

Fleet Aust Pty Limited

ACN 131 557 901

Annual report for the year ended 30 September 2012

Fleet Aust Pty Limited ACN 131 557 901
Annual report - 30 September 2012

Contents

	Page
Directors' report	1
Financial statements	5
Independent auditor's report to the members	39

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 2012.

The company was incorporated on 30 July 2008 and acquired Pacific Leasing Solutions (Australia) Pty Limited on 25 September 2008. The other entities in the consolidated Group and their incorporation dates are as follows:

- Fleet Aust Subco Pty Limited (incorporated 30 July 2008)
- Pacific Leasing Solutions (Australia) Pty Limited (incorporated 29 August 2006)
- Leasing Finance (Australia) Pty Limited (incorporated 29 August 2006)
- Fleet Holding (Australia) Pty Limited (incorporated 29 August 2006)
- PLS Notes (Australia) Pty Limited (incorporated 9 October 2006)
- FP Turbo Trust 2007-1 (Australia) (established 21 May 2007)
- FleetPartners Franchising Pty Limited (incorporated 7 September 2007)
- Fleet Partners Pty Limited (incorporated 16 February 1987)
- FP Turbo Series 2010-1 (established 16 September 2010)
- Fleet Partners Discretionary Trust (established 12 August 2010)

Directors

The following persons were directors of Fleet Aust Pty Limited during the whole of the financial year and up to the date of this report:

Tom Woolley (appointed on 22 November 2012)
Nick Andrew Johnson
Gregory James Ruddock
Dirk Holger Michaelis (appointed on 13 April 2011)
Edward John Russell (appointed on 30 July 2008 to 28 June 2012)

Principal activities

During the year the principal continuing activities of the Group 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 for the year ended 30 September 2012 is \$41,342,000 (2011: \$36,894,000).

(a) Results

Consolidated group profit after tax for the year ended 30 September 2012 reported in this financial statements reconciled to the profit before tax and abnormal items as per the management accounts as follows:

	2012 \$'000	2011 \$'000
Profit before income tax (per financial statements)	33,555	38,634
Acquisition accounting entries	(4,776)	(10,335)
Shareholder payments	8,511	7,863
Profit before tax and non recurring items	<u>37,290</u>	<u>36,162</u>
 Non recurring costs*		
Other costs	5,075	2,766
Borrowing costs	2,624	2,513
Normalised profit before income tax	<u>44,989</u>	<u>41,441</u>
 Interest - Operating company	4,046	3,283
Net profit before income tax and abnormal (per management accounts)	<u>49,035</u>	<u>44,724</u>

* Non recurring cost presented above are included in the Group results for financial statements purposes, but were not included in the net profit before tax and abnormal items as per management accounts.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 September 2012 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group'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 remain in a relatively stable position.

Environmental regulation

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

Insurance of officers

The Group 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 4.

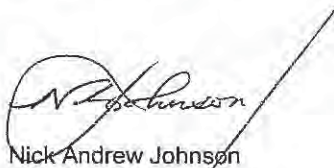
Rounding of amounts

The Group 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

PwC continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



Nick Andrew Johnson
Director



Tom Woolley
Director

Melbourne
5 December 2012

Melbourne
5 December 2012



Auditor's Independence Declaration

As lead auditor for the audit of Fleet Aust Pty Limited for the year ended 30 September 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Fleet Aust Pty Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'JF Power'.

JF Power
Partner
PricewaterhouseCoopers

Melbourne
5 December 2012

Fleet Aust Pty Limited ACN 131 557 901
Annual report - 30 September 2012

Contents

	Page
Financial statements	
Statements of comprehensive income	6
Statements of financial position	7
Statements of changes in equity	8
Statements of cash flows	9
Notes to financial statements	10
Directors' declaration	38
Independent auditor's report to the members	39

These financial statements cover the financial statements of Fleet Aust Pty Limited as an individual entity and the consolidated financial statements of the consolidated entity consisting of Fleet Aust Pty Limited and its subsidiaries. The financial statements are presented in the Australian currency.

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 3, 40 River Blvd.
Richmond Victoria 3121.

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 5 December 2012. The directors have the power to amend and reissue the financial statements.

Fleet Aust Pty Limited
Statements of comprehensive income
For the year ended 30 September 2012

	Notes	Consolidated		Parent entity	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revenue from continuing operations	2	427,094	418,802	-	-
Other income	3	3,764	3,964	111	480
Employee benefits expense		(29,715)	(25,748)	-	-
Depreciation and amortisation expense	4	(146,135)	(147,678)	-	-
Other expenses		(22,853)	(22,457)	(494)	-
Maintenance expenses		(122,000)	(109,987)	-	-
Finance costs	4	(76,600)	(78,262)	(1,888)	(1,551)
Profit/(loss) before income tax		33,555	38,634	(2,271)	(1,071)
Income tax benefit/(expense)	5	7,786	(1,740)	-	-
Profit/(loss) for the year		41,341	36,894	(2,271)	(1,071)
Other comprehensive income					
Changes in the fair value of available-for-sale financial assets	27	(2,449)	(8,475)	-	-
Share based payments	27	1,205	483	1,205	483
Treasury reserve		841	-	841	-
Other comprehensive income/(loss) for the year, net of tax		(403)	(7,992)	2,046	483
Total comprehensive income/(loss) for the year		40,938	28,902	(225)	(588)
Profit/(loss) is attributable to:					
Owners of Fleet Aust Pty Limited		41,341	36,894	(2,271)	(1,071)
		<u>41,341</u>	<u>36,894</u>	<u>(2,271)</u>	<u>(1,071)</u>
Total comprehensive income/(loss) for the year is attributable to:					
Owners of Fleet Aust Pty Limited		40,938	28,902	(225)	(588)
		<u>40,938</u>	<u>28,902</u>	<u>(225)</u>	<u>(588)</u>

