FLIGHT CENTRE
TRAVEL GROUP™

FLT
ANNUAL REPORT
2020

COMPANY VISION, PURPOSE AND PHILOSOPHIES

For our company to survive, grow and prosper for the next 100 years and beyond, we must clearly define and live by our vision, purpose and philosophies. We must protect and further develop our company culture and philosophies. Our culture must be robust and independent, with the ability to outlive our current and future leaders.

OUR VISION

'To become the world's most exciting and profitable travel retailer, personally delivering amazing experiences to our people, our customers and our partners.'

OUR PURPOSE

'To open up the world for those who want to see.'

OUR VALUES

1 OUR PEOPLE

Our company is our people. We care for our colleagues' health and wellbeing, their personal and professional development and their financial security. We believe that work should be challenging and fun for everyone and through work we contribute to our community.

2 OUR CUSTOMER

We recognise that our customers always have a choice. We care about personally delivering amazing travel experiences. This is provided with honesty, integrity and a great attitude. It is the key to our company's success. The key measure of whether we really are personally providing our customers with an amazing experience, an amazing product and a very caring service is they will return again and again.

3 BRIGHTNESS OF FUTURE

We believe our people have the right to belong to a Team (family), a Village, an Area (tribe) and Nation (hierarchy) that will provide them with an exciting future and a supportive working community. They also have the right to see a clear pathway to achieving their career goals. Promotion and transfers from within will always be our first choice.

4 TAKING RESPONSIBILITY

We take full responsibility for our own successes or failures. We do not externalise. We accept that we have total ownership and responsibility, but not always control. As a company we recognise and celebrate our individual and collective successes.

5 EGALITARIANISM AND UNITY

In our company, we believe that each individual should have equal privileges and rights. In all our countries and all our businesses there should be no 'them and us'.

OUR BUSINESS MODEL

1 OWNERSHIP

We believe each individual in our company should have the opportunity to share in the company's success through outcome-based incentives, profit share, BOS (franchises) and Employee and Leadership Share Schemes. It is important that business leaders and business team members see the business they run as their business.

2 INCENTIVES

Incentives are based on measurable and reliable outcome-based KPIs. We believe that 'what gets rewarded, gets done'. A reward for producing the needed outcome. If the right outcomes are rewarded, our company and our people will prosper.

3 OUR STANDARD SYSTEMS – ONE BEST WAY

In our business there is always 'one best way' to operate. These are standard systems employed universally until a better way is shown. This improved way becomes the 'one best way system'. We value common sense over conventional wisdom.

4 FAMILY, VILLAGE, TRIBE

Our structure is simple, lean, flat and transparent, with accessible leaders. Our business model is being one of the world's best and biggest small business operators. There is a maximum of 4 and sometimes 5 layers. The village is an unfunded, self-help support group that forms an integral part of our structure.

- Family (Teams – min 3, max 7 members) Villages (min 3, max 7 teams).
- Tribe (Areas – min 10, max 20 teams).
- Nations/Brands (min 8, max 15 areas).
- Regions/States/Countries.
- Board and senior leadership team.

5 PROFIT

A fair margin resulting in a business profit is the key measure of whether we really are providing our customers with an amazing experience, an amazing product and a very caring service – an experience they genuinely value and will pay us for.

FLIGHT CENTRE TRAVEL GROUP LIMITED (FLT) CORPORATE DIRECTORY

Directors G.F. Turner
G.W. Smith
J.A. Eales
R.A. Baker
C.M. Garnsey

Secretary D.C. Smith

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Share register
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Auditor
Ernst & Young
111 Eagle Street Brisbane QLD 4000

Stock exchange
FLT shares are listed on the Australian Securities Exchange.

Web address
www.fctgl.com

KEY DATES 2020/21

August 27, 2020
2019/20 full year results released

September 17, 2020
Director nomination deadline

November 5, 2020
Annual General Meeting

February 25*, 2021
2020/21 half year results released

**Dates are subject to change and the payment of any dividend is subject to the Board's discretion*

This annual report covers the consolidated financial statements for the consolidated entity consisting of FLT and its subsidiaries. The annual report is presented in Australian currency.

FLT is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report.

The financial report was authorised for issue by the directors on 27 August 2020. The directors have the power to amend and reissue the financial report.

FLT endorses the ASX's Corporate Governance Principles and Recommendations and complies in all areas, apart from amalgamating the Remuneration and the Nomination Committee. Further information on FLT's compliance with the Corporate Governance Principles and Recommendations, including FLT's Corporate Governance Statement, can be found on the company's website, http://www.fctgl.com/investors/governance/corporate-governance-statement-2/

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CHAIRMAN'S MESSAGE

GARY SMITH

Welcome to your company's annual report for the 2020 fiscal year (FY20).

Unquestionably, the 12 months to June 30, 2020 have been the most eventful and challenging trading period we have encountered.

The challenges, which included the COVID-19 pandemic and the bushfires that tore through Australia earlier in the year, were generally unforeseen and have had tragic and wide ranging impacts on the entire travel and tourism sectors and on society as a whole.

COVID-19 has, of course, posed the greatest threat and its ongoing impacts have been well documented, both externally and in other columns within this report.

While we have understood and supported initiatives that have prioritised public health and safety, we have also been deeply affected by the government policies that have been implemented to contain the virus's spread.

The impacts have also been felt by our stakeholders, including:

- Our customers, whose travel plans have been severely disrupted
- Our people. Thousands have lost their jobs either permanently or temporarily through no fault of their own and as a result of our products being taken off the shelves by governments throughout the world
- Our suppliers, who have been forced to hibernate or downsize their businesses; and
- Our shareholders, who have seen lower returns on their investments in our company

I would like to take this opportunity to thank our customers and our shareholders for their patience and understanding during this extraordinary period. I'd also like to pay tribute to our people, who have worked tirelessly to help customers, and to our leaders throughout the world, who have worked together to help us overcome the short-term challenges and chart a path to eventual recovery.

In terms of trading performance, losses were within the ranges we outlined in our preliminary result announcement on August 13 and were incurred entirely during the March-June period as we worked to lower our cost base to its hibernation level in what quickly became a zero or very low revenue environment.

As heavy travel restrictions were applied, we took decisive action to slow our cash burn and extend our liquidity runway.

In early April, we raised $900million via a $700million capital raising and a $200million increase in our debt facilities.

At the same time, we outlined comprehensive cost reduction and cash preservation strategies and unveiled a short-term target of a $65million net operating cash outflow by July 31 2020, which was successfully achieved.

Then, in July 2020, we completed the sale of our Melbourne head office property and secured a government-backed loan in the United Kingdom to extend our cash and liquidity runway.

In all, we had a $1.9billion cash balance at July 31, 2020, including circa $1.1billion in liquidity (pre current bank covenants).

OPERATIONAL HIGHLIGHTS

Highlights at an operational level during the year included:

- Solid first half growth in both leisure and corporate travel, with TTV up 11.2% globally during the period and continuing to track at record levels in January and February
- Corporate market-share growth, as outlined later in this column
- Further progress in leisure e-commerce, with FLT's online businesses generating almost $1.2billion in TTV during FY20 after a very strong first half; and
- Several important acquisitions and investments, including Ignite (now 100% owned) and tech businesses TP Connects and WhereTo

During the year, we also implemented a new global leadership structure, which saw Chris Galanty appointed chief executive officer (CEO) of our global corporate travel business and Melanie Waters-Ryan appointed CEO of our global leisure business. As a result, we now take a global view of our results across both of these large and important travel segments.

This new structure, which also saw three new regional managing directors appointed (James Kavanagh, Charlene Leiss and Steve Norris), helped drive rapid change in the business as the crisis escalated.

The global corporate business was profitable at an underlying level during FY20 and has generally delivered on its objective of growing to win by retaining customers and securing a record pipeline of new accounts during FY20 and into FY21.

This highlights the business's strength and resilience, as well as its significant future growth potential.

The FCM business alone won new accounts with annual spends in order of $US1.3billion ($AU1.8billion) during FY20, including flagship, enterprise level and government accounts.

This has strengthened an already diverse client base and laid solid foundations for further organic market-share growth, which has underpinned the business's global success.

The global leisure business, which was in the early stages of a three-year transformation program when the crisis unfolded, was severely impacted by the tighter restrictions that were placed on discretionary (non-essential) travel and incurred significant losses during FY20 after a profitable start to the year.

Our leisure transformation programs have now been accelerated, as we work to rejuvenate the Flight Centre brand and expand our presence in new and emerging channels including digital or e-commerce, the premium travel sector and home-based agents.

In the ensuing pages, you will read more about your company's financial results (Adam Campbell's column), the leisure and corporate businesses (Melanie Waters-Ryan and Chris Galanty's columns) and its outlook (Skroo's column).

During FY20, we also completed work on our first sustainability report to outline our progress and initiatives in this very important area. The report, which will be developed further and finetuned during the year ahead, is available now on our corporate website, www.fctgl.com.

CONCLUSION

While trading conditions are uncertain at the start of the new fiscal year, we are well equipped to meet the challenges we expect to face in the near-term and to prosper in the longer term.

We now have a significantly lower global cost base and an extended liquidity runway, which should allow us to overcome a deep and prolonged downturn. This strength will also allow us to capitalise on opportunities that will inevitably arise as the year unfolds.

Thank-you once again for your support as shareholders.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Flight Centre Travel Group Limited (FLT) and the entities it controlled at the end of, or during, the year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The group's principal continuing activities consisted of travel retailing in both the leisure and corporate travel sectors, plus in-destination travel experience businesses including tour operations, hotel management, destination management companies (DMCs) and wholesaling.

There were no significant changes in the nature of the group's activities during the year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Apart from the impact of COVID-19 and capital raising outlined throughout the report, there was no other significant change in the group's state of affairs during the year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the group's operations and the expected results of operations has been included in the Corporate Update column on page 7, Leisure Update column on page 8 and Outlook column on page 9 of this report.

DIVIDENDS – FLIGHT CENTRE TRAVEL GROUP LIMITED

Dividends paid to members during the financial year were as follows:	2020 $'000	2019 $'000
Final ordinary dividend for the year ended 30 June 2019 of 98.0 cents (2018: 107.0 cents) per fully paid share	99,097	108,153
Interim ordinary dividend for the year ended 30 June 2020 of 0.0 cents (2019: 60.0 cents) per fully paid share	-	60,657
Special dividend for the year ended 30 June 2020 of 0.0 cents (2019: 149.0 cents) per fully paid share	-	150,631
	99,097	**319,441**

On 27 February 2020, FLT determined to pay an interim dividend for the period ended 31 December 2019. On 25 March 2020, the interim dividend was cancelled due to the significant financial impact of COVID-19 on the company and the need to preserve cash.

The directors have determined it is not prudent to pay a final dividend for the year ended 30 June 2020 due to the ongoing COVID-19 uncertainty.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In May 2020, the directors of FLT agreed to sell the Melbourne head office property. The sale completed in July 2020. Refer to note F5 for further details.

On 3 July 2020, Flight Centre (UK) Limited issued $116,634,000 (£65,000,000) under the Bank of England COVID-19 Corporate Financing Facility to provide additional short-term liquidity. Refer to note C1 for further details.

No other material matters have arisen since 30 June 2020.

ENVIRONMENTAL REGULATIONS

The group has determined that no particular or significant environmental regulations apply to it.

REVIEW OF OPERATIONS – OVERCOMING OPERATIONAL RISKS

A review of operations, operational risks, financial position, business strategies and details of FLT's outlook for 2020/21 are included below:

FY20 RESULTS & OVERVIEW

ADAM CAMPBELL
CHIEF FINANCIAL OFFICER

The Flight Centre Travel Group (FLT) today released 2020 fiscal year (FY20) accounts.

Results for the 12 months to June 30, 2020 were within the ranges outlined in a preliminary market announcement on August 13 and included a $510million underlying loss before tax in the most challenging trading environment the company has experienced.

These losses were incurred entirely during the March-June period, when governments locked down borders to slow COVID-19's spread, moves that prevented or severely restricted leisure and corporate travel patterns globally.

Prior to these restrictions, FLT had achieved a $150million underlying profit for the eight months to February 29, 2020.

Total transaction value (TTV) had also been tracking at record levels through to February 29, before decreasing significantly in March and remaining at low levels during Q4. Over the full year, TTV decreased to $15.3billion, with the leisure businesses globally generating 49% of group TTV ($7.4billion) and the corporate businesses generating 45% ($6.9billion).

The global corporate business again underlined its strength, diversity and resilience by:

- Delivering an underlying profit in the order of $74million for the year; and
- Securing a record pipeline of new accounts, thereby establishing a strong platform for further organic market-share growth

The FCM business alone won enterprise, global and regional-level accounts with annual spends (pre-COVID) in the order of $US1.3billion ($AU1.8billion) during FY20 and has secured an additional $AU390million worth of new business already in FY21.

The global leisure business, which has a higher cost base and a heavier international travel weighting, delivered a $20million profit during the eight months to February 29, but recorded significant losses from March-June as it:

- Transitioned to its hibernation cost base; and
- Generated minimal revenue during this period, given that few forward bookings were made and the revenues recognised on prior bookings were reversed when refunded in response to government restrictions applied to discretionary travel

SHAREHOLDER WEALTH	FY20	FY19	FY18	FY17	FY16
TTV	$15,303m	$23,728m	$21,818m	$20,109m	$19,305m
Income Margin	12.4%	12.9%	13.4%	13.8%	13.7%
EBITDA	$(588.6m)	$427.3m	$442.2m	$402.1m	$413.9m
PBT (statutory)	**$(849.3m)**	**$343.5m**	**$364.3m**	**$325.4m**	**$345.0m**
PBT (underlying)[1,2]	$(509.9m)	$343.1m	$384.7m	$329.5m	$352.4m
NPAT (statutory)	$(662.1m)	$264.2m	$264.8m	$230.8m	$244.6m
Earnings per share	(552.1c)	224.2c	261.6c	228.5c	242.4c
Dividends per share[3]	-	158.0c	167.0c	139.0c	152.0c
Special dividends per share[3]	-	149.0c	-	-	-
ROE	(47.5%)	18.1%	17.0%	16.2%	18.2%

[1] Refer to note A1 segment information for reconciliation of statutory to underlying loss before tax.

[2] Underlying PBT, TTV, Income margin, EBIT and EBITDA are non-IFRS measures and are unaudited.

[3] Dividends per share exclude the special dividend paid during the 2019 period.

At a statutory level, FLT recorded an $849million loss before tax. The statutory loss included $339million in one-off adjustments that were excluded from the underlying result, with the majority being non-cash adjustments.

One-off cash costs related directly to the company's COVID-19 response were $103million during FY20, below the anticipated level of $210million, but with an additional $35million to $50million to come during FY21. Transitional costs, which were included in underlying losses, were also lower than initially expected at $130million ($155million target outlined on April 6).

FLT has reversed more than $200million in leisure revenue relating to bookings that have either been cancelled or are expected to be. These reversals have also been included in underlying FY20 results.

STRATEGIC UPDATE: SUCCESSFULLY ACHIEVING SHORT-TERM OBJECTIVES

FLT entered the crisis with healthy cash reserves and minimal debt and moved quickly when trading conditions deteriorated to buffer itself against a steep and prolonged downturn by:

- Securing more than $1.1billion in additional cash and liquidity. This included the $700million capital raising and $200million debt facility increase in April, the $62.15million Melbourne property sale in July and a GBP65million government-backed loan in the United Kingdom, which can potentially be increased; and
- Reducing its cash burn by significantly lowering its monthly cost base from its $225million-$230million pre-COVID level during what was expected to be a zero or very low revenue environment

The company also withdrew its interim dividend, which was declared at the half year in February, as trading conditions worsened.

FLT comfortably exceeded its short-term target of a $65million net operating cash outflow by July 31, after removing an annualised $1.9billion in costs – thereby lowering its cost base to about 30% of the pre-COVID level – and achieving higher than initially anticipated revenue.

July revenue (excluding refunds) reached $17million, about 7% of the prior year level, as FLT achieved a $53million net operating cash outflow for the month. With the net benefit from Australia's JobKeeper wage subsidy included, the outflow decreased to $43million.

As announced previously, cost reduction strategies included:

- Lowering occupancy costs through rent reductions and shop rationalisation. This rationalisation saw FLT close about half of its leisure shops globally
- Global workforce reductions, About 70% of FLT's people have either been placed on stand-down or furlough programs or their roles have become redundant, given that customers have effectively been prevented from travelling and with no visibility around timeframes for restrictions to be lifted
- Pay reductions (50%) for senior executives and board members during Q4, plus ongoing reductions during FY21; and
- Deferral/removal of non-essential capital expenditure and other discretionary spend

FLT believes its current cost base can service 40% of normal TTV, which is likely to represent a break-even position.

CORPORATE UPDATE

CHRIS GALANTY
CEO OF CORPORATE

FLT's global corporate business generated a $74million underlying profit before tax from $6.9billion in TTV during FY20.

The business, which operates in 23 countries via the leading FCM and Corporate Traveller brands, recorded strong 1H growth and was on track to top $10billion in TTV before industry-wide activity slowed significantly from March.

This success was fuelled by the business's continued success in delivering a record pipeline of new accounts and achieving high retention rates (97% in the FCM business) through a compelling customer offering based on:

- Customer-centric DNA, which provides customers with the right flexibility and agility to support their businesses
- Innovative and disruptive technology, including the SAM chatbot with enhanced artificial intelligence capabilities to help travellers during the pandemic, which blends seamlessly with partner and customer offerings
- State-of-the-art data and reporting suite, powering new COVID dashboards and safety products; and
- People and small team-based service model.

The FCM businesses in the Americas and in Europe, the Middle East and Africa (EMEA) both won accounts with projected annual spends of more than $US500million during the year, as FLT consolidated its position as a top-five global travel management company and increased its share of what was previously a $US1.5trillion market .

Recent wins include:

- Enterprise-level multi-national accounts, headlined by FCM's first account with a projected $US1billion contract value
- Large technology and financial services sector businesses; and
- A significant government contract in the United Kingdom

Together, these wins strengthen an already diverse global customer base, which includes a solid foundation of essential services businesses that are generally exempt from the current travel restrictions. About 25% of FCM's TTV currently comes from government, mining/resources and health/pharma sectors.

FLT also recently strengthened its corporate technology platform by acquiring San Francisco-based WhereTo.

The enterprise travel platform and technology company simplifies and improves business travel planning for corporations by pulling in content from dozens of sources and using artificial intelligence-based algorithms to quickly guide users to the optimal trip options within policy, factoring in criteria like traffic conditions and travel deals.

This technology will become a key part of the company's offerings across both FCM and Corporate Traveller, which targets the SME sector and start-ups.

Other acquisitions during the year included:

- The Ignite leisure business in Australia; and
- An investment in TPConnects, a Dubai-based business with a next generation New Distribution Capability (NDC), Global Distribution System (GDS) and One Order based travel technology platform and software development resources.

LEISURE UPDATE

MELANIE WATERS-RYAN
CEO OF LEISURE

As announced previously, the global leisure business recorded a $20million profit during the eight months to February 29, before incurring significant losses during the four months to June 30.

These losses reflected:

- A pre-COVID monthly cost base of between $140million and $150million, which has now been reduced by more than 70%
- Heavy weighting towards international and discretionary travel, both of which were effectively grounded when border restrictions were applied globally; and
- The significant loss of revenue, given minimal forward bookings from March to June and the reversal of revenues recognised in previous months for future bookings

In Australia, FLT's largest leisure market, the heavy ongoing restrictions that were applied to international travel led to an industry-wide 99.4% decrease in Australian short-term resident departures during the FY20 Q4 (Source: Australian Bureau of Statistics).

Within this challenging trading climate, initial leisure priorities included:

- Cost control, through network rationalisation, rent renegotiations, brand consolidation and reduced discretionary spending
- Structural enhancements and communications; and
- Enhancing the refund process to deliver better outcomes to customers, while FLT's people and suppliers dealt with unprecedented volume

FLT has now processed full or partial refunds totalling more than $600million in Australia alone and is working to return money to customers as quickly as possible (generally within five days) after airlines and other suppliers return that money to FLT.

During this period of major disruption, the company has continued to focus on its longer term leisure transformation program. This program was initially intended to focus on the flagship Flight Centre brand (Speed 1) over the next few years but has been fast-tracked to include new opportunities and growth models (Speed 2).

Transformation priorities now include:

- Rejuvenating the Flight Centre brand and, at the same time, growing the brand's online sales, which were increasing strongly before the pandemic
- Further e-commerce growth through the Jetmax and StudentUniverse online travel agency (OTA) brands, which were also growing strongly
- Developing a leading commercial, product and technical offering tailored for independent travel entrepreneurs (home-based agents) – delivering business-to-business growth; and
- Growth in the premium/luxury sector, where FLT's brands include Travel Associates in Australia and Laurier du Vallon (LDV) in Canada.

In leisure e-commerce, FLT generated almost $1.2billion in TTV during FY20, predominantly via the Flight Centre brand websites throughout the world, the Jetmax businesses (BYOjet and Aunt Betty) and StudentUniverse. StudentUniverse is among the businesses that are leading FLT's leisure recovery to date, with TTV now tracking at 30-40% of prior year levels.

The company has continued to invest in e-commerce capabilities during the COVID-related downturn and should soon introduce a new packaging tool, along with other enhancements, to fast-track its online market-share growth.

OUTLOOK

GRAHAM TURNER
CHIEF EXECUTIVE OFFICER

While FLT has seen a consistent uplift in demand since April, widespread and ongoing travel restrictions – including key domestic border closures in Australia – continue to hamper a more meaningful industry-wide recovery.

Given the company has limited visibility around the timeframes for these government-imposed travel restrictions to be lifted, it is not in a position at this early stage of the year to provide market guidance.

FLT will continue to work towards extending its cash and liquidity runway in the near-term by.

- Increasing revenue, as travel restrictions are lifted; and
- An ongoing, targeted cost focus, particularly in its leisure businesses

Moving forward, this will allow the company to capitalise on:

- Industry consolidation, which is already taking place; and
- The inevitable rebound that will come when restrictions are lifted and consumer confidence recovers

Revenue generation opportunities include domestic travel, which is approaching or above prior year levels in some countries and businesses, including New Zealand and the Ignite ready-made package business in Australia.

Domestic and regional travel is a key driver for the company's corporate businesses and traditionally (pre-COVID) represents the majority of corporate TTV in Australia, the United States, Canada, Asia, India, New Zealand, Europe, South Africa and the United Arab Emirates. Prior to COVID-19, domestic and regional travel accounted for 25-30% of leisure TTV globally.

This heavier domestic weighting, coupled with lower cost base and strong pipeline of account wins, is likely to lead to the corporate business returning to profit ahead of the leisure business.

While FLT believes demand for international travel, which is the leisure business's primary revenue source, will not fully recover before FY23 or FY24 in the absence of an effective vaccine, it expects gradual sales growth during the year as:

- Travel bubbles and corridors open between countries, as is happening now; and
- Businesses and governments work together to develop broader re-opening strategies and plans

As announced previously, FLT will receive further subsidies during FY21 for retained employees in Australia via the Federal Government's extended JobKeeper program. This six-month program was initially set to expire in September 2020 but has been extended to March 2021 with some modifications, including a reduced subsidy.

At current staffing levels, the company expects to receive a net benefit of $70million to $80million in additional subsidies for retained employees from July through to the end of March via JobKeeper and the modified JobKeeper 2.0 program.

As the year progresses, FLT will also review its debt structure, which currently includes short-term borrowings[1] and a $350 million cash covenant, to ensure it is appropriate for the medium to long-term.

[1] As previously announced to the market, FLT's $200 million 364-day bilateral term facilities and GBP65 million CCFF notes will mature in March 2021. FLT expects to be able to extend for a further 12 months through the issue of further notes.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

The following persons were FLT directors during the financial year and up to the date of this report:

DIRECTOR	EXPERIENCE AND DIRECTORSHIPS	SPECIAL RESPONSIBILITIES	DIRECTORS' INTERESTS IN SHARES OF FLT AS AT DATE OF THIS REPORT ORDINARY SHARES
G.W. Smith BCom, FCA, FAICD Age: 60	FLT director since 2007. Gary has vast tourism industry experience and has served on a diverse range of boards and tourism industry related bodies during the past 30 years. Gary is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants. He is also a director of Michael Hill International Limited (from Feb-16) and National Roads and Motorists' Association Limited (the NRMA) (from Feb-19).	Independent non-executive chairman Remuneration & nomination committee member Audit and risk committee member	23,621
J.A. Eales BA, GAICD Age: 50	FLT director since 2012. Director of Palladium Group (from Mar-10), Magellan Financial Group (from Jul-17), Executive Health Solutions (from Jun-15) and FujiXerox-DMS Asia Pacific (from Jan-14).	Independent non-executive director Remuneration & nomination committee chairman Audit and risk committee member	11,875
R.A. Baker FCA, GAICD BBus (Accountancy) Age: 62	FLT director since 2013. Former audit partner of PricewaterhouseCoopers, with experience in the retail, travel and hospitality sectors. Chairman of Rightcrowd Limited (from Aug-17), Goodman Private Wealth Ltd (from Oct-14), and NeuroSensory Limited (from Dec-19). Board member of Apollo Tourism & Leisure Limited (from Jan-19). Pro bono roles include chairman of the Archdiocesan Development Fund, Catholic Archdiocese of Brisbane (from Jan-18), and chairman of the audit and risk committee of Australian Catholic University Limited (from May-15).	Independent non-executive director Remuneration & nomination committee member Audit and risk committee chairman	6,457
C.M. Garnsey OAM Age: 60	FLT Director since Feb-18. Chairman and independent director of Australian Wool Innovation Limited and non-executive director of Seven West Media. Extensive experience in Australian retail industry, marketing and distribution. Former advisory roles include advisor to Federal Minister for Trade and Investment, Australian Fashion Week, Melbourne Fashion Festival and CSIRO. Former executive director of Just Group Limited (2012-2017).	Independent non-executive director Remuneration & nomination committee member Audit and risk committee member	5,168
G.F. Turner BVSc Age: 71	Founding FLT director with significant experience in running retail travel businesses in Australia, New Zealand, USA, UK, South Africa, Canada and Asia. Director of the Australian Federation of Travel Agents Limited (from Sept-05).	Managing Director	16,639,027

No directors held interests in share rights, options or performance rights during the year (2019: nil).

