reinvestment plan at $5.36 and 80,908 were issued at $8.18 (2013: 338,000).

In September 2013, 50,000 options were exercised at $1.90 per option (2013: 14,000 options at $1.60 per option).

Also in September 2013, 7,273 shares were issued under the employee share scheme.

In September 2013, 432,744 shares were issued under the dividend reinvestment plan shortfall agreement at $8.18 per share (2013: 200,000).

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of foreign operations.

Shares issued under employee share scheme

Shares will be allotted for a price equal to the closing price of shares on ASX on the trading day prior to issue. The number of shares issued will be rounded down to the nearest whole number.

Offers (to the extent the Board decides to make them) will normally be made following the announcement of the full year financial results to the ASX.

All full-time and permanent part-time employees that are employed by Silver Chef Limited or its subsidiaries at the date set by the Board in respect of each Offer may participate in the employee share scheme.

Notes to the consolidated financial statements

For the year ended 30 June 2014

25. Operating leases – Group is lessee

	2014 $000's	2013 $000's
Leases as lessee		
Not later than one year	833	749
Later than one year not later than five years	3,782	2,629
More than five years	1,137	2,432
	5,752	**5,810**

The Group leases its office and warehouse facilities under operating leases. The leases run for up to 10 years, with an option to renew after the expiry date. The Group also leases some office equipment under operating leases.

26. Financial instruments

(a) Financial risk management

(i) Overview

The Group's principal financial instruments comprise receivables, payables, loans, unsecured corporate notes, borrowings, cash and short term deposits.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

(ii) Risk management framework

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Management Committee ("ARM Committee"), which is responsible for developing and monitoring the Group's risk management policies. The ARM Committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARM Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Executive Chairman and Chief Financial Officer having ultimate responsibility to the Board for the Group's risk management and internal control activities. Arrangements put in place by the Board to monitor risk management include:

- regular monthly reporting to the Board in respect of operations and the financial position of the Group;
- reports by the Chairman of the ARM Committee and circulation to the Board of the minutes of each meeting held by the ARM Committee;
- reports to the Board from the internal auditor on internal controls;
- presentations made to the Board throughout the year by appropriate members of the Group's leadership team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk; and
- any Director may request that operational and project audits be undertaken by management.

Notes to the consolidated financial statements

For the year ended 30 June 2014

26. Financial instruments (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014 $000's	2013 $000's
Trade and other receivables	5,702	3,860
Finance lease receivables	11,458	-
Cash and cash equivalents	1,461	1,296
	18,621	**5,156**

(ii) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Each customer is assessed for creditworthiness and on their potential to service their rental agreement. The credit approval process is tiered depending on the total contract exposure of each customer.

The Group's exposure to credit risk is minimised through the nature of its business model. Weekly rental payments are received in advance by direct debit which provides opportunities to identify delinquent customer early. Security is held against most contracts by a security bond paid by the customer at the beginning of the contract and the Group maintains title over the rental assets. In some cases, where the individual client exposure is higher than the average contract, personal guarantees or other collateral may be obtained.

In monitoring customer credit risk, customers who are in arrears are grouped together according to the likelihood of successful repayment or recovery. An estimate for incurred losses is then made after taking into account the bond held to offset any losses.

The Group has established an allowance for impairment that represents the estimate of incurred losses in respect of trade and other receivables.

The ageing of trade receivables at 30 June is detailed below:

	2014 $000's		2013 $000's	
	Gross	Allowance	Gross	Allowance
Not past due	1,289	-	1,100	-
Past due 1-4 weeks	1,600	(10)	791	(13)
Past due 5-7 weeks	754	(71)	382	(17)
Past due 8-12 weeks	639	(83)	308	(42)
Past due + 12 weeks	2,995	(1,502)	1,773	(948)
Total trade receivables	**7,277**	**(1,666)**	**4,354**	**(1,020)**

(iii) Finance lease receivables

The Group also provides longer term asset rentals which are recognised as finance leases. To qualify for one of the long term rental arrangements, a customer must have rented their assets for a period of 12 months on an operating lease with a good payment history before converting to a long term rental contract.