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Fleet Aust Pty Limited
Statements of financial position
As at 30 September 2012

		Consolidated		Parent entity	
	Notes	2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	113,702	88,688	-	-
Trade and other receivables	7	39,649	22,800	1,838	776
Finance leases	8	80,030	79,664	-	-
Assets held for sale	9	12,526	7,304	-	-
Total current assets		<u>245,907</u>	<u>198,456</u>	<u>1,838</u>	<u>776</u>
Non-current assets					
Receivables - Advances to related parties	10	12,141	24,319	31,210	32,232
Investment in subsidiary	11	-	-	85,821	107,665
Property, plant and equipment	12	633,308	624,806	-	-
Deferred tax assets	13	17,377	31,696	-	1
Goodwill	14	152,957	176,006	-	-
Finance leases	15	134,001	143,759	-	-
Total non-current assets		<u>949,784</u>	<u>1,000,586</u>	<u>117,031</u>	<u>139,898</u>
Total assets		<u>1,195,691</u>	<u>1,199,042</u>	<u>118,869</u>	<u>140,674</u>
LIABILITIES					
Current liabilities					
Trade and other payables	16	42,872	28,275	-	-
Borrowings	17	197,904	285,465	-	-
Derivative financial instruments	18	23,597	18,557	-	-
Current tax liabilities		-	42	-	-
Provisions	19	1,467	1,029	-	-
Other current liabilities	20	9,552	9,171	-	-
Total current liabilities		<u>275,392</u>	<u>342,539</u>	<u>-</u>	<u>-</u>
Non-current liabilities					
Borrowings	21	646,229	585,183	-	-
Deferred tax liabilities	22	3,550	26,705	-	6,434
Provisions	23	908	787	-	-
Other payables	24	6,078	27,240	6,078	27,240
Payables - Advances from related parties	25	82,862	75,744	31,587	24,461
Total non-current liabilities		<u>739,627</u>	<u>715,659</u>	<u>37,665</u>	<u>58,135</u>
Total liabilities		<u>1,015,019</u>	<u>1,058,198</u>	<u>37,665</u>	<u>58,135</u>
Net assets		<u>180,672</u>	<u>140,844</u>	<u>81,204</u>	<u>82,539</u>
EQUITY					
Contributed equity	26	86,950	86,950	86,950	86,950
Reserves	27(a)	(8,471)	(8,068)	4,215	2,169
Retained earnings	27(b)	106,752	65,411	(5,402)	(3,131)
Employee share loan	28	(4,559)	(3,449)	(4,559)	(3,449)
Total equity		<u>180,672</u>	<u>140,844</u>	<u>81,204</u>	<u>82,539</u>

The above statements of financial position should be read in conjunction with the accompanying notes.

Fleet Aust Pty Limited
Statements of changes in equity
For the year ended 30 September 2012

	Notes	Attributable to members of Fleet Aust Pty Limited				Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Employee share loans \$'000	
Consolidated						
Balance at 1 October 2010		86,950	(76)	28,517	(3,460)	111,931
Profit for the year		-	-	36,894	-	36,894
Other comprehensive (loss)		-	(7,992)	-	-	(7,992)
Total comprehensive income/(loss) for the year		-	(7,992)	36,894	-	28,902
Movement in Employee Share Loans		-	-	-	11	11
Balance at 30 September 2011		86,950	(8,068)	65,411	(3,449)	140,844
Balance at 1 October 2011		86,950	(8,068)	65,411	(3,449)	140,844
Profit for the year		-	-	41,341	-	41,341
Other comprehensive income		-	(403)	-	-	(403)
Total comprehensive income for the year		-	(403)	41,341	-	40,938
Movement in Employee Share Loans		-	-	-	(1,110)	(1,110)
Balance at 30 September 2012		86,950	(8,471)	106,752	(4,559)	180,672
Parent						
Balance at 1 October 2010		86,950	1,686	(2,060)	(3,460)	83,116
(Loss) for the year		-	-	(1,071)	-	(1,071)
Other comprehensive income		-	483	-	-	483
Total comprehensive income/(loss) for the year		-	483	(1,071)	-	(588)
Movement in Employee Share Loans		-	-	-	11	11
Balance at 30 September 2011		86,950	2,169	(3,131)	(3,449)	82,539
Balance at 1 October 2011		86,950	2,169	(3,131)	(3,449)	82,539
Profit for the year		-	-	(2,271)	-	(2,271)
Other comprehensive income		-	2,046	-	-	2,046
Total comprehensive income for the year		-	2,046	(2,271)	-	(225)
Movement in Employee Share Loans		-	-	-	(1,110)	(1,110)
Balance at 30 September 2012		86,950	4,215	(5,402)	(4,559)	81,204