SKILLS AND EXPERIENCE

The current mix of skills and experience represented by the directors during the period, is as follows:

	G.W. SMITH	J.A. EALES	R.A. BAKER	C.M. GARNSEY	G.F. TURNER
Travel or retail industry	✓	✓	✓	✓	✓
Senior executive	✓		✓	✓	✓
Finance/capital markets			✓		
Audit/accounting	✓		✓		
Legal*					
Regulatory/public policy	✓				
International markets	✓	✓		✓	✓
Strategy/risk management	✓	✓	✓	✓	✓
Governance	✓	✓	✓	✓	
Marketing/communications	✓	✓		✓	✓
Technology/IT*					

** For expertise in areas not listed above, the directors seek expertise within FLT and externally where appropriate.*

COMPANY SECRETARY

The company secretary, Mr D.C. Smith (B.Com, LLB), joined FLT in 2002 and was appointed company secretary in February 2008. Mr Smith has over 21 years legal experience. Mr Smith is also the general manager of mergers & acquisitions with FLT. Prior to joining FLT, Mr Smith held positions with Wilson HTM, Blake Dawson (now Ashurst) and Clayton Utz.

MEETINGS OF DIRECTORS

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2020 and the number of meetings attended by each director were:

			COMMITTEE MEETINGS			
	FULL MEETINGS OF DIRECTORS		AUDIT & RISK		REMUNERATION & NOMINATION	
	A	B	A	B	A	B
G.W. Smith	15	15	5	5	3	3
J.A. Eales	15	15	5	5	3	3
R.A. Baker	15	15	5	5	3	3
C.M. Garnsey	15	15	4	5	3	3
G.F. Turner	14	15	*	*	*	*

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

** = Not a member of the relevant committee*

OVERVIEW

JOHN EALES

REMUNERATION AND NOMINATION COMMITTEE CHAIRMAN

AS FLT's RNC chairman, I present your company's FY20 Remuneration Report.

This report has been produced at an extraordinarily challenging time for our company, for our industry and for the global economy, with the extreme travel restrictions that are in place to slow COVID-19's spread continuing to take a devastating toll on our business.

While we have supported and applauded government efforts to save lives, along with initiatives like Australia's JobKeeper program that have been introduced to assist stood-down workers, border restrictions and isolation requirements have effectively meant that our people have been severely restricted in selling our travel-related products since early this calendar year.

Unfortunately, the pain has been widespread and all of our key stakeholder groups have been impacted.

We have been forced to adapt quickly and make some incredibly tough decisions within a very uncertain and a very low revenue environment and with little visibility around a timeframe for the easing of restrictions.

Globally, about 70% of our 20,000-person workforce has either been temporarily stood-down or their roles have become redundant, while those who have remained with us have seen their earnings reduced through the loss of STIs (in part or in full), pay-reductions or, in some cases, both.

For example our senior global executives accepted pay reductions during the FY20 fourth quarter and throughout FY21. Board fees for NEDs were also reduced during the fourth quarter.

Within this environment, we have reviewed our remuneration structures to ensure continued alignment with our strategic objectives and with our stakeholders' interests for both the short and long-term. While our over-arching structures and philosophies have retained their longer term relevance, we have made some temporary adjustments to:

- Reflect React to the unforeseen circumstances that have arisen, without weakening the strong, long-term alignment between executive and shareholder interests; and
- Ensure we balance the need to lower costs and preserve cash in the short-term with the need to retain while retaining key people at all levels to spearhead our recovery.

REMUNERATION REPORT GLOSSARY

- **BOS:** Business ownership scheme
- **CEO:** Chief executive officer
- **CFO:** Chief financial officer
- **EBIT:** Earnings before interest and tax
- **EGM:** Executive general manager
- **EMEA:** Europe, Middle East and Africa
- **EPS:** Earnings per share
- **ESP:** Employee Share Plan
- **FLT:** Flight Centre Travel Group Limited
- **FY:** The fiscal year
- **LTRP:** Long Term Retention Plan
- **LSL:** Long Service Leave
- **KMP:** Key management personnel
- **KPIs:** Key performance indicators, the basis for FLT's STIs
- **MDs:** Managing director
- **NEDs:** Non-executive directors
- **PBT:** Profit before tax
- **RNC:** FLT's Remuneration and Nomination Committee
- **SBP:** Share based payments
- **STIs/LTIs:** Short-term incentives/long-term incentives
- **Targeted Packages:** The packages KMP are offered at the beginning of each year and consisting of base pay, superannuation and targeted STI earnings
- **TIP:** Transformation Incentive Plan

These adjustments will see:

- Executives who are classed as KMP paid at 75% of their targeted salaries for the FY21 first quarter and at 90% for the remainder of the year. Executives will forgo any STIs for the year and will be paid below the normal floor in their targeted packages (set at 90% for the full year)
- NEDs paid 90% of their normal directors' fees for the first quarter and 100% for the remainder of FY21; and
- The BOS and Founder BOS programs suspended, reflecting a change that was made during FY20. At this stage, the Founder BOS program has been earmarked to return at the end of next calendar year

We have also taken steps to assist people who have been stood down by:

- Creating and fostering social networks, with a view to maintaining engagement between each other and with the company
- Providing ongoing access to various FLT services and offers; and
- Proactively sourcing alternative work opportunities for thousands of our people within other organisations that have short-term staffing needs

REMUNERATION OBJECTIVES UNCHANGED

I stress that the alterations we are making are temporary – our intention is to return to normal as soon as we see tangible signs of recovery.

Our over-arching remuneration objectives are unchanged and, in simple terms, are to ensure:

- Key people are attracted and retained – our success in this area is highlighted by our key executives' longevity, as outlined in Table 1

Generally, shareholders have responded positively to our remuneration system and the policies, beliefs and governance structures which underpin it, with the largest vote against our remuneration report representing just 5.85% of our issued capital (2007).

Within this remuneration report, we have outlined our traditional model, along with the short-term alterations, to help shareholders understand both the:

- Tailor-made structures and philosophies that we have designed and implemented over the years to meet our strategic objectives; and
- The modifications that we feel are necessary within the current trading climate, especially and given the significant volatility we are seeing and the lack of visibility around the timeframe for restrictions to be lifted

A COMMON-SENSE SYSTEM THAT IS PURPOSE – BUILT AND ALIGNED TO FLT'S STRATEGIC OBJECTIVES

Those who follow the company closely will know that we value common-sense over conventional wisdom.

This means that we try to take a common-sense approach to business rather than adopting conventional, off-the-shelf strategies and policies that are neither aligned to our strategic objectives nor our core philosophies.

This applies to our remuneration structures which are simple and purpose-built to suit our specific requirements.

The LTRP, which is now in its sixth year, is a good example of a tailor-made program within our broader remuneration framework that we have developed to meet our needs.

TABLE 1: KMP TENURE - SUCCESSFULLY DEVELOPING AND RETAINING KEY PEOPLE

EXECUTIVE	AGE	TENURE	FIRST FLT ROLE	CURRENT FLT ROLE
Adam Campbell	45	13 years	Risk & Audit	CFO
Chris Galanty	46	23 years	Flight Centre Putney (UK)	CEO - Corporate
Dean Smith	53	24 years	Flight Centre Elizabeth Street (Victoria)	EGM - The Americas
Melanie Waters-Ryan	53	33 years	Flight Centre Queen Street (QLD)	CEO - Leisure
James Kavanagh	42	16 years	Campus Travel account manager	MD - Australia
Charlene Leiss	50	24 years	Sales administrator (Garber Travel)	MD - The Americas
Steven Norris	43	18 years	Flight Centre Uxbridge (UK)	MD - EMEA

- Our people are recognised and rewarded appropriately for their achievements in growing our business, helping our company achieve its long-term strategic objectives which have consistently delivered sustainable growth to our shareholders
- Our incentive structures are simple and transparent; and
- Our people have the opportunity to invest in their company through long-term share ownership, ensuring they adopt the behaviours and implement the strategies that deliver long-term wealth creation for shareholders, rather than over indexing on short-term performance.

We also proactively engage with industry bodies, special interest groups and other key stakeholders to ensure they understand our remuneration structures.

The LTRP is not intended to be a conventional LTI but rather a hybrid program that first and foremost serves as a long-term retention tool for key executives and, secondly, strengthens the alignment between KMP and shareholder interests as these executives build tangible ownership of the company.

The key differences between FLT's tailor-made remuneration system and traditional models that other companies have typically adopted have been summarised in Table 2.

TABLE 2: UNDERSTANDING THE DIFFERENCES: FLT'S TAILOR-MADE REMUNERATION MODEL V TRADITIONAL OFFERINGS

STI component built into targeted remuneration packages, not paid as an annual bonus

STIs are not annual bonuses that are only payable to FLT's executives in good years. The company's people are targeted to earn STIs as part of their normal (targeted) remuneration packages in any given year and can earn additional stretch STIs (above and beyond targeted packages) if they exceed their KPIs.

Profit-Based KPIs Tied to Sustainable, Ongoing Growth

FLT uses profit – generally underlying PBT – as the basis of its executive STIs, which is aligned to its goal of delivering sustainable, year on-year earnings growth to benefit all stakeholders. To earn their targeted STIs, executives need to deliver ongoing profit growth.

LTRP is primarily a retention tool, not a traditional LTI

The company's main KMP LTI, the LTRP, does not have results-related performance hurdles attached to it. This is because the LTRP is a tailor-made retention tool for key executives and its performance hurdle is longevity-related.

STIs are uncapped

Fairness and reward for achievement are key components of FLT's remuneration system. Although the company does not cap STIs for KMP, or indeed for its sales people, formal structures, governance processes and natural curbs are in place to ensure that rewards are aligned to shareholders' interests and to prevent salaries from reaching unacceptable levels.

FY20 OUTCOMES

As mentioned previously, KMP earnings for FY20 decreased within an extraordinary operating environment.

Given, as part of the company's COVID-19 response plan, KMP elected to take pay cuts during the fourth quarter they did not earn STIs and actually earned below the 90% floor in their targeted packages.

Similarly, directors chose to reduce their fees by 50% during the FY20 fourth quarter.

Executive remuneration structures and outcomes for FY20 are outlined in table 3 below and are covered in greater detail in section 2 of this remuneration report.

Total paid and payable remuneration (TPPR) on page 24 effectively represents actual earnings, while total remuneration on page 25 reflects the statutory amounts paid to KMP.

CONCLUSION

There is no doubt that COVID-19 represents the greatest challenge that our company and industry has faced, but we are taking positive and logical steps to minimise and mitigate its ongoing impacts.

Part of our response to date has included a review of our remuneration structures to ensure they continue to meet ours and our stakeholders' short and longer term objectives and this has led to some temporary changes. These changes are predominantly geared towards balancing the need to preserve cash with the need to retain people who are working tirelessly to ensure we overcome the current challenges.

In making these temporary changes, we also seek to maintain our remuneration framework's traditional strengths, including the strong alignment between the outcomes achieved and shareholder wealth creation.

Finally, I would like to thank our people globally for their efforts during this incredibly difficult period and to recognise those who, through no fault of their own, have left the company or been placed on stand-down or furlough programs.

While we cannot predict a timeframe for recovery, we hope to welcome back as many people as possible once restrictions are lifted and as demand rebounds.

TABLE 3: KEY EXECUTIVE TARGETED REMUNERATION (AUDITED)

KMP[1]	TARGETED REMUNERATION	FIXED PAY	TARGETED STI	ACTUAL FIXED PAY[2]	ACTUAL STI EARNED	REASON FOR STI VARIATION
Graham Turner	AU $750,000	AU $675,000	AU $75,000	AU $600,000	$nil	KPI (AU $355m global PBT) not achieved
Melanie Waters-Ryan	AU $835,000	AU $751,500	AU $83,500	AU $717,750	$nil	As above
Adam Campbell	AU $1,085,000	AU $ 976,500	AU $108,500	AU $868,000	$nil	As above
Dean Smith	US $700,000	US $630,000	US $70,000	US $600,538	US $nil	Divisional profit target not achieved
Chris Galanty	GBP £350,000	GBP £315,000	GBP £35,000	GBP £312,386	GBP£nil	Divisional profit target not achieved

[1] Charlene Leiss, James Kavanagh and Steven Norris became KMP during the course of FY20 and have not earned STIs since being appointed to their new roles, as reflected in the table on page 24.

[2] KMP elected to reduce their earnings during FY20 as part of the COVID-19 response plan.

REMUNERATION REPORT – AUDITED

The remuneration report outlines FLT's KMP reward framework and is set out under the following headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration, including service agreements
3. LTIs: BOS return multiples on redemption
4. Share-based compensation; and
5. Loans to KMP

Information in this remuneration report has been audited in accordance with section 308(3C) of the *Corporations Act 2001*.

1 PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The following section outlines FLT's remuneration policy and the philosophies that underpin it. Information is presented in a Question and Answer format in five sub-sections:

i. Remuneration philosophies and structures
ii. Alignment with shareholder wealth
iii. Director remuneration
iv. Executive (KMP) remuneration; and
v. Remuneration governance

Within these five sub-sections, any temporary changes that have been implemented in response to COVID-19 have been outlined as part of the applicable Q&A sections.

1I) REMUNERATION PHILOSOPHIES AND STRUCTURES

WHAT IS FLT'S REMUNERATION PHILOSOPHY?

In line with its belief in common-sense over conventional wisdom, FLT has a simple remuneration system that is tied to its core philosophies and strategic objectives.

Although this reward framework is unique and is tailor-made to suit FLT's specific goals, its ultimate objectives are in line with market practice in that they aim to ensure overall reward is:

- Competitive, which allows the company to attract and retain high calibre people
- Aligned with participants' interests, reflecting responsibilities and rewarding achievement and shareholder value creation
- Acceptable to shareholders and strongly aligned to their interests
- Transparent – clear targets are set and achievements against these targets are measurable; and
- Tied to the company's longer term objectives, capital management strategies and structures

Remuneration structures for KMP (excluding NEDs) have also been carefully tailored to ensure they include an appropriate mix of:

- Fixed and variable pay; and
- STIs and LTIs to ensure a strong short and long-term alignment between executive and shareholder

Measurable and reliable outcome-based KPIs underpin FLT's STI programs and the company's overall remuneration systems globally. FLT believes that if the right outcomes are rewarded via its STIs, the company, its people, its customers and its shareholders will benefit.

FLT's belief in the value of using quantitative and outcome-based STIs to drive the desired outcomes is articulated in the company's core philosophies, which are included in this Annual Report.

The company's philosophies also underline its belief in the importance of providing its people with ownership opportunities and the chance "to share in the company's success through outcome-based incentives, profit share, BOS and Employee Share Plans".

Accordingly, ownership opportunities are built into the company's remuneration structures to encourage FLT's people to behave as long-term stakeholders in the company and to adopt the strategies, disciplines and behaviours that create longer term value.

REMUNERATION REPORT – AUDITED (CONTINUED)

WHAT ARE THE KEY COMPONENTS OF FLT'S REMUNERATION FRAMEWORK FOR EXECUTIVES?

All executives earn a combination of:

- Fixed pay
- Variable STIs; and
- LTIs, which may include share-based compensation and, in some cases, BOS return multipliers (variable)

Various KMP also receive returns on their investments in the BOS, which is another tailor-made program that encourages FLT's people to build businesses that deliver sustainable returns over the long-term. The BOS program is currently in hibernation, but remains a key part of the company's remuneration structures.

Additional detail on each of these components is included in Table 1.

TABLE 1: THE KEY COMPONENTS OF FLT'S REWARD FRAMEWORK

Fixed Pay

Fixed pay typically includes base pay (retainer), LSL provisions and employer superannuation contributions.

FLT does not guarantee annual base pay increases for executives or for its people at other levels.

Other fixed payments, including LSL accruals, are made in accordance with relevant government regulations. Superannuation contributions are paid to a defined contribution superannuation fund.

FLT's people are guaranteed to earn at least the minimum amount payable to them under applicable awards or other regulations and agreements. KMP did, however, elect to receive less than the floor during FY20 and FY21 as part of the company's COVID-19 response plan.

STIs

FLT's use of STIs differs from many other companies in that its STI program is not an annual bonus scheme for executives. Rather, all KMP are targeted to earn STIs as part of their remuneration packages.

These STIs can be categorised in two ways:

1. Targeted STIs, which are structured in a way that will see an individual earn his or her targeted salary package if he or she achieves the KPIs that are in place; and
2. Stretch STIs, payments that the executive will earn if his or her businesses exceed their pre-determined targets or KPIs

All STIs (targeted and stretch) are based on measurable achievements (quantifiable) against KPIs or targets that are set annually. This transparency means each employee knows what he or she needs to achieve to earn all or part of his or her targeted STIs or the additional stretch STIs that might become available.

FLT does not guarantee its executives will earn 100% of their targeted STI earnings, which in turns means that the company does not guarantee the annual salary packages its executives will earn beyond the fixed component of 90% of targeted remuneration (the floor).

BOS returns

In line with FLT's belief in the importance of leaders taking ownership of the businesses they run, eligible executives may be invited to invest in unsecured notes in their individual businesses via the BOS. In return for this investment, BOS participants receive a variable return that is tied to the individual business's performance.

In basic terms, a BOS participant who has invested in a 10% interest in his or her business is entitled to 10% of the business's profit as a return on his or her investment. The executive is exposed to the business's risks, as neither FLT nor any of its group companies guarantees returns above face value.

In accordance with the BOS prospectus, the board, via its RNC, can review and amend a BOS note if an individual return exceeds 35% of the BOS note's face value in any 12-month period. In addition, FLT can redeem the BOS note at face value at any point, as it has elected to do in the current trading climate.

BOS Multiplier Program

To help ensure that the leaders of some key businesses remain in their roles for the long-term, the company offers a BOS Multiplier program (see section 3). Under this program, invited senior executives become entitled to multiples of 5, 10 and up to 15 times the BOS return in the last full financial year before their BOS note is redeemed, provided they achieve tenure-related hurdles.

Provisions for these future payments are taken up annually and the amounts are shown in the salary tables in section 2. These provisions can be positive or negative as the company adjusts accruals to meet its anticipated future needs.

Share-based compensation

In line with the company's strong belief in creating ownership opportunities for its people, share-based compensation is available to KMP and other employees (excluding directors).

Programs include:

1. The ESP, which was offered to staff in Australia (excluding directors), New Zealand, Canada, the USA, South Africa and the UK; and
2. The LTRP, which was offered to various senior executives (refer section 4).

REMUNERATION REPORT – AUDITED (CONTINUED)

HOW ARE EXECUTIVE SALARIES STRUCTURED?

Executives are offered a targeted annual remuneration package which includes:

- A fixed pay component representing 90% of the targeted remuneration package, which gives executives a degree of certainty over their earnings and helps ensure they are retained during short-term downturns; and
- A targeted STI component representing 10% of the targeted remuneration package and tied to pre-determined KPIs

The targeted STI component is not guaranteed - either in part or in full. If the KPIs are not achieved, the executive will not earn 100% of his or her targeted remuneration package and may only earn the 90% fixed component (the floor). Conversely, additional STIs (stretch incentives) will be payable if the KPIs are exceeded and, in this scenario, the executive will earn more than 100% of his or her targeted remuneration package.

Targeted remuneration packages are periodically compared to remuneration packages for equivalent positions externally to ensure executives are remunerated at a market-equivalent level. A benchmarking exercise was undertaken during FY20, as outlined in future sections of this report.

COVID-19 Update: For FY21, FLT's executives (excluding NEDs) have elected to receive 75% of their targeted salaries during the first quarter and 90% for the remainder of the year. This one-off change means they will earn less than the floor in their targeted salaries and will not earn any STIs for the year.

1II) ALIGNMENT WITH SHAREHOLDER WEALTH CREATION

HOW IS FLT EXECUTIVE REMUNERATION ALIGNED WITH SHAREHOLDER WEALTH CREATION?

FLT has a simple and logical reward system that ties KMP earnings to financial results achieved and, at the same time, rewards executives for creating longer term shareholder value. Pay-for-performance is integral to this system.

KMP are incentivised within the STI structure to improve key financial results year-on-year and are rewarded according to their achievements against pre-determined, measurable and outcome-based KPIs. These KPIs are strictly tied to year-on-year growth in FLT's overall profit and, in some instances, within its key geographic divisions, which means that senior executives' interests are tied to the company's success and are fully aligned with shareholders' interests.

If the company or the key geographic divisions' results exceed expectations, KMP will earn the full component of their targeted STIs, plus additional stretch STIs. Conversely, if the company or the key geographic divisions' results are below expectations, KMP will earn a fraction of their targeted STIs (and possibly zero), which means they will not achieve their targeted packages for the year, as illustrated in Table 3 and as outlined above.

As outlined in table 3 of John Eales' overview, KMP did not earn their targeted STIs during FY20 because the company or the relevant business division did not achieve its profit-related target.

Table 2 below illustrates FLT's achievements in the areas that drive shareholder wealth during the past five years:

TABLE 2: SHAREHOLDER WEALTH

	FY20	FY19	FY18	FY17	FY16
Profit before income tax	$(849.3m)	$343.5m	$364.3m	$325.4m	$345.0m
Underlying profit before income tax[1]	$(509.9m)	$343.1m	$384.7m	$329.5m	$352.4m
Profit after income tax	$(662.1m)	$264.2m	$264.8m	$230.8m	$244.6m
Interim dividend	-	60.0c	60.0c	45.0c	60.0c
Final dividend	-	98.0c	107.0c	94.0c	92.0c
Special dividend	-	149.0c	-	-	-
Earnings per share (basic)	(552.1c)	224.2c	261.6c	228.5c	242.4c
Share price at 30 June[2]	$11.12	$41.55	$63.65	$38.30	$31.58
Increase / (decrease) in share price %	(73%)	(35%)	66%	21%	(7%)

[1] *Underlying PBT is a non-IFRS measure and is unaudited. Refer to note A1 segment information for reconciliation of underlying to statutory loss before tax.*

[2] *The share price at 30 June 2015 was $34.11.*

REMUNERATION REPORT – AUDITED (CONTINUED)

FLT exceeded its targets during FY18 and finished below expectations in FY16, FY17, FY19 and FY20. The impact on KMP earnings during each period is outlined in Table 3 below.

TABLE 3: IMPACT ON KMP EARNINGS

KMP STIs are tied to FLT's underlying PBT globally and/or the PBT generated by key geographic divisions.

In simple terms, this means that STI earnings will typically be:

- Broadly in line with expectations (targeted STIs) in years where profits within their areas of responsibility are in line with expectations (when they meet their KPIs)
- Above expectations in years when KMP earn stretch STIs because profits are above expectations and shareholders benefit from higher than expected dividends and EPS (when they exceed their KPIs); and
- Below expectations in years when KMP do not earn their targeted STIs because profits and ultimately shareholder returns are below expectations and the executive has not achieved his or her KPIs

HOW DOES FLT'S REMUNERATION SYSTEM BENEFIT BOTH ITS EMPLOYEES AND ITS SHAREHOLDERS?

For executives and employees in general, benefits include:

- Clear and measurable targets and structures for achieving rewards are in place
- Achievement, capability and experience are recognised and rewarded; and
- Contribution to shareholder wealth creation is rewarded because STIs are tied to the company's profit or the profit its key geographic divisions achieve and additional LTIs are in place to reward executives for developing businesses that deliver sustainable growth over a longer horizon

For shareholders, benefits include:

- A clear short and long-term performance improvement focus, as year-on-year profit growth is a core component of FLT's remuneration system. KMP must deliver reasonable year-on-year growth to maintain consistent earnings.
- A focus on sustained growth in shareholder wealth, as outlined above; and
- The ability to attract and retain high calibre executives

1III) DIRECTOR REMUNERATION

HOW ARE NEDS REMUNERATED?

To preserve their independence, NEDs receive fixed fees. They are not eligible to participate in the ESP or BOS program and are not included in other LTI programs.

The fees, which the RNC reviews and benchmarks annually, reflect the positions' demands and responsibilities and are determined within an aggregate directors' fee pool, which is periodically recommended for shareholder approval. The pool currently stands at $1.1million per annum, as approved by shareholders on 22 October 2018.

During FY20, FLT paid 59% of this pool to its NEDs (FY19: 69%).

The fees paid to individual directors were initially intended to be in the order of $170,000 and $250,000 for directors and the chairman respectively, below the median for ASX 50-100 companies, which CGI Glass Lewis listed as $184,608 and $380,166 respectively during FY19. Directors are not paid additional fees for their membership on any relevant Board committees, including the audit and risk committee or the remuneration and nomination committee.

COVID-19 Update: NEDs elected to receive 50% of their individual Board fees during the FY20 fourth quarter. They have also elected to receive 90% of their normal fees for the FY21 first quarter and 100% for the remainder of the year.

HOW ARE CHAIRMAN'S FEES DETERMINED?