Long term rental contracts are monitored and impaired in the same manner as trade and other receivables.

The ageing of lease receivables at 30 June is detailed below:

	2014 $000's		2013 $000's	
	Gross	**Allowance**	**Gross**	**Allowance**
Not past due	11,266	-	-	-
Past due 1-4 weeks	112	-	-	-
Past due 5-7 weeks	33	-	-	-
Past due 8-12 weeks	16	(8)	-	-
Past due + 12 weeks	31	(19)	-	-
Total finance lease receivables	**11,458**	**(27)**	**-**	**-**

Receivables past due but not considered impaired in the Group is $4,021,000 (2013: $2,234,000). Management is satisfied that payment will be received in full or holds sufficient bond to offset amounts owed. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received in full.

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	Note	2014 $000's	2013 $000's
Balance at 1 July		(1,020)	(1,210)
Impairment loss recognised		(1,807)	(591)
Amounts written off		1,134	781
Balance at 30 June		**(1,693)**	**(1,020)**

(iv) Cash and cash equivalents

The Group held cash and cash equivalents of $1,461,000 at 30 June 2014 (2012: $1,296,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank counterparties with a credit rating of AA- or better.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected net cash outflows over the succeeding 30 days. In addition, the Group maintains a level of undrawn finance facilities which are detailed in note 19.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

30 June 2014	Less than 6 months $000's	6-12 months $000's	More than 1 and less than 5 years $000's	More than 5 years $000's	Total $000's
Non-derivative financial instruments					
Trade accounts payable	4,685	-	-	-	4,685
Customer security bonds	20,724	8,582	1,830	-	31,136
Secured bank facilities	-	-	78,698	-	78,698
Corporate loan notes	-	-	30,000	-	30,000
Finance lease liabilities	265	264	1,015	-	1,544
Interest payments	2,772	2,771	10,426	-	15,969
	28,446	**11,617**	**121,969**	**-**	**162,032**

26. Financial instruments (continued)

30 June 2013	Less than 6 months $000's	6-12 months $000's	More than 1 and less than 5 years $000's	More than 5 years $000's	Total $000's
Non-derivative financial instruments					
Trade accounts payable	6,359	-	-	-	6,359
Customer security bonds	18,114	9,175	-	-	27,289
Secured bank facilities	-	647	60,550	-	61,197
Corporate loan notes	-	-	-	30,000	30,000
Finance lease liabilities	265	264	1,544	-	2,073
Interest payments	2,472	2,471	10,804	1,275	17,022
	27,210	**12,557**	**72,898**	**31,275**	**143,940**

As disclosed in Note 19, the Group has a secured bank facility and corporate loan notes which contain debt covenants. A future breach of any covenant may require the Group to repay the facility or redeem the notes earlier than indicated in the above table. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

As disclosed in Note 2(b), the Group holds customer security bonds as part of its business model. The repayment of these security bonds will normally be timed with the paying out of a contract or the return of rental assets.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternate hedging positions and the mix of fixed and variable interest rate. The Group also has $30 million in corporate notes which have a fixed interest rate of 8.5%.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	2014 $000's	2013 $000's
Financial assets – current		
Cash	1,461	1,296
Financial liabilities – current		
Secured bank facilities	-	647
Financial liabilities – non current		
Secured bank facilities	78,698	60,550

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2014 $000's	2013 $000's	2014 $000's	2013 $000's
+0.5% (50 basis points)	(362)	(191)	-	-
-0.5% (50 basis points)	362	191	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

At 30 June 2014, the carrying amounts of the Group's financial assets and liabilities approximates their fair value with the exception of the corporate loan notes which had a fair value of $32,100,000 and a carrying amount of $30,000,000. The fair value of the corporate loan notes is the last quoted sale price of the notes at 30 June 2014.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currency in which borrowings are denominated and the respective functional currencies of the cash flows underlying the operations of the Group. The functional currencies of Group companies are Australian dollars, New Zealand dollars and Canadian dollars. The currency in which borrowings are primarily denominated is the Australian dollar.