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

Fleet Aust Pty Limited
Statements of cash flows
For the year ended 30 September 2012

	Notes	Consolidated		Parent entity	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		436,096	410,809	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(191,610)	(192,569)	-	-
Interest received		244,486	218,240	-	-
Interest paid		3,736	4,313	-	-
Net cash inflow from operating activities		<u>171,182</u>	<u>141,887</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities					
Payments for acquisition of property, plant and equipment	12	(228,464)	(262,846)	-	-
Proceeds from sale of property, plant and equipment		90,625	102,955	-	-
Proceeds from sale of other investments		-	229	-	-
Net cash (outflow) from investing activities		<u>(137,839)</u>	<u>(159,662)</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities					
Loan to management		(1,110)	-	-	-
Repayment of borrowings		(34,538)	47,809	-	-
Loans to related parties		-	(879)	-	-
Repayment of loans from related parties		12,178	-	-	-
Loans from related parties		7,118	6,523	-	-
Net cash inflow from financing activities		<u>(16,352)</u>	<u>53,453</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		16,991	35,678	-	-
Cash and cash equivalents at the beginning of the financial year		88,688	53,010	-	-
Cash and cash equivalents at end of year net of overdraft	6	<u>105,679</u>	<u>88,688</u>	<u>-</u>	<u>-</u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to financial statements

	Page
1 Summary of significant accounting policies	11
2 Revenue	20
3 Other income	20
4 Expenses	20
5 Income tax expense	21
6 Current assets - Cash and cash equivalents	22
7 Current assets - Trade and other receivables	22
8 Current assets - Finance leases	23
9 Assets held for sale	23
10 Non-current assets - Receivables - Advances to related parties	24
11 Non-current assets - Investment in subsidiary	24
12 Non-current assets - Property, plant and equipment	25
13 Non-current assets - Deferred tax assets	25
14 Non-current assets - Goodwill	26
15 Non-current assets - Finance leases	26
16 Current liabilities - Trade and other payables	27
17 Current liabilities - Borrowings	27
18 Current liabilities - Derivative financial instruments	27
19 Current liabilities - Provisions	28
20 Current liabilities - Other current liabilities	28
21 Non-current liabilities - Borrowings	28
22 Non-current liabilities - Deferred tax liabilities	30
23 Non-current liabilities - Provisions	30
24 Non-current liabilities - Other payables	31
25 Non-current liabilities - Payables - Advances from related parties	31
26 Contributed equity	31
27 Reserves and retained earnings	32
28 Employee share loan	32
29 Key management personnel disclosures	33
30 Contingencies	33
31 Commitments	33
32 Deed of cross guarantee	34
33 Events occurring after the end of the reporting period	34
34 Related party transactions	35
35 Share-based payments	36
36 Critical accounting estimates and judgements	37

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report includes separate financial statements for Fleet Aust Pty Limited as an individual entity and the consolidated entity consisting of Fleet Aust Pty Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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 Australian Accounting Standards - Reduced Disclosure Requirements

The consolidated financial statements of the Fleet Aust Pty Limited group also comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Early adoption of standards

The Group has elected to apply the following pronouncements to the annual reporting period beginning 1 October 2011:

- AASB 2010 - 4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*

This includes applying the revised pronouncement to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. None of the items in the financial statements had to be restated as the result of applying this standard. The adoption of AASB 1053 and AASB 2011-2 allowed the entity to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(iv) 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 36.

(v) Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The company is a controlled entity of Fleet Aust Pty Limited, the parent entity of the Group.

In addition, the Group has successfully refinanced the FP Turbo Trust 2007-1 funding arrangement on 14 September 2012. This new funding structure provides additional long term funding for the Group and has been rated by Moody's.

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

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Fleet Aust Pty Limited ("Company") as at 30 September 2012 and the results of all subsidiaries for the year then ended. Fleet Aust Pty Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Subsidiaries 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Fleet Aust Pty Limited.

(c) 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 Group 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 Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Net rental income

Finance leases: Interest income arising from finance leases is accounted for over the term of the contract in accordance with accounting standard AASB 117 *Leases*.

Unearned income is that portion of charges written into lease contracts, which will be earned in the future.

Operating leases: Rental revenue arising from operating lease contracts is brought to account in the period in which it will be earned. The interest component of all operating leases is brought to account on an actuarial basis.

Motor vehicles subject to operating leases where the Group acts as lessor have been accounted for as property, plant and equipment, depreciated by periodic charges to the statements of comprehensive income on a straight line basis.

(ii) Fleet management fees

Fleet management fees are recognised as income on a straight line basis over the contract duration.

(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.

(d) Interest expense

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

(e) 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.

1 Summary of significant accounting policies (continued)

(e) Income tax (continued)

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.

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 subsidiaries.

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.

(f) 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 provided 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.

On an annual basis, residual values are assessed for impairment and in the event of a shortfall, an impairment provision is recognised in the current period.

1 Summary of significant accounting policies (continued)

(g) 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 subsidiary 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 subsidiary. 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 minority interests in the acquiree either at fair value or at the minority interests' proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any minority 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 subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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.

(h) 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.

(i) 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 an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

For the purpose of presentation in the statements 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 statements of financial position.