The chairman's fees are determined independently and are benchmarked against comparable roles in other listed entities. The chairman does not attend Board and RNC discussions relating to his remuneration.

REMUNERATION REPORT – AUDITED (CONTINUED)

1IV) EXECUTIVE KMP REMUNERATION STRUCTURES

WHAT ARE KMP STIS BASED ON?

During FY20, KMP STIs were initially based on:

- FLT's Underlying PBT for the CEO, CFO and COO. Targeted STIs for these three executives were based on FLT delivering a $355million underlying PBT; and
- A combination of divisional PBT/EBIT (70%) and FLT underlying PBT (30%) for the leaders of FLT's businesses in the Americas (Dean Smith) and EMEA (Chris Galanty)

No STIs were paid on these KMP, as outlined elsewhere in this report.

FLT's broader STI structure is outlined in Table 4 below.

TABLE 4: STI SUMMARY – KMP

Participants:	All KMP (excluding NEDs) are targeted to earn performance-based STIs as part of their normal remuneration packages.
Award Type:	Cash payments that are made annually to the CEO and CFO and monthly to other executives who are classed as KMP.
Performance conditions:	KMP STIs are not guaranteed – in part or in full – and are strictly tied to the company's PBT (underlying) or the PBT/EBIT achieved within its key geographic divisions.
Structure:	KMP receive a small percentage of the company's PBT and, in some cases, the PBT/EBIT achieved within its key geographic divisions. For an executive to achieve 100% of his or her targeted STIs, the company or the relevant division must achieve a predetermined target for the year. If the executive's business exceeds its targets, he or she will be entitled to additional stretch STIs. Conversely, executives will earn less than 100% of his or her targeted STIs if the KPIs are not met.
Limits:	While KMP STIs are theoretically uncapped, several factors will curb an executive's earning potential. Firstly, FLT's maturity means it is unlikely to achieve extraordinary underlying PBT growth in any given year. Secondly, decelerator mechanisms are in place to slow an executive's salary growth if the company or his or her business exceeds pre-determined 'stretch profit' targets. Where a business is acquired, profit targets are adjusted to reflect the acquired business's expected contribution.
Deferral:	Not applicable.
Clawback:	Adjustments can be made to claw-back over-payments or to top-up under-payments.
FY20 Outcomes:	The STI outcomes for KMP have been outlined in Table 3 in John Eales' overview.

WHAT PERCENTAGE OF OVERALL REMUNERATION IS FIXED FOR FLT EXECUTIVES?

For each executive who is classed as KMP, 90% of targeted remuneration is typically fixed and 10% is tied to STIs (variable).

As outlined in previous sections, an executive may, however, earn more or less than the targeted amount of 10% because STIs are tied to actual results achieved.

When profit growth exceeds expectations, STIs will exceed the targeted levels (stretch STIs) and a larger portion of earnings will have been at risk. Conversely, when profit growth is below expectations, STIs will be lower than the targeted levels and a larger portion of earnings for the year will have been fixed.

COVID-19 Update: During FY21, key executives have elected to receive 75% of their targeted salaries during the first quarter and 90% for the remainder of the year. As outlined previously, this means they will be paid below the 90% floor in their annual packages and will forgo any STIs for the year.

HOW DO THE TARGETED SALARY PACKAGES THAT KMP ARE OFFERED DIFFER FROM OVERALL EARNINGS DISCLOSED IN THIS REPORT?

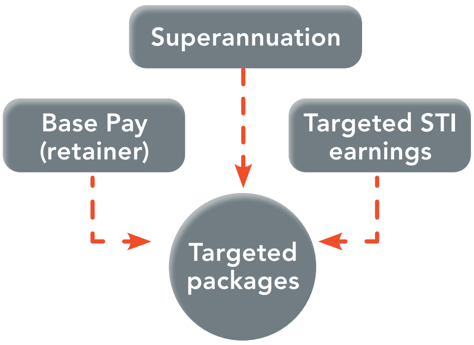
Targeted packages will differ from Actual and Total remuneration for three main reasons:

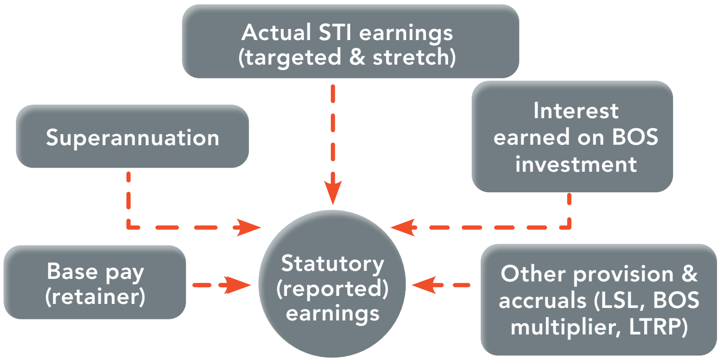
1. KMP may earn additional income that is not factored into targeted annual remuneration packages. For example, interest earned on the executive's BOS investment (see KMP remuneration table, page 24)
2. Statutory remuneration includes other accruals and provisions (KMP remuneration table, page 25). For example, BOS Multiplier accruals and LSL provisions. These amounts can be positive or negative; and
3. STIs can exceed or fall short of the targeted amount, as outlined previously.

DIRECTORS' REPORT CONTINUED

REMUNERATION REPORT – AUDITED (CONTINUED)

The diagrams below illustrate the differences between targeted remuneration packages and statutory (reported) remuneration.





ARE NON-FINANCIAL KPIS USED?

Non-financial KPIs were not used during FY20 and will not apply during FY21, given that KMP will not earn STIs. The company may, however, consider using them in future periods if they are measurable and aligned to FLT's strategic objectives.

HOW DOES FLT LIMIT EXECUTIVE STIS?

While KMP STI earnings are uncapped, structures, governance processes and natural curbs are in place to ensure that executive earnings are aligned to shareholders' interests and do not reach unacceptable levels.

Effectively, KMP earn a small percentage of global profit and, in some cases, a small percentage of their geographic division's profit. As outlined previously, this percentage is calculated in such a way that the executive will earn his or her targeted STIs if FLT or the executive's business achieves its pre-determined profit growth target.

For example, an executive who was targeted to earn $40,000 in targeted STIs if FLT achieved a $400million PBT could be offered a 0.01% share of FLT's audited profit result for the year.

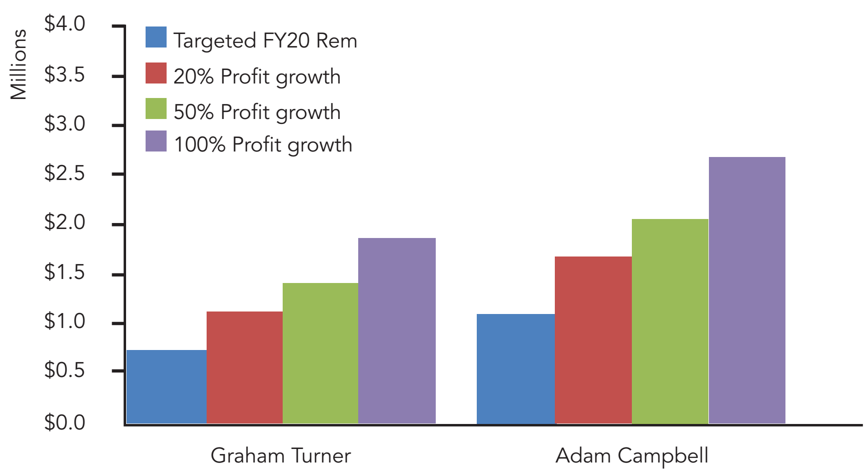
If the company significantly exceeds its profit goal and an executive reaches "stretch" targets, decelerator mechanisms will kick-in to slow the executive's earnings growth. For FY20, a decelerator would have applied to the global portion of STIs had an executive earned 150% of his or her targeted salary package.

A number of other factors will also limit earnings growth for KMP:

- Firstly, STIs are tied to results achieved by businesses that are now reasonably mature and are, therefore, limited by the relevant business's earnings growth potential; and
- Secondly, the percentage of profit the executive earns under his or her KPIs is relatively small. In a year of normal profit growth, executive STIs will not significantly increase

The graph below shows the impact various profit growth scenarios would have had on Graham Turner's, Adam Campbell's and Melanie Waters-Ryan's targeted earnings for FY20.

GRAPH: FIXED PAY AND STIS



REMUNERATION REPORT – AUDITED (CONTINUED)

As outlined in greater detail elsewhere in this report, the RNC also has the discretion to adjust KPIs during the course of the year if earnings exceed targeted salary packages and are not aligned to the company's and its shareholders' interests.

EXECUTIVE LONG TERM INCENTIVES (LTIS)

WHAT IS THE LTRP AND HOW IS IT STRUCTURED?

The LTRP is an equity-based tool is aligned with FLT's longer term strategic objectives, and aims to:

- Encourage retention of key executives
- Enhance the level of ownership among these key people to strengthen the alignment to shareholder interests; and
- Balance the use of STIs

A summary is included below and further detail is provided in Section 4.

LTRP SUMMARY

Participants:	Key executives globally, including KMP apart from Graham Turner and NEDs.
Award Type:	Annual equity grant of Base Rights that will vest in the future if the executive achieves the longevity-related performance condition. An additional Matched Right is attached to each Base Right and will also vest in the future if the executive achieves the performance conditions. On vesting, the rights become exercisable by the participant. No amount is payable on exercise.
Performance conditions:	As the program is primarily a retention and alignment tool, the performance condition is tied to longevity. No result-related performance conditions or hurdles are in place.
Structure:	The number of Base Rights issued is based on a fixed dollar amount of rights granted for each participant divided by the company's share price (Volume Weighted Average Price) over the 10 trading days following release of FLT's full year accounts. Base Rights granted during the plan's first three years (FY16-FY18) vested on 1 July 2018. All subsequent Base Rights granted will vest three years after the respective grant date, provided that the executive continues to be employed within FLT at that time. The Matched Rights are linked one-for-one to the granted Base Rights to further encourage key executives to build longer term careers with the company (continuous employment). Matched Rights for the plan's first three years (FY16-FY18) vested in 2020. Matched Rights granted from FY19 onwards will vest three years after the applicable grant date or five years after the applicable grant date for new participants' first grant, upon release of FLT's audited full year accounts. The vesting of Matched Rights is conditional on: • The executive still holding the corresponding Base Rights previously issued under the LTRP, or the associated shares received on exercise of those Base Rights (i.e. the executive has not sold the shares received from the Base Rights); and • The executive remaining employed within FLT In line with FLT's reporting requirements, the Base Rights and Matched Rights issued are recorded at grant date fair value within the remuneration tables in this report.
Limits:	Participants receive a percentage of their targeted remuneration package (typically 15%) in Base Rights under the plan.
Voting and dividend rights:	In return for each Base Right or Matched Right exercised, the executive will receive one fully paid FLT ordinary share with attached voting and dividend rights.
Other key terms:	Participants can receive up to 12 annual share grants through to 2027. Shares can be bought on-market or issued, as is the case for the ESP. Provisions are in place for a change of control or other material changes in company structure.
Clawback:	Not applicable, although the Board, via the RNC, has full discretion over the LTRP and can "alter, modify, add to or repeal" any provisions of the LTRP's rules.
FY20 Outcomes:	The board invited 50 key executives globally to participate in the LTRP during FY20. Of those invited, 44 (88%) were retained.

DIRECTORS' REPORT CONTINUED

REMUNERATION REPORT – AUDITED (CONTINUED)

WHY AREN'T RESULT-RELATED PERFORMANCE HURDLES IN PLACE FOR THE LTRP?

Given that the LTRP is not a traditional LTI and is primarily a tool to help retain key executives for the long-term, no result-related performance hurdles apply. Rights can be granted to participants each year while they remain part of the program and while they remain part of FLT.

While FLT met with various stakeholders and considered adding performance hurdles to the plan when it was reviewed during FY18, the company elected to continue under the original structure, given the plan's success in achieving its primary strategic objective of retaining key individuals.

Less than 10 participants have elected to resign since the program was introduced during FY16.

The company also believes that its program gives executives a stronger sense of ownership and alignment with shareholders than other plans that are tied to longer term performance hurdles that may or may not be achieved. Like other shareholders, LTRP participants gain an immediate sense of share ownership when they are invited to become part of the program, rather than the possibility of a longer term reward, and see the same short-term benefits (excluding dividends and voting rights), while also being motivated as an owner to deliver longer term value.

ARE OTHER LTIS IN PLACE FOR KMP?

FLT's senior executives are integral to the success of its key businesses and the company overall.

To help retain these key people and to encourage them to build businesses that deliver sustainable profits into the future, the company has tailored an additional LTI that is aligned to the BOS., and available to some KMP. Under this BOS Multiplier program, which is outlined in section 3, each participating executive becomes entitled to a one-off BOS return multiplier payment upon the BOS note's redemption if he or she remains in his or her role, or an equivalent or more senior position, for between five and 15 years.

COVID-19 Update: FLT has temporarily suspended the BOS and BOS Multiplier programs.

1V) REMUNERATION GOVERNANCE

HOW IS EXECUTIVE REMUNERATION MONITORED TO ENSURE FLT ACHIEVES ITS REWARD OBJECTIVES?

FLT's RNC, which includes the company's NEDs, oversees and monitors executive remuneration and provides specific recommendations on remuneration and incentive structures, policies and practices and other employment terms for directors and senior executives.

In making its recommendations, the RNC considers:

- External benchmarks against ASX-listed companies, other global travel companies and retailers in general. A benchmarking exercise was conducted during FY20. This exercise found that targeted remuneration packages for KMP were typically at or below the 25th percentile
- Targeted earnings being aligned with targeted PBT growth; and
- Three-five years' salary data for the position to ensure earnings are aligned with results over the longer term

During the course of the year, the RNC receives regular employee earnings updates, which allows it to monitor executives' potential earnings against their divisions' performance and the targets that were set at the start of the year.

The RNC also has the discretion to withhold STI payments if deemed appropriate.

The RNC can adjust KPIs if actual earnings are likely to excessively exceed targeted packages or if a material change occurs within the business. For example, the RNC can normalise earnings by excluding unforeseen items or including an acquired business's contributions for the purposes of calculating STIs.

The RNC can "alter, modify, add to or repeal any provisions of the LTRP's rules in any way it believes is necessary or desirable to better secure or protect the company's rights". Subject to some conditions, the committee can, at any time, "amend, add to, revoke or substitute all or any of the provisions of the LTRP rules".

Under the LTRP, amendments can be made if the company is subject to a takeover bid or if the company's capital is consolidated, subdivided, returned, reduced or cancelled.

The RNC is supported by local committees that operate within FLT's key geographic divisions. These local committees generally meet quarterly and include the local MD, CFO and HR (Peopleworks) leader.

REMUNERATION REPORT – AUDITED (CONTINUED)

WITHIN ITS EXECUTIVE REMUNERATION STRUCTURES, HOW DOES THE COMPANY ENSURE THAT KMP ARE FOCUSED ON PROTECTING AND GROWING SHAREHOLDER VALUE NOW AND INTO THE FUTURE?

Through the tailor-made programs that the company has developed and refined, it has created a remuneration program that rewards executives for surpassing the prior year's achievement, but also for delivering results that can be sustained in to the future.

Executive STIs are tied to FLT's underlying profits for the year, which are subject to rigorous internal and external checks and reviews and can be adjusted (clawed back or topped up) if required.

Within this STI structure, executives are also rewarded for adopting strategies that deliver long-term growth, as future STIs and BOS interest are dependent on the business achieving ongoing profit growth. This ongoing growth focus promotes longer term thinking and sustainability, as an executive who took a short-term approach to profit growth and earned higher STIs in any given year would be adversely affected in future years.

To further encourage long-term thinking and to ensure key people are focused on building businesses that can deliver sustainable returns for the future, KMP (excluding directors) have been included in the LTRP. In addition to aiding executive retention, this has delivered a stronger sense of ownership and a clear alignment with shareholders' medium to long-term interests. Various KMP have also taken ownership interests in the businesses they run, via their participation in the BOS.

FLT has a share trading policy which prohibits directors, senior executives and their closely connected persons from entering into margin loans, hedging or any other arrangement that would have the effect of limiting their exposure to risk in relation to an element of their remuneration that has not yet vested or has vested but remains subject to a holding lock. The policy is available on FLT's website at http://www.fctgl.com/investors/governance/share-trading-policy-2/.

2 DETAILS OF REMUNERATION

The following tables outline KMP remuneration details for the company and consolidated entity consisting of FLT and the entities it controlled for the year ended 30 June 2020. Board and KMP are as defined in AASB 124 *Related Party Disclosures* and are responsible for planning, directing and controlling the entity's activities.

BOARD OF DIRECTORS

Non-Executive Directors

G.W. Smith – Chairman
J.A. Eales
R.A. Baker
C.M. Garnsey

Executive Director

G.F. Turner

OTHER GROUP KMP

M. Waters-Ryan – CEO - Leisure
A. Campbell – CFO
C. Galanty – CEO - Corporate
D.W. Smith – MD – The Americas[1]
C. Leiss – MD – The Americas[2]
J. Kavanagh – MD – Australia[2]
S. Norris – MD – EMEA[2]

[1] D.W. Smith was a KMP for the full year ended 30 June 2020 and retired effective 1 July 2020.

[2] On 1 January 2020, FLT appointed J. Kavanagh, C. Leiss and S. Norris as KMP due to an internal restructure of the business.

PARENT ENTITY

With the exception of C. Galanty, D.W. Smith, C. Leiss and S. Norris, the executives listed above were also Parent Entity executives.

SERVICE AGREEMENTS

No fixed-term service agreements are in place with FLT's directors or KMP. Senior executives are bound by independent and open-ended employment contracts that are reviewed annually.

The company does not pay sign-on bonuses and requires KMP to provide at least 12 weeks written notice of their intention to leave FLT. If FLT gives notice, it must also provide at least 12 weeks written notice. Termination payments to executives and other employees who are displaced as a result of their roles becoming redundant are assessed on a case-by-case basis and are capped by law. If the terminated senior executive has a BOS note (refer to note D2), FLT will also be required to repay the BOS note's face value and any applicable one-off BOS multiplier payment (refer to section 3), to the executive, in line with the BOS's general redemption rules. FLT is not bound, under the terms of any executive's employment contract, to provide termination benefits beyond those that are required by law.

As is the case for all employees, KMP employment may be terminated immediately for serious misconduct.

REMUNERATION REPORT – AUDITED (CONTINUED)

KMP

The following table shows the remuneration paid and payable to KMP for the year ended 30 June 2020. Remuneration amounts are determined in accordance with the *Corporations Act 2001's* requirements and are set out in the table below and in conjunction with the table on page 25 of this report.

	PAID AND PAYABLE REMUNERATION				
	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS[1]	
NAME	CASH SALARY AND FEES[2] $	SHORT TERM INCENTIVE[2] $	BOS INTEREST[3] $	SUPERANNUATION $	TOTAL PAID AND PAYABLE REMUNERATION $
NON-EXECUTIVE DIRECTORS					
G.W. Smith					
2020	197,233	-	-	15,392	212,625
2019	229,469	-	-	20,531	250,000
J.A. Eales					
2020	131,963	-	-	12,537	144,500
2019	155,251	-	-	14,749	170,000
R.A. Baker					
2020	131,963	-	-	12,537	144,500
2019	155,251	-	-	14,749	170,000
C.M. Garnsey					
2020	131,963	-	-	12,537	144,500
2019	155,251	-	-	14,749	170,000
EXECUTIVE DIRECTORS					
G.F. Turner					
2020	578,997	-	-	21,003	600,000
2019	654,469	-	-	20,531	675,000
OTHER GROUP KMP					
M. Waters-Ryan					
2020	696,747	-	301,064	21,003	1,018,814
2019	672,469	-	497,748	20,531	1,190,748
A. Campbell					
2020	846,997	-	-	21,003	868,000
2019	955,969	-	-	20,531	976,500
C. Galanty					
2020	586,530	-	684,178	-	1,270,708
2019	569,912	30,842	969,722	-	1,570,476
D.W. Smith[5]					
2020	894,723	-	-	-	894,723
2019	880,585	245,772	782,335	-	1,908,692
J. Kavanagh (appointed 1 January 2020)[6]					
2020	272,162	-	-	10,501	282,663
2019	-	-	-	-	-
C. Leiss (appointed 1 January 2020)[6]					
2020	330,274	-	-	-	330,274
2019	-	-	-	-	-
S. Norris (appointed 1 January 2020)[6]					
2020	298,025	-	-	-	298,025
2019	-	-	-	-	-
TOTAL KMP COMPENSATION (EXCLUDING LONG TERM BENEFITS)					
2020	5,097,577	-	985,242	126,513	6,209,332
2019	4,428,626	276,614	2,249,805	126,371	7,081,416

REMUNERATION REPORT – AUDITED (CONTINUED)

[1] No termination benefits (leave entitlements and redundancy payments owing to employees at the date of termination) were paid during the year (2019: nil).

[2] For each executive who is classed as KMP, 90% of targeted remuneration package is fixed for both 2020 and 2019.

[3] BOS interest shown above does not take into account financial liabilities (principal repayments) that may relate to this investment.

[4] On 26 March 2020, FLT announced a 50% pay reduction for senior executives and board members until the end of FY20, and that executives would forgo all short-term incentive payments for FY20. These changes are reflected in the remuneration amounts disclosed for KMP in the table above.

[5] D.W. Smith was a KMP for the full year ended 30 June 2020 and retired effective 1 July 2020.

[6] For KMP who were appointed during the period the amounts disclosed reflect the relevant service period served.

NEDs receive fixed fees, do not receive STIs or LTIs and do not participate in the BOS or BOS Multiplier program. No components of their remuneration are at risk.

		LONG-TERM EMPLOYEE BENEFITS		SHARE- BASED PAYMENTS		
NAME	TOTAL PAID AND PAYABLE REMUNERATION $	LONG SERVICE LEAVE[1] $	BOS MULTIPLIER PROVISION[2] $	EQUITY SETTLED PLANS[3] $	TOTAL REMUNERATION $	PERCENTAGE PERFORMANCE RELATED[4] %
TOTAL NON EXECUTIVE DIRECTORS COMPENSATION						
2020	646,125	-	-	-	646,125	-
2019	760,000	-	-	-	760,000	-
EXECUTIVE DIRECTORS						
G.F. Turner						
2020	600,000	(101,558)	-	-	498,442	-
2019	675,000	(158,115)	-	-	516,885	-
OTHER GROUP KMP						
M. Waters-Ryan						
2020	1,018,814	(57,882)	-	211,609	1,172,541	26
2019	1,190,748	(32,220)	852,000	144,692	2,155,220	63
A. Campbell						
2020	868,000	26,183	-	420,523	1,314,706	-
2019	976,500	43,480	-	254,940	1,274,920	-
C. Galanty						
2020	1,270,708	-	-	211,609	1,482,317	46
2019	1,570,476	-	1,844,781	144,692	3,559,949	80
D.W. Smith[5]						
2020	894,723	-	(415,813)	(1,036)	477,874	(87)
2019	1,908,692	-	1,105,878	149,611	3,164,181	67
J. Kavanagh (appointed 1 January 2020)[6]						
2020	282,663	21,586	-	54,234	358,483	-
2019	-	-	-	-	-	-
C. Leiss (appointed 1 January 2020)[6]						
2020	330,274	-	-	78,559	408,833	-
2019	-	-	-	-	-	-
S. Norris (appointed 1 January 2020)[6]						
2020	298,025	-	-	60,552	358,577	-
2019	-	-	-	-	-	-
TOTAL KMP COMPENSATION						
2020	6,209,332	(111,671)	(415,813)	1,036,050	6,717,898	
2019	7,081,416	(146,855)	3,802,659	693,935	11,431,155	

REMUNERATION REPORT – AUDITED (CONTINUED)

[1] Long Service Leave (LSL) includes amounts accrued and taken during the year. LSL provisions are linked to overall executive remuneration (which consists of the short-term benefits noted above) and, therefore, vary from year to year. Movements are based on total salary which is dependent on performance during the year. Negative amounts are sometimes recognised, as provisions naturally adjust in periods where incentives are not earned and the rate used for LSL calculation reduces compared to prior periods.

[2] BOS Multiplier program provisions are linked to profit and, therefore, vary from year to year. Information on the BOS program including the hibernation of the BOS Multiplier Program is included in section 3.

[3] Share-based payments represent amounts expensed in relation to rights granted under LTRP Grant 2016 (Grant 1), Grant 2017 (Grant 2), Grant 2018 (Grant 3), and Grant 2019 (Grant 4). D.W. Smith's and A. Campbell's include matched rights granted under the ESP (refer section 4). On 6 April 2020, the Board resolved under the plan rules to bring forward the vesting date of the matching rights for Grant 1, Grant 2, and Grant 3 from 1 July 2020 to 6 April 2020 to ensure executives were eligible to participate in the Retail Entitlement Offer of the capital raising. This did not result in any additional remuneration being recorded in the FY20 financial year.

[5] Performance related percentage calculated as the sum of the STI and BOS interest, and BOS Multiplier divided by total remuneration.

[5] D.W. Smith was a KMP for the full year ended 30 June 2020 and retired effective 1 July 2020.

[6] For KMP who were appointed during the period the amounts disclosed reflect the relevant service period served.