The Group monitors its exposure to currency risk and considers existing positions, obtaining loans in currencies that match the cash flows generated by the operations of the Group and alternate hedging positions.

(e) Capital management

The Board's policy is to maintain a strong capital base (which includes reserves and ordinary shares) so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income over average shareholders' equity. In 2014, return on capital was 20.3% (2013: 22.2%).

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Notes to the consolidated financial statements

For the year ended 30 June 2014

26. Financial instruments (continued)

The Group's gearing targets includes:

- to fund no more than 70% of the carrying amount of the Group's rental assets by interest bearing debt. At 30 June 2014 this was calculated as follows:

	2014 $000's	2013 $000's
Interest bearing debt (current and non-current)	109,523	92,353
Carrying amount of rental assets (Note 11)	188,149	173,526
Ratio of interest bearing debt to carrying amount of rental assets	**58%**	**53%**

- to maintain shareholder equity at around 30% of total assets. At 30 June 2014 this was calculated as follows:

	2014 $000's	2013 $000's
Total equity	67,678	58,171
Total assets	218,445	189,998
Ratio of total equity to total assets	**31%**	**31%**

- to maintain an adjusted debt to adjusted debt plus equity ratio of between 60% to 65%. For the purposes of this calculation, adjusted debt is calculated as interest bearing debt less cash. At 30 June 2014 this was calculated as follows

	2014 $000's	2013 $000's
Interest bearing debt	109,523	92,353
Less cash and cash equivalents	1,461	1,296
Adjusted debt	**108,062**	**91,057**
Total equity	67,678	58,171
Adjusted debt plus total equity	**175,740**	**149,228**
Adjusted debt to adjusted debt plus equity	**62%**	**61%**

Notes to the consolidated financial statements

For the year ended 30 June 2014

27. Auditor remuneration

	2014 $	2013 $
Audit and review of financial reports	200,900	158,524
Services other than audit work:		
– taxation services	60,700	-
– debt advisory services	15,000	10,000
– other services	52,921	6,136
Total	**329,521**	**174,660**

28. Contingencies

Bank guarantees totalling $419,000 exist as at 30 June 2014 (2013: $336,509).

29. Parent entity information

As at, and throughout the financial year ended 30 June 2014, the parent company of the Group was Silver Chef Limited.

	2014 $000's	2013 $000's
Result of the parent entity		
Profit for the year	20,806	11,353
Other comprehensive income	-	-
Total comprehensive income for the period	**20,806**	**11,353**
Financial position of the parent entity at year end		
Current assets	34,914	21,522
Total assets	197,950	165,791
Current liabilities	3,743	6,973
Total liabilities	126,713	111,989
Total equity of the parent entity comprising of:		
Share capital	45,080	40,165
Retained earnings	26,157	13,637
Total equity	**71,237**	**53,802**

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity is part of the Group's fixed and floating charge registered by Commonwealth Bank of Australia which secures the Groups' assets against the current banking facilities.

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note 31.

30. Controlled entities

	Balance date	Country of incorporation	% of shares held 2014	% of shares held 2013
Silver Chef Finance Company Limited	30 June	Australia	100	100
Silver Chef Rentals Pty Ltd	30 June	Australia	100	100
GoGetta Equipment Funding Pty Ltd	30 June	Australia	100	100
Silver Chef Rentals Limited	30 June	New Zealand	100	100
GoGetta Equipment Funding Limited	30 June	New Zealand	100	100
Launch Point Pty Ltd	30 June	Australia	100	100
Silver Chef Rentals Inc	30 June	Canada	100	100

31. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Class Order that the Company and the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

In 2014, the subsidiaries subject to the Deed were Silver Chef Finance Company Limited, Silver Chef Rentals Pty Ltd and GoGetta Equipment Funding Pty Ltd.

