Fleet Aust Pty Limited

ACN 131 557 901

Annual report
for the year ended 30 September 2014

Fleet Aust Pty Limited
ACN 131 557 901
Annual report - 30 September 2014

Contents

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Fleet Aust Pty Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 September 2014.

Directors

The following persons were Directors of Fleet Aust Pty Limited during or since the end of the financial year:

Nick Johnson - Chief Executive Officer (from 30 July 2008 - 14 March 2014)
Doc Klotz - Chief Executive Officer (appointed 27 March 2014)
Garry McLennan - Chief Financial Officer (appointed 27 March 2014)
Dirk Michaelis
Gregory Ruddock
Tom Woolley (resigned 16 December 2014)

The Company Secretary of Fleet Aust Pty Limited was Spencer Chipperfield (appointed 27 March 2014 and resigned 27 October 2014). Matt Sinnamon was appointed as Company Secretary on 27 October 2014.

Principal activities

During the year the principal continuing activities of the Company consisted of:

(a) providing operating, finance and novated lease products and fleet management services to corporate business customers; and
(b) procuring funding to acquire shares and provide loans to related parties, to fund the provision of lease products to customers.

Dividends

The parent entity has not declared, paid or recommended a dividend distribution during the reporting year.

Review of operations

The net profit/(loss) after providing for income tax amounted to ($12,206,000) (2013: $7,534,000).

The profit was impacted by softer vehicle trading results along with non-recurring costs associated with the acquisition of FleetPlus and its associated subsidiaries and adopting more prudent fleet provisioning. Whilst the following information is unaudited, the Profit after adjusting for non-recurring expenditure, Cash Net Profit after Tax, was $14,890,000 as outlined in note 2 of these financial statements.

Fleet Partners

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Company that occurred in the year under review.

Matters subsequent to the end of the financial year
Subsequent to the end of the financial year, the following events have occurred: acquisition of CarLoans.com.au Pty Ltd, Fleet Choice Pty Ltd, CarLoans.co.nz Limited, and Fleet NZ Limited.

Other than the matters above, no other matters or circumstance has arisen since 30 September 2014 that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Company's state of affairs in future financial years.

Likely developments and expected results of operations
The Directors expect the Group's future operating results to be profitable and sustainable. Further information about likely developments in the Operations of the Group and the expected results of these operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental regulation
The operations of the Company are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Insurance of officers
The Company pays a premium to insure the Directors against liabilities that may arise from their positions as Directors and officers of the Company.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding of amounts
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor
KPMG has been approved as auditor in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors.

Doc Klotz Director	Garry McLennan Director
Sydney 29 January 2015	Sydney 29 January 2015

KPMG

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

To: the directors of Fleet Aust Pty Limited

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

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

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

KPMG

KPMG

Andrew Dickinson
Partner

Sydney

29 January 2015

Fleet Aust Pty Limited

ACN 131 557 901

Annual report - 30 September 2014

Contents

These financial statements cover the consolidated financial statements of Fleet Aust Pty Limited consisting of Fleet Aust Pty Limited and its controlled entities. The financial statements are presented in Australian dollars.

Fleet Aust Pty Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Fleet Aust Pty Limited
Level 19, 1 O'Connell Street.
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on page 3, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 29 January 2015. The Directors have the power to amend and reissue the financial statements.

Fleet Aust Pty Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 September 2014

	Notes	Consolidated 2014 $'000	2013 $'000 Restated*
Revenue from continuing operations	3	285,678	297,258
Cost of revenue	3	(160,128)	(158,289)
Lease finance costs	4	(45,628)	(58,605)
Net operating income before operating expenses and impairment charges		79,922	80,364
Impairment losses on loans and receivables		(3,744)	(2,674)
Employee benefit expense		(37,838)	(31,207)
Depreciation, amortisation and impairment expense	4	(9,444)	(2,579)
Operating overheads	4	(24,707)	(19,037)
Total overheads		(71,989)	(52,823)
Operating finance costs	4	(19,169)	(8,587)
Profit/(loss) before income tax		(14,980)	16,280
Income tax benefit/(expense)	5	2,774	(8,746)
Profit/(loss) for the year		(12,206)	7,534
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	24	3,050	5,808
Exchange differences on translation of foreign operations	24	(48)	-
Other comprehensive income for the year, net of tax		3,002	5,808
Total comprehensive income/(loss) for the year		(9,204)	13,342
Profit/(loss) is attributable to:			
Owners of Fleet Aust Pty Limited		(12,206)	7,534
Total comprehensive income (loss) for the year is attributable to:			
Owners of Fleet Aust Pty Limited		(9,204)	13,342
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share	34	(12.83)	7.93
Diluted earnings per share	34	(12.83)	7.93
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic earnings per share	34	(12.83)	7.93
Diluted earnings per share	34	(12.83)	7.93

** Refer to Note 41.*
The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Fleet Aust Pty Limited
Statement of financial position
As at 30 September 2014

	Notes	Consolidated 2014 $'000	2013 Restated* $'000	2012 Restated* $'000
ASSETS				
Current assets				
Cash and cash equivalents	6	**42,999**	59,030	49,804
Restricted cash and cash equivalents	6	**65,732**	64,592	63,898
Trade and other receivables	7	**44,116**	26,164	39,649
Finance leases	8	**61,733**	69,336	80,036
Inventory	9	**11,970**	12,680	12,526
Operating leases reported as property, plant and equipment	11	**168,646**	155,935	150,714
Receivables - advances to related parties	10	**-**	5,246	12,141
Total current assets	1(a)	**395,196**	392,983	408,768
Non-current assets				
Property, plant and equipment	11	**6,647**	5,059	14,788
Operating leases reported as property, plant and equipment	11	**409,736**	436,185	478,131
Deferred tax assets	12,20	**7,227**	1,363	5,331
Intangibles	13	**360,790**	162,827	152,957
Finance leases	14	**87,673**	102,657	134,001
Total non-current assets		**872,073**	708,091	785,208
Total assets		**1,267,269**	1,101,074	1,193,976
LIABILITIES				
Current liabilities				
Trade and other liabilities	15	**90,031**	42,754	58,941
Borrowings	16	**383,081**	193,012	197,904
Derivative financial instruments	17	**9,903**	15,190	23,597
Provisions	18	**6,279**	1,180	1,473
Total current liabilities	1(a)	**489,294**	252,136	281,915
Non-current liabilities				
Trade and other liabilities		**1,416**	-	-
Borrowings	19	**486,210**	561,845	646,229
Provisions	21	**1,312**	794	908
Payables - Advances from related parties	22	**101,251**	91,452	82,862
Total non-current liabilities		**590,189**	654,091	729,999
Total liabilities		**1,079,483**	906,227	1,011,914
Net assets		**187,786**	194,847	182,062
EQUITY				
Contributed equity	23	**84,366**	83,440	83,222
Reserves	24(a)	**(2,325)**	(6,544)	(11,577)
Retained earnings	24(b)	**105,745**	117,951	110,417
Total equity		**187,786**	194,847	182,062

** See Note 41.*
The above statement of financial position should be read in conjunction with the accompanying notes.

Fleet Aust Pty Limited
Statement of changes in equity
For the year ended 30 September 2014

Consolidated	Notes	Contributed equity	Reserves	Retained earnings	Total equity
		Attributable to members of Fleet Aust Pty Limited			
			Restated*	Restated*	Restated*
		$'000	$'000	$'000	$'000
Balance at 1 October 2012		83,222	(11,577)	110,417	**182,062**
Profit for the year		-	-	7,534	**7,534**
Other comprehensive (loss)		-	5,808	-	**5,808**
Total comprehensive income/(loss) for the year		-	5,808	7,534	**13,342**
Transactions with owners in their capacity as owners					
Issued treasury share		218	(854)		**(636)**
Employee share schemes	24(a)		79	-	**79**
Balance at 30 September 2013		**83,440**	**(6,544)**	**117,951**	**194,847**
Balance at 1 October 2013		83,440	(6,544)	117,951	**194,847**
Profit for the year		-	-	(12,206)	**(12,206)**
Foreign currency translation reserve		-	(48)	-	**(48)**
Other comprehensive income		-	3,050	-	**3,050**
Total comprehensive income for the year		-	3,002	(12,206)	**(9,204)**
Transactions with owners in their capacity as owners					
Issued treasury shares		926	(1,084)	-	**(158)**
Employee share schemes	24(a)	-	2,301	-	**2,301**
Balance at 30 September 2014		**84,366**	**(2,325)**	**105,745**	**187,786**

** See Note 41.*

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Fleet Aust Pty Limited
Statement of cash flows
For the year ended 30 September 2014

	Notes	Consolidated 2014 $'000	2013 Restated* $'000
Cash flows from operations			
Receipts from customers		395,058	425,203
Payments to suppliers and employees		(187,334)	(211,111)
		207,724	214,092
Income tax paid		(9,500)	(1,718)
Interest received		3,173	3,130
Interest paid		(46,031)	(58,605)
Net cash inflow from operating activities	29	155,366	156,899
Cash flows from investing activities			
Purchase of items reported under operating leases	11	(178,518)	(183,204)
Purchase of property, plant and equipment	11	(2,328)	(2,082)
Payment for acquisition of business	35	(110,093)	-
Proceeds from items reported under operating leases		92,070	120,431
Net cash outflow from investing activities		(198,869)	(64,855)
Cash flows from financing activities			
Proceeds from borrowings		338,518	183,204
Repayments of borrowings		(321,018)	(272,480)
Proceeds from issue of shares		926	218
Loans from related parties		10,186	6,934
Net cash inflow/(outflow) from financing activities		28,612	(82,124)
Net increase/(decrease) in cash and cash equivalents		(14,891)	9,920
Cash and cash equivalents at the beginning of the financial year, net of overdraft		123,622	113,702
Restricted and unrestricted cash and cash equivalents at end of year, net of overdraft	6	108,731	123,622

** See Note 41.*
The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial statements are for the Group consisting of Fleet Aust Pty Limited (Parent Company) and its controlled entities.