(k) 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.

1 Summary of significant accounting policies (continued)

(k) Trade receivables and other receivables (continued)

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.

(l) Assets held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statements of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statements of financial position.

(m) 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 statements of 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 statements of comprehensive income.

1 Summary of significant accounting policies (continued)

(n) Property, plant and equipment

Property, plant and equipment is 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 the statements of 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 or revalued amounts, 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 carrying amount. These are included in profit or loss.

(o) 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 subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is 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 for the purpose of impairment testing.

(ii) 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.

(iii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 5 years.

(p) Trade and other payables

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)

(q) 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 statements of 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.

(r) Employee benefits

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in current liabilities (provisions), in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed when the leave is taken and measured at the employee's current rate.

(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*

All employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, disability or death. The Group has a defined contribution plan. Under this plan, the Group's legal or constructive obligation is limited to the contributions as specified under the superannuation legislation.

Contributions to the defined contribution fund are recognised as an expense as they become payable.

(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 35.

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 statements of 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 statements of comprehensive income.

(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.

1 Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

(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.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statements of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(t) 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.

(u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2012 reporting periods. Management assessment indicates that there are no new Australian Accounting Standards or interpretations that have been issued but are not yet effective with an expected material impact on the company's financial report in the period of initial application.

(v) Share-based payments

Share-based compensation benefits are provided to employees via the Fleet Management Share Scheme and other share-based arrangements. The fair value is measured at grant date and recognised over the vesting period of the awards.

i) Fleet Management Share Scheme

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 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. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (e.g. remaining in employment by the company).

Non-market vesting conditions are included in assumptions about 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 statements of 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 statements of comprehensive income.

1 Summary of significant accounting policies (continued)

(v) Share-based payments (continued)

ii) *Other share-based arrangements*

Under this scheme an employee was issued shares at a discount on grant date. The fair value of the award is determined as the discount to the fair value of the shares on the date the award was granted. The fair value is expensed over the vesting period.

2 Revenue

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
From continuing operations:				
Operating lease income	216,129	219,391	-	-
Finance lease income	27,979	27,823	-	-
Maintenance income	129,341	117,105	-	-
Sundry operating income	36,183	32,997	-	-
End of lease and inertia income	17,462	21,486	-	-
	<u>427,094</u>	<u>418,802</u>	<u>-</u>	<u>-</u>

3 Other income

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Bank interest received	3,653	4,237	-	453
Interest income - related parties	111	77	111	77
Other	-	(350)	-	(50)
	<u>3,764</u>	<u>3,964</u>	<u>111</u>	<u>480</u>

4 Expenses

	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Profit/(loss) before income tax includes the following specific expenses:				
<i>Depreciation</i>				
Plant and equipment - fixture and fittings	1,339	695	-	-
Motor vehicles	144,796	146,987	-	-
Total depreciation	<u>146,135</u>	<u>147,682</u>	<u>-</u>	<u>-</u>
<i>Finance costs</i>				
Interest and finance charges - third parties	68,494	70,830	1,888	1,551
Interest expense promissory notes - related parties	7,783	7,190	-	-
Borrowing costs	323	243	-	-
	<u>76,600</u>	<u>78,263</u>	<u>1,888</u>	<u>1,551</u>
<i>Rental of premises</i>	2,697	1,484	-	-
<i>Technology costs</i>	3,402	2,490	-	-
<i>Bad debt expenses</i>	3,462	3,353	-	-

5 Income tax expense

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
(a) Income tax expense/(benefits)				
Current tax	-	-	-	-
Deferred tax	(6,898)	3,111	-	-
Unders/overs	(889)	(1,371)	-	-
	<u>(7,787)</u>	<u>1,740</u>	<u>-</u>	<u>-</u>
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 13)	15,202	(10,778)	-	-
(Decrease) increase in deferred tax liabilities (note 22)	(22,100)	13,889	-	-
	<u>(6,898)</u>	<u>3,111</u>	<u>-</u>	<u>-</u>
	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit/(loss) from continuing operations before income tax expense	33,555	38,634	(2,271)	(1,071)
Tax at the Australian tax rate of 30% (2011 - 30%)	(10,067)	(11,590)	681	321
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Unwinding of fair value adjustments	1,682	3,445	(566)	(465)
Share based payments not deductible	(615)	(145)	(253)	-
Hedging adjustments not assessable/(deductible)	(459)	201	-	-
Entertainment not deductible	(326)	(155)	-	-
Losses recognised	15,423	10,991	138	-
Others	2,149	(4,487)	-	144
Income tax (expense)/benefit	<u>7,787</u>	<u>(1,740)</u>	<u>-</u>	<u>-</u>
(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	1,050	3,632	-	-
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	1,213	26,224	-	-
Potential tax benefit @ 30%	<u>364</u>	<u>7,867</u>	<u>-</u>	<u>-</u>

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(e).

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 are 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.

6 Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Operating accounts	63,897	38,764	-	-
Liquidity reserve accounts	48,903	48,072	-	-
Maintenance reserve accounts	902	1,852	-	-
Cash at bank and at hand	<u>113,702</u>	<u>88,688</u>	<u>-</u>	<u>-</u>

The weighted average interest rate received on cash and cash equivalents for the year was 3.84% (2011: 2.17%).