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2014 is set out as follows:

Statement of profit or loss and other comprehensive income

	2014 $000's	2013 $000's
Revenue	137,703	112,733
Expenses from ordinary activities	(107,038)	(84,046)
Finance costs	(6,950)	(6,817)
Change in fair value of derivative financial instruments	1	507
Change in fair value of properties	(16)	(151)
Loss on sale of plant and equipment	(5,094)	(5,770)
Loss on sale of properties	(56)	(12)
Profit before income tax	**18,550**	**16,444**
Tax expense	(5,383)	(5,092)
Profit after income tax	**13,167**	**11,352**
Other comprehensive income	(94)	-
Total comprehensive income attributable to members of the parent	**13,073**	**11,352**

Notes to the consolidated financial statements

For the year ended 30 June 2014

Statement of financial position

	2014 $000's	2013 $000's
Assets		
Cash and cash equivalents	879	1,096
Trade and other receivables	8,534	3,715
Properties held for sale	-	1,306
Other assets	543	360
Total current assets	**9,956**	**6,477**
Trade and other receivables	8,213	3,513
Property plant and equipment	183,652	172,401
Intangibles	857	940
Deferred tax assets	6,521	5,449
Total non-current assets	**199,243**	**182,303**
Total assets	**209,199**	**188,780**
Liabilities		
Trade and other payables	27,594	33,752
Loans and borrowings	440	1,056
Current tax payable	1,021	2,750
Employee benefits	1,016	974
Total current liabilities	**30,072**	**38,532**
Non-current liabilities		
Trade and other payables	1,812	-
Loans and other borrowings	109,315	91,297
Employee benefits	292	946
Total non-current liabilities	**111,419**	**92,243**
Total liabilities	**141,491**	**130,775**
Net assets	**67,709**	**58,005**
EQUITY		
Share capital	45,082	40,165
Retained earnings	22,627	17,840
Total equity	**67,709**	**58,005**

Notes to the consolidated financial statements

For the year ended 30 June 2014

32. Related parties

(a) Key management personnel compensation

The key management personnel compensation comprised:

	2014 $	2013 $
Short-term employee benefits	485,288	645,575
Other long-term benefits	72,785	51,011
Post-employment benefits	422,719	63,356
Share-based payments	1,000	2,000
	981,792	**761,942**

(b) Individual Directors and executives compensation disclosures

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

(c) Key management personnel and Director transactions

Three Directors, or their related entities, hold or held positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

These entities transacted with the Group in the reporting period in relation to legal advice and capital raising in the normal course of business and reflect long standing relationships between the Group and those entities. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis. Karen Penrose resigned from Wilson HTM Investment Group Ltd in January 2014.

The aggregate amount recognised during the year relating to Directors and their personally-related entities, amounted to $175,843 (2013: $340,162). Details of the transactions are as follows:

	Transaction	Note	2014 $	2013 $
Bede King	Legal advice	(i)	69,647	89,376
Sophie Mitchell	Management and underwriting fees	(ii)	53,098	125,393
Karen Penrose	Management and underwriting fees	(iii)	53,098	125,393
			175,843	**340,162**

(i) Legal fees paid to Tobin King Lateef, a law firm in which Bede King is a partner. Services provided were on commercial terms as one of the Company's panel of legal firms.

(ii) Fees paid to Morgans, a company in which Sophie Mitchell is a director, for services provided jointly with Wilson HTM Investment Group Ltd, arising from capital raising on commercial terms.

(iii) Fees paid to Wilson HTM Investment Group Ltd for services provided jointly with Morgans arising from capital raising on commercial terms. Karen Penrose resigned from Wilson HTM Investment Group Ltd in January 2014.

33. Events subsequent to balance date

A dividend of 16.0 cents per share, 100% fully franked was declared by the Directors on 25 August 2014. The dividend has not been provided for in the 30 June 2014 financial report.