(a) Basis of preparation

The general purpose financial statements have been prepared in accordance with the Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Fleet Aust Pty Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

For the 2014 year ended, Fleet Aust Pty Limited Group transitioned from Tier 2 Reporting to Tier 1 Reporting as defined under AASB 1053. Tier 2 comprises the recognition and measurement requirements of Tier 1 with substantially reduced disclosure requirements. The move from Tier 2 was in line with the Group strategy to state compliance with IFRS.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for the financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

(iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 40.

(iv) Net working capital deficiency and going concern

The Group reported a net working capital deficiency of $94,098,000 for the year ended 30 September 2014. Notwithstanding the Group's net working capital deficiency, the financial report has been prepared on the going concern basis. Adjusting for one-off items, the Group is profitable and generates positive operating cash flows which are sufficient to service the Group's obligations. The Directors are satisfied that the Group has sufficient liquid funds available to enable the Group to meet its obligations as they fall due if needed.

At the time of signing the financial report, the Directors of the entity are of the opinion that no asset is likely to be realised for less than its carrying value in the entity's financial report. Accordingly, no adjustments have been made to the entity's financial report relating to the recoverability and classification of the carrying value of the entity's assets or the amounts and classification of the entity's liabilities that might be necessary should the entity not continue as a going concern.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Fleet Aust Pty Limited ("Company") as at 30 September 2014 and the results of all controlled entities for the year then ended. Fleet Aust Pty Limited and its controlled entities together are referred to in this financial report as the Group or the consolidated entity.

The Group financial statements consolidate those of the Parent Company and all of its controlled entities as of 30 September 2014.

The Parent controls an entity if it is exposed, or has rights, to variable returns from its involvement with the controlled entity and has the ability to affect those returns through its power over the controlled entity. All controlled entities have a reporting date of 30 September.

Profit or loss and other comprehensive income of controlled entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities by the Group (refer to note 1(i)).

1 Summary of significant accounting policies (continued)

(c) Foreign currency translation

(i) Functional and presentation currency
The consolidated financial statements are presented in Australian dollars ('AUD'), which is also the functional currency of the Parent Company.

(ii) Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

(iii) Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

(d) Segment reporting

The Group has two operating segments: corporate and consumer segments. The activities undertaken by the corporate segment includes the provision of operating, finance and novated lease products and fleet management services to corporate business. The consumer segment activities include providing finance and novated lease products to individual customers.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements. Segment reporting was not reported in prior periods.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1 Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

(i) Finance income

Leases: Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Operating lease rentals: Rental revenue arising from operating lease contracts is brought to account in the period it will be earned. The operating lease rental are recognised on a straight line basis over the lease term. The instalments are classified and presented in finance income and operating lease rentals.

(ii) Maintenance and management

Maintenance income is recognised over the life of the contract with reference to the stage of completion. Management income and management fees are recognised on a straight line basis over the term of the contract.

(iii) Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of a financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability.

(iv) Brokerage and commissions and advice services

Income is recognised when the relevant service have been provided and a reliable estimate of the income can be made.

(v) End of lease income

End of lease income includes profits on the sale of vehicles from terminated lease contracts and other revenue generated at the end of a lease.

(f) Interest expense

Interest expense is recognised in the statement of comprehensive income using the effective interest method (refer note 1(e) (iii) above).

(g) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1 Summary of significant accounting policies (continued)

(g) Income tax (continued)
Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Tax consolidation legislation
The Company is the head entity of the tax consolidated group comprising the Company and all of its Australian wholly owned controlled entities.

Fleet Aust Pty Limited and its controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Fleet Aust Pty Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to the other entities in the Group. Details about the tax funding agreement are disclosed in note 5.
Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(h) Leased property
Leased property is stated at cost less accumulated depreciation and impairment. Cost includes initial direct costs incurred in negotiating and arranging the operating lease contract. In the event that the settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value at the date of acquisition.

Depreciation is brought to account on leased property. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life (being the term of the related lease contract) to its estimated residual value. The estimated useful lives and depreciation method is reviewed at the end of each annual reporting period. The estimated residual values are reviewed every six months.

Residual values are assessed for impairment and in the event of a shortfall, an impairment charge is recognised in the current period.

(i) Business combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a controlled entity comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the controlled entity. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interests in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the controlled entity acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

1 Summary of significant accounting policies (continued)

(i) Business combinations (continued)
Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(j) Finance lease receivables
Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any guaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(k) Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(l) Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Restricted cash, that represents cash held by the entity as required by funding arrangements, is disclosed separately on the statement of financial position and combined for the purpose of presentation in the statement of cash flows.

(m) Trade receivables and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.
Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.
The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

1 Summary of significant accounting policies (continued)

(n) Inventory
The inventory of motor vehicles is stated at the lower of cost and net realisable value. Following termination of the lease or rental contract the relevant assets are transferred from Assets under Operating Lease to Inventories at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to make the sale.

(o) Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are recycled in the statement of profit or loss and other comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) Derivatives that do not qualify for hedge accounting
Where a derivative instrument does not qualify for hedge accounting or hedge accounting has not been adopted, changes in the fair value of these derivative instruments are recognised immediately in the statement of profit or loss and other comprehensive income.

1 Summary of significant accounting policies (continued)

(p) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit and loss and comprehensive income during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Motor vehicles	2-10 years
- Furniture and fittings	3-10 years
- Plant and equipment	3-10 years

The assets' residual values and useful lives are revised, and adjusted if appropriate, at the end of each reporting period.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(q) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired controlled entities at the date of acquisition. Goodwill on acquisitions of controlled entities are included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to a cash-generating unit (CGU) for the purpose of impairment testing. The allocation is made to those CGU that are expected to benefit from the business combination in which the goodwill arose.

(ii) Customer relationships and brand names

Other intangible assets include customer relationships and brand names acquired as part of business combinations and recognised separately from goodwill. Customer relationships amortised over 10 years on a straight line basis. Brand names are amortised over 20 years on a straight line basis.

(iii) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 5 years for non-core costs, and 7 to 10 years for core system software costs.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(r) Trade and other liabilities

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1 Summary of significant accounting policies (continued)

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(t) Employee benefits

(i) Short-term Employee Benefits

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

The Group makes payments to employees' superannuation funds in line with the relevant superannuation legislation. Contributions made are recognised as expenses when they arise.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Fleet Management Share Scheme and other share-based arrangements. Information relating to the employee share scheme is set out in note 38.

The fair value of options granted under the Fleet Management Share Scheme is recognised as an expense by the granting entity with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options (vesting period).

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.
In the event a share scheme is cancelled, the remaining unexpensed fair value of the original grant for those options still vesting at the date of cancellation is taken as a charge to the statement of profit or loss and other comprehensive income.

1 Summary of significant accounting policies (continued)

(t) Employee benefits (continued)

(v) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(u) Cost of revenue

Cost of revenues comprises the cost associated with providing the service components of the lease instalments as disclosed in Note 1(e). Cost of revenue is recognised for each reporting period by reference to the stage of completion when the outcome of the services contracts can be estimated reliably. The stage of completion of services contracts is based on the proportion that costs incurred to date bear to total estimated costs.

(v) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(w) Contributed equity

Ordinary fully paid shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

(y) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of fully paid ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1 Summary of significant accounting policies (continued)

(z) Parent entity financial information

The financial information for the parent entity, Fleet Aust Pty Limited, disclosed in note 40 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in controlled entities

Investments in controlled entities are accounted for at cost less allowance for impairment in the financial statements of Fleet Aust Pty Limited.

(ii) Tax consolidation

Fleet Aust Pty Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Fleet Aust Pty Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Fleet Aust Pty Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement as detailed in note 5(e).

(aa) Change in comparatives balances

Where required by accounting standards, comparative figures have been adjusted to conform with changes in presentation to the current financial year.

Software assets have been reclassified during the year from property, plant and equipment to intangible assets to better reflect the nature of these assets. This has resulted in property, plant and equipment being reduced by $9,879,000 and intangible assets being increased by the same amount in the comparative balances. This reclassification has no impact on profit or loss or net assets. The third statement of financial position does not include this as the restatement is considered immaterial to the financial statements.

(ab) New accounting standards

Certain new accounting standards have been published that are mandatory for the 30 September 2014 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be controlled entities and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a controlled entities are unchanged.
Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as controlled entities or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

(ii) AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).
The Group does not hold any joint arrangements within the scope of AASB 11.

1 Summary of significant accounting policies (continued)

(ab) New accounting standards (continued)

(iii) AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year.

(iv) Amendments to AASB 119 Employee Benefits

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability.

(ac) Accounting Standards issued but not yet effective and not been adopted early by the Group

(i) AASB 9 Financial Instruments (December 2010)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
- The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

Fleet Aust Pty Limited has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018.

1 Summary of significant accounting policies (continued)

(ac) Accounting Standards issued but not yet effective and not been adopted early by the Group (continued)

(ii) AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB 132.

(iii) AASB 2013-4 Amendments to Australian Accounting Standards –Novation of Derivatives and Continuation of Hedge Accounting

AASB 2013-4 makes amendments to AASB 139 Financial Instruments: Recognition & Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the Fleet Aust Pty Limited.

(iv) IFRS 15 Revenue from Contracts with Customers

IFRS 15:

- replaces IAS 18 Revenue and some revenue-related Interpretations
- establishes a new control-based revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

In the Australian context, the Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard (AASB 15 Revenue from Contracts with Customers).

Fleet Aust Pty Limited has not yet assessed the full impact of this Standard.

(v) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

Fleet Aust Pty Limited has not yet assessed the full impact of these amendments.

2 Segment information

(a) Description of segments

The directors have determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board, in addition to statutory profit after tax, assess the business on a Cash Net Profit After Tax (NPAT) basis. Cash NPAT is defined as statutory profit after tax, adjusted for the after tax effect of material one-off items that the Board believes does not reflect the ongoing operations of the Group and amortisation of acquired intangible assets.