DETAILS OF REMUNERATION PAID AND FORFEITED

For each STI, the percentage of the available bonus that was paid, or that vested, in the financial year and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

	INCENTIVES	
OTHER GROUP KMP	PAID %	FORFEITED %
G.F. Turner	0%	100%
M. Waters-Ryan	0%	100%
C. Galanty	0%	100%
D.W. Smith	0%	100%
A. Campbell	0%	100%
J. Kavanagh	0%	100%
C. Leiss	0%	100%
S. Norris	0%	100%

3 LTIS: BOS RETURN MULTIPLES ON REDEMPTION

To encourage key executives to continue in their roles for the long-term and to drive growth in large and important businesses, three KMP with BOS notes – namely Melanie Waters-Ryan, Dean Smith and Chris Galanty – are in line to earn multipliers on their BOS returns (upon final redemption).

Under the Program's terms (as they relate to Mr Galanty and Ms Waters-Ryan), if the BOS note is finally redeemed between its fifth and tenth anniversary, the BOS holder will be entitled to a one-off payment equivalent to the BOS return for the last full financial year before the redemption date, multiplied by five, being the applicable redemption multiple.

If the BOS note is finally redeemed between its tenth and fifteenth anniversary, the holder will be entitled to a one-off payment equivalent to the BOS return for the last full financial year before the redemption date, multiplied by 10, being the applicable redemption multiple.

Minor changes implemented through an amending deed (effective 30 June 2020) have been made to Ms Waters-Ryan's BOS note. Ms Waters-Ryan's BOS note maturity year has changed from 2028 to 2027 and it must then be finally redeemed. In this instance, the final redemption multiple will be 15, but the multiple will remain at 10 if the BOS note is redeemed between 2023 and 2026.

Mr Galanty's BOS note matures in 2026 and it must then be finally redeemed. At that point, the final redemption multiple will be 15.

Mr Smith's BOS note was to mature in 2027, however Mr Smith's retirement on 1 July 2020 has resulted in the unsecured BOS note redemption, effective May 2020. The payment will represent a five times multiple payment of BOS interest on America's 30 June 2019 profits payable in July 2021.

By execution of amending deeds effective 30 June 2020, both Ms Waters-Ryan and Mr Galanty's BOS notes are in temporary hibernation commencing 1 January 2020 through to 31 December 2021. The result of this temporary redemption has been a temporary pay back of the invested Face Value to the note holders with no entitlements to any interest earnings, payments entirely suspended and unable to be redeemed. At the end of the hibernation period, the BOS noteholders are required to return to FLT the Face Value either through a payment or issue of a funds designation notice. The required provision for remaining Founder BOS multiple earning periods out to 2027 has been recognised.

If the BOS note is redeemed outside of the temporary hibernation period and between five years and its maturity date, as a result of the holder transferring into a comparable or more senior role within the company, an affiliate or a related body corporate, the redemption multiple will be the number of full years the BOS note has been held. This redemption multiple will then be applied to the holder's BOS returns for the last full financial year before the redemption date. The same calculation will apply if a material part of the holder's business unit is sold.

The BOS's Face Value, being the amount paid by the holder to purchase the BOS, is guaranteed – it cannot decrease in value – and will always be deducted from the final redemption multiple payment.

	BOS MULTIPLIER PROGRAM						
OTHER GROUP KMP	GRANT DATE	VESTED	FORFEITED	FINANCIAL YEARS IN WHICH BOS RETURN MULTIPLE MAY VEST	MINIMUM TOTAL BOS RETURN MULTIPLE[1]	MAXIMUM TOTAL BOS RETURN MULTIPLE[1]	BALANCE AT 30 JUNE 2020 $
M. Waters-Ryan	1 July 2012	100%	-	2018-2027	5 times	15 times	3,722,964
C. Galanty	1 July 2010	100%	-	2016-2026	5 times	15 times	8,297,740
D.W. Smith	1 July 2010	100%	-	2016-2027	5 times	10 times	3,026,633
Total							15,047,337

[1] *The BOS Holder will be entitled to and paid an amount equivalent to his or her BOS return for the last full financial year before the redemption date, multiplied by the applicable redemption multiple. As the BOS return multiple is dependent on profit during the last full financial year before the date of redemption, neither the minimum nor maximum amount can be reliably estimated until redeemed.*

REMUNERATION REPORT – AUDITED (CONTINUED)

4 SHARE-BASED COMPENSATION

In line with FLT's philosophies, share-based plans are in place to allow KMP (excluding directors) and employees in general to take an equity interest in the company. These plans include the LTRP and the ESP.

LTRP

The LTRP was introduced to provide equity based compensation with a focus on balancing FLT's use of STIs, long-term shareholder alignment and retention of key executives.

General terms

Invited participants are granted base rights, for no consideration, in annual tranches over a 12-year period with vesting conditions based upon continued service. When these base rights are granted, participants are also granted a corresponding number of matched rights for no consideration (one matched right for each base right granted).

Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary FLT share.

The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the company's issued capital (currently less than 1%).

Vesting requirements

Base rights granted to participants for each tranche will vest on the base rights' vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date).

Matched rights granted to participants for each tranche will vest on the matched rights' vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date) and the base rights (or shares) in respect of the respective grant continue to be held.

Method of settlement

The base rights and matched rights may be issued by FLT, purchased on-market or allocated from treasury shares.

VALUATION

The fair value of base and matched rights under the plan is estimated at the date of grant using a fixed dollar amount of rights granted for each participant and the Black-Scholes option pricing model. The fair value is allocated equally over the period from grant date to vesting date, and is included in the remuneration report compensation tables.

Details of rights provided as remuneration to KMP are set out below:

		BASE RIGHTS			MATCHING RIGHTS		
GRANT NUMBER	GRANT DATE	DATE/YEAR VESTED AND EXERCISABLE[1]	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE [3]	DATE/YEAR VESTED AND EXERCISABLE[1,2]	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE [3]
1	1 Jan 2016	1 July 2018	1 July 2030	$31.93	6 April 2020	1 July 2030	$28.91
2	1 July 2016	1 July 2018	1 July 2030	$32.99	6 April 2020	1 July 2030	$29.58
3	1 July 2017	1 July 2018	1 July 2030	$46.63	6 April 2020	1 July 2030	$42.46
4	1 July 2018	August 2021	1 July 2030	$54.26	August 2021	1 July 2030	$54.26
4b	1 July 2018	August 2021	1 July 2030	$54.26	August 2023	1 July 2030	$51.58
5	1 July 2019	August 2022	1 July 2030	$42.06	August 2022	1 July 2030	$42.06

[1] During the prior period, the Board made a change under the plan rules to the vesting date to align with trading windows. The vesting date is now the day the Company releases full year financial results to the ASX in the year of vesting. The grant dates remain unchanged.

[2] During the period, the Board resolved under the plan rules to bring forward the vesting date of the matching rights for Grant 1, Grant 2, and Grant 3 from 1 July 2020 to 6 April 2020 to ensure executives were eligible to participate in the Retail Entitlement Offer of the capital raising. No additional expense was recorded in the 30 June 2020 financial year as these rights would have been fully expensed in the year regardless of the earlier vesting date. The share price at the date the rights were exercised was $7.20.

[3] The maximum value of each grant can be calculated by multiplying the fair value of the rights on the grant date by the number of rights granted during the relevant year. This amount represents the maximum value which will be expensed over the vesting period. The minimum value is nil if the service conditions are not met.

REMUNERATION REPORT – AUDITED (CONTINUED)

RIGHTS HOLDINGS

The number of rights over ordinary FLT shares held during the financial year by FLT's group KMP, including the number granted, vested, exercised and forfeited is set out below:

	BALANCE AT 1 JULY 2019						BALANCE AT 30 JUNE 2020		
RIGHTS	VESTED AND EXERCISABLE	UNVESTED	GRANTED	FORFEITED	VESTED	EXERCISED	VESTED AND EXERCISABLE	UNVESTED	VALUE OF RIGHTS GRANTED DURING THE YEAR $
M. WATERS-RYAN									
Grant 1									
Base	3,066	-	-	-	-	(3,066)	-	-	-
Match	-	3,066	-	-	3,066	(3,066)	-	-	-
Grant 2									
Base	3,082	-	-	-	-	(3,082)	-	-	-
Match	-	3,082	-	-	3,082	(3,082)	-	-	-
Grant 3									
Base	2,306	-	-	-		(2,306)	-	-	-
Match	-	2,306	-	-	2,306	(2,306)	-	-	-
Grant 4									
Base	-	1,923	-	-	-	-	-	1,923	-
Match	-	1,923	-	-	-	-	-	1,923	-
Grant 5									
Base	-	-	2,386	-	-	-	-	2,386	100,374
Match	-	-	2,386	-	-	-	-	2,386	100,374
C. GALANTY									
Grant 1									
Base	3,066	-	-	-	-	(3,066)	-	-	-
Match	-	3,066	-	-	3,066	(3,066)	-	-	-
Grant 2									
Base	3,082	-	-	-	-	(3,082)	-	-	-
Match	-	3,082	-	-	3,082	(3,082)	-	-	-
Grant 3									
Base	2,306	-	-	-		(2,306)	-	-	-
Match	-	2,306	-	-	2,306	(2,306)	-	-	-
Grant 4									
Base	-	1,923	-	-	-	-	-	1,923	-
Match	-	1,923	-	-	-	-	-	1,923	-
Grant 5									
Base	-	-	2,386	-	-	-	-	2,386	100,374
Match	-	-	2,386	-	-	-	-	2,386	100,374
D.W. SMITH[1]									
Grant 1									
Base	-	-	-	-	-	-	-	-	-
Match	-	3,066	-	-	3,066	(3,066)	-	-	-
Grant 2									
Base	-	-	-	-	-	-	-	-	-
Match	-	3,082	-	-	3,082	(3,082)	-	-	-
Grant 3									
Base	-	-	-	-	-	-	-	-	-
Match	-	2,306	-	-	2,306	(2,306)	-	-	-
Grant 4									
Base	-	1,923	-	(1,923)	-	-	-	-	-
Match	-	1,923	-	(1,923)	-	-	-	-	-
Grant 5									
Base	-	-	2,386	(2,386)	-	-	-	-	100,374
Match	-	-	2,386	(2,386)	-	-	-	-	100,374

[1] *Rights were forfeited on notice of resignation in June 2020. Effective date of resignation was 1 July 2020.*

RIGHTS	BALANCE AT 1 JULY 2019 VESTED AND EXERCISABLE	BALANCE AT 1 JULY 2019 UNVESTED	GRANTED	FORFEITED	VESTED	EXERCISED	BALANCE AT 30 JUNE 2020 VESTED AND EXERCISABLE	BALANCE AT 30 JUNE 2020 UNVESTED	VALUE OF RIGHTS GRANTED DURING THE YEAR $
A. CAMPBELL									
Grant 1									
Base	2,453	-	-	-	-	(2,453)	-	-	-
Match	-	2,453	-	-	2,453	(2,453)	-	-	-
Grant 2									
Base	3,534	-	-	-	-	(3,534)	-	-	-
Match	-	3,534	-	-	3,534	(3,534)	-	-	-
Grant 3									
Base	2,941	-	-	-	-	(2,941)	-	-	-
Match	-	2,941	-	-	2,941	(2,941)	-	-	-
Grant 4									
Base	-	4,637	-	-	-	-	-	4,637	-
Match	-	4,637	-	-	-	-	-	4,637	-
Grant 5									
Base	-	-	5,754	-	-	-	-	5,754	242,012
Match	-	-	5,754	-	-	-	-	5,754	242,012
J. KAVANAGH									
Grant 4b									
Base	-	1,282	-	-	-	-	-	1,282	-
Match	-	1,282	-	-	-	-	-	1,282	-
Grant 5									
Base	-	-	2,569	-	-	-	-	2,569	108,084
Match	-	-	2,569	-	-	-	-	2,569	108,084
C. LEISS									
Grant 1									
Base	-	-	-	-	-	-	-	-	-
Match	-	1,175	-	-	1,175	(1,175)	-	-	-
Grant 2									
Base	-	-	-	-	-	-	-	-	-
Match	-	1,371	-	-	1,371	(1,371)	-	-	-
Grant 3									
Base	-	-	-	-	-	-	-	-	-
Match	-	992	-	-	992	(992)	-	-	-
Grant 4									
Base	-	1,488	-	-	-	-	-	1,488	-
Match	-	1,488	-	-	-	-	-	1,488	-
Grant 5									
Base	-	-	2,291	-	-	-	-	2,291	96,342
Match	-	-	2,291	-	-	-	-	2,291	96,342
S. NORRIS									
Grant 1									
Base	1,762	-	-	-	-	(1,762)	-	-	-
Match	-	1,762	-	-	1,762	(1,762)	-	-	-
Grant 2									
Base	2,006	-	-	-	-	(2,006)	-	-	-
Match	-	2,006	-	-	2,006	(2,006)	-	-	-
Grant 3									
Base	1,240	-	-	-	-	(1,240)	-	-	-
Match	-	1,240	-	-	1,240	(1,240)	-	-	-
Grant 4									
Base	-	1,069	-	-	-	-	-	1,069	-
Match	-	1,069	-	-	-	-	-	1,069	-
Grant 5									
Base	-	-	1,382	-	-	-	-	1,382	58,114
Match	-	-	1,382	-	-	-	-	1,382	58,114

REMUNERATION REPORT – AUDITED (CONTINUED)

The relevant portion of the expense relating to these rights was recognised during the year ended 30 June 2020. Refer to note D3.

ESP

General terms

Under the ESP, eligible employees are granted a conditional right to one matched share for every two shares purchased (for cash consideration), subject to vesting conditions.

To receive the matched shares, participants must hold the acquired shares for a period of two years and one month and still be employed with FLT at the end of that time. If acquired shares are sold before the end of the vesting period, conditional rights to the matched shares are forfeited.

The matched shares may be issued by FLT, purchased on-market or allocated from treasury shares.

SHAREHOLDINGS

The number of ordinary shares held during the financial year by FLT's directors and KMP is set out below:

2020 FLT DIRECTORS	BALANCE AT THE START OF THE YEAR	RECEIVED ON THE EXERCISE OF RIGHTS	ESP PURCHASED SHARES[1]	ESP MATCHED SHARES VESTED[1]	OTHER CHANGES	BALANCE AT THE END OF THE YEAR
G.W. Smith	15,000	-	-	-	8,621	23,621
J.A. Eales	3,000	-	-	-	8,875	11,875
R.A. Baker	3,500	-	-	-	2,957	6,457
C.M. Garnsey	3,000	-	-	-	2,168	5,168
G.F. Turner	15,245,012	-	-	-	1,394,015	16,639,027
OTHER GROUP KMP						
M. Waters-Ryan	50,725	16,908	-	-	12,989	80,622
A. Campbell[1]	1,980	17,856	688	92	961	21,577
C. Galanty	2,002	16,908	-	-	13,587	32,497
D.W. Smith[1]	11,615	8,454	763	121	-	20,953
J. Kavanagh[2]	51	-	-	-	38	89
C. Leiss[1,2]	4,543	3,538	301	62	-	8,444
S. Norris[2]	-	10,016	-	-	7,197	17,213

[1] A. Campbell, D.W. Smith and C. Leiss participated in the ESP and were issued with ordinary shares under the same terms and conditions as all other ESP participants. At period end A. Campbell held 403 (2019: 151), D.W. Smith held nil (2019: 204) and C. Leiss held 232 (1 January 2020 [2]: 143) conditional matched rights that had been granted under the ESP but had not yet vested. D. W. Smith forfeited 463 conditional matched rights during the period as he finished with FLT effective 1 July 2020.

[2] KMP appointed 1 January 2020. For KMP who were appointed during the period the shareholdings movements disclosed reflect the relevant service period served.

5 LOANS TO KEY MANAGEMENT PERSONNEL

A loan was provided to C. Galanty, a KMP, at UK commercial interest rate of 1.2%. The loan was repaid during the year.

LOAN TO KMP	NOTES	2020 $
Beginning of the year		361,646
Loans repaid		(379,767)
Interest charged		3,733
Foreign currency translation		14,388
End-of-year	C3	-

DIRECTORS' REPORT CONTINUED

INDEMNIFICATION AND INSURANCE OF OFFICERS

An Officers' Deed of Indemnity, Access and Insurance is in place for directors, KMP, the company secretary and some other executives. FLT has agreed to provide indemnification to the fullest extent permitted by law. Liabilities covered include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company or its controlled entities. Disclosure of premiums paid is prohibited under the insurance contract. No payment has been made to indemnify a director, KMP, the company secretary or other executives during or since the financial year.

INDEMNIFICATION OF AUDITOR

To the extent permitted by law, FLT has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor (Ernst & Young) for audit and non-audit services provided to the consolidated group during the year are set out in note F13.

The board has considered the position and, in accordance with the advice received from the audit and risk committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the auditor's provision of non-audit services did not compromise the Act's independence requirements because none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants.

The audit and risk committee reviewed all non-audit services to ensure they did not impact the auditor's impartiality and objectivity.

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 33.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Instrument 2016/191, 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 Instrument to the nearest thousand dollars or, in certain cases, to the nearest dollar.

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

G.F. Turner
Director
BRISBANE

27 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

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Auditor's Independence Declaration to the Directors of Flight Centre Travel Group Limited

As lead auditor for the audit of the financial report of Flight Centre Travel Group Limited for the financial year ended 30 June 2020, I declare 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 Flight Centre Travel Group Limited and the entities it controlled during the financial year.

Ernst & Young

Ric Roach
Partner
27 August 2020

STATEMENT OF PROFIT OR LOSS

	NOTES	FOR THE YEAR ENDED 30 JUNE 2020 $'000	2019 $'000
Revenue	A2	1,898,085	3,055,268
Fair value (loss)/gain on change in control	A3	(3,138)	20,318
Other income	A3	196,944	34,923
Share of (loss)/profit of joint ventures and associates	E1	(5,047)	1,147
Employee benefits	F1	(1,491,455)	(1,591,965)
Sales and marketing		(170,451)	(194,111)
Tour & hotel operations - cost of sales		(129,856)	(157,231)
Amortisation and depreciation	B7 / F7	(237,027)	(82,370)
Finance costs	A4	(38,253)	(25,592)
Impairment charge	A5d	(217,117)	(29,777)
Other expenses	A4	(651,969)	(687,153)
(Loss) / Profit before income tax		**(849,284)**	**343,457**
Income tax credit / (expense)	F12	187,175	(79,283)
(Loss) / Profit after income tax		**(662,109)**	**264,174**
(Loss) / Profit attributable to			
Company owners		(662,166)	263,825
Non-controlling interests		57	349
		(662,109)	**264,174**

Earnings per share for (loss) / profit attributable to the ordinary equity holders of the company:

		CENTS	CENTS RESTATED[1]
Basic earnings per share	F2	(552.1)	224.2
Diluted earnings per share	F2	(552.1)	223.1

[1] Restated as required by AASB 133 Earnings per share for placement and entitlement offer during the current period. Refer to note F2 for details.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

STATEMENT OF OTHER COMPREHENSIVE INCOME

	NOTES	FOR THE YEAR ENDED 30 JUNE 2020 $'000	2019 $'000
(Loss) / Profit after income tax		(662,109)	264,174
Other comprehensive income			
Items that have been reclassified to profit or loss:			
Hedging gains reclassified to profit or loss	F11	(29,553)	-
Changes in the fair value of financial assets at FVOCI	F11	(321)	-
Items that may be reclassified to profit or loss:			
Changes in the fair value of financial assets at FVOCI	F11	-	(231)
Changes in the fair value of cash flow hedges	F11	29,569	(1,538)
Gain/(loss) on net investment hedges	F11	(1,456)	-
Net exchange differences on translation of foreign operations	F11	1,223	36,597
Income tax on items of other comprehensive income	F12	489	347
Total other comprehensive income		**(49)**	**35,175**
Total comprehensive income		**(662,158)**	**299,349**
Attributable to			
Company owners		(662,227)	299,251
Non-controlling interests		69	98
		(662,158)	**299,349**

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

	NOTES	FOR THE YEAR ENDED 30 JUNE 2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers[1]		2,797,481	3,127,961
Payments to suppliers and employees[1]		(2,841,866)	(2,757,114)
Royalties received		360	412
Interest received		15,422	23,739
Interest paid (non-leases)		(24,252)	(25,439)
Interest paid (leases)	F7	(17,134)	-
Government subsidies received		98,009	-
Income taxes paid		(22,366)	(90,676)
Net cash inflow from operating activities	**B1**	**5,654**	**278,883**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired	A6	(19,607)	(115,163)
Acquisition of non-controlling interests in subsidiaries		-	(29,774)
Acquisition of joint ventures and associates	E1	(13,792)	(56,203)
Payments of contingent consideration	A7	(11,170)	(9,883)
Payments for property, plant and equipment	F6	(42,663)	(53,352)
Payments for intangibles	A5	(67,866)	(47,630)
Payments for the purchase of financial asset investments	B2	(4,635)	(19,743)
Proceeds from sale of financial asset investments	B2	111,244	112,571
Dividends received from joint ventures and associates		-	568
Loans repaid by related parties	E2	380	107
Loans repaid by external parties	C3	-	200
Net cash (outflow) from investing activities		**(48,109)**	**(218,302)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	B4	413,905	197,541
Repayment of borrowings	B4	(137,873)	(48,855)
Payment of principal on lease liabilities	F7	(113,820)	-
Payments for purchase of shares on market	D4	-	(2,139)
Proceeds from issue of shares, net of transaction costs	D4	691,027	1,428
Payments for purchase of treasury shares	D4	-	(7,698)
Proceeds from allocation of treasury shares	D4	3,207	4,442
Dividends paid to company owners	B6	(99,097)	(319,441)
Dividends paid to non-controlling interests	B6	(145)	(346)
Net cash inflow/ (outflow) from financing activities		**757,204**	**(175,068)**
Net increase /(decrease) in cash held		**714,749**	**(114,487)**
Cash and cash equivalents at the beginning of the financial year		1,172,252	1,272,992
Effects of exchange rate changes on cash and cash equivalents		(21,204)	13,747
Cash and cash equivalents at end of the financial year	**B1**	**1,865,797**	**1,172,252**

[1] *Including consumption tax*

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

BALANCE SHEET

	NOTES	AS AT 30 JUNE 2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	B1	1,867,307	1,172,252
Financial asset investments	B2	8,078	115,447
Trade receivables	F3	319,596	559,420
Contract assets	F4	96,515	356,124
Other assets	F5	38,365	71,315
Assets held for sale	F5	20,850	-
Other financial assets	C3	22,811	13,243
Current tax receivables		58,685	12,452
Derivative financial instruments	C2	5,432	7,494
Total current assets		**2,437,639**	**2,307,747**
Non-current assets			
Property, plant and equipment	F6	153,392	239,868
Intangible assets	A5	761,864	768,635
Right of use asset	F7	371,391	-
Other assets	F5	6,396	11,543
Other financial assets	C3	3,847	8,022
Investments in joint ventures and associates	E1	34,760	85,549
Deferred tax assets	F12	229,499	72,050
Derivative financial instruments	C2	278	-
Total non-current assets		**1,561,427**	**1,185,667**
Total assets		**3,999,066**	**3,493,414**
LIABILITIES			
Current liabilities			
Trade and other payables	F8	1,203,010	1,517,845
Contract liabilities	F9	235,762	68,660
Contingent consideration	A7	3,278	15,400
Lease liability	F7	134,219	-
Borrowings	B4	211,668	84,710
Provisions	F10	65,456	54,894
Current tax liabilities		1,244	10,769
Derivative financial instruments	C2	2,185	2,797
Total current liabilities		**1,856,822**	**1,755,075**
Non-current liabilities			
Trade and other payables	F8	-	59,530
Contract liabilities	F9	40,597	48,469
Contingent consideration	A7	297	3,181
Lease liability	F7	392,442	-
Borrowings	B4	250,514	100,375
Provisions	F10	43,720	48,098
Deferred tax liabilities	F12	20,032	16,368
Derivative financial instruments	C2	1,456	-
Total non-current liabilities		**749,058**	**276,021**
Total liabilities		**2,605,880**	**2,031,096**
Net assets		**1,393,186**	**1,462,318**
EQUITY			
Contributed equity	D4	1,094,095	405,626
Treasury shares	D4	-	(11,993)
Reserves	F11	11,172	15,397
Retained profits		287,717	1,053,010
Equity attributable to the Company owners		**1,392,984**	**1,462,040**
Non-controlling interests		202	278
Total equity		**1,393,186**	**1,462,318**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

	NOTES	FOR THE YEAR ENDED 30 JUNE CONTRIBUTED EQUITY $'000	TREASURY SHARES $'000	RESERVES $'000	RETAINED PROFITS $'000	TOTAL $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
Balance at 1 July 2018		404,023	(10,934)	8,124	1,108,626	1,509,839	4,716	1,514,555
Profit for the year		-	-	-	263,825	263,825	349	264,174
Other comprehensive income		-	-	35,426	-	35,426	(251)	35,175
Total comprehensive income for the year		**-**	**-**	**35,426**	**263,825**	**299,251**	**98**	**299,349**
Transactions with owners in their capacity as owners:								
Acquisition reserve	F11	-	-	(25,566)	-	(25,566)	(4,190)	(29,756)
Employee share-based payments	D4/F11	1,603	-	18	-	1,621	-	1,621
Treasury shares	D4/F11	-	(1,059)	(2,605)	-	(3,664)	-	(3,664)
Dividends provided for or paid	B6	-	-	-	(319,441)	(319,441)	(346)	(319,787)
Balance at 30 June 2019		**405,626**	**(11,993)**	**15,397**	**1,053,010**	**1,462,040**	**278**	**1,462,318**
Accounting policy change - AASB16	I	-	-	-	(4,030)	(4,030)	-	(4,030)
Restated total equity as at 1 July 2019		**405,626**	**(11,993)**	**15,397**	**1,048,980**	**1,458,010**	**278**	**1,458,288**
(Loss) / Profit for the year		-	-	-	(662,166)	(662,166)	57	(662,109)
Other comprehensive income		-	-	(61)	-	(61)	12	(49)
Total comprehensive income for the year		**-**	**-**	**(61)**	**(662,166)**	**(662,227)**	**69**	**(662,158)**
Transactions with owners in their capacity as owners:								
Entitlement offer, net of transaction costs & tax	D4	685,543	-	-	-	685,543	-	685,543
Employee share-based payments	D4/F11	2,926	-	4,622	-	7,548	-	7,548
Treasury shares	D4/F11	-	11,993	(8,786)	-	3,207	-	3,207
Dividends provided for or paid	B6	-	-	-	(99,097)	(99,097)	(145)	(99,242)
Balance at 30 June 2020		**1,094,095**	**-**	**11,172**	**287,717**	**1,392,984**	**202**	**1,393,186**