Liquidity reserve accounts is cash held by the entity as required under the funding arrangements, and are not available as free cash for the purposes of operations.

7 Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Net trade receivables				
Trade receivables	37,234	18,339	-	777
Provision for impairment of receivables/ customer disputes	<u>(3,101)</u>	<u>(4,207)</u>	<u>-</u>	<u>-</u>
	<u>34,133</u>	<u>14,132</u>	<u>-</u>	<u>777</u>
Sundry debtors	2,525	6,957	-	-
Prepayments	1,132	960	-	-
Other assets	<u>1,859</u>	<u>751</u>	<u>1,838</u>	<u>(1)</u>
Total trade and other receivables	<u>39,649</u>	<u>22,800</u>	<u>1,838</u>	<u>776</u>

7 Current assets - Trade and other receivables (continued)

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

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
At 1 October	4,207	5,051	-	-
Provision for impairment recognised during the year	(1,106)	(844)	-	-
At 30 September	<u>3,101</u>	<u>4,207</u>	<u>-</u>	<u>-</u>

The creation and release of the provision for impaired receivables has been included in the statements of 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		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Gross investment	96,493	98,175	-	-
Unearned income	(16,463)	(18,511)	-	-
	<u>80,030</u>	<u>79,664</u>	<u>-</u>	<u>-</u>

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 31.

9 Assets held for sale

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Motor vehicles	<u>12,526</u>	<u>7,304</u>	<u>-</u>	<u>-</u>

10 Non-current assets - Receivables - Advances to related parties

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Related party receivable - FP Turbo Trust 2007 - 1 (Australia)	-	-	5,987	5,987
Related party receivable - Leasing Finance (Australia) Pty Limited	-	-	786	786
Pacific Leasing Solutions (Australia) Pty Limited	-	-	19,009	19,009
Fleet Holding (NZ) Limited	6,792	17,869	-	-
Fleet NZ Limited	5,252	5,835	5,428	5,835
Pacific Leasing Solutions (NZ) Limited	-	615	-	615
Fleet Discretionary Trust	97	-	-	-
	<u>12,141</u>	<u>24,319</u>	<u>31,210</u>	<u>32,232</u>

The intercompany advances are not due to be settled within the next 12 months. 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%.

The interest on promissory note with Pacific Leasing Solutions (NZ) limited accrues at 10% per annum, and the promissory note matures on 1 November 2019.

11 Non-current assets - Investment in subsidiary

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Investment in subsidiary	<u>-</u>	<u>-</u>	<u>85,821</u>	<u>107,665</u>

The principal subsidiary of the parent company is Pacific Leasing Solutions (Australia) Pty Limited. See note for a listing of subsidiaries in the Group. The decrease in investment in subsidiary of \$21,844,000 relates to a decrease in the expected contingent consideration arising from the acquisition of the subsidiary in 2008. There is a corresponding adjustment impacting goodwill and contingent consideration on consolidation (refer to note 14 and 24).

12 Non-current assets - Property, plant and equipment

Consolidated	Software \$'000	Plant and equipment \$'000	Fixture and fittings \$'000	Motor vehicles \$'000	Total \$'000
At 30 September 2011					
Cost	6,062	2,779	1,441	1,001,815	1,012,097
Accumulated depreciation	-	(1,886)	(1,221)	(384,184)	(387,291)
Net book amount	<u>6,062</u>	<u>893</u>	<u>220</u>	<u>617,631</u>	<u>624,806</u>
Year ended 30 September 2012					
Opening net book amount	6,062	893	220	617,631	624,806
Additions	4,880	3,199	1,079	219,421	228,579
Other movements	-	(255)	46	(73,736)	(73,945)
Depreciation charge	(305)	(676)	(355)	(144,796)	(146,132)
Closing net book amount	<u>10,637</u>	<u>3,161</u>	<u>990</u>	<u>618,520</u>	<u>633,308</u>
At 30 September 2012					
Cost	10,943	5,479	1,079	986,400	1,003,901
Accumulated depreciation	(306)	(2,318)	(89)	(367,880)	(370,593)
Net book amount	<u>10,637</u>	<u>3,161</u>	<u>990</u>	<u>618,520</u>	<u>633,308</u>

13 Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
The balance comprises temporary differences attributable to:				
Doubtful debt provision	726	1,262	-	-
Deferred revenue	3,266	3,550	-	-
Losses recognised	-	21,817	-	-
Accruals	2,367	374	-	-
Employee provisions	603	545	-	-
Hedging assets and liabilities	10,140	4,661	-	-
Other	275	(513)	-	1
Total deferred tax assets	<u>17,377</u>	<u>31,696</u>	<u>-</u>	<u>1</u>

Movements:

Opening balance at 1 October	31,696	17,285	-	-
Credited/(charged) to the statements of comprehensive income	(15,202)	10,779	-	-
Other	883	3,632	-	-
Closing balance at 30 September	<u>17,377</u>	<u>31,696</u>	<u>-</u>	<u>-</u>

14 Non-current assets - Goodwill

Consolidated

	Notes	Goodwill \$'000	Total \$'000
At 30 September 2011			
Cost		176,006	176,006
Accumulated amortisation and impairment		-	-
Net book amount		<u>176,006</u>	<u>176,006</u>
Year ended 30 September 2012			
Opening net book amount		176,006	176,006
Adjustment for contingent consideration	11	(23,049)	(23,049)
Closing net book amount		<u>152,957</u>	<u>152,957</u>
At 30 September 2012			
Cost		152,957	152,957
Accumulated amortisation and impairment		-	-
Net book amount		<u>152,957</u>	<u>152,957</u>

The Group has one cash generating unit (CGU), to which all of the goodwill has been allocated. The recoverable amount of this CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a three year period.