The Board considers the business from a customer perspective and has identified two reportable segments; Commercial and Consumer. The segments are based on the class of customer to which services are provided. Services in both segments include providing operating, finance and novated lease products, and fleet management services to customers.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board for the reportable segments for the year ended 30 September 2014 is as below:

2014

	Corporate	Consumer	Total
Net operating income before operating expenses and impairment changes	**74,304**	**8,299**	**82,603**
Depreciation and amortisation of non-financial assets	(2,388)	(498)	**(2,886)**
Bad and doubtful debts	(1,781)	-	**(1,781)**
Operating expenses	(44,945)	(9,264)	**(54,209)**
Profit before Tax and Non-recurring Costs	**25,190**	**(1,463)**	**23,727**
Adjustments	(32,057)	(6,650)	**(38,707)**
Tax	2,296	478	**2,774**
Statutory Net Profit/(Loss) after Tax	**(4,571)**	**(7,635)**	**(12,206)**
Add back adjustments including tax impact	22,440	4,656	**27,096**
Cash Net Profit after Tax	**17,869**	**(2,979)**	**14,890**

2 Segment information (continued)

(c) Prior period segment information

No segment information was presented in prior periods to the Board. The group previously reported internally at the total level and prior to 1 August 2014 operated geographically only in Australia.

(d) Entity-wide disclosure

The Group operates in two geographical segments being Australia and New Zealand. Revenues earned by and non-current assets held in New Zealand are insignificant to the Group in both of the financial years presented.

No individual customer makes up greater than 10% of total revenue of the Group in either financial year presented.

An analysis of the Group's revenue for each major service category can be observed in Note 3.

No segment information is presented on assets and liabilities in the information provided to the Board.

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3 Revenue

	Consolidated 2014 $'000	2013 Restated* $'000
From continuing operations:		
Finance income	74,927	88,321
Maintenance and management	49,477	46,279
Related products and services	14,924	13,485
Operating lease rentals	139,636	143,783
Sundry income	3,879	510
End of lease income	2,835	4,880
Total Revenue from continuing operations	285,678	297,258
Cost of revenue:		
Maintenance and management expense	18,907	15,619
Related products and services expense	4,827	5,069
Impairment on operating leased assets	4,865	1,959
Depreciation on operating leased assets	131,529	135,642
Total cost of revenue	160,128	158,289

** Refer to Note 41*

4 Expenses

	Consolidated 2014 $'000	2013 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation & amortisation		
Plant and equipment - fixture and fittings	1,436	1,165
Amortisation - Intangible assets	500	-
Software	1,450	1,414
Total depreciation & amortisation	3,386	2,579
Impairment		
Software	6,058	-
Total impairment	6,058	-
Total depreciation, amortisation and impairment expense	9,444	2,579
Lease finance costs		
Interest and finance charges - third parties	46,006	58,179
Hedge (gains) / losses	(403)	-
Borrowing costs	25	426
Total lease finance costs	45,628	58,605
Operating finance costs		
Interest expense promissory notes - related parties	10,001	8,587
Facility finance costs	9,168	-
Total operating finance costs	19,169	8,587
Rental of premises	3,202	2,423
Technology costs	5,131	3,988
Restructuring costs	3,985	-

5 Income tax expense

	Notes	Consolidated 2014 $'000	2013 Restated* $'000
(a) Income tax expense			
Current tax		7,112	7,516
Deferred tax		(10,477)	1,476
Adjustment for current tax of prior periods		591	(246)
		(2,774)	8,746
Deferred income tax (revenue)/expense included in income tax expense comprises:			
Decrease/(increase) in deferred tax assets	12	(6,726)	3,675
(Decrease)/increase in deferred tax liabilities	20	(3,751)	(2,199)
		(10,477)	1,476
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit/(loss) from continuing operations before income tax expense		(14,980)	16,280
Tax at the Australian tax rate of 30% (2013 - 30%)		(4,494)	4,884
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Unwinding of fair value adjustments		-	(815)
Share based payments not deductible		676	17
Hedging adjustments not assessable/(deductible)		-	1,159
Write-off remaining RV uplift		838	-
Tax losses utilised		-	(1,010)
Inventory tax adjustment		(7)	3,998
Tax on undistributed earnings Fleet Aust Subco			127
Others		213	386
Income tax expense / (benefit)		(2,774)	8,746
(c) Amounts recognised directly in equity			
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:			
Net deferred tax - debited/(credited) directly to equity		(1,307)	(2,493)

* *Refer to Note 41*

5 Income tax expense (continued)

(e) Tax consolidation legislation

Fleet Aust Pty Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(g)(i).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement where, in respect of a tax-related period, the head company has a tax-related liability, each group member that was a contributing member at any time during that tax-related period is allocated to pay upon demand being made by the Commissioner, its allocated amount in relation to that tax-related liability representing a reasonable allocation of that tax-related liability to the group member.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Fleet Aust Pty Limited for any current tax payable assumed and are compensated by Fleet Aust Pty Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Fleet Aust Pty Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

(f) Franking credits

	Consolidated	
	2014	2013
	$'000	$'000
Franked dividends (Australia)		
Franking credits available for subsequent financial years based on a tax rate of 30% (2013: 30%)	14,975	2,587
	14,975	2,587

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax
(b) franking debtors that will arise from the payment of dividends recognised as liability at the reporting date and
(c) franking creditors that will arise from the receipt of dividends recognised as receivables at the reporting date

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of controlled entities were paid as dividends.

6 Current assets - Cash and cash equivalents

	Consolidated	
	2014	2013
	$'000	$'000
Operating accounts	42,999	59,030
Restricted		
Operating accounts	22,283	17,945
Liquidity reserve accounts	18,988	20,732
Vehicle servicing accounts	24,389	25,871
Maintenance reserve accounts	72	44
Cash at bank and on hand	65,732	64,592
Total as disclosed in statement of cash flows	108,731	123,622

The weighted average interest rate received on cash and cash equivalents for the year was 2.34% (2013: 2.29%).

Liquidity reserve/Collection/maintenance reserve accounts represent cash held by the entity as required under the funding arrangements and are not available as free cash for the purposes of operations of the Group until such time as the obligations of each Trust are settled.

7 Current assets - Trade and other receivables

	Consolidated 2014 $'000	Consolidated 2013 $'000
Net trade receivables		
Trade receivables	31,363	22,917
Provision for doubtful debts	(6,241)	(3,862)
	25,122	19,055
Sundry debtors	7,711	4,153
Prepayments	10,333	2,010
Other assets	950	946
Total trade and other receivables	44,116	26,164

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of $6,241,417 (2013: $3,861,971) has been recorded accordingly.

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
At 1 October	3,862	3,101
Provision for doubtful debts recognised during the year, net	2,379	761
At 30 September	6,241	3,862

An analysis of unimpaired trade receivables that are past due is given in Note 36(b)(iii).

The creation and release of the provision for impaired receivables has been included in the statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

8 Current assets - Finance leases

	Consolidated 2014 $'000	Consolidated 2013 $'000
Gross investment	74,481	82,665
Unearned income	(12,748)	(13,329)
	61,733	69,336

Assets leased under finance leases are classified and presented as lease receivables.

The future minimum lease payments under non-cancellable leases are disclosed in note 27.

9 Inventory

	Consolidated 2014 $'000	Consolidated 2013 $'000
Motor vehicles, at lower of cost / net realisable value	11,970	12,680

10 Current assets - Receivables - Advances to related parties

	Consolidated 2014 $'000	Consolidated 2013 $'000
Fleet Holding (NZ) Limited	-	210
Fleet NZ Limited	-	5,036
	-	5,246

The Australian related party receivables are on an interest free basis. The related party receivable from Fleet Holding (NZ) Limited and Fleet NZ Limited is charged interest at the prevailing bank bill rate on the 14th of each month, plus 2%.

11 Non-current assets - Property, plant and equipment

	Plant and equipment $'000	Fixture and fittings $'000	Motor vehicles $'000	Total $'000
Year ended 30 September 2013 *Restated				
Opening net book amount	3,161	990	628,844	**632,995**
Additions	2,063	10	183,204	**185,277**
Transfers to inventory	-	-	(82,327)	**(82,327)**
Impairment charge	-	-	(1,959)	**(1,959)**
Depreciation charge	(1,028)	(137)	(135,642)	**(136,807)**
Closing net book amount	**4,196**	**863**	**592,120**	**597,179**
At 30 September 2013 *Restated				
Cost	7,543	1,087	962,893	**971,523**
Accumulated depreciation and impairment	(3,347)	(224)	(370,773)	**(374,344)**
Net book amount	**4,196**	**863**	**592,120**	**597,179**
Year ended 30 September 2014				
Opening net book amount	4,196	863	592,120	**597,179**
Property, plant and equipment acquired as part of business combination (note 36)	696	-	19,115	**19,811**
Additions	2,325	3	178,518	**180,846**
Transfers to inventory	-	-	(74,977)	**(74,977)**
Impairment charge	-	-	(4,865)	**(4,865)**
Depreciation charge	(1,297)	(139)	(131,529)	**(132,965)**
Closing net book amount	**5,920**	**727**	**578,382**	**585,029**
At 30 September 2014				
Cost	10,564	1,090	982,793	**994,447**
Accumulated depreciation and impairment	(4,644)	(363)	(404,411)	**(409,418)**
Net book amount	**5,920**	**727**	**578,382**	**585,029**

	Consolidated 2014 $'000	Consolidated 2013 *Restated $'000
Motor vehicle operating leases reported as property, plant and equipment		
Operating leases terminating within 12 months	**168,646**	155,935
Operating leases terminating after more than 12 months	**409,736**	436,185
	578,382	592,120
Net book amount of property, plant and equipment		
Plant and equipment	**5,920**	4,196
Fixture and fittings	**727**	863
	6,647	5,059
Total property, plant and equipment	**585,029**	597,179

* *See Note 41.*

11 Non-current assets - Property, plant and equipment (continued)

(i) Non-current assets pledged as security

Refer to note 16 for information on non-current assets pledged as security by the Group.