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

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT MATTERS

The following significant events and transactions occurred during or after the end of the reporting period:

COVID-19 RESPONSE

- On 13 March 2020, FLT withdrew its FY20 market guidance and outlined key cost reduction and cash preservation strategies to combat short-term COVID-19 challenges including offering flexible working arrangements to its staff, reducing leave balances, recruitment freeze, deferral of some non-essential projects and capital expenditure, decreasing executive earnings and the closure of up to 100 under-performing leisure shops in Australia. Further to this, on 18 March 2020, FLT announced an accelerated business review to identify further cost and cash saving initiatives and on 19 March 2020 entered a trading halt to finalise the company's COVID-19 response.
- On 25 March 2020, FLT cancelled its FY20 interim dividend to preserve cash and protect long-term shareholder value. Refer to note B6 for further details.
- On 6 April 2020, FLT announced a fully underwritten equity capital raising, comprising a Placement and an Entitlement Offer to strengthen its balance sheet and liquidity position. The Placement and Entitlement offer resulted in the issue of 97.4 million new fully paid ordinary shares ($701,417,000) in FLT representing 49% of existing FLT shares on issue. Refer to note D4 for further details.
  FLT announced the company initially expected to incur up to $210,000,000 in one-off expenses, plus an additional $155,000,000 in transitional costs as it targeted to lower its net monthly operating cash outflow to the desired level of $65,000,000 by July 31, less than a third of the circa $230,000,000 pre-COVID-19 level.
- On 7 April 2020, the company lifted its trading halt following the release of the announcement regarding FLT's capital raising.
- On 30 April 2020, FLT entered into a series of new bilateral debt facilities totalling $200,000,000 bringing total facilities to $450,000,000 with covenant testing waived for the June 2020 and December 2020 testing periods across both new and existing facilities, subject to a minimum liquidity covenant of $350,000,000. The next financial covenants testing period will be 30 June 2021. Refer to note B4 for further details.
- On 7 May 2020, FLT announced the sale if its Melbourne head office St Kilda Road property to Shakespeare Property Group for $62,150,000, FLT acquired the property for $32,000,000 in 2008. It was settled in July 2020. Refer to note F5.
- On 1 July 2020, FLT announced additional funding totalling $116,634,000 (£65,000,000) drawn via the Bank of England's Covid Corporate Financing Facility, a program that has been implemented to support short-term liquidity among firms as they work to overcome disruption caused by the virus and the restrictions that are in place to slow its spread. The initial notes issued under the facility will mature in March 2021 and should be capable of being extended for a further 12 months through the issue of further notes under the facility.
- On 13 August 2020 FLT announced it has surpassed net monthly operating cash outflow and one off costs targets, with $102,813,000 in one-off expenses incurred (refer note A1), plus about $130,000,000 in transitional costs. A further $35,000,000 - $50,000,000 in one-off COVID-19-related costs that are not provided for in FY20 are expected during FY21. A $53,000,000 net operating cash outflow was recorded in July – comfortably below the $65,000,000 target and reducing to $43,000,000 after the $10,000,000 per month net benefit flowing from the Jobkeeper wage subsidy for retained employees in Australia.

UNDERLYING ADJUSTMENTS

IMPAIRMENT

- A non-cash write-down to the Global Touring business of $63,475,000. Refer to note A5.
- Share of (loss)/profit of joint ventures and associates (note E1) includes the company's investment in Upside, a US-based SME corporate business travel technology startup company. FLT's share of Upside losses amounted to $10,454,000. Impairment includes the $47,126,000 write off of the Upside investment due to COVID-19 impacts on the start-up travel technology development company.
- A non-cash write-down to the Global Hotels business of $29,778,000. Refer to note A5.
- Other smaller impairments of intangibles due to the impact of COVID-19. Refer to note A5.

COVID-19 COST BASE & SUPPLIER EXPOSURE

- Other expenses (note A4) includes $7,056,000 of non-recurring costs associated with FLT's voluntary decision to re-accommodate customers following the collapse of wholesalers Tempo and Bentours in Australia and New Zealand. It also includes $21,568,000 loss relating to the voluntary administration of Virgin Australia.
- FLT incurred $102,813,000 of costs to achieve COVID-19 hibernation cost base reduction. Refer to note A1.

SIGNIFICANT MATTERS (CONTINUED)

OTHER ADJUSTMENTS

- Loss on disposal of store assets of $29,199,000 associated with the store closures due to COVID-19. Refer to note A1 for further details.
- A $3,138,000 loss (related tax impact nil) to reflect the change in fair value on the initial investment in Ignite when FLT acquired the remaining 51%. Refer to note A3 for further details.
- The adoption of AASB 16 has resulted in a decrease in FY20 profit before tax of $6,572,000. This decrease represents the impact of now recognising depreciation, amortisation and interest expense under AASB 16 as compared with recognising rental expense on a straight-line basis under AASB 117. Refer to note I(b) for further details.

ACQUISITIONS DURING THE YEAR

- On 9 September 2019, FLT acquired 100% of BLC Ventures Ltd (Ixtapa) for an initial consideration of $879,000. Future tranche payments may be required based on the performance of the business for two subsequent 12 month periods post acquisition. Ixtapa is an independent network of home based consultants in Canada and the acquisition will complement FLT's at home agent presence in Canada.
- On 19 September 2019, FLT purchased the remaining 51% of Ignite for $31,684,500 bringing FLT's shareholding to 100%. Ignite is an Australian based travel marketing group which specialises in the development and distribution of innovative leisure market models including exclusively curated holiday packages, travel vouchers and rewards programs.
- On 12 June 2020, FLT acquired 100% of WhereTo Inc (WhereTo) for an initial consideration of $12,427,000. Future payments of $145,000 are held in escrow as at 30 June 2020 and were paid in July 2020.
  WhereTo is an online Travel Management System developer headquartered in San Francisco. The acquisition provides access to an advanced digital platform that allows FLT to combine customer data and expertise to create a traveller experience that accentuates the blended service model that FLT offer corporate clients.

Refer to note A6 for further details of these acquisitions of subsidiaries.

OTHER MATTERS

- On 1 August 2019, FLT acquired the remaining 25% of Les Voyages Laurier du Vallon (LDV) under the terms of a rolling put/call option that was agreed when FLT initially invested in the Quebec-based business. This brings FLT's shareholding to 100%. Refer to note A7 for further details.
- On 28 February 2020, FLT acquired a 21.7% interest in Travel Technology FZ-LLC and its subsidiary TP Connects Technologies LLC (TP Connects) a Dubai-based, technology-driven business, for $13,792,000.

Additionally, FLT subscribed for $9,196,000 of convertible bonds in TP Connects, to be paid over three tranches. Tranche one of $3,065,000 was paid on 29 February 2020. Tranches two and three of $2,395,000 each are due upon completion of future milestones. Tranches two and three have been reduced by $1,341,000 in total to reflect amounts prepaid to TP Connects. These prepayments are recorded under Other Assets on the balance sheet. Payment of tranches two and three are dependent upon reaching future technology milestones expected in FY21 and have been disclosed as commitments as at 30 June 2020 (refer note E1). This investment will allow FLT to efficiently access content outside of the Global Distribution System providers.

AASB 16 INITIAL APPLICATION

- FLT has adopted AASB16 Leases with an initial application date of 1 July 2019. Refer to note I(b) for further information.

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- The directors have determined it is not prudent to declare a final dividend due to the ongoing COVID-19 uncertainty.
- In May 2020, the directors of FLT agreed to sell the Melbourne head office property. The sale completed in July 2020. Refer to note F5 for further details.
- On 3 July 2020, Flight Centre (UK) Limited issued $116,634,000 (£65,000,000) under the Bank of England COVID-19 Corporate Financing Facility to provide additional short-term liquidity. Refer to note C1 for further details.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

A FINANCIAL OVERVIEW

This section provides information that is most relevant to explaining the group's performance during the year, and where relevant, the accounting policies that have been applied and significant estimates and judgements made.

A1 SEGMENT INFORMATION

(A) IDENTIFICATION AND DESCRIPTION OF SEGMENTS

Following a change in management reporting structure, effective 1 January 2020, FLT's operating segments changed from geographic to Corporate and Leisure pillars to align with the internal reporting to the board and executive team (chief operating decision makers – "CODM"). The internal reporting is used in assessing performance and in determining resource allocation.

The company's executive team currently consists of the following members:

- Managing director
- Chief financial officer
- Chief executive officer – Leisure; and
- Chief executive officer – Corporate.

The executive team, together with the below regional Managing Directors (MDs) form the global taskforce:

- MD – Australia
- MD – The Americas
- MD – EMEA

While the MDs play a key role in the setting the strategy, they report to the CEOs, who then allocate resources and assess performance. Therefore, the MDs are not considered as part of the CODM.

Prior period comparative information has been restated to reflect the revised segments on the following pages.

LEISURE

The Leisure segment combines the retail store front and on-line brands for retail customers. It also includes the global experiences business which incorporates touring, ground-handling and hotels.

CORPORATE

The Corporate segment includes the FCM brand, Corporate Traveller and other Corporate customer brands.

OTHER

Other segment includes Brisbane-based support and wholesale procurement businesses that support the global network (including Global Procurement Network and the India Forex business). It also includes individual businesses that report directly to head office.

The group consolidation adjustments are also included in this segment.

(B) MAJOR CUSTOMERS

FLT provides services to and derives revenue from a number of customers. The company does not derive more than 10% of total consolidated revenue from any one customer.

A1 SEGMENT INFORMATION (CONTINUED)

(C) UNDERSTANDING THE SEGMENT RESULT

Segment information is presented below in the manner in which it is presented to the CODMs and upon which they make their decisions. AASB16 Leases applies from 1 July 2019 however due to the budgeting & forecasting cycle the reporting to the CODMs was presented on pre AASB16 Leases basis. Therefore profit before tax for both Leisure and Corporate segments includes the pre AASB16 "rent expense" and the impact of AASB16 is included within the "other" segment.

This reporting will continue to evolve and will include AASB16 Leases information within each of the segments going forward.

Underlying information is shown as this is information presented and used by the CODMs.

SEGMENT REVENUE

The measurement of segment revenue has not changed since 30 June 2020. Refer to note A2 for details of revenue policies.

Sales between segments are carried out at arm's length and are eliminated on consolidation.

SEGMENT ASSETS AND LIABILITIES

The amounts provided to the board and task force in respect of total assets and total liabilities are measured in a manner consistent with that of the financial statements. These reports do not allocate total assets or total liabilities based on the operations of each segment.

FLT has not disclosed non-current assets by segment as this information is not provided to or reviewed by the chief operating decision makers nor produced for other reasons and, as such, the cost of developing and providing this information exceeds the attributable benefits.

TOTAL TRANSACTION VALUE (TTV)

TTV is un-audited, non-IFRS financial information and does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the group's various operations, both as agent for various airlines and other service providers and as principal, plus revenue from other sources. TTV has been reduced by refunds. FLT's revenue is, therefore, derived from TTV.

A1 SEGMENT INFORMATION (CONTINUED)

(D) SEGMENT INFORMATION PRESENTED TO THE BOARD OF DIRECTORS AND GLOBAL TASK FORCE

The segment information provided to the board and task force for the reportable segments for the years ended 30 June 2020 and 30 June 2019 is shown in the tables on the following pages.

30 JUNE 2020	NOTES	LEISURE $'000	CORPORATE $'000	OTHER $'000	TOTAL $'000
Segment information					
TTV[1]		7,422,193	6,911,108	969,750	15,303,051
Agency revenue from the provision of travel		856,770	708,314	30,732	1,595,816
Principal revenue from the provision of travel		83,912	14,505	3,365	101,782
Revenue from tour & hotel operations		169,817	-	-	169,817
Revenue from other businesses		15,014	3,777	11,879	30,670
Total revenue from contracts with customers		**1,125,513**	**726,596**	**45,976**	**1,898,085**
Net (loss) / profit before tax and royalty		(760,740)	(12,189)	(76,355)	(849,284)
Royalty		-	(2,736)	2,736	-
Net (loss) / profit before tax and after royalty		**(760,740)**	**(14,925)**	**(73,619)**	**(849,284)**
Reconciliation of Statutory PBT to Underlying PBT					
Net (loss) / profit before tax and royalty		**(760,740)**	**(12,189)**	**(76,355)**	**(849,284)**
Global Touring impairment	A5/F6	63,475	-	-	63,475
Supplier exposure	A4	19,720	8,904	-	28,624
Fair value loss on Ignite	A3	3,138	-	-	3,138
Upside investment share of losses	E1	-	10,454	-	10,454
Upside impairment	E1	-	47,126	-	47,126
Hotel impairment	A5/F6	29,778	-	-	29,778
Other impairment	A5/F6	6,859	10,702	650	18,211
Loss on disposal of store assets	F6	27,348	811	1,040	29,199
Costs incurred due to COVID-19 cost base transition		82,939	8,353	11,521	102,813
Employee benefits		*15,027*	*6,942*	*2,243*	*24,212*
Lease related		*67,704*	*1,368*	*1,216*	*70,288*
Communications & IT		*208*	*43*	*8,062*	*8,313*
Impact of AASB 16 transition	F7/ I	-	-	6,572	6,572
Underlying (loss) / profit before tax and royalty		**(527,483)**	**74,161**	**(56,572)**	**(509,894)**

[1] TTV is an un-audited, non-IFRS measure.

[2] The results of the new acquisitions and investments are shown in the following segments: Ignite & Ixtapa in the Leisure segment, Where to in the Corporate segment and TP Connects in Other segment.

A1 SEGMENT INFORMATION (CONTINUED)

30 JUNE 2019	LEISURE $'000	CORPORATE $'000	OTHER $'000	TOTAL $'000
Segment information				
TTV[1]	13,877,757	8,970,140	879,892	23,727,789
Agency revenue from the provision of travel	1,638,040	910,447	70,166	2,618,653
Principal revenue from the provision of travel	119,661	17,302	6,998	143,961
Revenue from tour & hotel operations	246,515	-	-	246,515
Revenue from other businesses	13,275	10,368	22,496	46,139
Total revenue from contracts with customers	**2,017,491**	**938,117**	**99,660**	**3,055,268**
Net (loss) / profit before tax and royalty	99,455	287,820	(43,818)	343,457
Royalty	-	(6,368)	6,368	-
Net (loss) / profit before tax and after royalty	**99,455**	**281,452**	**(37,450)**	**343,457**
Reconciliation of Statutory PBT to Underlying PBT				
Net (loss) / profit before tax and royalty	**99,455**	**287,820**	**(43,818)**	**343,457**
GPN revenue alignment	-	-	(6,656)	(6,656)
Olympus Tours impairment	29,777	-	-	29,777
Fair value gain on ETSC	-	(718)	-	(718)
Fair value gain on 3mundi	-	(19,600)	-	(19,600)
Impact of AASB 15 adjustments	-	-	(3,135)	(3,135)
Underlying (loss) / profit before tax and royalty	**129,232**	**267,502**	**(53,609)**	**343,125**

[1] *TTV is an un-audited, non-IFRS measure.*

(E) ADDITIONAL INFORMATION PRESENTED BY GEOGRAPHIC AREA

In addition to the pillar segment information provided above, the below table presents geographic revenue disclosures and also PBT information which has been included to aid user understanding.

ALTERNATIVE PROFIT MEASURES

FLT has included statutory EBIT and statutory EBITDA below. These measures are not defined under IFRS and are, therefore, termed "non-IFRS" measures and are unaudited.

Statutory EBIT is defined as group earnings before net interest and tax, while statutory EBITDA is earnings before net interest, tax, depreciation and amortisation. These non-IFRS measures are commonly used by management, investors and financial analysts to evaluate companies' performance.

A reconciliation of these non-IFRS measures and specific items to the nearest measure prepared in accordance with IFRS is included in the tables on the following pages.

A1 SEGMENT INFORMATION (CONTINUED)

30 JUNE 2020	AUSTRALIA & NZ[2] $'000	AMERICAS[2] $'000	EMEA $'000	ASIA $'000	OTHER SEGMENT[2] $'000	TOTAL $'000
Segment information						
TTV[1]	7,343,602	3,646,402	2,454,748	1,666,911	191,388	15,303,051
Agency revenue from the provision of travel	775,339	431,553	324,866	63,273	785	1,595,816
Principal revenue from the provision of travel	81,293	9,938	4,595	450	5,506	101,782
Revenue from tour & hotel operations	-	-	-	-	169,817	169,817
Revenue from other businesses	14,008	4,150	2,864	3,288	6,360	30,670
Total revenue from contracts with customers	**870,640**	**445,641**	**332,325**	**67,011**	**182,468**	**1,898,085**
Statutory EBITDA	(278,688)	(50,278)	(27,529)	(8,246)	(223,862)	(588,603)
Depreciation and amortisation	(45,617)	(19,699)	(21,664)	(2,587)	(12,949)	(102,516)
Depreciation and amortisation - ROU Asset	(83,026)	(24,715)	(19,353)	(4,510)	(2,907)	(134,511)
Statutory EBIT	**(407,331)**	**(94,692)**	**(68,546)**	**(15,343)**	**(239,718)**	**(825,630)**
Interest income	8,685	6,306	9,038	848	(10,278)	14,599
BOS interest expense	(12,372)	(2,371)	(1,758)	-	1,933	(14,568)
Lease interest expense	(9,009)	(4,880)	(1,892)	(683)	(670)	(17,134)
Other interest expense	(3,817)	(1,458)	(2,375)	(1,355)	2,454	(6,551)
Net (loss) / profit before tax and royalty	**(423,844)**	**(97,095)**	**(65,533)**	**(16,533)**	**(246,279)**	**(849,284)**
Royalty	2,774	-	(2,774)	-	-	-
Net (loss) / profit before tax and after royalty	**(421,070)**	**(97,095)**	**(68,307)**	**(16,533)**	**(246,279)**	**(849,284)**
Reconciliation of Statutory PBT to Underlying PBT						
Net (loss) / profit before tax and royalty	**(423,844)**	**(97,095)**	**(65,533)**	**(16,533)**	**(246,279)**	**(849,284)**
Global Touring impairment	-	-	-	-	63,475	63,475
Supplier exposure	28,624	-	-	-	-	28,624
Fair value loss on Ignite	3,138	-	-	-	-	3,138
Upside investment share of losses	-	-	-	-	10,454	10,454
Upside impairment	-	-	-	-	47,126	47,126
Hotel impairment	-	-	-	-	29,778	29,778
Other impairment	8,951	-	6,282	819	2,159	18,211
Loss / (gain) on disposal of store assets	13,241	6,676	8,375	1,183	(276)	29,199
Costs incurred due to COVID-19 cost base transition	46,873	18,673	33,166	1,750	2,351	102,813
Employee benefits	*3,803*	*3,552*	*13,092*	*1,483*	*2,282*	*24,212*
Lease related	*36,069*	*13,809*	*20,074*	*267*	*69*	*70,288*
Communications & IT	*7,001*	*1,312*	-	-	-	*8,313*
Impact of AASB 16 transition	536	(281)	5,314	920	83	6,572
Underlying (loss) / profit before tax and royalty	**(322,481)**	**(72,027)**	**(12,396)**	**(11,861)**	**(91,129)**	**(509,894)**

[1] TTV is an un-audited, non-IFRS measure.

[2] The results of the new acquisitions and investments are shown in the following geography groups: Ignite and TP Connects in Australia & NZ, Ixtapa in Americas and Whereto in Other.

A1 SEGMENT INFORMATION (CONTINUED)

30 JUNE 2019	AUSTRALIA & NZ[2] $'000	AMERICAS[2] $'000	EMEA $'000	ASIA $'000	OTHER SEGMENT $'000	TOTAL $'000
Segment information						
TTV [1]	12,506,125	5,537,226	3,411,781	1,945,981	326,676	23,727,789
Agency revenue from the provision of travel	1,442,671	620,238	426,937	92,730	36,077	2,618,653
Principal revenue from the provision of travel	105,984	25,472	8,126	274	4,105	143,961
Revenue from tour & hotel operations	-	-	-	-	246,515	246,515
Revenue from other businesses	19,740	4,183	5,456	5,769	10,991	46,139
Total revenue from contracts with customers	**1,568,395**	**649,893**	**440,519**	**98,773**	**297,688**	**3,055,268**
Statutory EBITDA	**241,566**	**113,874**	**115,669**	**16,939**	**(60,765)**	**427,283**
Depreciation and amortisation	(44,317)	(15,267)	(13,935)	(2,627)	(6,224)	(82,370)
Statutory EBIT	**197,249**	**98,607**	**101,734**	**14,312**	**(66,989)**	**344,913**
Interest income	6,275	8,500	11,617	946	(3,202)	24,136
BOS interest expense	(19,051)	(2,765)	(3,254)	-	2,733	(22,337)
Other interest expense	(3,958)	(1,853)	(2,559)	(3,650)	8,765	(3,255)
Net profit before tax and royalty	**180,515**	**102,489**	**107,538**	**11,608**	**(58,693)**	**343,457**
Royalty	16,454	(3,240)	(13,049)	(165)	-	-
Net profit before tax and after royalty	**196,969**	**99,249**	**94,489**	**11,443**	**(58,693)**	**343,457**
Reconciliation of Statutory PBT to Underlying PBT						
Net profit before tax and royalty	**180,515**	**102,489**	**107,538**	**11,608**	**(58,693)**	**343,457**
GPN revenue alignment	-	-	-	-	(6,656)	(6,656)
Olympus Tours impairment	-	-	-	-	29,777	29,777
Fair value gain on ETSC	-	-	(718)	-	-	(718)
Fair value gain on 3mundi	-	-	(19,600)	-	-	(19,600)
Impact of AASB 15 adjustments	(1,854)	-	-	-	(1,281)	(3,135)
Underlying profit before tax and royalty	**178,661**	**102,489**	**87,220**	**11,608**	**(36,853)**	**343,125**

[1] TTV is an un-audited, non-IFRS measure.

[2] The results of the new acquisitions and investments made during the period are shown in the following segments: Umapped and Upside in the Other segment and Casto in the Americas segment. Upon change in control from associate to subsidiary ETSC is now shown in the Other segment and 3mundi continues to be shown in the EMEA segment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

A2 REVENUE

	2020 $'000	2019 $'000
Agency revenue from the provision of travel	1,595,816	2,618,653
Principal revenue from the provision of travel	101,782	143,961
Revenue from tour & hotel operations	169,817	246,515
Revenue from other businesses	30,670	46,139
Total revenue from contracts with customers	**1,898,085**	**3,055,268**

Refer below for details of revenue constraint due to potential cancellation of travel related to COVID-19. Refer to note F9 for contract liability raised.

Additional disaggregation of revenue by geographic region is presented in note A1 Segment Information.

ACCOUNTING POLICY

REVENUE FROM CONTRACTS WITH CUSTOMERS

Agency revenue from the provision of travel

Revenue is generated when FLT, acting as an agent, arranges and books travel and travel-related products to be provided by suppliers to retail and corporate consumers. The supplier of the travel products is the principal in the wider travel sales transaction. From FLT's perspective (under AASB 15), the supplier of the travel products is the customer in the agency relationship.

The service is paid for in a variety of ways, including guaranteed base payments, commissions, mark-ups, transaction fees, other ancillary fees and in the case of cancelled travel, cancellation fees. Rebates are received for using travel consolidator systems known as Global Distribution Systems (GDS) to access and book travel supplier products. In addition, volume incentives are received from suppliers for achieving annual targets.

Guaranteed base payments, commission, mark-ups, transaction fees are paid for and received at the time of booking. Rebates and volume incentive payments received will vary depending on the terms of the contract. Receipt of payment can vary between upfront to post contract completion once availed data is known.

Revenue is recognised over time as the supplier of the travel products (the customer in the agency relationship under AASB 15) simultaneously receives and consumes the benefit of the travel agency services. Practically, revenue is recognised when the booking is finalised as this is when the performance obligation is satisfied.

The revenue is variable, however it is not subject to material constraints, except for

1. *COVID-19 Cancellation*

FLT's agency revenue from the provision of travel is variable and in an ordinary operating environment is not subject to material constraints, hence is recognised at the time of ticketing when the performance obligation is satisfied.

In the current COVID-19 environment, there is now a material constraint attached to this revenue, namely that the booking may be cancelled prior to travel (either by the supplier, end-consumer or due to government restrictions) requiring a refund of the agency revenue earned by FLT.

While FLT has terms & conditions in place to allow the retention of cancellation fees on cancellation of bookings, a decision has been made that these will not be applied in all circumstances.