The following key assumptions were used:

- Long term growth rate 5%
- Discount rate 6.81% (2011: 6.70%)

Based on the analysis performed, it is the management's view that goodwill is not impaired.

15 Non-current assets - Finance leases

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Gross investment	155,186	170,536	-	-
Unearned income	<u>(21,185)</u>	<u>(26,777)</u>	-	-
	<u>134,001</u>	<u>143,759</u>	-	-

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 31.

16 Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade payables	21,952	13,559	-	-
Accrued expenses	7,588	7,542	-	-
Other payables	13,332	7,174	-	-
	<u>42,872</u>	<u>28,275</u>	<u>-</u>	<u>-</u>

17 Current liabilities - Borrowings

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Secured				
Bank loans - secured	23,023	20,314	-	-
Borrowing costs	(5,702)	(6,140)	-	-
Notes payable	180,583	271,291	-	-
Total secured current borrowings	<u>197,904</u>	<u>285,465</u>	<u>-</u>	<u>-</u>

18 Current liabilities - Derivative financial instruments

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
Interest rate swaps - cash flow hedges	23,597	18,557	-	-
Total current derivative financial instrument liabilities	<u>23,597</u>	<u>18,557</u>	<u>-</u>	<u>-</u>

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 7.30% (2011: 7.06%). It is policy to protect part of the loans 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 over approximately 91.85% (2011: 94.06%) of the variable loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rates range between 4.39% and 7.29% (2011: 4.39% and 7.29%). The variable rate is the 30 day bank bill rate (BBSW) which at the end of the reporting period was 3.56% (2011: 4.86%).

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.

19 Current liabilities - Provisions

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Employee benefits - annual leave	1,098	1,029	-	-
Provision for payroll tax	375	-	-	-
Provision for income tax	(6)	-	-	-
	<u>1,467</u>	<u>1,029</u>	<u>-</u>	<u>-</u>

(a) Movements in provisions

	2012	2011
	\$'000	\$'000
Consolidated		
Current		
Carrying amount at start of year	1,029	889
Charged/(credited) to profit or loss		
- additional provisions recognised	1,276	1,503
Amounts used during the year	<u>(1,207)</u>	<u>(1,363)</u>
Carrying amount at end of year	<u>1,098</u>	<u>1,029</u>

20 Current liabilities - Other current liabilities

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Maintenance income received in advance	<u>9,552</u>	<u>9,171</u>	<u>-</u>	<u>-</u>

21 Non-current liabilities - Borrowings

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Secured				
Bank loans - secured	10,000	24,085	-	-
Notes payable	<u>636,229</u>	<u>561,098</u>	<u>-</u>	<u>-</u>
Total secured non-current borrowings	<u>646,229</u>	<u>585,183</u>	<u>-</u>	<u>-</u>

21 Non-current liabilities - Borrowings (continued)

(a) Secured liabilities and assets pledged as security

As set out in note 1, borrowings are stated net of transaction costs. \$5,702,228 (2011: \$6,139,785) of unamortised transaction costs are offset against total borrowings at 30 September 2012.

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

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Bank overdrafts and bank loans (1)	33,023	44,399	-	-
Borrowing costs	(5,702)	(6,140)	-	-
Notes payable (2)	816,812	832,389	-	-
Total secured liabilities	<u>844,133</u>	<u>870,648</u>	<u>-</u>	<u>-</u>

(1) Bank overdrafts and bank loans are secured by a 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 \$1,120,744,307 (2011: \$1,070,661).

(2) Notes payable are associated with the FP Turbo Trust 2010-1 and are secured by a fixed charge over its assets. The total carrying amount of assets pledged as collateral was \$58,810,689 (2011: \$110,427,954).

22 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:				
Leasing adjustments	(1,811)	(1,668)	-	-
Acquisition costs	52	25	-	-
Other	7,751	29,741	-	6,434
Hedge adjustment	(2,442)	(1,393)	-	-
	<u>3,550</u>	<u>26,705</u>	<u>-</u>	<u>6,434</u>
Movements:				
Opening balance at 1 October	26,705	14,186	6,434	6,434
Charged/(credited) to equity (notes 26 and 27)	(1,050)	-	-	-
Charged/(credited) to the statements of comprehensive income	(22,105)	12,519	-	-
Others	-	-	(6,434)	-
Closing balance at 30 September	<u>3,550</u>	<u>26,705</u>	<u>-</u>	<u>6,434</u>

23 Non-current liabilities - Provisions

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Employee benefits - long service leave	<u>908</u>	<u>787</u>	<u>-</u>	<u>-</u>
(a) Movements in long service leave provisions				

	2012	2011
	\$'000	\$'000
Consolidated		
Non-current		
Carrying amount at start of year	787	636
Charged/(credited) to the statements of comprehensive income		192
Amounts used during the year	<u>121</u>	<u>(41)</u>
Carrying amount at end of year	<u>908</u>	<u>787</u>

24 Non-current liabilities - Other payables

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Contingent consideration - Acquisition of Pacific Leasing Solutions (Australia) Pty Limited	<u>6,078</u>	<u>27,240</u>	<u>6,078</u>	<u>27,240</u>

The value as disclosed is part of the consideration referred to in note 30. Refer to note 11.