(ii) Leasing arrangements

Some of the motor vehicles are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of motor vehicles are as follows:

	Consolidated	
	2014	2013
	$'000	$'000
Minimum lease payments under non-cancellable operating leases of motor vehicles not recognised in financial statements are receivable as follows:		
Within one year	303,408	268,045
Later than one year but not later than 5 years	393,209	492,216
Later than 5 years	8,572	6,214
	705,189	766,475

12 Non-current assets - Deferred tax assets

	Consolidated	
	2014	2013 Restated*
	$'000	$'000
The balance comprises temporary differences attributable to:		
Doubtful debt provision	1,891	1,022
Deferred revenue	836	1,930
Accruals	6,835	2,341
Employee provisions	1,036	566
Hedging assets and liabilities	2,971	4,225
Blackhole/Borrowing Deductions	5,366	-
Leasing Adjustments	267	-
Other	3,537	1,957
Total deferred tax assets	22,739	12,041
Movements:		
Opening balance at 1 October	12,041	18,209
Credited/(charged) to the statements of comprehensive income	6,726	(3,675)
Charged / (credited) to equity (note 24)	(1,307)	(2,493)
Acquired through business combinations	5,279	-
Closing balance at 30 September	22,739	12,041
Set-off of deferred tax liabilities pursuant to set-off provisions (note 20)	15,512	10,678
Closing balance at 30 September - Net DTA	7,227	1,363

* *See Note 41.*

12 Non-current assets - Deferred tax assets (continued)

	Doubtful debt provision	Deferred revenue	Hedging assets and liabilities	Accruals, employee provisions and other	Total
	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 October 2013 (Restated*)	1,022	1,930	4,225	4,864	12,041
Acquired through business combinations	7	344	-	4,928	5,279
Credited/ (charged) to the statements of comprehensive income	861	(1,439)	53	7,251	6,726
Charged to equity	-	-	(1,307)	-	(1,307)
Closing balance at 30 September 2014	1,890	835	2,971	17,043	22,739

* *Refer to Note 41*

13 Non-current assets - Intangibles

	Brand names	Customer relationships	Software	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000
At 30 September 2013					
Opening net book amount	-	-	10,637	152,957	163,594
Additions	-	-	657	-	657
Adjustment for contingent consideration	-	-	-	(9)	(9)
Amortisation charge	-	-	(1,415)	-	(1,415)
Closing net book amount	-	-	9,879	152,948	162,827
At 30 September 2013					
Cost	-	-	11,599	152,948	164,547
Accumulated amortisation and impairment	-	-	(1,720)	-	(1,720)
Net book amount	-	-	9,879	152,948	162,827
At 30 September 2014					
Opening net book amount	-	-	9,879	152,948	162,827
Intangibles acquired as part of business combination (note 36)	2,478	29,342	-	173,854	205,674
Additions	-	-	297	-	297
Impairment charge	-	-	(6,058)	-	(6,058)
Amortisation charge	(21)	(479)	(1,450)	-	(1,950)
Closing net book amount	2,457	28,863	2,668	326,802	360,790
At 30 September 2014					
Cost	2,478	29,342	11,896	326,802	370,518
Accumulated amortisation and impairment	(21)	(479)	(9,228)	-	(9,728)
Net book amount	2,457	28,863	2,668	326,802	360,790

13 Non-current assets - Intangibles (continued)

(i) Impairment test for goodwill

For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units (CGUs), which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Consolidated	
	2014	2013
	$'000	$'000
Corporate	123,888	123,888
Consumer	29,060	29,060
Unallocated	173,854	-
Goodwill allocation at 30 September	326,802	152,948

Goodwill on the acquisition of FleetPlus has not been allocated to cash-generating units at 30 September 2014 as the final assessment of the benefits to relevant cash generating units is yet to be finalised (refer note 36). No events or circumstances have been noted that would result in a potential impairment to this unallocated goodwill.

Goodwill is reviewed on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. There is no impairment recognised in 2014 (2013: nil). The impairment test is applied consistently for all cash generating units that have goodwill allocated and is based on value in use. The value in use was determined by discounting future cash flows generated from the businesses. Cash flows were projected based on a three-year forecast prepared by management for the applicable cash generating unit, with an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management.

The following key assumptions were used:

- Long term growth rate 2.50% (2013: 5.00%)
- Discount rate 11% (2013: 7.04%)

The growth rate reflects the long-term average growth rates of the segments based on historical data and adjusted for forecast expectations of industry performance. The long term average growth rate for the units' exceeds the long term average growth rate as a reflection of the relative growth potential of the units and to allow for an improvement in market position.

Growth rates are reviewed on an annual basis and adjusted based on forecasted expectations of the industry performance, historical data and risks to these expectations.

The discount rate of 11% for 2014 takes into consideration the capital and financing structure of the business going forward and adjusted to factor in the changes to the cash flow model which considers the net cash flows and the distribution of these cash flows to equity investors. The discount rate of 7.04% for 2013 was calculated based on the capital and finance structure of the business at that point in time and the model considered the distribution of cash flows to equity and note holders.

14 Non-current assets - Finance leases

	Consolidated 2014 $'000	2013 $'000
Gross investment	100,895	116,670
Unearned income	(13,222)	(14,013)
	87,673	102,657

Assets leased under finance leases are classified and presented as lease receivables.

The future minimum lease payments under non-cancellable leases are disclosed in note 27.

15 Current liabilities - Trade and other liabilities

	Consolidated 2014 $'000	2013 Restated $'000
Trade payables	32,245	6,355
Lease liability	13,888	-
Accrued expenses	11,470	6,335
Current tax liabilities	2,310	2,615
Maintenance income received in advance	7,384	6,447
Contingent consideration (a)	6,580	6,375
Payable to related party - Fleet NZ Limited	5,028	36
Other payables	11,126	14,591
	90,031	42,754

(a) Secured liabilities and assets pledged as security

Contingent consideration - Acquisition of Pacific Leasing Solutions (Australia) Pty Limited		
Balance 1 October	6,375	6,078
Interest expense	205	306
Adjustment for contingent consideration	-	(9)
Balance 30 September	6,580	6,375

The value as disclosed is part of the consideration referred to in note 26.

* *Refer to Note 41*

16 Current liabilities - Current Borrowings

	Consolidated	
	2014	2013
	$'000	$'000
Secured		
Bank loans - secured	159,985	10,003
Cumulative convertible redeemable preference shares (c)	25,000	-
Borrowing costs	(18)	(2,309)
Notes payable	198,114	185,318
Total secured current borrowings	383,081	193,012

(a) Secured liabilities and assets pledged as security

As set out in note 1(s), borrowings are stated net of unamortised transaction costs of $18,000 (2013: $2,309,000) at 30 September 2014.

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2014	2013
	$'000	$'000
Bank overdrafts and bank loans (1)	159,985	10,003
Borrowing costs	(18)	(2,309)
Notes payable	684,324	747,163
Total secured liabilities	844,291	754,857

(1) Bank overdrafts and bank loans are secured by fixed and floating charges over the assets of these entities: Pacific Leasing Solution (Australia) Pty Limited; Leasing Finance (Australia) Pty Limited; Fleet Holding Pty Limited; PLS Notes (Australia) Pty Limited; Fleet Partners Pty Limited and FP Turbo Trust 2007-1. The carrying amount of assets pledged as collateral was $1,293,063,000 (2013: $1,102,543,000).

(b) Compliance with loan covenants

Fleet Aust Pty Limited has complied with financial covenants of its borrowing facilities during the 2014 and 2013 reporting periods.

(c) Cumulative convertible redeemable preference shares

Cumulative convertible redeemable preference shares were issued upon the acquisition of Fleet Plus (refer to Note 36). Dividends become payable after 1 January 2015. The Group has the right to redeem the preference shares at the face value plus any unpaid dividends under certain terms of issuance.

17 Current liabilities - Derivative financial instruments

	Consolidated	
	2014	2013
	$'000	$'000
Current liabilities		
Interest rate swaps - cash flow hedges	9,903	15,190
Total current derivative financial instrument liabilities	9,903	15,190

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies.

Interest rate swap contracts - cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 5.81% (2013: 5.98%). It is policy to protect the Group from exposure to fluctuations in interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 98.85% (2013: 89.68%) of the variable loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rates range between 3.66% and 7.29% (2013: 4.02% and 7.29%). The variable rate is the 30 day bank bill rate (BBSW) which at the end of the reporting period was 2.64% (2013: 2.56%).

The contracts require settlement of net interest receivable or payable each 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised.

18 Current liabilities - Current Provisions

	Consolidated	
	2014	2013
	$'000	$'000
Employee benefits - annual leave	2,141	1,036
Provision for Restructuring	3,985	-
Provision for payroll tax	153	144
	6,279	1,180

(a) Movements in annual leave provisions

	2014	2013
Current		
Carrying amount at start of year	1,036	1,098
Charged/(credited) to profit or loss	-	-
- additional provisions recognised/(provisions reversed)	(673)	1,702
Acquired through businesscombinations	3,278	-
Amounts used during the year	(1,500)	(1,764)
Carrying amount at end of year	2,141	1,036

(b) Movements in restructuring provisions

	2014	2013
Current		
Carrying amount at start of year	-	-
Charged/(credited) to profit or loss	3,985	-
Carrying amount at end of year	3,985	-

19 Non-current liabilities – Borrowings

	Consolidated 2014 $'000	Consolidated 2013 $'000
(a) Secured loans		
Notes payable	486,210	561,845
Total secured non-current borrowings	486,210	561,845

(b) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Loan facilities used at reporting date	684,324	747,164
Loan facilities unused at reporting date	117,676	54,836
Total loan facilities available	802,000	802,000

The secured borrowings may be drawn at any time and is subject to annual review. Subject to the continuance of satisfactory credit ratings, the borrowing facilities may be drawn at any time and have an average maturity of 12 months (2013 - 12 months).