Therefore, FLT has recognised a contract liability which recognises the uncertainty that the travel may be cancelled prior to departure requiring a refund of the agency revenue earned by FLT. This is calculated using booking volumes and margins, known or anticipated travel restrictions and cancellation probability rates based on COVID-19 trading patterns.

This constraint of revenue will unwind when the uncertainty is removed. Either the end consumer will travel, in which case FLT will recognise the revenue in the statement of profit or loss, or, if the travel does not proceed, this contract liability will be settled via payment to the end-consumer.

2. *Volume incentives which are recorded by applying the following:*

- *Year-end differences – judgements and estimation techniques are required to determine revenue from consumers anticipated to travel over the remaining contract year and the associated incentive rate applicable to these forecast levels. A combination of historical data and actual ticketed data from external sources is used to predict the anticipated travel revenue and associated incentive rate.*
- *Utilisation rates – the likelihood of the consumer cancelling the travel prior to departure.*
- *Constraints – in the current COVID19 environment all volume incentives have been constrained due to future cancellations and the uncertainty of predicting future bookings. Volume revenue has been booked to the extent of flown / availed revenue at guaranteed rates.*

A2 REVENUE (CONTINUED)

Except as noted above, the travel supplier, as principal, is responsible for refunds to the front end customer, not FLT as agent.

Supplier incentives and lump-sum revenue

From time-to-time, incentives or lump sum amounts are received from suppliers. The supplier of the travel products is the customer in the agency relationship under AASB 15. The recognition pattern is dependent on the specific terms of each contract. The revenue is only recognised upfront where there has been a distinct service transferred upfront, otherwise it is recognised over the term of the contract, in line with the delivery of the performance obligation. The revenue can be either fixed or variable and is constrained where contract terms require the supplier to be refunded in part or full upon termination of the contract.

Associated contract costs may be eligible for capitalisation as fulfilment assets and amortised over the same period.

Lump sum deferred revenue is recognised over the contract terms, which typically range between 1 – 10 years.

Principal revenue from the provision of travel

Revenue is generated when FLT, acting as principal, provides other services to the customer such as hotel management through the Cross Hotels (previously BHMA) brand, events and production management, conferences, marketing campaigns, Travel Money currency sales and franchise programs. In addition, from time-to-time FLT will develop and offer products in its retail and corporate agency businesses for which FLT is principal.

Revenue is recognised when the performance obligation has been satisfied. The revenue may be variable or fixed and is typically recognised over time as the service is provided. The most likely method is used for variable revenue recognition. The revenue is not subject to material constraints as revenue recognition is over time as service is provided.

As principal, FLT is responsible for refunds to the customer.

Revenue from tour and hotel operations

FLT has a number of touring and ground-handling operations provided through the brands Top Deck, Back-Roads, Discova Asia (previously Buffalo Tours) and Discova Americas (previously Olympus Tours). In addition, FLT provides hotel operations through Away Camakila.

Revenue is generated from tour and hotel operations when FLT, acting as principal, provide tours, ground-handling services and hotel accommodation and other hotel services (eg restaurant, spa). Revenue is variable and includes the gross amount sold less any cancellations/refunds.

Revenue is recognised over the duration of the tour/accommodation period or when the ground-handling service or hotel service is provided. The costs associated with fulfilling these services such as transport, accommodation costs, wages and food and beverage are expensed over the same duration and disclosed as cost of tour and hotel operations in the statement of profit or loss.

As principal, FLT is responsible for refunds to the customer, with an allowance for refunds taken into consideration in the recognition of revenue.

Revenue from other businesses

Revenue is generated when FLT, typically acting as principal, provides other services to customers. This includes services provided by the brands Healthwise, Moneywise, and FC Business School. Revenue is recognised when the performance obligation has been satisfied. The revenue may be variable or fixed and is typically recognised over time as the service is provided. The most likely method is used for variable revenue recognition. The revenue is not subject to material constraints as it is recognised only when all performance obligations have been satisfied.

An allowance for refunds is booked based on historical experience and in line with current COVID-19 environment.

A3 OTHER INCOME

FAIR VALUE GAIN ON CHANGE IN CONTROL	NOTES	2020 $'000	2019 $'000
Fair value gain on ETSC		-	718
Fair value gain on 3mundi		-	19,600
Fair value loss on Ignite Travel Group		(3,138)	-
Total	A6	**(3,138)**	**20,318**

OTHER INCOME			
Interest		14,599	24,136
Rent and sub-lease rentals	F7	4,250	2,504
Net foreign exchange gains		28,139	4,507
Gain on contingent consideration	A7	4,735	3,776
Government subsidies		145,221	-
Total		**196,944**	**34,923**

GOVERNMENT SUBSIDIES

Due to the financial impact of COVID-19, FLT applied for and received wage subsidy and property related grants from the government.

The condition of the wage subsidy grants vary globally but are broadly based on employer, employee and payment conditions, which FLT has met. The length of time these grants are available varies between nations.

As at 30 June 2020, the timeframe to access a wage subsidy in any one nation is between March 2020 to March 2021. Depending on the conditions of the grant, it is recognised as a trade receivable (refer note F3) until the payment is received, which is typically within 7-14 days of submission or where payment has been received in advance, recognised in deferred revenue (refer note F9) and released to the statement of profit or loss over the term of the grant.

ACCOUNTING POLICY

Grant income is generated and can be recognised when there is reasonable assurance that the conditions attached to the grant income will be met and that the grant will be received.

The income is recognised in the profit and loss over the periods in which FLT incurs expenses for which the grants are intended to compensate.

A4 EXPENSES

Profit before income tax includes the following expenses:

FINANCE COSTS	NOTES	2020 $'000	2019 $'000
BOS interest expense	D2	14,568	22,337
Interest and finance charges paid/payable		3,738	2,618
Lease interest expense[1]	F7	17,134	-
Unwind of make good provision discount	F10	2,813	637
Total finance costs		**38,253**	**25,592**
OTHER EXPENSES			
Other occupancy costs		68,900	71,266
Rent expense[1]	F7	29,863	165,616
Consulting fees		88,276	84,348
Independent agent consulting fees		32,467	35,737
Communication and IT		167,257	119,284
Supplier exposure[2]		28,624	-
Bad debts expense	F3 / F4	43,138	10,937
Other expenses		193,444	199,965
Total other expenses		**651,969**	**687,153**

[1] *Refer to note I for details regarding the changes in accounting policies on adoption of AASB16.*

[2] *Supplier exposure relates to the one-off items of $7,056,000 relating to Tempo supplier collapse in H1'20 and $21,568,000 relating to Virgin Australia voluntary administration in H2'20. The Virgin Australia amount is a bad debts expense, but is disclosed separately in the supplier exposure expense line.*

A5 INTANGIBLE ASSETS

OVERVIEW

FLT continues to focus on enhancing productivity, reducing costs and making it easier for customers to interact and transact with its brands and people across all channels. Growing digital capabilities has also been a priority. These strategies are reflected in the growth in intangibles through both additions and acquisitions.

This has been offset by significant levels of disposals from store closures and impairment of intangibles, particularly as impacted by COVID-19.

OPENING BALANCE AT 1 JULY 2018		GOODWILL $'000	BRAND NAMES, LICENCES AND CUSTOMER RELATIONSHIPS[1] $'000	SOFTWARE[2] $'000	TOTAL $'000
Cost		534,427	94,457	182,366	811,250
Accumulated amortisation (including accumulated impairment losses)		(74,865)	(75,242)	(74,808)	(224,915)
Net book amount at 1 July 2018		**459,562**	**19,215**	**107,558**	**586,335**
Additions	B7	-	17	47,613	47,630
Acquisitions		148,609	-	13,334	161,943
Other		832	-	-	832
Disposals[3]		-	-	(75)	(75)
Amortisation	B7	-	(1,089)	(18,212)	(19,301)
Impairment charge		(29,777)	-	-	(29,777)
Exchange differences		19,413	660	975	21,048
Net book amount at 30 June 2019		**598,639**	**18,803**	**151,193**	**768,635**
OPENING BALANCE AT 1 JULY 2019					
Cost		707,426	96,861	244,819	1,049,106
Accumulated amortisation (including accumulated impairment losses)		(108,787)	(78,058)	(93,626)	(280,471)
Net book amount at 1 July 2019		**598,639**	**18,803**	**151,193**	**768,635**
Additions	B7	-	-	67,866	67,866
Acquisitions	A6	50,840	14	14,600	65,454
Customer relationships recognised on acquisition	A6	(22,945)	22,945	-	-
Transfers		-	(739)	739	-
Disposals and retirements[3]		-	-	(18,243)	(18,243)
Amortisation	B7	-	(6,680)	(28,795)	(35,475)
Impairment charge		(58,741)	(13,398)	(19,335)	(91,474)
Exchange differences		3,220	372	1,509	5,101
Net book amount at 30 June 2020		**571,013**	**21,317**	**169,534**	**761,864**
Cost		739,448	108,179	283,045	1,130,672
Accumulated amortisation (including accumulated impairment losses)		(168,435)	(86,862)	(113,511)	(368,808)
Net book amount at 30 June 2020		**571,013**	**21,317**	**169,534**	**761,864**

[1] Definite life brand names are amortised over their expected useful life, not exceeding 15 years. Customer relationships are amortised over their expected useful life, not exceeding seven years.

[2] Relates predominately to software which is amortised using the straight-line method over the project's period of expected future benefits, which varies from 2.5 to 5 years, with some core software products amortised over 10 to 15 years.

[3] Balances shown net of accumulated amortisation.

A5 INTANGIBLE ASSETS (CONTINUED)

SIGNIFICANT MATTERS

- Due to COVID-19, there has been an increased level of software disposal & retirement relating to business closures.

Disposals and retirements includes $11,926,000 relating to the P1 software asset. The software asset was retired due to a post COVID-19 change in strategy for the roll-out whereby it was determined it would not be rolled out to the Leisure pillar or other corporate nations. The Americas corporate P1 software asset has been retained.

- There were a number of impairments during the year. Refer below for further details.

(A) IMPAIRMENT TESTS

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS – IMPAIRMENT OF GOODWILL AND INDEFINITE LIFE INTANGIBLES

The group tests goodwill and indefinite life intangibles (mainly brand names) annually for impairment, in accordance with the accounting policy stated in note I(g). For all cash-generating units (CGUs) which contain goodwill or indefinite life intangibles and all other CGUs which show an indicator of impairment, the recoverable amounts have been determined based on the higher of fair value less costs of disposal or value-in-use calculations. These calculations use cash flow projections based on management's financial forecasts, the expected rebound timeline to pre-COVID-19 operating results with reference to external market view of future travel prospects and cover a five-year period. Refer below for details of these assumptions and the potential impacts of reasonable changes to the assumptions.

Goodwill and indefinite life intangibles are allocated to the CGUs, identified according to relevant business and country of operation.

Each segment includes a number of separately identifiable CGUs. Goodwill and indefinite life intangibles allocated to individually significant CGUs are presented at the net book amount below:

	GOODWILL		INDEFINITE LIFE BRAND NAMES & LICENCES	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Australia Leisure	178,150	131,521	-	-
Europe Corporate	121,366	129,990	-	-
USA Corporate	49,324	49,581	-	-
UK Corporate	45,897	45,522	-	-
Global Touring	-	35,412	-	11,145
Australia FCM	32,298	30,446	-	-
Discova Asia	28,379	28,662	-	-
Canada	21,268	20,258	-	-
Student Universe	18,884	18,539	-	-
Global Hotels	-	15,068	-	-
Other[1]	75,447	93,640	205	1,329
Total	**571,013**	**598,639**	**205**	**12,474**

[1] *Other includes the Indian CGU, and other CGUS which are not individually significant*

FLT owns these brands and licences and intends to continue to use them indefinitely.

A5 INTANGIBLE ASSETS (CONTINUED)

CURRENT YEAR

GLOBAL TOURING

At 31 December 2019, FLT recorded a non-cash write-down to goodwill, brand names and other intangibles of $46,123,000 in Top Deck Tours and Backroads, which form the Global Touring CGU. At 30 June 2020, the remaining goodwill, intangible assets and property, plant and equipment were impaired, resulting in a further non-cash impairment of $17,352,000. The total impairment for the year ended 30 June 2020 was $63,475,000 (including total goodwill impairment of $36,215,000). Post impairment, there is no remaining goodwill, intangible assets or property, plant and equipment in the Global Touring CGU.

Top Deck Tours' is a tour operator providing trips for people aged 18 to 39 throughout Europe, Australia and New Zealand, North America, the Middle East, Asia and North Africa and Africa. Backroads is a tour operator specialising in small-group, regional and tailor-made tours throughout the UK and Europe. Top Deck Tours' growth had deteriorated during the period to 31 December 2019, which had been caused by a decline in customers. As a result of COVID-19, performance did not improve and the European Summer 2020 touring season was cancelled with the intention to return to touring in 2021. The change in forecasts meant the carrying value exceeded value in use and, therefore, the remaining goodwill and tangible assets were impaired at 30 June 2020.

For the purposes of impairment testing, a value in use methodology was applied. The key assumptions used in the models are as follows:

- Five-year budgeted EBITDA based on management's forecast of revenue from tour services, taking into account expected TTV/sales growth based on passenger bookings.
- Revenue forecasts take into account historical revenue and consider external factors such as market sector and geography and have taken into consideration the impacts of COVID-19 within an estimated potential date of return for touring. Costs are calculated taking into account COVID-19 cost reductions achieved, historical margins, forecast increases and estimated inflation rates over the period, consistent with the locations in which the CGUs operate.
- A rate of 2.5% (30 June 2019: 2.0%) was used to extrapolate cash flows beyond the budget period to calculate a terminal value.

Management have applied a pre-tax discount rate of 14.3% (30 June 2019: 15.7%) based on available market data and data from other comparable listed companies within the travel sector.

HOTELS (CROSS HOTELS AND CAMAKILA)

FLT recorded a non-cash impairment to goodwill, intangible assets and property, plant and equipment of $29,778,000 in Cross Hotels and Camakila which form the Global Hotels CGU. Post impairment there is no remaining goodwill, intangible assets or property, plant and equipment in the Hotels CGU.

The Hotels CGU includes management rights to hotels and also holds a long term lease for the Camakila resort. As a result of COVID-19, all hotels under management were closed temporarily and the Camakila resort was closed. This has led to the impairment recognised for the year ended 30 June 2020.

The recoverable amount of Hotels was determined by reference to a fair value less cost to sell methodology. The key assumptions in the model are as follows:

- Five year budgeted EBITDA based on management's forecast of revenue, taking into account expected occupancy rates.
- Revenue forecasts take into account historical revenue and consider external factors such as market sector and geography and have taken into consideration the impacts of COVID-19 within an estimated potential date of return for travel returning. Costs are calculated taking into account historical margins, forecast increases and estimated inflation rates over the period, consistent with the locations in which the CGUs operate.
- A rate of 2.5% (30 June 2019: 2.0%) was used to extrapolate cash flows beyond the budget period to calculate a terminal value.
- Estimated 2% of Enterprise Value selling cost.

Management have applied a pre-tax discount rate of 16.4% (30 June 2019: 15.7%) based on available market data and data from other comparable listed companies within the travel sector.

OTHER GOODWILL IMPAIRMENTS

FLT recorded a non-cash impairment of $7,238,000 of goodwill for other immaterial CGUs due to changes in growth expectations caused by COVID-19.

A5 INTANGIBLE ASSETS (CONTINUED)

PRIOR YEAR

FLT recorded a non-cash write-down to goodwill of $29,777,000 in Olympus Tours (recently rebranded to Discova Americas). FLT acquired 100% of the share capital of Olympus Tours on 1 August 2017 for cash consideration of $27,565,000 which, on consolidation, initially gave rise to $28,822,000 of goodwill. The services provided by Olympus Tours include transfers, excursions and day-trips, arrangements for meetings and incentive groups and land arrangements for cruises and other tour groups in Mexico, Dominican Republic and Costa Rica. Post impairment, there is no remaining goodwill in the business.

Olympus Tours has generally not delivered the profit that FLT initially expected since acquisition. Post-acquisition, the business has been negatively impacted by the loss of key customers, a decline in local Mexico sales, a change in local management and most recently a decline in USA tourists into the Dominican Republic. The business has set a range of strategies to move forward, which include focusing on growing direct group sales out of FC USA; entering into new markets for customer acquisition such as Europe; offering new products such as accommodation and implementing a new booking platform capable of transacting on a B2B basis.

The recoverable amount of the Olympus Tours CGU was determined by reference to the fair-value less costs to sell. This was based on the present value of the existing business acquired along with a forecast of the long term view of Olympus Tours. This was estimated using a discounted cash flow over 5 years which is classified as a Level 3 input in the fair value hierarchy.

(B) KEY ASSUMPTIONS USED FOR VALUE-IN-USE / FAIR VALUE LESS COST TO SELL CALCULATIONS

	PRE-TAX DISCOUNT RATE	
GOODWILL & BRANDNAMES CGU	2020 %	2019 %
Australia, including Leisure & FCM	11.2	11.1
Europe Corporate	13.2	10.1
United States, including Retail, Corporate & Student Universe	11.8	13.3
UK Corporate	11.1	9.5
Global Touring	14.3	15.7
Discova Asia	16.9	21.1
Canada	12.3	11.1
India	21.3	21.3
Other countries (excluding those listed above)	12.9	10.6

The discount rates shown were applied to CGUs within each of the geographic areas. The extent to which cashflows are adjusted may impact the discount rate applied. For the purposes of impairment testing, value in use and fair value methodologies were applied and a terminal rate of 2.0% - 2.5% (2019: 2.0%) was used to extrapolate cash flows beyond the budget period and calculate a terminal value.

These assumptions have been used for the analysis of each CGU within the business segment, in line with local long-term inflation.

The basis of estimation of the five-year cash flows uses the following key operating assumptions:

- Five-year budgeted EBITDA is based on management's forecasts of revenue from travel services, taking into account the timelines for expected rebound of domestic and international travel.
- Revenue forecasts take into account historical revenue and consider external factors such as market sector and geography.
- Costs are calculated taking into account historical margins, forecast increases and estimated inflation rates over the period, consistent with the locations in which the CGUs operate.
- Revenue and cost forecasts have taken into consideration the impacts of COVID-19 within an estimated timeframe for travel returning to pre-COVID levels benchmarked to industry forecasts.
- Where fair value less cost to sell methodology has been appropriately applied, the costs to sell are estimated at 2% of enterprise value.

Management has calculated the discount rates based on available market data and data from comparable listed companies within the travel sector.

A5 INTANGIBLE ASSETS (CONTINUED)

(C) IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS

COVID-19 has had a significant impact on the business. Assumptions around border restrictions lifting and travel returning (international and domestic) are key assumptions in the impairment models, any delay to externally benchmarked forecasts could have a further impact on the business and potentially give rise to future impairment.

The Discova Asia CGU is sensitive to changes in key assumptions. Increasing the WACC by 2% in combination with reducing the long-term growth rate by 1% would result in the carrying value of the CGU to equal the recoverable amount.

Other than noted above, there are no reasonably possible changes in key assumptions that would cause a CGU's carrying value to exceed its recoverable amount in the current period.

Goodwill is recorded based on the fair value of the business acquired on the acquisition date. Should this value fall, impairment of assets (including goodwill) may arise in future periods.

(D) RECONCILIATION OF IMPAIRMENT TO THE STATEMENT OF PROFIT AND LOSS

Due to the volume of impairments in the current year, the following reconciliation has been provided of impairment expense:

	GOODWILL $'000	OTHER INTANGIBLES $'000	PPE $'000	INVESTMENTS IN ASSOCIATES $'000	ROU ASSET $'000	TOTAL $'000
Global Touring impairment	(36,215)	(20,530)	(2,635)	-	(4,095)	(63,475)
Upside impairment	-	-	-	(47,126)	-	(47,126)
Hotels impairment	(15,288)	(1,230)	(841)	-	(12,419)	(29,778)
Other impairment	(7,238)	(10,973)	-	-	-	(18,211)
COVID-19 ROUA impairment	-	-	-	-	(58,527)	(58,527)
	(58,741)	(32,733)	(3,476)	(47,126)	(75,041)	(217,117)

Other impairment includes the non-cash write-down of goodwill in immaterial cash generating units. The impairment of Other Intangibles includes the non-cash impairment of software where the carrying value was higher than the recoverable amount.

COVID-19 resulted in a decision to exit a large number of retail stores before 30 June 2020. These right of use assets are no longer assessed within a business or country cash generating unit and the cashflows no longer support the recoverable amount. These assets have been impaired for the year ended 30 June 2020.

Refer to note A5(a) for goodwill and intangible impairment, note E1 for investment in associate impairment, note F6 for PPE impairment and note F7 for right of use asset impairment.

A6 BUSINESS COMBINATIONS

(A) CURRENT YEAR ACQUISITIONS

Summary of acquisitions

During the period FLT announced the acquisitions as set out below.

IXTAPA

On 9 September 2019, FLT acquired 100% of BLC Ventures Ltd (Ixtapa) for an initial consideration of $879,000 and deferred future tranche payments of $623,000. As at 30 June 2020, the future tranche payments had been reassessed and a portion was released. There is $297,000 remaining at 30 June 2020 that may be required based on the performance of the business for two subsequent 12-month periods post acquisition (refer note A7). Ixtapa is an independent network of home-based consultants in Canada.

The goodwill of $1,496,000 recognised represents the value to FLT as it will compliment FLT's at home agent presence in Canada.

The accounting for the business combination has been finalised.

Details of the purchase consideration, the net assets acquired and goodwill are set out in the table below.

IGNITE

On 19 September 2019, FLT purchased the remaining 51% of Ignite for $31,684,500, bringing FLT's shareholding to 100%. FLT gained control of Ignite and the business is now accounted for as subsidiary of FLT. On 30 June 2019, Ignite was accounted for as an investment in associate.

Ignite is an Australian based travel marketing group, which specialises in the development and distribution of innovative leisure market models including exclusively curated holiday packages, travel vouchers and rewards programs.

The goodwill represents the benefit of full deployment and integration of Ignite's "readymade" holiday package model through FLT's leisure network to deliver new offerings and choices to FLT customers, as well as attracting a new customer segment to FLT.

The purchase price accounting for Ignite has been finalised during the period. FLT has completed a review of total net assets at the date of acquisition and determined a reduction in intangible assets of $274,000 and trade and other payables of $429,000 was required, with a corresponding reduction in goodwill, from what was reported in the December 2019 interim financial statements.

Details of the purchase consideration, the net assets acquired and goodwill are set out in the table below.

WHERE TO

On 12 June 2020, FLT acquired 100% of WhereTo Inc (WhereTo) for an initial consideration of $12,427,000. Future payments of $145,000 were held in escrow as at 30 June 2020 and were paid in July 2020.

WhereTo is an online Travel Management System developer headquartered in San Francisco, with a commitment to making business travel better for everybody. The acquisition of WhereTo provides access to an advanced digital platform that allows FLT to combine customer data and expertise to create a traveller experience that accentuates the blended service model that FLT offer corporate clients.

The synergies that the software will bring to FLT, including integration with TP Connects, will help shorten timing and resources needed to achieve integration into the existing FLT corporate platforms.

Given the close proximity to year-end, the accounting for the business combination is provisional.

A6 BUSINESS COMBINATIONS (CONTINUED)

Details of the purchase consideration, the net assets acquired and goodwill are set out in the table below.

% OWNERSHIP Purchase Consideration	NOTE	IXTAPA $'000 100%	IGNITE $'000 100%	WHERETO $'000 100%	TOTAL $'000
Cash consideration		879	31,685	12,427	44,991
Deferred payments		-	-	145	145
Contingent consideration	A7	623	-	-	623
Total purchase consideration		**1,502**	**31,685**	**12,572**	**45,759**
Assets and liabilities acquired at fair value					
Cash and cash equivalents		82	24,306	996	25,384
Trade and other receivables[1]		287	41,581	119	41,987
Contract assets[1]		-	1,530	-	1,530
Other assets		35	9,785	96	9,916
Property, plant and equipment	F6	25	384	40	449
Intangible assets	A5	-	2,923	11,235	14,158
Right of use asset	F7	297	2,261	-	2,558
Deferred tax assets		-	361	250	611
Trade and other payables		(423)	(78,596)	(164)	(79,183)
Lease liability	F7	(297)	(2,261)	-	(2,558)
Current tax payable		-	(265)	-	(265)
Provisions		-	(258)	-	(258)
Net identifiable assets and liabilities acquired		**6**	**1,751**	**12,572**	**14,329**
Equity accounted value of previous interest		-	(12,398)	-	(12,398)
Fair value loss on change in control	A3	-	3,138	-	3,138
Fair value of previous interest held		**-**	**(9,260)**	**-**	**(9,260)**
Goodwill arising on acquisition	A5	**1,496**	**39,194**	**-**	**40,690**
		1,502	**31,685**	**12,572**	**45,759**

[1] *All receivables are stated at fair value, there are no contractual cash flows as at acquisition date which are not expected to be collected.*

Purchase Consideration - cash outflow	IXTAPA $'000	IGNITE $'000	WHERETO $'000	TOTAL $'000
Cash consideration	879	31,685	12,427	44,991
Less: balances acquired	(82)	(24,306)	(996)	(25,384)
Total cash (inflow)/outflow - investing activities	**797**	**7,379**	**11,431**	**19,607**

FLT has recognised revenue and profit contributions from the date of acquisition to the year-end as follows:

Revenue & profit contribution from the date of acquisition to year-end				
Revenue	863	11,470	14	**12,347**
Profit / (Loss) before tax	(9)	(13,470)	(528)	**(14,007)**

Had the acquisition occurred on 1 July 2019, revenue and profit contribution for the year would have been:

Revenue & profit contribution for year ended 30 June 2020				
Revenue	863	18,747	1,665	**21,275**
Profit / (Loss) before tax	(159)	(12,930)	(4,966)	**(18,055)**

A6 BUSINESS COMBINATIONS (CONTINUED)

Acquisition costs

Acquisition-related costs of $635,000 have been recognised in the statement of profit or loss (other expenses) and in operating cash flows in the statement of cash flows (payments to suppliers and employees).