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

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Promissory note - Ironbridge Capital II A Pty Limited	7,520	6,879	-	-
Promissory note - Ironbridge Capital II B Pty Limited	7,520	6,879	-	-
Promissory note - Ironbridge Capital Limited	23,524	21,588	-	-
Promissory note - Sing Glow Investment Pte Limited	38,826	35,511	-	-
Fleet Partners Pty Limited	-	-	22,094	24,147
Fleet Holding (Australia) Pty Limited	-	-	9,403	314
Fleet Discretionary Trust	-	-	90	-
IronBridge Cayco Loan Notes	<u>5,472</u>	<u>4,887</u>	-	-
	<u>82,862</u>	<u>75,744</u>	<u>31,587</u>	<u>24,461</u>

The related party payables are not due for payment within the next 12 months. 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 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.

26 Contributed equity

	2012 Shares	2011 Shares	2012 \$'000	2011 \$'000
(a) Share capital				
Fully paid ordinary shares	<u>99,160,020</u>	<u>99,160,020</u>	<u>86,950</u>	<u>86,950</u>

(b) Movements in ordinary share capital:

Date	Details	Number of shares	\$'000
1 October 2010	Opening balance	<u>99,160,020</u>	<u>86,950</u>
30 September 2011	Closing balance	<u>99,160,020</u>	<u>86,950</u>
1 October 2011	Opening balance	<u>99,160,020</u>	<u>86,950</u>
30 September 2012	Closing balance	<u>99,160,020</u>	<u>86,950</u>

27 Reserves and retained earnings

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
(a) Other reserves				
Hedging reserve - cash flow hedges	(12,686)	(10,237)	-	-
Share-based payments reserve	3,374	2,169	3,374	2,169
Treasury reserve	841	-	841	-
	<u>(8,471)</u>	<u>(8,068)</u>	<u>4,215</u>	<u>2,169</u>

Movements:

<i>Hedging reserve - cash flow hedges</i>				
Balance 1 October	(10,237)	(1,762)	-	-
Revaluation	(3,499)	(12,107)	-	-
Deferred tax	1,050	3,632	-	-
Balance 30 September	<u>(12,686)</u>	<u>(10,237)</u>	<u>-</u>	<u>-</u>

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<i>Share-based payments reserve</i>				
Balance 1 October	2,169	1,687	2,169	1,686
Options issued to employees of subsidiaries during the year	1,205	482	1,205	483
Balance 30 September	<u>3,374</u>	<u>2,169</u>	<u>3,374</u>	<u>2,169</u>

Certain employees of the Company's subsidiary Fleet Partners Pty Limited have been granted share-based awards by the Company. These awards constitute share-based payments and are being accounted for in accordance with AASB 2

This requires the provisioning of the award to be recognised in Fleet Aust Pty Limited, and the expense to be recognised in Fleet Partners Pty Limited and Fleet Holding (Australia) Pty Limited.

(b) Retained earnings/(accumulated losses)

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

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance 1 October	65,411	28,517	(3,131)	(2,060)
Net profit/(loss) for the year	41,341	36,894	(2,271)	(1,071)
Balance 30 September	<u>106,752</u>	<u>65,411</u>	<u>(5,402)</u>	<u>(3,131)</u>

28 Employee share loan

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Employee share loan	<u>4,559</u>	<u>3,449</u>	<u>4,559</u>	<u>3,449</u>

28 Employee share loan (continued)

On 25 September 2008, the Company issued shares to employees of the Group with consideration part satisfied by payments made by the employees in shares with the balance satisfied by loans (with recourse only to the shares) made by the Group. These arrangements, in conjunction with the terms and conditions attaching to the shares constitute equity settled "in substance" options, and therefore are treated as share-based payments, and accounted for in accordance with note 1(r)(iv).

29 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
Short-term employee benefits	3,368,728	2,166,788	-	-
Post-employment benefits	163,983	106,638	-	-
Termination benefits	925,983	-	-	-
Share-based payments	1,204,906	481,958	-	-
	<u>5,663,600</u>	<u>2,755,384</u>	<u>-</u>	<u>-</u>

30 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 25 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 2012 the parent entity and Group had no further contingent liabilities or assets.

31 Commitments

(a) Telecommunication commitments

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

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Telecommunication commitments	<u>2,701</u>	<u>1,799</u>	<u>-</u>	<u>-</u>

31 Commitments (continued)

(b) Lease commitments: Group as lessee

(i) Operating leases

Fleet Partners Pty Limited, a subsidiary 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.