20 Non-current liabilities - Deferred Tax Liabilities

	Consolidated 2014 $'000	Consolidated 2013 $'000
The balance comprises temporary differences attributable to:		
Leasing adjustments	3,146	6,855
Acquisition costs	3,718	3,718
Other	265	105
Intangible Assets	8,383	-
Total deferred tax liabilities	15,512	10,678
Movements:		
Opening balance at 1 October	10,678	12,877
Charged/(credited) to the statements of comprehensive income	(3,751)	(2,199)
Acquired through business combinations	8,585	-
Closing balance at 30 September	15,512	10,678
Set-off of deferred tax assets pursuant to set-off provisions (note 12)	22,739	12,041
Closing balance at 30 September - net DTA	7,227	1,363

20 Non-current liabilities - Deferred Tax Liabilities (continued)

	Leasing Adjustments	Acquisition Costs	Hedge Adj	Intangible Assets, Others	Total
	$'000	$'000	$'000	$'000	$'000
Opening balance at 2013 (Restated*)	6,855	3,718	(10)	115	**10,678**
Acquired through business combinations	52	-	-	8,533	**8,585**
Credited/ (charged) to the statements of comprehensive income	(3,761)	-	10	-	**(3,751)**
Closing balance at 2014	**3,146**	**3,718**	**-**	**8,648**	**15,512**

* *See Note 42.*

21 Non-current liabilities - Provisions

	Consolidated 2014 $'000	Consolidated 2013 $'000
Employee benefits - long service leave	**1,312**	794

(a) Movements in long service leave provisions

Non-current

	2014	2013
Carrying amount at start of year	**794**	909
Acquired from business combinations	**351**	-
Charged/(credited) to the statements of comprehensive income	**300**	13
Amounts used during the year	**(133)**	(128)
Carrying amount at end of year	**1,312**	794

22 Non-current liabilities - Payables - Advances from related parties

	Consolidated	
	2014 $'000	2013 $'000
Promissory note - Ironbridge Capital II A Pty Limited	**9,190**	8,302
Promissory note - Ironbridge Capital II B Pty Limited	**9,189**	8,300
Promissory note - Ironbridge Capital Limited	**28,565**	25,871
Promissory note - Sing Glow Investment Pte Limited	**47,442**	42,849
IronBridge Cayco Loan Notes	**6,865**	6,130
	101,251	91,452

Promissory notes amounting to $61,779,232 issued in 2006 with a maturity date of 1 November 2019 and incorporate an implicit rate of 10% per annum. Promissory notes amounting to $13,964,876 issued in 2010 with an implicit rate of 12% per annum with a maturity date of 30 September 2020. The total liability plus interest will be payable on this date. Promissory notes are measured at amortised cost.

23 Contributed equity

	Consolidated		Consolidated	
	2014 Shares	2013 Shares	2014 $'000	2013 $'000
(a) Share capital				
Fully paid ordinary shares	**95,527,903**	95,125,369	**84,366**	83,440
(b) Other equity securities				
Treasury shares	**10,204,578**	4,034,651	**-**	-
Total issued equity	**105,732,481**	99,160,020	**84,366**	83,440

(c) Movements in ordinary share capital:

Date	Details	Number of shares	$'000
1 October 2012	Opening balance	95,017,796	83,222
8 May 2013	Issued capital	107,573	218
30 September 2013	Closing balance	**95,125,369**	**83,440**
1 October 2013	Opening balance	95,125,369	83,440
25 September 2014	Issued capital	402,534	926
30 September 2014	Closing balance	**95,527,903**	**84,366**

(d) Treasury shares

Treasury shares are shares in Fleet Aust Pty Limited that are held by Fleet Aust Employee Share Trust or by staff. These shares are issued under the Fleet Aust Employee Share scheme and the executive short-term incentive (STI) scheme. The shares that have not been settled in cash are funded with a loan and are in substance and option and are reflected with zero value until such time that they are settled in cash so as to exercise the option. See note 38 for further information.

Details	Number of shares
Opening balance 1 October 2012	4,142,224
Shares transferred to fully paid ordinary shares	(107,573)
Balance at 30 September 2013	**4,034,651**
Issue of treasury shares 25 September 2014	6,169,927
Balance at 30 September 2014	**10,204,578**

24 Reserves and retained earnings

	Consolidated 2014 $'000	2013 Restated* $'000
(a) Other reserves		
Hedging reserve - cash flow hedges	**(6,102)**	(9,152)
Treasury reserve	**(1,929)**	(845)
Foreign currency translation reserve	**(48)**	-
Share - based payments reserve	**5,754**	3,453
Total other reserves	**(2,325)**	(6,544)
Movements:		
Hedging reserve - cash flow hedges		
Balance 1 October	**(9,152)**	(14,960)
Revaluation	**4,357**	8,301
Deferred tax	**(1,307)**	(2,493)
Balance 30 September	**(6,102)**	(9,152)
Movements:		
Share - based payments reserve		
Balance 1 October	**3,453**	3,374
Options issued to employees of controlled entities during the year	**2,301**	79
Balance 30 September	**5,754**	3,453

(b) Retained earnings/(accumulated losses)

Movements in retained earnings/(accumulated losses) were as follows:

	Consolidated 2014 $'000	2013 Restated* $'000
Balance 1 October	**117,951**	110,417
Net profit/(loss) for the year	**(12,206)**	7,534
Balance 30 September	**105,745**	117,951

(c) Nature and purpose of reserves

(i) Foreign currency translation reserve

Foreign currency translation of the foreign controlled entities is taken to the foreign currency translation reserve as described in note 1(c). The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) Share-based payment reserve

The Share-based payment reserve is used to recognise:
- the fair value of options and rights issued to Directors and employees but not exercised
-the fair value of shares issued to Directors and employees
- other share-based payment transactions

(iii) Cash flow hedge reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income as described in note 1(o). Amounts are reclassified to profit or loss when the associated hedge transaction affects profit or loss.

(iv) Treasury reserve

Treasury shares are shares in Fleet Aust Pty Limited that are held by Fleet Aust Employee Share Trust or by staff, for the purpose of issuing shares under the Fleet Aust Employee Share scheme and the executive short-term incentive (STI) scheme. See note 38 for further information.

** Refer to Note 41*

25 Key management personnel disclosures

	Consolidated 2014 $'000	2013 $'000
Short-term employee benefits	2,723	2,694
Post-employment benefits	98	108
Termination benefits	1,535	53
Share-based payments	2,301	79
	6,657	2,934

The above relates to the full amount paid to key management personnel for the financial year, and a portion of this has been recharged to Fleet NZ.

26 Contingencies

Under the terms of the sale agreement on the acquisition of Pacific Leasing Solutions Pty Ltd, a further cash component of consideration may be payable to Nikko Fleet Holdings NV of up to AUD 65 million by Fleet Aust Pty Ltd and Fleet NZ Limited, based on achievement of certain performance conditions. The deferred consideration discussed under note 15 is an estimate of the probable consideration that will be paid as at the end of each reporting period.

Apart from the above, at 30 September 2014 the parent entity and Group had no further contingent liabilities or assets.

27 Commitments

(a) Telecommunication commitments

Telecommunication commitments contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated 2014 $'000	2013 $'000
Telecommunication commitments	1,335	1,918

(b) Lease commitments: Group as lessee

(i) Operating leases

Fleet Partners Pty Limited, a controlled entity of Fleet Aust Pty Limited, leases various offices under non-cancellable operating leases expiring within the next five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments in relation to leases contracted for at the end of each reporting period but not recognised as liabilities, payable:

	Consolidated 2014 $'000	2013 $'000
Within one year	1,996	1,857
Later than one year but not later than five years	8,154	7,349
Later than five years	-	1,895
	10,150	11,101

27 Commitments (continued)

(c) Lease commitments: Group as lessor

(i) Finance leases

Future minimum lease payments due to the group under non-cancellable leases.

	Consolidated	
	2014	2013
	$'000	$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	61,733	69,336
Later than one year but not later than five years	87,654	102,641
Later than five years	19	16
Minimum lease payments	149,406	171,993

(ii) Operating leases

The Group leases out motor vehicles on operating leases (see Note 11).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 September 2014, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $27,702,935. These commitments are not recognised as liabilities as the relevant assets have not yet been received.

28 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related parties.

	Consolidated	
	2014	2013
	$	$
(a) Audit and assurance services		
Audit Services		
PwC Australian firm:		
Audit and review of financial statements	449,550	377,190
Under accrual relating to previous year audit	70,321	91,646
Audit overruns relating to FY2012	-	274,422
Total for audit services for PwC	519,871	743,258
KPMG Australian firm:		
Audit and review of financial statements	416,500	-
Other assurance services	128,939	-
Total for audit services for KPMG	545,439	-
(b) Non-audit services		
PwC Australian firm:		
Tax services	-	243,500
Transactional advisory services	1,434,587	413,895
Other	-	10,000
Total remuneration for non-audit services for PwC	1,434,587	667,395
Total remuneration for PwC	1,954,458	1,410,653
KPMG Australian firm:		
Other	45,000	-
Total remuneration for non-audit services for KPMG	45,000	-
Total remuneration for KPMG	590,439	-

29 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	2014	2013 Restated*
	$'000	$'000
Profit (loss) for the year	(12,206)	7,534
Depreciation and amortisation	140,973	138,221
Doubtful debts	3,744	2,674
Restructuring expenses	3,985	-
Share based payments expense	2,301	79
Fleet and stock impairment	5,587	2,016
Interest on promissory notes	9,851	8,587
Unwind on contingent consideration	205	297
Net (gain)/loss on sale of non-current assets	7,220	3,092
Hedging loss	(403)	-
Net cash inflow from operating activities before change in assets and liabilities	161,257	162,500
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(2,500)	10,804
(Increase)/decrease in current tax receivable	-	7
(Increase)/decrease in deferred tax assets/ liabilities	(9,024)	3,968
(Decrease)/increase in trade and other liabilities	9,628	(19,921)
(Decrease)/increase in current tax liabilities	(3,250)	3,053
(Decrease)/increase in current provisions	(1,682)	(407)
(Decrease)/increase in other current liabilities	937	(3,105)
Net cash inflow/(outflow) from operating activities	155,366	156,899

* *Refer to Note 41.*

30 Deed of cross guarantee

Fleet Aust Pty Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited and Fleet Partners Franchising Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Fleet Aust Pty Limited, they also represent the 'Extended Closed Group'. Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 September 2014 of the Closed Group consisting of Fleet Aust Pty Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited and Fleet Partners Franchising Pty Limited.