Directors' Declaration

1. In the opinion of the directors of Silver Chef Limited (the Company):
   (a) the consolidated financial statements and notes that are set out on pages 28 to 60 and the Remuneration report in section 4.3 in the Directors' report, are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the group entities identified in note 31 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.
3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Executive Chairman and Chief Financial Officer for the financial year ended 30 June 2014.
4. The directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

Allan English
Executive Chairman
Brisbane

25 August 2014

Independent Auditor's Report to the members of Silver Chef Limited

Report on the financial report

We have audited the accompanying financial report of Silver Chef Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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 is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group 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. These Auditing 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Group'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 financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Independent Auditor's Report to the members of Silver Chef Limited

Report on the remuneration report

We have audited the remuneration report included in section 4.3 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Silver Chef Limited for the year ended 30 June 2014 complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

Simon Crane
Partner

Brisbane
25 August 2014

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To: the directors of Silver Chef Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Simon Crane
Partner

Brisbane
25 August 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings as at 10 August 2014

The number of substantial shareholders and their associates are set out below:

Shareholder	Number of ordinary shares
Tessana Pty Ltd < A English Family A/C>	4,399,955
English Family Foundation <English Family Foundation A/C>	4,400,000

Voting rights

Ordinary shares

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at the general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

Options

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

Distribution of security holders

Number of security holders

Category	Ordinary shares
1 – 1,000	1,382
1,001 – 5,000	1,271
5,001 – 10,000	293
10,001 – 100,000	215
100,001 and over	25
	3,186

The number of shareholders with less than a marketable parcel of ordinary shares is 113.

On-market buy-back

There is no current on-market buy-back.

ASX additional information

Twenty largest shareholders as at 10 August 2014

Name	Number of ordinary shares held	Percentage of capital held
English Family Foundation Pty Ltd <English Family Foundation A/C>	4,400,000	14.931
Tessana Pty Ltd <A English Family A/C>	4,399,955	14.931
Citicorp Nominees Pty Limited	1,423,281	4.830
National Nominees Limited	1,121,506	3.806
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	983,230	3.336
Contemplator Pty td <ARG Pension Fund A/C>	750,000	2.545
Ruminator Pty Ltd	750,000	2.545
Equitas Nominees Pty Limited <2874398 A/C>	694,070	2.355
J P Morgan Nominees Australia Limited	632,709	2.147
Huntington Group Pty Limited <S A/C>	451,262	1.531
UBS Nominees Pty Ltd	400,000	1.357
Mr Allan John English & Mrs Tessa Winifred English <Tessana super fund A/C>	291,385	0.989
Australian Executor Trustees Limited <No 1 Account>	259,247	0.880
Huntington Investment Services Pty Ltd <Huntington Investment A/C>	239,259	0.812
Mr Peter Mervyn Moon & Mrs Vicki Ann Moon <The Moon Super Fund A/C>	213,641	0.725
Demandem Holdings Pty Ltd <Super Fund A/C>	172,649	0.586
Netwealth Investments Limited <Wrap Services A/C>	168,860	0.573
HSBC Custody Nominees (Australia) Limited	165,261	0.561
Illabarook Pty Ltd	150,641	0.511
Huntington Group Pty Limited	137,130	0.465
	17,804,086	60.416

Silver Chef Limited

ACN 011 045 828

Company directory

Executive Chairman

Allan English

Non-executive Directors

Karen Penrose (Deputy Chairman)
Andrew Kemp
Bede King
Sophie Mitchell

Chief Financial Officer

David Wilson

Company Secretary

Don Mackenzie

Registered office and principal place of business

20 Pidgeon Close
West End Qld 4101
Telephone: 07 3335 3300
Facsimile: 07 3335 3399
Website: www.silverchefgroup.com.au

Auditors

KPMG

Solicitors

McCullough Robertson

Share Register

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Phone: 1300 737 760
Fax: 1300 653 459
Website: www.boardroomlimited.com.au

Securities Exchange

The Company is listed on the Australian Securities Exchange.
The Home Exchange is Brisbane.

Code: Shares – SIV

Other information

Silver Chef Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

silverchef group

SILVER CHEF LIMITED
ACN 011 045 828

Registered Office

Park Tower,
20 Pidgeon Close
West End QLD 4101

PO Box 1760,
Milton BC 4064

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ASX Code: SIV