(B) RECONCILIATION TO CASH FLOW STATEMENT

	$'000
Acquisition of subsidiary - net cash outflow	19,607
Acquisition of subsidiary - working capital adjustments	-
Total outflow of cash - investing activities	**19,607**

(C) PRIOR YEAR ACQUISITIONS

CASTO

The purchase price accounting for Casto Travel US LLC (Casto) has been finalised during the period. FLT has completed a review of the customer relationships obtained and determined that $3,024,000 should be attributed to these, with a corresponding reduction in goodwill (refer customer relationships in note A5). The customer relationships have been determined to have a useful life of five years and will be amortised over this period.

3MUNDI

The purchase price accounting for 3mundi has been finalised during the period.

FLT has completed a review of the customer relationships obtained and determined that $19,921,000 should be attributed to these, offset by deferred tax liability of $5,976,000, with a corresponding reduction in goodwill (refer customer relationships in note A5). The customer relationships have been determined to have a useful life of five years and will be amortised over this period.

The take on balance sheet was also finalised with movements in working capital accounts resulting in a decrease in net assets of $5,498,000, with a corresponding increase in goodwill (refer note A5).

A working capital adjustment became payable from the previous owners of $1,324,000 reducing the purchase consideration, with a corresponding decrease in goodwill (refer note A5).

This resulted in a net decrease to goodwill of $9,771,000 (initial goodwill recognised at June 19: $118,406,000).

A7 CONTINGENT CONSIDERATION

CURRENT	2020 $'000	2019 $'000
Contingent consideration	3,278	15,400
Total current contingent consideration	**3,278**	**15,400**
NON-CURRENT		
Contingent consideration	297	3,181
Total non-current contingent consideration	**297**	**3,181**

Contingent consideration is recognised in relation to the acquisitions listed below. FLT has determined that it is classified as Level 3 (2019: Level 3) under the AASB 13 Fair value measurement hierarchy as the main valuation inputs outlined below are unobservable.

Any changes in the fair value of these liabilities are recorded through other income, finance costs or other expenses in the statement of profit or loss.

The put option liabilities that exist, outlined for each company below, have been recognised as a financial liability and in the acquisition reserve of the parent entity.

A7 CONTINGENT CONSIDERATION (CONTINUED)

AVMIN PTY LIMITED (AVMIN)

The financial liability related to the put option for AVMIN ($1,683,000) has been recorded as part of current contingent consideration. The potential undiscounted amount of this liability has been estimated as the value of future expected cash flows for the settlement of the put option for AVMIN. The put option exercise period opens for 3 months on 30 January 2021 and then annually for 3 months per year thereafter. The expected cash flows are based on a multiple of the average NPAT for year ended 30 June 2019 and for the year ended 30 June 2020.

BESPOKE HOSPITALITY MANAGEMENT ASIA LIMITED (BHMA)

There is no financial liability as at 30 June 2020 (Jun19: $2,386,000). Contingent consideration recorded at 30 June 2019 in respect of amounts estimated to be paid to the shareholders has been released and recognised as a fair value gain on contingent consideration during the year ended 30 June 2020. The calculation was based on a multiple of revenue growth within the Asia and Non-Asia markets between the calendar years ended 31 December 2018 and 2019 and, under this calculation, no amounts are expected to be paid.

BLC VENTURES LTD (IXTAPA)

The financial liability related to the earn out payments for Ixtapa ($297,000) have been recorded as part of contingent consideration (30 June 2019: nil).

On acquisition, contingent consideration of $623,000 was recognised (Current: $315,000, Non-current: $308,000).

The potential amount of this liability is based on a multiple of expected EBITDA for two subsequent 12-month periods post acquisition. The non-current portion of this liability has been estimated by discounting the value of future expected cash flows at a discount rate of 2.3%.

The expected EBITDA for the first 12-month period post acquisition has been reassessed at 30 June 2020 and this assessment indicates that it is unlikely that EBITDA will be greater than nil. As such, the contingent consideration recorded in respect of this has been released and recognised as a fair value gain on contingent consideration during the year ended 30 June 2020. The closing balance at 30 June 2020 ($297,000) relates entirely to the multiple of expected EBITDA for the second 12 month period post acquisition and is therefore classified as a non-current financial liability.

LES VOYAGES LAURIER DU VALLON (LDV)

There is no financial liability as at 30 June 2020 (Jun19: $9,498,000). The financial liability related to the LDV acquisition was settled for $7,842,000 during the period, with $1,656,000 released to the statement of profit or loss. No contingent consideration remains at year end.

TRAVEL PARTNERS HOLDINGS PTY LTD (TRAVEL PARTNERS)

There is no financial liability as at 30 June 2020 (Jun19: $428,000). The financial liability related to the earn out payment for Travel Partners and has been released and recognised as a fair value gain on contingent consideration during the year ended 30 June 2020. The potential undiscounted amount of this liability was based on TTV growth multiples for the three 12-month periods following acquisition. TTV is forecast to decline in the final 12-month period ending 30 September 2020 and, as such, no financial liability exists at year-end.

A7 CONTINGENT CONSIDERATION (CONTINUED)

UMAPPED INC (UMAPPED)

The financial liability related to the hold back payments for Umapped ($1,595,000) has been recorded as part of current contingent consideration. The first hold back payment was settled for $3,328,000 during the period. The second hold back payment is expected to be settled on the second anniversary of acquisition, September 2020. The potential undiscounted amount of this liability has been estimated as the value of future expected cash flows for the settlement of the hold back payments which under the agreement is between $nil and $1,595,000.

Reconciliation of Level 3 contingent consideration for the period is set out below:

	NOTES	CONTINGENT CONSIDERATION $'000
Opening balance at 1 July 2019		**18,581**
New business combinations	A6	623
Payments		(11,170)
Unrealised (gains) / losses recognised in the statement of profit or loss and other comprehensive income	A3	(4,735)
Other unrealised (gains) / losses including net foreign exchange movements		276
Closing balance at 30 June 2020		**3,575**

B CASH MANAGEMENT

FLT has traditionally focused on maintaining a strong balance sheet through increasing cash and investments and keeping low levels of debt. The strategy also considers the group's expenditure, growth and acquisition requirements, and the desire to return dividends to shareholders.

COVID-19 has caused a prolonged downturn of demand due to the unprecedented restrictions that governments globally have imposed on travel to slow the spread of COVID-19.

This has required FLT to implement a comprehensive package of initiatives during the period to preserve cash and strengthen its balance sheet to position it for future growth when travel rebounds.

B1 Cash and cash equivalents

B2 Financial asset investments

B3 Cash and financial asset investments - financial risk management

B4 Borrowings

B5 Ratios
- Net debt
- Gearing ratio

B6 Dividends

B7 Capital expenditure

B1 CASH AND CASH EQUIVALENTS

	2020 $'000	2019 $'000 RESTATED[1]
Cash at bank and on hand	1,779,550	717,845
Restricted cash[2]	87,757	454,407
Total cash and cash equivalents	**1,867,307**	**1,172,252**

[1] *Comparatives have been restated due to the change in presentation during the period to reflect funds held by the Group that are restricted for use.*

[2] *Restricted cash relates to cash held within legal entities of the Group for payment to product and service suppliers or cash held for supplier guarantees. Restricted cash includes monies paid to the Group by customers for payment to local International Air Transport Association (IATA) for ticketed travel arrangements. The disclosure of restricted cash has removed the need for FLT's unique and historic disclosure of client cash which was largely based on an internal control view to isolate cash received from front end customers for payment to suppliers.*

Reconciliation to Statement of Cash Flows	2020 $'000	2019 $'000
Cash and cash equivalents	1,867,307	1,172,252
Bank overdraft	(1,510)	-
Balance per Statement of Cash Flows	**1,865,797**	**1,172,252**

B1 CASH AND CASH EQUIVALENTS (CONTINUED)

RECONCILIATION OF PROFIT AFTER TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2020 $'000	2019 $'000
(Loss) / Profit after income tax for the year	(662,109)	264,174
Depreciation and amortisation	237,027	82,370
Net loss on disposal of non-current assets	30,291	2,724
Net loss / (gain) on sale of financial assets at fair value	282	(3,168)
Share of loss / (profits) of joint ventures & associates	5,047	(1,147)
Impairment charges	217,117	29,777
Net (gain) on financial assets	(156)	(3,955)
Fair value loss / (gain) on change in control	3,138	(20,318)
Fair value adjustment to contingent consideration	(4,735)	(3,776)
Non-cash employee benefits expense - share based payments	5,385	2,532
Net exchange differences	(16,586)	(4,814)
(Increase) /decrease in trade and other receivables, contracts assets and other assets	612,096	(38,516)
(Increase) /decrease in deferred tax assets and liabilities	23	(106)
(Increase) / decrease in inventories	(3)	(34)
Increase / (decrease) in trade creditors and other payables	(220,611)	(26,470)
Increase / (decrease) in net income taxes payable	(207,046)	(13,575)
Increase / (decrease) in other provisions	6,494	13,185
Net cash inflow from operating activities	**5,654**	**278,883**

B2 FINANCIAL ASSET INVESTMENTS

	2020 $'000	2019 $'000
Equity investments - Fair value through profit or loss (FVTPL)	4,081	3,111
Debt securities - Fair value through profit or loss (FVTPL)	3,997	4,661
Debt securities - Fair value through other comprehensive income (FVOCI)	-	7,987
Debt securities - Amortised cost	-	99,688
Total financial asset investments	8,078	115,447

Debt securities measured at FVTPL do not have contractual cash flow characteristics.

Debt securities measured at FVOCI have contractual cash flow characteristics that are solely payment of principal and interest and are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Debt securities and repurchase receivables are measured at amortised cost only if both the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Debt securities at FVOCI and debt securities at FVTPL are measured at fair value, which is determined by reference to price quotations in a market for identical assets. As the assets are not heavily traded, FLT has determined that they are classified as Level 2 (2019: Level 2) under the AASB 13 Fair value measurement hierarchy.

Equity investments at FVTPL are measured at fair value, which is determined by an independent qualified valuer in accordance with Australian Accounting Standards (AASB's) and International Private Equity and Venture Capital Valuation Guidelines as adopted by Australian Private Equity and Venture Capital Association Limited. FLT has determined that they are classified as Level 3 (2019: Level 3) under the AASB 13 Fair value measurement hierarchy, based on the valuation technique as described above.

B3 CASH AND FINANCIAL ASSET INVESTMENTS – FINANCIAL RISK MANAGEMENT

CREDIT RISK

Credit risk arising from cash and cash equivalents and financial asset investments is managed in accordance with group treasury policy. Limits are set on credit rating, type of security, counterparty exposure and maturity.

Credit quality has been assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There has been no significant increase to credit risk for cash and cash equivalents and financial assets.

	EQUIVALENT S&P RATING					
AT 30 JUNE 2020	AA AND ABOVE $'000	AA- TO A- $'000	BBB+ TO BBB- $'000	NON INVESTMENT GRADE / UNRATED $'000	UNRATED - FX BUSINESS CURRENCY HOLDINGS $'000	TOTAL $'000
Cash and cash equivalents	-	1,744,102	21,642	43,639	57,924	1,867,307
Equity investments - FVTPL	-	-	-	4,081	-	4,081
Debt securities - FVTPL	-	-	-	3,997	-	3,997
AT 30 JUNE 2019						
Cash and cash equivalents	-	952,209	110,945	72,522	36,576	1,172,252
Equity investments - FVTPL	-	-	-	3,111	-	3,111
Debt securities - FVTPL	3,077	-	-	1,584	-	4,661
Debt securities - FVOCI	500	3,839	3,648	-	-	7,987
Debt securities - Amortised cost	-	89,720	9,968	-	-	99,688

ACCOUNTING POLICY

FLT has applied the simplified approach for provisioning for expected credit losses prescribed by AASB 9 for financial assets held at amortised cost. Additional information on trade and other receivables accounting policies is included in note I(a) and I(m).

The maximum exposure to credit risk is the carrying amount of financial assets and the carrying amount of cash and cash equivalents as disclosed above. Rated assets falling outside the AAA and BBB- range are considered non-investment grade/ unrated. These include term deposits in overseas banks held by the subsidiaries, mainly in South Africa. Unrated FX business currency holdings consists of cash on hand for trading purposes as part of the Travel Money foreign exchange business.

MARKET RISK

INTEREST RATE AND FOREIGN CURRENCY RISK

The group holds investments at variable rates. FLT's profit and operating cash flows are, therefore, exposed to changes in market interest rates. The group constantly analyses its interest rate exposure.

Refer to note C1 for sensitivity of interest rate risk and foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

B4 BORROWINGS

CURRENT	NOTES	2020 $'000	2019 $'000
Bank loans[1]		210,323	72,269
Net unsecured notes principal[2]	D2	1,345	12,441
Total current borrowings		**211,668**	**84,710**
NON-CURRENT			
Bank loans[1]		250,514	100,375
Total non-current borrowings		**250,514**	**100,375**

[1] *Includes the new bilateral debt facilities as outlined below.*

[2] *Refer to note D2 for further information on the net unsecured notes that form part of the Business Ownership Scheme (BOS).*

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

BORROWINGS	2020 $'000	2019 $'000
Opening balance at 1 July	**185,085**	**35,498**
Cashflow - Proceeds from borrowings[1]	413,905	197,541
Cashflow - Repayment of borrowings[1]	(137,873)	(48,855)
Foreign exchange movement	167	813
Amortisation of borrowing costs	898	84
Acquired through business combination	-	4
Closing balance at 30 June	**462,182**	**185,085**

[1] *This includes the bilateral debt facilities, the periodic use of the repurchase facility and operation of the Business Ownership Scheme (BOS) during the year. Further details of BOS are included in note D2.*

The Group classifies interest paid as cash flows from operating activities.

FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT

On 30 April 2020, FLT entered into a series of new bilateral debt facilities totalling $200,000,000 to provide additional liquidity to FLT in the context of prevailing market uncertainties caused by COVID-19. The new facilities bring total facilities in place to $450,000,000 subject to a minimum liquidity covenant of $350,000,000. Other financial covenants contained in the facilities have been waived for the periods ending 30 June 2020 and 31 December 2020, including the waiver of the material adverse effect clause, as it relates to COVID-19. The next financial covenants testing period will be 30 June 2021.

The facilities are guaranteed by certain members of the group and are unsecured. The total amount drawn down at the reporting date was $450,000,000. Refer to note H3 for details of additional facilities entered into post 30 June 2020.

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The group holds borrowings which are issued at both fixed and variable rates. FLT's profit and operating cash flows are, therefore, exposed to changes in market interest rates.

The group constantly analyses its interest rate exposure, taking into consideration refinancing, renewal of existing positions and alternative financing. The group calculates the impact a defined interest rate shift will have on profit or loss. For each analysis, the same interest rate shift is used for all currencies.

Under group policy, the maximum percentage of outstanding external group debt that may be maintained at a fixed interest rate is 50%, unless the group's Global CFO and Global Treasurer approve otherwise.

Current bank loan facilities are subject to annual review (except the three year bilateral facilities) and are a mix of fixed and floating interest rates.

B4 BORROWINGS (CONTINUED)

Non-current loan facilities have maturities between 1-2 years (2019: 1-3 years) and are at a mix of fixed and floating rates.

The current interest rates on loan facilities range from 0.25% - 6.84% (2019: 2.36% - 8.25%).

LIQUIDITY RISK

To manage liquidity risk, the group has access to additional financing via unused bank loan facilities, repurchase agreements, credit card facilities, bank guarantees and letter of credit facilities.

	BANK LOANS & LEASING FACILITIES		CREDIT CARDS		BANK GUARANTEES & LETTERS OF CREDIT	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Unused	4,159	116,204	90,570	118,335	65,578	52,113
Used	460,837	173,541	2,774	64,443	64,856	88,808
Total facilities	**464,996**	**289,745**	**93,344**	**182,778**	**130,434**	**140,921**

Bank guarantees and letters of credit are provided as security on various facilities with vendors and in accordance with local travel agency licensing and International Air Transport Association (IATA) regulations.

On 3 July 2020, Flight Centre (UK) Limited issued $116,634,000 (£65,000,000) under the Bank of England COVID-19 Corporate Financing Facility to provide additional short-term liquidity. While the Bank of England has reserved its rights in relation to further notes issues by all eligible participants to the scheme, the directors believe FLT is eligible to issue notes under the CCFF up to the approved maximum amount of £600,000,000. Refer to note C1 for further details on facilities available to manage liquidity risk.

Refer to note C1 for a sensitivity analysis of borrowings' interest rate risk and details of borrowings' maturity profiles and associated liquidity risks.

There have been no defaults during the period.

FAIR VALUE

The carrying amount of the group's borrowings approximates their fair values, as commercial rates of interest are paid and the impact of discounting is not significant.

ASSETS PLEDGED AS SECURITY

FLT has allocated cash invested with the providers of certain bank guarantees and letter of credit facilities as collateral as set out below. The bilateral debt facilities are not secured but are subject to covenants as outlined above.

	2020 $'000	2019 $'000
Current	91	238
Non-current	71	149
Total secured bank loans	**162**	**387**
Cash and cash equivalents	46,533	59,600
Total assets pledged as security	**46,533**	**59,600**

Other than the items listed in section B4 above, no other group assets have been pledged as security.

B5 RATIOS

CAPITAL MANAGEMENT

FLT maintains a conservative funding structure that allows it to meet its operational and regulatory requirements, while providing sufficient flexibility to fund growth, working capital requirements and future strategic opportunities. The group's capital structure includes a mix of debt, general cash and equity attributable to the parent's equity holders.

On 30 April 2020, FLT entered into a series of new bilateral debt facilities totalling $200,000,000 to provide additional liquidity to FLT in the context of prevailing market uncertainties caused by COVID-19. Refer to note B4 for further details and associated covenants.

NET DEBT

	NOTES	2020 $'000	2019 $'000 RESTATED[1]
Cash at bank and on hand	B1	1,779,550	717,845
Financial investments	B2	8,078	115,447
		1,787,628	**833,292**
Less:			
Borrowings - current	B4	211,668	84,710
Borrowings - non-current	B4	250,514	100,375
		462,182	**185,085**
Positive net debt[2]		**1,325,446**	**648,207**

FLT continues to be in a positive net debt position.

[1] *The prior year has been restated to align classification with the restricted/unrestricted cash and investments from general / client cash and investments.*

[2] *Net debt = (Cash+ financial investments) – (current and non-current borrowings). The calculation excludes restricted cash (refer note B1). The calculation also excludes the impact of AASB16 Leases in respect of the current and non-current lease liabilities.*

GEARING RATIO

	NOTES	2020 $'000	2019 $'000
Total borrowings	B4	462,182	185,085
Total equity	D4/F11	1,393,186	1,462,318
Gearing ratio[2]		**33.2%**	**12.7%**

[2] *Gearing ratio = Total borrowings / Total equity. The calculation also excludes the impact of AASB16 Leases in respect of the current and non-current lease liabilities.*

B6 DIVIDENDS

OVERVIEW

When determining dividend returns to shareholders, FLT's board considers a number of factors, including the company's anticipated cash requirements to fund its growth and operational plans and current and future economic conditions.

While payments may vary from time to time, according to these anticipated needs, FLT aims to return to shareholders approximately 50 – 60% of net profit after income tax (NPAT).

A special dividend of 149.0 cents per fully paid ordinary share was declared in the prior financial year. The special dividend represented a fully franked dividend of $150,631,000 returned to shareholders.

The interim dividend of 0.40 cents per fully paid ordinary share that was declared on release of the FY20 interim financial statements was cancelled on 25 March 2020, and a final dividend has not been declared for 30 June 2020 after taking into account the need to preserve cash and protect long-term shareholder value.

In the prior financial year, the combined interim and final dividend payments represented a $159,533,000 return to shareholders, 60% of FLT's statutory NPAT. The combined payments represented 60% of FLT's underlying NPAT[1].

ORDINARY SHARES	2020 $'000	2019 $'000
Final ordinary dividend for the year ended 30 June 2019 of 98.0 cents (2018: 107.0 cents) per fully paid share	99,097	108,153
Interim ordinary dividend for the year ended 30 June 2020 of 0.0 cents (2019: 60.0 cents) per fully paid share	-	60,657
Special dividend for the year ended 30 June 2020 of 0.0 cents (2019: 149.0 cents) per fully paid share	-	150,631
	99,097	**319,441**

Since year-end the directors have determined not to pay a dividend.

In the prior financial year, dividends were paid per fully paid ordinary share fully franked based on tax paid at 30%. The aggregate amount of the dividends were paid out of retained profits at 30 June 2019, but were not recognised as a liability at 30 June 2019 as follows:

	AMOUNT PER SECURITY CENTS	AMOUNT PER SECURITY CENTS
Final dividend	-	98.0
	$'000	$'000
Final dividend	-	98,876
FRANKING CREDITS		
Franking credits available for subsequent financial years based on a tax rate of 30%	159,831	200,669

The above amounts represent the balance of the franking account at the end of the financial year, adjusted for:

i. Franking credits that will arise from the current tax liability's payment

ii. Franking debits that will arise from the dividend payments recognised as a liability for the reporting period's end; and

iii. Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting period's end.

There is no further reduction to the franking account due to dividends as no dividends have been declared since year-end (2019: $42,375,000.)

[1] *Underlying NPAT is a non-IFRS measure. Refer to segment note A1 for details of underlying PBT adjustments.*

B6 DIVIDENDS (CONTINUED)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

DIVIDENDS PAYABLE	2020 $'000	2019 $'000
Opening balance at 1 July	-	-
Dividends declared - parent entity	99,097	319,441
Dividends declared - attributable to non-controlling interest	145	346
Cashflow - Dividend payment	(99,242)	(319,787)
Closing balance at 30 June	-	-

B7 CAPITAL EXPENDITURE

OVERVIEW

In the current and prior year FLT has focused on its technological offering, through the acquisition of a number of technology companies, including TP Connect, Whereto and Upside and the development of a number of IT projects to support FLT's future strategy.

DEPRECIATION	NOTES	2020 $'000	2019 $'000
Buildings	F6	859	837
Plant and equipment	F6	66,182	62,232
Total depreciation		**67,041**	**63,069**
AMORTISATION			
Brand names, licences and customer relationships	A5	6,680	1,089
Software	A5	28,795	18,212
Total amortisation		**35,475**	**19,301**
Total depreciation and amortisation		**102,516**	**82,370**
ADDITIONS			
Plant and equipment	F6	42,663	53,352
Intangibles	A5	67,866	47,630
Total additions		**110,529**	**100,982**

Refer to note F7 for depreciation and amortisation relating to right of use asset under AASB16.

In addition to the depreciation & amortisation disclosed above, 'Tour & hotel operations - Cost of sales' in the income statement includes $952,000 (2019: $657,000) relating to depreciation & amortisation directly attributable to the delivery of tour and hotel services.

CONTRACTUAL COMMITMENTS

Neither the parent entity, nor the group, have any material contractual obligations to purchase plant and equipment or intangible assets at balance date (2019: $nil).

C FINANCIAL RISK MANAGEMENT

This section provides information relating to FLT group's exposure to financial risks, how they affect the group's financial position and performance and how the risks are managed.

C1	Financial risk management
C2	Derivative financial instruments
C3	Other financial assets

C1 FINANCIAL RISK MANAGEMENT

OVERVIEW

FLT continues to ensure it retains a robust balance sheet and liquidity position to manage through the current COVID-19 crisis.

The group's activities expose it to a variety of financial risks: ongoing unprecedented COVID-19 impacts on the travel industry, market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

A central treasury department oversees financial risk under board-approved policies that cover specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments and investments. Treasury identifies, evaluates and hedges financial risks in co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering the specific areas noted above.

Market risk and credit risk are analysed within the relevant balance sheet note disclosures with the exception of the effects of hedge accounting, which is set out below. Liquidity risk and sensitivities are also set out below.

LIQUIDITY RISK

FLT takes a conservative view towards liquidity and closely manages and monitors liquidity at a group level through rolling 18-month operating cashflow forecasts, comparing actual cashflows to forecast, which is supported by Global Treasury review of cashflow forecasts prepared weekly at a detailed level by business and country.

On 30 April 2020 FLT entered into a series of new 12-month bilateral debt facilities totalling $200,000,000 to provide additional liquidity to FLT in the context of prevailing market uncertainties caused by COVID-19. The new facilities bring total facilities in place to $450,000,000, subject to a minimum liquidity covenant of $350,000,000. The existing $250,000,000 has a repayment date of 20 February 2022. Other financial covenants contained in the facilities have been waived for the periods ending 30 June 2020 and 31 December 2020, including the waiver of the material adverse effect clause, as it relates to COVID-19. The facilities are guaranteed by certain members of the group and are unsecured. The total amount drawn down at the reporting date was $450,000,000. Refer Note B4 for additional details on borrowings.

On 3 July 2020, Flight Centre (UK) Limited issued $116,634,000 (£65,000,000) under the Bank of England COVID-19 Corporate Financing Facility to provide additional short-term liquidity. While the Bank of England has reserved its rights in relation to further notes issues by all eligible participants to the scheme, the directors believe FLT is eligible to issue notes under the CCFF up to the approved maximum amount of £600,000,000. The initial notes issued under the facility will mature in March 2021 and the directors expect to be able to extend for a further 12 months through the issue of further notes under the facility if the group elects to do so. Given the debt and funding options that are available globally, FLT will also review its debt structure, to ensure it is appropriate for the medium to long-term.