	Consolidated	
	2014	2013 Restated*
	$'000	$'000
Income Statement		
Revenue from continuing operations	274,408	297,258
Cost of revenue	(155,519)	(158,289)
Finance costs	(45,628)	(58,605)
Net operating income before operating expenses and impairment charges	73,261	80,364
Impairment losses on loans and receivables	(3,720)	(2,674)
Net operating income before operating expenses	69,541	77,690
Employee benefit expense	(36,061)	(31,207)
Depreciation and amortisation expense	(8,944)	(2,579)
Operating overheads	(24,267)	(19,037)
Total overheads	(69,272)	(52,823)
Operating finance costs	(19,158)	(8,587)
Income tax benefit/(expense)	4,046	(8,746)
Profit/(loss) for the year	(14,843)	7,534
Other comprehensive income, net of tax	3,002	5,808
Total comprehensive income for the year	(11,841)	13,342

Set out below is a consolidated balance sheet as at 30 September 2014 of the Closed Group consisting of Fleet Aust Pty Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited and Fleet Partners Franchising Pty Limited.

* *Refer to Note 41.*

30 Deed of cross guarantee (continued)

	Consolidated 2014 $'000	Consolidated 2013 Restated* $'000
ASSETS		
Current assets		
Cash and cash equivalents	39,346	59,030
Restricted cash and cash equivalents	65,732	64,592
Trade and other receivables	21,840	26,164
Finance leases	61,560	69,336
Inventory	10,640	12,680
Operating leases reported as property, plant and equipment	168,646	155,935
Receivables - Advances from related parties	672	5,246
Total current assets	368,436	392,983
Non-current assets		
Property, plant and equipment	5,816	5,059
Operating leases reported as property, plant and equipment	390,691	436,185
Other receivables	-	-
Deferred tax assets	10,990	1,363
Intangibles	305,506	162,827
Finance leases	87,673	102,657
Total non-current assets	800,676	708,091
Total assets	1,169,112	1,101,074
LIABILITIES		
Current liabilities		
Trade and other liabilities	44,676	42,754
Borrowings	332,692	193,012
Derivative financial instruments	9,903	15,190
Provisions	5,692	1,180
Total current liabilities	392,963	252,136
Non-current liabilities		
Borrowings	486,210	561,845
Provisions	961	794
Payables - Advances from related parties	101,251	91,452
Total non-current liabilities	588,422	654,091
Total liabilities	981,385	906,227
Net assets	187,727	194,847
EQUITY		
Contributed equity	84,366	83,440
Reserves	(2,373)	(6,544)
Retained earnings	105,734	117,951
Total equity	187,727	194,847

* *Refer to Note 41.*

31 Events occurring after the end of the reporting period

There have been no significant events occurring after the end of the reporting period other than those that have been listed below.

(a) Transactions involving common ownership

On 1 October 2014, a Group restructure was undertaken whereby Fleet NZ Limited and controlled entities, a related party of the Group incorporated in New Zealand and controlled by the same consortium of investors was acquired by Fleet Aust Pty Limited.

The financial effects of this transaction have not been brought to account at 30 September 2014. The operating results and assets and liabilities of the company will be consolidated from 1 October 2014.

The assets and liabilities of the Fleet NZ Limited in Australian dollars will be recognised using the carrying value as at the date of acquisition. The carrying value of the assets and liabilities of Fleet NZ limited at the date of the restructure are as follows:

	Carrying Value $'000
Cash and cash equivalents	42,896
Trade and other receivables	23,534
Finance leases	13,265
Derivative financial instruments	276
Inventory	9,643
Property, plant and equipment	1,147
Deferred tax assets	8,498
Intangibles	119,306
Operating leases reported as property, plant and equipment	322,357
Management share loans	743
Trade and other liabilities	(73,207)
Borrowings	(305,643)
Provisions	(2,719)
Deferred tax liabilities	(24,633)
	135,463

(b) Business combinations

On 1 October 2014 the Group entered into a contract to acquire 100% of the equity of the following companies:

- CarLoans.com.au Pty Ltd
- Fleet Choice Pty Ltd
- CarLoans.co.nz Limited

The businesses are acquired to support the growth and diversification strategy in the Australian and New Zealand market.

Completion occured on 16th of October 2014. The business was acquired for a value of $30 million. The $30 million was satisfied by payment of cash $12 million, issue of $12 million Cumulative Redeeming Preference Shares and deferred consideration of $6 million.

32 Interests in other entities

Controlled entities
The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(b):

	Principal activities	Country of incorporation	Percentage of shares held	
			2014	2013
Fleet Aust Subco Pty Ltd	Employee share scheme administration	Australia	100%	100%
Pacific Leasing Solutions Pty Ltd	Investment company	Australia	100%	100%
Leasing Finance (Australia) Pty Ltd	Investment company	Australia	100%	100%
PLS Notes (Australia) Pty Ltd	Acquire funding	Australia	100%	100%
Fleet Holding (Australia) Pty Ltd	Administration services	Australia	100%	100%
Fleet Partners Pty Ltd	Fleet services	Australia	100%	100%
FP Turbo Series 2010-1 Trust	Fleet services	Australia	100%	100%
FP Turbo Series 2007-1 (Australia)	Fleet services	Australia	100%	100%
FP Turbo Series 2014-1 Trust	Fleet services	Australia	100%	0%
Fleet Partners Franchising Pty Ltd	Investment company	Australia	100%	100%
FleetPlus Holdings Pty Limited	Administration services	Australia	100%	0%
FleetPlus Pty Ltd	Fleet services	Australia	100%	0%
FleetPlus Ltd	Fleet services	New Zealand	100%	0%

33 Related party transactions

(a) Parent entities
The Company is predominately owned by a consortium of investors. No single party is considered the ultimate parent and controlling party.

(b) Transactions with related parties (Group and Company)
The following transactions occurred with related parties:

The related party payables among Australian entities are interest free and are not due for payment within the next 12 months. The 2006 promissory notes accrue interest at a rate of 10% per annum, and mature on 1st November 2019, whereas the 2010 promissory notes accrue interest at a rate of 12% per annum, and mature on 30 September 2020.

Interest income of $nil (2013: $209,611) was received from Fleet Holding (NZ) Limited and interest expense of $906 (2013: $nil) was paid to Fleet Holding (NZ) Limited. Interest income of $135,055 (2013: $128,375) was received from Pacific Leasing Solutions (NZ) Limited during the period.

33 Related party transactions (continued)

(c) Receivables from related parties

	Consolidated 2014 $'000	2013 $'000
Fleet Holding (NZ) Limited	-	210
Fleet NZ Limited	-	5,036
	-	5,246

(d) Loans to/from related parties

	Consolidated 2014 $'000	2013 $'000
Promissory note - Ironbridge Capital II A Pty Limited	**9,190**	8,302
Promissory note - Ironbridge Capital II B Pty Limited	**9,189**	8,300
Promissory note - Ironbridge Capital Limited	**28,565**	25,871
Promissory note - Sing Glow Investment Pte Limited	**47,442**	42,849
IronBridge Cayco Loan Notes	**6,865**	6,130
Fleet NZ Limited	**5,028**	36
	106,279	91,488

Promissory notes amounting to $61,779,232 issued in 2006 with a maturity date of 1 November 2019 and incorporate an implicit rate of 10% per annum. Promissory notes amounting to $13,964,876 issued in 2010 with an implicit rate of 12% per annum with a maturity date of 30 September 2020. The total liability plus interest will be payable on this date.

Promissory notes are measured at amortised cost.

The other related party payables are not due for payment within the next 12 months, and are on an interest free basis.

34 Earnings per share

	Consolidated	
	2014	2013
	Cents	Restated* Cents
(a) Basic Earnings per share		
From continuing operations attributable to the ordinary equity holders	(12.83)	7.93
Total basic earnings per share attributable to the ordinary equity	(12.83)	7.93
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity	(12.83)	7.93
Total diluted earnings per share attributable to the ordinary equity	(12.83)	7.93

	Consolidated	
	2014 $'000	2013 $'000
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit/(loss)attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	(12,206)	7,534
	(12,206)	7,534
Diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company:		
Used in calculating basic earnings per share	(12,206)	7,534
Used in calculating diluted earnings per share	(12,206)	7,534

	Consolidated	
	2014 Number	2013 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	95,131,986	95,060,826

* *Refer to Note 41.*

35 Business Combination

(a) Summary of acquisition - FleetPlus Limited

On 1 August 2014 the Group concluded the 100% acquisition of FleetPlus Holdings Pty Limited ("FleetPlus"). FleetPlus' principal activities include the provision of vehicle leasing, salary packaging and fleet management services in Australia and New Zealand. The business was acquired to support the businesses growth strategy in the Australian and New Zealand market.

Provisional goodwill of $173,854,000 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of FleetPlus' workforce and expected cost synergies. Goodwill on the acquisition has not been allocated to cash-generating units at 30 September 2014 as the allocation of benefits to relevant cash-generating units have not been finalised. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

FleetPlus recorded a profit before tax of $4.4 million for the two months from 1 August 2014 to reporting date. If FleetPlus had been acquired on 1 October 2013, revenue of the Group for 2014 would have increased by $62.5 million, and profit before tax for the year would have increased by $20.2 million.