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to leases contracted for at the end of each reporting period but not recognised as liabilities, payable:				
Within one year	1,938	1,314	-	-
Later than one year but not later than five years	7,420	9,370	-	-
Later than five years	3,717	-	-	-
	<u>13,075</u>	<u>10,684</u>	<u>-</u>	<u>-</u>

(ii) Finance leases

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

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to finance leases are payable as follows:				
Within one year	80,029	98,715	-	-
Later than one year but not later than five years	133,622	170,536	-	-
Later than five years	379	-	-	-
Minimum lease payments	<u>214,030</u>	<u>269,251</u>	<u>-</u>	<u>-</u>

32 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'.

33 Events occurring after the end of the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the company or economic entity, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

34 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 \$488,751 (2011: \$1,038,245) was received from Fleet Holding (NZ) Limited and interest income of \$82,735 (2011: \$66,813) was received from Pacific Leasing Solutions (NZ) Limited during the period.

(c) Receivables from related parties

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Fleet Holding (NZ) Limited	6,792	17,869	-	-
Fleet NZ Limited	5,121	5,835	5,428	5,835
Pacific Leasing Solutions (NZ) Limited	-	615	-	615
Pacific Leasing Solutions (Australia) Pty Limited	-	-	19,009	19,009
FP Turbo Trust 2007-1 Australia	-	-	5,987	5,987
Leasing Finance (Aust) Pty Limited	-	-	786	786
	<u>11,913</u>	<u>24,319</u>	<u>31,210</u>	<u>32,232</u>

The intercompany advances are not due to be settled within the next 12 months. The Australian related party receivables are on an interest free basis. The related party receivable from Fleet Holding (NZ) Limited is charged interest at the prevailing bank bill rate on the 14th of each month, plus 2%. The related party receivable from Pacific Leasing Solutions (NZ) Limited is accrued at 10% while the related party receivable from Fleet NZ Limited is charged at the prevailing bank bill rate on the 14th of each month, plus 2%.

	Consolidated		Parent entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Promissory note - Ironbridge Capital II A Pty Limited	(7,520)	(6,879)	-	-
Promissory note - Ironbridge Capital II B Pty Limited	(7,520)	(6,879)	-	-
Promissory note - Ironbridge Capital Limited	(23,524)	(21,588)	-	-
Promissory note - Sing Glow Investment Pte Limited	(38,826)	(35,511)	-	-
Fleet Partners Pty Limited	-	-	(22,094)	(24,147)
Fleet Holding (NZ) Pty Limited	-	-	(9,403)	(314)
Fleet Discretionary Trust	-	-	(90)	-
IronBridge Cayco Loan Notes	(5,471)	(4,887)	-	-
	<u>(82,861)</u>	<u>(75,744)</u>	<u>(31,587)</u>	<u>(24,461)</u>

The related party payables are not due for payment within the next 12 months. 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.

35 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. Whilst the award has been made by Fleet Aust Pty Limited, the employees provide services to Fleet Partners Pty Limited, hence the associated expense is borne by the Group and that company.

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

Grant Date	Expiry 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
Consolidated - 2012						
25 September 2008		\$0.90	4,410,000	-	-	4,410,000
Weighted average exercise price			\$-	\$-	\$-	\$-
Consolidated - 2011						
25 September 2008	31 March 2013	\$0.90	4,410,000	-	-	4,410,000
Weighted average exercise price			\$0.90	\$-	\$-	\$0.90

(b) Expenses arising from share-based payment transactions

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Other management share based payments	1,205	483	-	-

(b) Terms and conditions of Management Share Schemes

There are a number of conditions attached to the shares and associated loans as follows:

- 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;
- The shares have voting rights;
- 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;
- During the year, two employees were treated as good leavers and had their shares purchased back by the Group. These shares were subsequently issued to two new employees. The exercise price for these transactions was AUD\$2.11. These transactions are not separately disclosed in the table above on account of materiality.

35 Share-based payments (continued)

(c) Fair value of options granted

The fair value at grant date was independently determined using a 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.

36 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) *Estimated impairment of goodwill*

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

(ii) *Income taxes*

The Group is subject to income taxes in Australia. 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.

In addition, the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Utilisation of the tax losses also depends on the ability of the entity to satisfy certain taxation authority criteria.

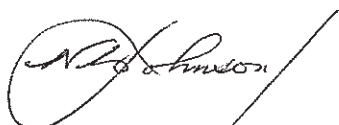
(iii) *Residual value and fair value adjustment*

The Group reviews the value of leased property twice a year. Therefore, if the expected residual value at the end of the lease term is higher or lower than the contractual residual value, depreciation should be adjusted for the period of change and future periods. The Group tests leased property for impairment on an asset by asset basis. Thus, determining the residual value and any fair value adjustment on leased motor vehicles requires the use of assumptions.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 37 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 September 2012 and of their performance for the financial year ended on that date, 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, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 32 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32.

This declaration is made in accordance with a resolution of the directors.



Nick Andrew Johnson
Director



Tom Woolley
Director

Melbourne

Melbourne

5 December 2012

5 December 2012



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 statement of financial position as at 30 September 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration, for both Fleet Aust Pty Ltd and the Fleet Aust Pty Limited Group (the consolidated entity). The consolidated entity comprises 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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the director's report to determine whether it contains any material inconsistencies with the financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion the financial report of Fleet Aust Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 September 2012 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.


PricewaterhouseCoopers



JF Power
Partner

Melbourne
5 December 2012