	2014 $'000
Purchase consideration	
Cash paid	124,900
Loan provided	57,090
Cumulative Convertible Redeemable Preference shares issued	25,000
	206,990
Acquisition-related costs are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of other expenses.	1,555

	Carrying value $'000	Provisional fair value $'000
The carrying amounts and provisional fair values of the asset and liabilities acquired were:		
Cash and cash equivalents	15,167	15,167
Trade and other receivables	19,196	19,196
Inventory	1,603	1,603
Property, plant and equipment under operating leases	19,115	19,115
Property, plant and equipment	696	696
Finance leases	183	183
Intangible assets - Customer relationships	-	29,342
Intangible assets - Brand name	-	2,478
Trade and other liabilities	(30,272)	(30,270)
Borrowings	(14,845)	(14,845)
Provisions	(3,278)	(3,278)
Current tax liabilities	(2,945)	(2,945)
Deferred tax assets	5,279	5,279
Deferred tax liabilities	(8,585)	(8,585)
Total identifiable assets and liabilities	**1,314**	**33,136**
Goodwill on acquisition		173,854
Total		**206,990**

	2014 $'000
Purchase consideration - cash outflow	
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	(124,900)
Less: Balances acquired	15,167
Outflow of cash - Investing activities	(109,733)

35 Business Combination (continued)

(b) Summary of acquisition - ACS Financial Pty Ltd

On 31 July 2014 the Group completed the acquisition of the business assets of ACS Financial Pty Ltd, an entity that provides financial services specifically dedicated to servicing the Church, Charitable and Not For Profit sector companies.

	2014 $'000
Purchase consideration	
Cash paid	360
	360

	Carrying value $'000	Provisional fair value $'000
The carrying amounts and provisional fair values of the asset and liabilities acquired were:		
Provisions	(36)	(36)
Net carrying value	(36)	(36)
Goodwill and intangible assets recognised		396
Comprising:		
- Assets acquired		396
		396

Purchase consideration - cash outflow	2014 $'000
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	(360)
Outflow of cash - Investing activities	(360)
Total outflow of cash - Investing activities	**(110,093)**

36 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in AUD	Cash flow forecasting Sensitivity analysis	Ensure that its assets and liabilities in New Zealand are predominantly in New Zealand dollars.
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments and available-for-sale debt instruments	Aging analysis Credit rating	Retention of title over goods leased
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities

(a) Derivatives

Derivatives are only used for economic hedging purposes and not as trading or speculative instruments. The Group has the following derivative financial instruments:

	Consolidated	
	2014	2013
	$'000	$'000
Current liabilities		
Interest rate swap contracts - cash flow hedges	9,903	15,190
	9,903	15,190

36 Financial risk management (continued)

(b) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the New Zealand dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group manages its exposures to the New Zealand dollar by ensuring that its assets and liabilities in New Zealand are predominantly in New Zealand dollars.

For sensitivity measurement purposes, a +/–10% sensitivity in foreign exchange rates to the Australian dollar has been selected as this is considered realistic given the current levels of exchange rates, the recent levels of volatility and market expectations for future movements in exchange rates. Based on the financial instruments held at 30 September 2014, had the Australian dollar weakened/strengthened by 10% against the New Zealand dollar compared to year-end rates, with other variables held constant, the consolidated entity's after-tax profits for the year and equity would have been $2,509 higher/$2,509 lower, as a result of exposure to exchange rate fluctuations of foreign currency operations. All foreign exchange risk is due to the translation of the New Zealand on consolidation.

(ii) Interest rate risk

	2014		2013	
	Weighted average interest rate %	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Borrowings	**8.635%**	**869,291**	8.560%	754,857
Interest rate swaps (notional principal amount)	**3.716%**	**(676,454)**	3.755%	(751,978)
Unhedged variable debt		**192,837**		2,879

		Interest rate risk	
	Carrying amount	-1% Profit/ Equity	+1% Profit/ Equity
2014	$'000	$'000	$'000
Financial assets			
Cash and cash equivalents	108,731	(1,087)	1,087
Loans and receivables			
- Fixed interest rate	149,406	-	-
Total increase/(decrease)	**258,137**	**(1,087)**	**1,087**
Financial liabilities			
Payables	91,447	-	-
Borrowings			
- Fixed interest rate	101,251	-	-
- Floating rate	869,291	8,693	(8,693)
Derivatives used for hedging	9,903	(9,036)	7,737
Total increase/(decrease)	**1,071,892**	**(343)**	**(956)**

36 Financial risk management (continued)

(b) Market risk (continued)

(ii) Interest rate risk continued

2013	Carrying amount $'000	Interest rate risk -1% Profit/ Equity $'000	+1% Profit/ Equity $'000
Financial assets			
Cash and cash equivalents	123,622	(1,236)	1,236
Loans and receivables			
- Fixed interest rate	177,239	-	-
Total increase/(decrease)	**300,861**	**(1,236)**	**1,236**
Financial liabilities			
Payables	42,754	-	-
Borrowings			
- Fixed interest rate	91,452	-	-
- Floating rate	754,857	7,549	(7,549)
Derivatives used for hedging	15,190	(9,036)	7,737
Total increase/(decrease)	**904,253**	**(1,487)**	**188**

(iii) Credit risk

	Consolidated 2014 $'000	2013 $'000
Unimpaired past due loans and receivables		
Past due under 30 days	**6,165**	5,145
Past due 30 days to under 60 days	**1,004**	1,479
Past due 60 days to under 90 days	**-**	922
Past due 90 days and over	**-**	-
Total unimpaired past due loans and receivables	**7,169**	7,546
Total unimpaired loans and receivables	**25,122**	19,055
Unimpaired past due as a percentage of total unimpaired loans and receivables	**29%**	40%
Unimpaired past due 30 days and over as a percentage of total unimpaired loans and receivables	**4%**	8%

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. To mitigate against liquidity risk the Group maintains cash reserves and committed undrawn credit facilities to meet anticipated funding requirements for new business. In addition, the Group can redraw against its committed credit limits if the principal outstanding is reduced by the contractual amortisation payments. Details of unused available loan facilities are set out in Note 19.
Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Amounts due to funders are repaid directly by rental and repayments received from the Group's customers.

The table below analyses the Group's contractual financial liabilities into relevant maturity groupings. The amounts disclosed below are the contractual undiscounted cash flow. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

36 Financial risk management (continued)

(b) Market risk (continued)
(iv) Liquidity risk (continued)

Contractual maturities of financial assets and liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivative						
Trade and other liabilities	(90,031)	-	-	-	**(90,031)**	(90,031)
Borrowings	(383,081)	(157,645)	(294,771)	(33,794)	**(869,291)**	(869,291)
Provisions	(6,279)	(1,312)	-	-	**(7,591)**	(7,591)
Payables - Advances from related parties	-	(101,251)	-	-	**(101,251)**	(101,251)
Total non-derivatives	**(479,391)**	**(260,208)**	**(294,771)**	**(33,794)**	**(1,068,164)**	**(1,068,164)**
Derivatives						
Interest rate swaps	(5,873)	(3,263)	(2,050)	(69)	**(11,255)**	(9,903)
Total derivatives	**(5,873)**	**(3,263)**	**(2,050)**	**(69)**	**(11,255)**	**(9,903)**

Contractual maturities of financial assets and liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivative						
Trade and other liabilities	(42,754)	-	-	-	**(42,754)**	(42,754)
Borrowings	(193,012)	(184,399)	(355,717)	(21,729)	**(754,857)**	(754,857)
Provisions	(1,180)	-	-	-	**(1,180)**	(1,180)
Payables - Advances from related parties	-	(91,452)	-	-	**(91,452)**	(91,452)
Total non-derivatives	**(236,946)**	**(275,851)**	**(355,717)**	**(21,729)**	**(890,243)**	**(890,243)**
Derivatives						
Interest rate swaps	(9,463)	(5,873)	(5,167)	(214)	**(20,717)**	(15,190)
Total derivatives	**(9,463)**	**(5,873)**	**(5,167)**	**(214)**	**(20,717)**	**(15,190)**

36 Financial risk management (continued)

(b) Market risk (continued)

(v) Fair value risk

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

2014	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities					
Derivatives used for hedging		-	9,903	-	9,903
Total financial liabilities		-	9,903	-	9,903

2013	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities					
Derivatives used for hedging		-	15,190	-	15,190
Total financial liabilities		-	15,190	-	15,190

There were no transfers between levels for recurring fair value measurements during the year.

A description of each level in the hierarchy is as follows:

Level 1: The fair value of assets and liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These assets and liabilities are included in level 1.

Level 2: The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an asset or liability are observable, these are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the item is included in level 3. This is the case for unlisted equity securities.

Valuation techniques used to determine fair values

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of interest rates swaps are included in level 2. No other assets or liabilities held by the Group are measured at fair value.

37 Capital management

(a) Risk management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2014 $'000	2013 $'000
Net Debt	861,811	722,687
Total equity	187,786	194,847
Capital-to-overall financing ratio	22%	27%

38 Share-based payments

(a) Employee Option Plan

On 25 September 2008, Fleet Aust Pty Limited issued shares to employees of the Group with consideration partly satisfied by payments made by the employees in shares with the remaining balance satisfied by loans to the employees granted by Fleet Aust Pty Limited. These arrangements were granted under similar terms to the original PLS Management Share Scheme and are also considered to be "in substance options" and treated as share based payments. The options are expected to vest as at the 30th of November 2014.

On 25 September 2014, Fleet Aust Pty Limited issued shares to employees of the Group with consideration partly satisfied by payments made by the employees in cash with the remaining balance satisfied by loans to the employees granted by Fleet Aust Pty Limited. These arrangements are considered to be "in substance options" and treated as share-based payments. The options vested as at the 30th of September 2014. Whilst the above awards have been made by Fleet Aust Pty Limited, the employees provide services to other entities within the Group, and therefore the associated expenses are borne by those entities that receive the relevant employees' services, as well as the Group.

Set out below are summaries of options granted under the plan:

Grant Date	Expected vesting date	Exercise price	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Balance at end of the year Number
2014						
25 September 2008	30-Nov-14	$0.90	6,335,000	-	- 1,165,000	5,170,000
Weighted average exercise price			*$ 0.90*		*$ 0.90*	*$ 0.90*
24 June 2012	30-Nov-14	$2.11	735,217	-	- 735,217	-
Weighted average exercise price			*$ 2.11*		*$ 2.11*	*$ -*
8 May 2013	30-Nov-14	$2.03	562,224	-	- 216,240	345,984
Weighted average exercise price			*$ 2.03*		*$ 2.03*	*$ 2.03*
25 September 2014	30-Sep-14	$2.30		8,697,500		8,697,500
Weighted average exercise price				*$2.30*		*$2.30*
2013						
25 September 2008	31-Mar-14	$0.90	7,035,000	-	- 700,000	6,335,000
Weighted average exercise price			*$ 0.90*		*$ 0.90*	*$ 0.90*
24 June 2012	31-Mar-14	$2.11	735,217	-	-	735,217
Weighted average exercise price			*$ 2.11*			*$ 2.11*
8 May 2013	31-Mar-14	$2.03	-	562,224	-	562,224
Weighted average exercise price				*$ 2.03*		*$ 2.03*

(i) Fair value of options granted

The average assessed fair value at grant date of options granted during the year ended 30 September 2014 was $0.34 per option (2013: $1.84). The fair value at grant date is independently determined using a Binominal option pricing model (2013: Black-Scholes option pricing model). The models take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 September 2014 included:

(a) vesting date: 30 September 2014 (2013: 31 March 2014)
(b) expected life: 2.5 and 3.5 years (2013: 1 year)
(c) grant date: 25 September 2014 (2013: 8 May 2013)
(d) exercise price: $2.30 (2013: $2.03)
(e) share price at grant date: $1.48 (2013: $0.96)
(f) expected price volatility of the company's shares: 35% (2013: 38%)
(g) expected dividend yield: 5% (2013: 0%)
(h) risk-free interest rate: 2.64% (2013: 5.1%)

38 Share-based payments (continued)

The expected price volatility is representative of the level of uncertainty expected in the movements of the Company's share price over the life of the award. The price volatility was determined considering:

- the tendency of newly listed entities to show decreasing volatility early in their life;
- volatility of comparable listed companies; and
- the mean reversion tendency of volatilities.

(b) Expenses arising from share-based payment transactions

	Consolidated 2014 $'000	Consolidated 2013 $'000
Management share based payment expense	**2,301**	79

(c) Terms and conditions of Share Schemes

The share based payments issued on the 25th of September 2014 have no vesting conditions remaining and have vested. The options have expiry dates ranging between 5 and 7 years. The loans that have been granted to fund the acquisition of the shares are interest free. The loans can only be prepaid with dividends received or with the sale of the underlying shares. The shares issued may only be disposed of under the terms of the share deed which limits the transferability of the shares.

The share based payments issued in prior periods have the following terms and conditions:

- The shares are deemed to vest upon a listing event, which is currently expected to be 30 November 2014;
- Employees are unable to sell their shares without the consent of other shareholders;
- If an employee ceases employment with the Group, the departing employee must, if required by notice in writing by the Group, sell all of the shares held to a person or persons nominated by the Group;
  The price at which the employee must sell their shares will be market price if the employee completes five years of service (following the original grant date under the original Fleet Management Share Scheme), or ceases employment due to death, disability or redundancy. If the employee ceases employment for any other reason, the price will be the lower of cost and market value, where cost is the price at which the shares were purchased / issued, and where market value is the value ascribed to those shares by shareholder agreement;
- Dividends received on the shares are first used to repay the loans granted by the Company and Fleet Aust Pty Limited;
- No interest accrues on the loans;
- On sale of the shares the loans are considered to be fully satisfied by consideration received, even if this is less than the amount of loan outstanding at that time.

(d) Fair value of options granted

The fair value at grant date was independently determined using a Binominal option pricing model (2013: Black Scholes options pricing model) that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

39 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(k). The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of assumptions.

39 Critical accounting estimates and judgements (continued)

(ii) Income taxes
The Group is subject to income taxes in Australia and New Zealand. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(iii) Residual value and fair value adjustment
The Group reviews the value of leased property at regular intervals. Determining the residual value and any fair value adjustment on leased motor vehicles requires the use of assumptions, including the future value of motor vehicles, economic and vehicle market conditions and dynamics.

40 Parent entity information

a) Summary financial information
The individual financial statements for the parent entity show the following aggregate amounts:

	2014 $'000	2013 $'000
Balance sheet		
Current assets	2,468	3,497
Total assets	88,959	98,583
Current liabilities	(11,613)	(17,799)
Total liabilities	(11,613)	(17,799)
Shareholders equity		
Issued share capital	102,085	86,950
Employee share loan	(25,794)	(5,194)
Share based payment reserve	6,537	4,282
Retained earnings	(5,253)	(5,403)
	77,575	80,635
Profit/(loss) for the year	(229)	149
Total comprehensive income / (loss)	(229)	149

(b) Guarantees entered into by the parent entity
There are cross guarantees given by Fleet Aust Pty Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited and Fleet Partners Franchising Pty Limited as described in note 30.

No liability was recognised by the parent entity or the consolidated entity in relation to the above guarantee as the fair value of the guarantee is immaterial.

(c) Contingent liabilities of the parent entity
The parent entity did not have any contingent liabilities as at 30 September 2014 or 2013. For information about guarantees given by the parent entity, please see above.

(d) Contractual commitments for the acquisition of property, plant or equipment
As at 30 September 2014, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $27,702,935. These commitments are not recognised as liabilities as the relevant assets have not yet been received.

41 Restatement of Prior Period Balances

Notes 3, 5, 11, 12, 15, 20, 23 and 24 have been restated as indicated below.

i) Balance Sheet Restatements

During the course of the current financial year, the Group have become aware of the fact that:

a) Deferred tax assets had been incorrectly calculated which had resulted in an overstatement of net deferred tax assets and understatement of deferred tax expense in the prior periods.

b) Cashflow hedge reserve had been incorrectly calculated which had resulted in an overstatement of cashflow hedge reserve and understatement of retained earnings in the prior periods.

c) Employee share loans granted under share based payments have been reclassed and only fully paid shares have been recognised as equity. Previously all shares were recognised with a corresponding recognition of a financial asset.

d) Depreciation and the end of lease income had been incorrectly calculated and restated.

e) A tax liability was identified for the Fleet Aust Subco Pty Limited for the underlying trust where funds have not been distributed

As a result, the comparative figures summarised in the following table have been restated:

	30 September 2013	Increase/ (Decrease)	30 September 2013 (Restated)	1 October 2012	Increase/ (Decrease)	1 October 2012 (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000
Statement of Financial Position (Extract)						
Deferred Tax Assets (a)	13,499	(10,539)	1,363	13,827	(5,398)	5,331
Deferred Tax Assets (d)		(1,597)			(3,098)	
Operating leases reported as property,plant and equipment (d)	586,786	5,334	592,120	618,520	10,325	628,845
Trade and other liabilities (e)	(42,152)	(576)	(42,754)	(58,502)	(439)	(58,941)
Net Assets	**202,225**	**(7,378)**	**194,847**	**180,672**	**1,390**	**182,062**
Retained Earnings (a)		(10,539)			(5,398)	
Retained Earnings (b)	123,055	2,274	117,951	106,752	2,274	110,417
Retained Earnings (d)		3,161			6,789	
Cashflow Hedge Reserve (b)	(6,878)	(2,274)	(9,152)	(12,686)	(2,274)	(14,960)
Contributed equity (c)	86,950	(3,510)	83,440	86,950	(3,728)	83,222
Treasury share reserve (c)	840	(1,685)	(845)	(829)	(832)	(1,661)
Employee share loan (c)	(5,195)	5,195	-	(4,559)	4,559	-
Total Equity	**202,225**	**(7,378)**	**194,847**	**180,672**	**1,390**	**182,062**

	30 September 2013	Increase/ (Decrease)	30 September 2013 (Restated)
	$'000	$'000	$'000
Statement of Comprehensive Income (Extract)			
Revenue from continuing operations	301,041	(3,783)	297,258
Cost of revenue	(157,071)	(1,218)	(158,289)
Current Tax expense (e)	(7,389)	(127)	(7,516)
Deferred Tax Expense (a)	2,161	(5,137)	(1,476)
Deferred Tax Expense (d)		1,500	
Total Income Tax Expense	**(4,982)**	**(3,764)**	**(8,746)**
Profit for the year	**16,299**	**(8,765)**	**7,534**

The net impact of the adjustments above reduces earnings per share by 8.53c in 2013 to 7.93c.

ii) Revenue and Cost of Revenue

The amounts previously disclosed in revenue included passed on costs and / or amounts that are collected on behalf of third parties. The accounting standard AASB118 – Revenue identifies that amounts collected on behalf of a third party is not revenue. The following line items in the Statement of profit or loss and other comprehensive income has been restated:

Statement of Comprehensive Income (Extract)	30 September 2013 $'000	Adjustment $'000	30 September 2013 (Restated) $'000
Revenue from continuing operations	385,929	(84,888)	301,041
Cost of revenue	(241,959)	84,888	(157,071)
	143,970	-	**143,970**

The net impact to profit before income tax is nil and there is no impact to earnings per share.

Fleet Aust Pty Limited
For the year ended 30 September 2014

Directors' declaration

1 In the opinion of the Directors of Fleet Aust Pty Limited ("the Company"):

a The consolidated financial statements and notes of the Company that are set out on pages 7 to 62 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 September 2014 and of its performance for the financial year ended on that date; and

ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 32 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 chief executive officer and chief financial officer for the financial year ended 30 September 2014.

4 The directors draw attention to Note 1(a)(i) of the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Doc Klotz
Director

Sydney
29 January 2015

Independent auditor's report to the members of Fleet Aust Pty Limited

Report on the financial report

We have audited the accompanying financial report of Fleet Aust Pty Limited (the Company), which comprises the consolidated statement of financial position as at 30 September 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 41 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 1, 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 September 2014 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Emphasis of Matter – Restatement of Comparative Balances

Without modifying our opinion expressed above, we draw attention to Note 41 to the financial statements, which states the comparative balances have been restated to correct prior period errors identified in the previously issued 30 September 2013 financial report. The financial report of Fleet Aust Pty Limited for the year ended 30 September 2013 was audited by another auditor who issued an unmodified opinion on that financial report on 13 December 2013.

KPMG

KPMG

Andrew Dickinson
Partner

Sydney

29 January 2015