On 6 April 2020, FLT outlined plans to remove $1.9billion from its annual cost base to achieve a monthly net operating cash outflow of $65m by July 2020. On 13 August 2020, the group announced a net operating cash outflow of $53m ($43m including JobKeeper subsidy) was achieved in July 2020, surpassing targets set in April. The Group has $1.9bn cash including circa $1.2bn liquidity at June 2020 and its monitoring of group net operating cash forecasts support the group through the challenges posed by COVID-19.

The impact of COVID-19 has given rise to a loss in 2020 and whilst there is uncertainty in the timing of travel rebound, the company has prepared detailed 18-month cash flow forecasts which after applying sensitivities far below company expectations and independent industry forecasts supports that the Group will continue to operate within existing facilities.

The Directors are confident the company has options to structure debt in the medium to long-term, including refinancing short-term debt and related June 2021 covenants within the next 12 months. The directors are therefore satisfied the company has the ability to meet its debts as and when due for the next 12 months, and for the financial report to be prepared on the going concern basis. No adjustments have been made in the financial report in relation to the company's ability to realise its assets and discharge its liabilities in the normal course of business.

C1 FINANCIAL RISK MANAGEMENT (CONTINUED)

MATURITIES OF FINANCIAL LIABILITIES

The tables below analyse the group's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings. Groupings are based on the remaining period to the contractual maturity date at the reporting period's end. The amounts disclosed in the table are the contractual undiscounted cash flows.

2020 Non-derivatives	LESS THAN 12 MONTHS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	MORE THAN 5 YEARS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	CARRYING AMOUNT (ASSETS)/ LIABILITIES $'000
Trade and other payables	1,152,870	-	-	-	1,152,870	1,152,870
Contingent consideration	3,278	316	-	-	3,594	3,575
Borrowings	219,709	253,217	-	-	472,926	462,182
Lease liabilities	137,693	99,335	216,072	107,354	560,454	526,661
Total non-derivatives	**1,513,550**	**352,868**	**216,072**	**107,354**	**2,189,844**	**2,145,288**
Derivatives						
Derivatives - net settled	**3,247**	**-**	**(1,178)**	**-**	**2,069**	**2,069**
2019 **Non-derivatives**						
Trade and other payables	1,461,127	-	-	-	1,461,127	1,461,127
Contingent consideration	15,400	3,181	-	-	18,581	18,581
Borrowings	85,607	261	100,114	-	185,982	185,085
Total non-derivatives	**1,562,134**	**3,442**	**100,114**	**-**	**1,665,690**	**1,664,793**
Derivatives						
Derivatives - net settled	**2,797**	**-**	**-**	**-**	**2,797**	**2,797**

SUMMARISED SENSITIVITY ANALYSIS

The following table summarises the sensitivity of the group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

The foreign exchange sensitivities are based on the Group's exposures existing at balance date taking into account the Group's designated cash flow hedges.

Interest rate sensitivities are based on reasonable changes in interest rates on that portion of cash, investments and borrowings affected.

Foreign currency risks, as defined by AASB 7 Financial Instruments: Disclosures, arise on account of financial instruments being denominated in a currency that is not the functional currency in which the financial instrument is measured. Differences from the translation of financial statements into the Group's presentation currency are not taken into consideration in the sensitivity analysis. Foreign exchange sensitivities are based on reasonably possible changes in foreign exchanges rates.

For interest rate and foreign exchange rate sensitivities, all other variables are held constant. Sensitivity figures are pre tax. The movement in equity excludes movements in retained earnings.

C1 FINANCIAL RISK MANAGEMENT (CONTINUED)

2020 Financial assets	CARRYING AMOUNT $'000	INTEREST RATE RISK -1% PROFIT	INTEREST RATE RISK +1% PROFIT	FOREIGN EXCHANGE RISK -10% PROFIT	FOREIGN EXCHANGE RISK +10% PROFIT
Cash and cash equivalents	1,867,307	(18,673)	18,673	9,172	(7,504)
Equity securities - FVTPL	4,081	-	-	-	-
Debt securities - FVTPL	3,997	-	-	-	-
Trade & other receivables	362,395	-	-	703	(575)
Contract assets	129,261	-	-	3,892	(3,185)
Other financial assets	26,658	-	-	-	-
Derivative financial instruments	4,869	-	-	(17,915)	14,681
Financial liabilities					
Trade and other payables	1,151,410	-	-	(446)	365
Contingent consideration	3,575	-	-	(210)	210
Borrowings - current	211,668	(2,117)	2,117	-	-
Borrowings - non-current	250,514	(2,505)	2,505	-	-
Derivative financial instruments	1,178	-	-	(6,931)	5,465
Total increase / (decrease)		(23,295)	23,295	(11,735)	9,457

2019 Financial assets	CARRYING AMOUNT $'000	INTEREST RATE RISK -1% PROFIT	INTEREST RATE RISK +1% PROFIT	FOREIGN EXCHANGE RISK -10% PROFIT	FOREIGN EXCHANGE RISK +10% PROFIT
Cash and cash equivalents	1,172,252	(11,723)	11,723	9,807	(8,024)
Equity securities - FVTPL	3,111	-	-	-	-
Debt securities - FVTPL	4,661	(51)	51	-	-
Debt securities - FVOCI	7,987	(31)	31	143	(143)
Debt securities - Amortised cost	99,688	(997)	997	-	-
Trade & other receivables	572,940	-	-	1,208	(988)
Contract assets	360,760	-	-	9,310	(7,617)
Other financial assets	21,265	-	-	-	-
Derivative financial instruments	7,494	-	-	6,719	(5,720)
Financial liabilities					
Trade and other payables	1,461,127	-	-	(20,932)	17,126
Contingent consideration	18,581	-	-	(2)	2
Borrowings - current	84,710	726	(726)	-	-
Borrowings - non-current	100,375	1,009	(1,009)	-	-
Derivative financial instruments	2,797	-	-	(3,860)	3,158
Total increase / (decrease)		(11,067)	11,067	2,393	(2,206)

C1 FINANCIAL RISK MANAGEMENT (CONTINUED)

2020 Financial assets	CARRYING AMOUNT $'000	INTEREST RATE RISK -1% PROFIT	INTEREST RATE RISK +1% PROFIT	FOREIGN EXCHANGE RISK -10% PROFIT	FOREIGN EXCHANGE RISK +10% PROFIT
Debt securities - FVOCI	-	-	-	-	-
Derivative financial instruments	841	(94)	94	(1,369)	1,116
Financial liabilities					
Derivative financial instruments	2,463	-	-	(12,709)	12,205
		(94)	94	(14,078)	13,321

2019 Financial assets	CARRYING AMOUNT $'000	INTEREST RATE RISK -1% PROFIT	INTEREST RATE RISK +1% PROFIT	FOREIGN EXCHANGE RISK -10% PROFIT	FOREIGN EXCHANGE RISK +10% PROFIT
Debt securities - FVOCI	7,987	16	(16)	-	-
Derivative financial instruments	7,494	-	-	8,339	(6,823)
Financial liabilities					
Derivative financial instruments	2,797	-	-	5,203	(4,257)
		16	(16)	13,542	(11,080)

Other than disclosed in the table above, there are no other equity impacts as a result of movements in interest rates and foreign exchange rates.

There is no profit or equity impact as a result of other price risk.

C2 DERIVATIVE FINANCIAL INSTRUMENTS

	2020 $'000	2019 $'000
CURRENT ASSETS		
Forward foreign exchange contracts - designated in a cash flow hedge	563	4,331
Forward foreign exchange contracts - FVTPL	4,869	2,061
Embedded derivative - FVTPL	-	1,102
Total current derivative financial instrument assets	**5,432**	**7,494**
NON-CURRENT ASSETS		
Cross currency interest rate swaps - designated in a cash flow hedge[1]	278	-
Total current derivative financial instrument assets	**278**	**-**
CURRENT LIABILITIES		
Forward foreign exchange contracts - designated in a cash flow hedge	1,007	1,260
Forward foreign exchange contracts - FVTPL	1,178	1,537
Total current derivative financial instrument liabilities	**2,185**	**2,797**
NON-CURRENT LIABILITIES		
Cross currency interest rate swaps - designated in a cash flow hedge[1]	1,456	-
Total non-current derivative financial instrument liabilities	**1,456**	**-**

[1] FLT entered into a cross currency interest rate swap in 2019 which has been designated in hedge relationship using split approach. The current asset represents the interest component designated in a cash flow hedge and the non-current liability represents the foreign exchange component designated in a net investment hedge. Refer further details below.

C2 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL RISK MANAGEMENT

FAIR VALUE

Forward foreign exchange contracts are measured at fair value, which is based on observable forward foreign exchange rates and the respective currencies' yield curves, as well as the currency basis spreads between the respective currencies.

Cross currency interest rate swaps are measured at fair value, which is calculated as the present value of the estimated future cash flows. Estimate of future cash flows are based on quoted swap rates, interbank borrowing rates and forward exchange rates.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument. See hedge accounting set out below for derivatives designated as part of a hedging relationship to which hedge accounting is applied. Changes in fair value for derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The forward foreign exchange contracts and cross currency interest rate swaps are classified as Level 2 (2019: Level 2) under the AASB 13 Fair value measurement hierarchy, based on the valuation technique described above.

CREDIT RISK

The maximum exposure to credit risk at the reporting period's end is the fair value of all forward foreign exchange contracts and cross currency interest rate swaps as disclosed above. Credit quality can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. All counterparties have an equivalent S&P rating of AA-.

HEDGE ACCOUNTING

ACCOUNTING POLICY

All derivatives are recognised in the balance sheet at fair value and are classified as FVTPL except where they are designated as part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is remeasured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The method of recognising the resulting fair value gain or loss on a derivative depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The group designates its derivatives as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a foreign currency risk or interest rate risk associated with a recognised asset or liability or a highly probable foreign currency forecast transaction.

The group designates its derivatives as net investment hedges when hedging foreign currency risk attributable to a net investment in a foreign operation.

FLT documents at the inception of the transaction the relationship between hedging instruments and hedged items, the risk being hedged and the group's risk management objective and strategy for undertaking these hedge transactions. The effectiveness of the hedges is measured throughout the life of the hedging relationship. Ineffectiveness arises in the event of over hedging, whereby the notional amount of the designated hedge instrument exceeds the notional amount of the hedged item attributable to the hedged risk, or timing mismatches. Where ineffectiveness is identified, any revaluation gains or losses on the ineffective portion of the hedging instrument are immediately recognised in the statement of profit or loss in foreign exchange gains or foreign exchange losses or interest expense.

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognised in the cash flow hedge reserve within equity. The effective portion of changes in the fair value of derivatives that are designated as net investment hedge are recognised in the foreign currency translation reserve within equity. Amounts accumulated in equity are transferred to the statement of profit or loss in the period(s) in which the hedged item affects the statement of profit or loss.

C2 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

RISK MANAGEMENT STRATEGY

The fundamental objective is to minimise risk. This is achieved by minimising the volatility in the statement of profit or loss and variations in cash flows. The objective is not to maximise revenue or minimise costs, however in certain situations hedging may deliver value to FLT by minimising downside risk. There is no speculation allowed and all treasury activities and transactions must be linked to underlying business requirements.

Hedge accounting has been applied in FLT's Global Procurement ("GPN") business and its UK based Global Touring business. GPN seeks to reduce variability by entering into forward foreign exchange contracts upon collection of customer deposits. Global Touring seeks to reduce variability on forecast payments to suppliers by entering into forward foreign exchange contracts upon publication of its brochures. Global Touring also enter into GBP forward exchange contracts to minimise variability in its London based head office costs. The first $1 of notional amount of the hedging instrument is designated against the first $1 of forecast payments or forecast receipts. Hedges are entered into in the same currency as the underlying exposures as such ineffectiveness may arise in the event of over hedging or timing mismatches, therefore the hedging ratio is 1:1.

FLT entered into a cross currency interest rate swap in 2019 which has been designated in hedge relationship using split approach. Under this approach the benchmark interest rate risk and foreign exchange risk on principal components of the swap are accounted for respectively as cash flow hedge and net investment hedge.

Net investment hedge is used to hedge FLT's exposure to the EUR foreign exchange risk on 3mundi investment. There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the EUR swap. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The effective portion of the hedge is recognised in the foreign currency translation reserve net of tax. The hedge ineffectiveness may arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowing. This is recognised in the statement of profit or loss and other comprehensive income in FX.

Cashflow hedges are used to hedge FLT's exposure to variability of cash flows on borrowings due to movement in interest rates. There is an economic relationship between the hedged item and the hedging instrument based on assessment of benchmark rate, tenor, repricing, maturity and notional amount. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness may arise when there are mismatches in terms of the hedged item and the hedging instrument.

THE EFFECTS OF HEDGE ACCOUNTING

At 30 June 2020, FLT holds the following forward foreign exchange contracts to hedge its exposure on forecast foreign currency receipts and forecast foreign currency payments. The impact of hedging instruments designated in hedging relationships at 30 June 2020 on the balance sheet of the group is as follows. Note these are all shown in the consolidated balance sheet in current assets and liabilities as derivative financial instruments.

CASH FLOW HEDGES - 2020	NOTIONAL AMOUNT IN LOCAL CURRENCY '000	CARRYING AMOUNT $'000	AVERAGE FORWARD PRICE	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD $'000
South African Rand	12,000	20	11.746	20
US Dollar	16,000	(398)	0.656	(398)
Euro	8,000	(70)	0.599	(70)
Singapore Dollar	900	(19)	0.940	(19)
New Zealand Dollar	5,000	(3)	1.072	(3)
Fiji Dollar	2,700	(21)	1.491	(21)
Other[1]		47		47
		(444)		(444)

C2 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CASH FLOW HEDGES - 2019	NOTIONAL AMOUNT IN LOCAL CURRENCY '000	CARRYING AMOUNT $'000	AVERAGE FORWARD PRICE	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD $'000
South African Rand	78,420	(145)	10.009	(145)
US Dollar	100,124	1,812	0.709	1,812
Euro	51,645	291	0.617	291
Singapore Dollar	11,850	166	0.965	166
New Zealand Dollar	34,000	(152)	1.047	(152)
Thai Baht	392,000	624	22.471	624
Fiji Dollar	50,600	323	1.520	323
Other[1]		152		152
		3,071		**3,071**

[1] *Other includes various other insignificant currencies to which hedge accounting is applied.*

The impact of hedged items designated in hedging relationships as at 30 June 2020 on the balance sheet of the group is as follows:

CASH FLOW HEDGES - 2020		CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS $'000	CASH FLOW HEDGE RESERVE $'000
Foreign currency receipts	US Dollar	(1,903)	-
	British Pound	(231)	4
	South African Rand	(153)	13
	New Zealand Dollar	(113)	2
	Other[1]	(97)	-
Foreign currency payments	US Dollar	2,255	(54)
	British Pound	131	-
	Fiji Dollar	101	-
	Other[1]	391	(10)
			(45)

CASH FLOW HEDGES - 2019		CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS $'000	CASH FLOW HEDGE RESERVE $'000
Foreign currency receipts	British Pound	(139)	47
	New Zealand Dollar	334	-
	South African Rand	70	(1)
	US Dollar	1,219	163
	Other[1]	357	-
Foreign currency payments	Euro	(118)	(189)
	British Pound	227	(350)
	US Dollar	(3,189)	373
	Other[1]	(1,743)	39
			82

[1] *Other includes various other insignificant currencies to which hedge accounting is applied.*

C2 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2020, FLT holds the following cross currency interest rate swaps to hedge its exposure on borrowings and net investments in foreign operations. The impact of hedging instruments designated in hedging relationships at 30 June 2020 on the balance sheet of the group is as follows. Note these are all shown in the consolidated balance sheet in current assets and liabilities as derivative financial instruments.

CASH FLOW HEDGES - 2020	NOTIONAL AMOUNT '000	CARRYING AMOUNT $'000	CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS $'000
Cross currency interest rate swap	96,696	278	278
			278

CASH FLOW HEDGES - 2020	CARRYING AMOUNT $'000	ACCUMULATED FAIR VALUE ADJUSTMENTS	CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS $'000	CASH FLOW HEDGE RESERVE $'000
Borrowings	96,696	278	278	195
			278	**195**

NET INVESTMENT HEDGES - 2020	NOTIONAL AMOUNT '000	CARRYING AMOUNT $'000	CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS $'000
Cross currency interest rate swap (Euro)	97,975	(1,456)	(1,456)
			(1,456)

NET INVESTMENT HEDGES - 2020	CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000
Investment in subsidiaries	(1,456)	(1,019)
	(1,456)	**(1,019)**

The impact of hedging instruments designated in hedging relationships at 30 June 2020 on the consolidated statement of profit or loss of the group is as follows. Note these are all shown in the consolidated statement of profit or loss in other expenses as net foreign exchange losses or finance costs in interest and finance charges paid/payable.

CASH FLOW HEDGES Hedges of forecast foreign currency transactions	IN-EFFECTIVENESS RECOGNISED IN THE INCOME STATEMENT $'000	HEDGING GAIN /(LOSS) RECOGNISED IN OCI $'000	AMOUNT RECLASSIFIED FROM OCI TO THE INCOME STATEMENT
2020	257	29,291	(29,553)
2019	123	(1,538)	-
Hedges of borrowings			
2020	-	278	-
2019	-	-	-
Net investment hedges			
2020	-	(1,456)	-
2019	-	-	-

C3 OTHER FINANCIAL ASSETS

	NOTES	2020 $'000	2019 $'000
Loans to related parties[1]	D1	-	181
Accrued Interest		839	1,834
Security deposits		21,972	11,228
Total current other financial assets		**22,811**	**13,243**
Loans to related parties[1]	D1	-	181
Loans to external parties		155	133
Security deposits		3,692	7,708
Total non-current other financial assets		**3,847**	**8,022**

[1] Loan relates to KMP, refer note D1 for terms and conditions.

ACCOUNTING POLICY

Loans to related parties, external parties and security deposits are measured at amortised cost, as they are held in order to collect contractual cash flows which are solely principal and interest.

FINANCIAL RISK MANAGEMENT

FAIR VALUE

Due to their short-term nature, the carrying amounts of current other financial assets are assumed to approximate their fair values.

The carrying amounts of non-current other financial assets equals their fair values, due to the commercial rates of interest earned and paid respectively, and the impact of discounting is not significant.

CREDIT RISK

The maximum exposure to credit risk at the reporting period's end is the carrying amount of other financial assets as disclosed above, however FLT has categorised these as having an insignificant amount of credit risk and therefore no expected credit loss has been recognised.

D REWARD AND RECOGNITION

This section provides a breakdown of the various programs FLT uses to reward and recognise employees and key executives, including Key Management Personnel (KMP).

FLT believes that these programs reinforce the value of ownership and incentives, both of which are key parts of the company's philosophies and culture, and drive performance both individually and collectively to deliver better returns to shareholders.

These programs also result in changes to the group's contributed equity.

During COVID-19 a number of these programs have been put on hold.

D1 Key management personnel

D2 Business Ownership Scheme (BOS)

D3 Share-based payments
- Long term retention plan (LTRP)
- Employee Share Plan (ESP)
- Transformation incentive plan (TIP)

D4 Contributed equity and treasury shares

D1 KEY MANAGEMENT PERSONNEL

KMP COMPENSATION

	2020 $	2019 $
Short-term employee benefits	6,082,819	6,955,045
Post-employment benefits	126,513	126,371
Long-term benefits	(527,484)	3,655,804
Share-based payments	1,036,050	693,935
Total KMP compensation	**6,717,898**	**11,431,155**

Detailed remuneration disclosures are provided in section 2 of the remuneration report. Supporting information on director and KMP remuneration is included in the remuneration report in sections 3 and 4.

EQUITY INSTRUMENT DISCLOSURES RELATING TO KMP

Details of LTRP and ESP provided as remuneration to KMP and shares issued on the exercise of such, together with terms and conditions, can be found in section 4 of the remuneration report.

OTHER TRANSACTIONS WITH KMP

Directors and specified executives and their related companies receive travel services from FLT and its related companies on normal terms and conditions to employees and customers.

At the beginning of the year, C. Galanty, a KMP, held a loan provided by FLT at a UK commercial interest rate of 1.2% (2019: 1.2%). The loan was repaid during the year (refer note C3).

D2 BUSINESS OWNERSHIP SCHEME (BOS)

OVERVIEW

FLT believes it is important that its leaders see the businesses they run as their own and, under the BOS, invites eligible employees (front-line team leaders) to invest in unsecured notes in their businesses as an incentive to improve short and long-term performance. Trading conditions under COVID-19 have resulted in the programme being unsuitable for its intended purpose. As a result programmes globally have been put on hold until further notice.

In Australia, in line with the scheme requirements, any outstanding unsecured notes were redeemed with a 30-day notice period given on or about 1 May 2020. The unsecured notes in overseas nations have similarly either been put on hold or redeemed in line with local scheme requirements.

ACCOUNTING POLICY

BUSINESS OWNERSHIP SCHEME

The Australian BOS program was an ASIC-registered unsecured note scheme in place between 01 July 2019 to 26 October 2020.

The employee received a variable interest return on investment, based on his or her individual business's performance, and is, therefore, exposed to the risks of his or her business, as neither FLT nor any of its group companies guaranteed returns.

The unsecured notes are repayable on 30 days' notice by either party or upon termination of the note holder's employment. Interest is generally payable one-month in arrears.

FLT has arrangements through its subsidiary, P4 Finance Pty Ltd (P4), to provide loans on an arm's length, commercial basis to fund eligible business leaders' acquisition of unsecured notes. Under the terms of these loans, unsecured note-holders agree that FLT will hold the Unsecured Note Certificate in escrow and note holders must assign the payment of funds owing on an unsecured note to P4.

Accordingly, the group has, at a consolidated level, offset FLT's unsecured note liability and P4's loan receivable in the group balance sheet and has also netted the interest income earned on loans provided by P4 against interest paid by FLT on the unsecured notes.

Both the unsecured notes and loans are recorded at amortised cost.

	2020 $'000	2019 $'000
Unsecured notes principal	8,360	82,843
Loans held for unsecured notes	(7,015)	(70,402)
Net unsecured notes principal	**1,345**	**12,441**

The unsecured note holders earn a variable, non-guaranteed return, based on their business's performance.
In the current COVID-19 environment, the unsecured notes have largely been redeemed and associated loans held for unsecured notes repaid in full.

Unless approved by the board, via its remuneration and nomination committee, the distribution payable in respect of any unsecured note will not exceed 35% of the face value of the unsecured note in any 12-month period.

Refer to note A1 for a breakdown of BOS interest expense by segment.

Further information on BOS interest expense for KMP is included in section 2 and BOS return multiplier in section 3 of the remuneration report.

FINANCIAL RISK MANAGEMENT

CREDIT RISK

There is no credit risk arising for BOS loans held for unsecured notes, as there is a legally enforceable right to set-off against FLT's unsecured note liability.

D2 BUSINESS OWNERSHIP SCHEME (BOS) (CONTINUED)

BOS MULTIPLIER PROGRAMME

As noted in the Remuneration Report, key executives that have a Founder BOS note are Melanie Waters-Ryan, Chris Galanty and Dean Smith.

As per the agreement, Dean Smith's retirement has resulted in the unsecured BOS note redemption, effective May 2020. The payment will represent a five-times multiple payment of BOS interest on Americas' 30 June 2019 profits.

The Founder BOS notes for Melanie Waters-Ryan and Chris Galanty are in a temporary hibernation commencing 1 January 2020 through to 31 December 2021. The result of this temporary redemption has been a pay-back of the invested Face Value to the note-holders. Once the BOS notes come out of hibernation, Ms Waters-Ryan and Mr Galanty will be required to repay or designate replacement funds. The required provision for a five-times multiple payment of BOS interest on 30 June 2019 profits and for remaining Founder BOS multiple earning periods out to 2027 have been recognised.

ACCOUNTING POLICY

BOS MULTIPLIER PROGRAMME

A liability for the employee benefit of the potential BOS return multiple has been recognised as a provision (refer to note F10) when there is a contractual obligation or valid expectation that payment will be made. Refer to section 3 of the remuneration report for further information on BOS return multiplier.

CURRENT	NOTES	2020 $'000	2019 $'000
Employee benefits	F10	15,047	15,501

The BOS multiplier is recognised as current as it has vested for the KMP. While KMP are employed they cannot redeem the multiplier during hibernation period (before January 2022) however if they cease employment during the hibernation period total interest earnings for the last full financial year preceding the hibernation, multiplied by five, will be paid out. Refer to remuneration report for further details.

D3 SHARE-BASED PAYMENTS

OVERVIEW

FLT has a number of plans which issue shares to employees and key executives, including:

- Long Term Retention Plan (LTRP)
- Employee Share Plan (ESP)
- Transformation Incentive Plan (TIP)

EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2020 $'000	2019 $'000
Long term retention plan	5,614	3,957
Employee share plan	1,786	1,553
Transformation incentive plan	(2,015)	1,180
Total expenses arising from share-based payment transactions	**5,385**	**6,690**

Directors are not eligible to participate in the LTRP, the ESP or the TIP.

ACCOUNTING POLICY AND VALUATION

The fair value of performance rights granted are recognised as an employee benefit expense with a corresponding increase in reserves. The fair value is measured at grant date and recognised over the period during which employees become unconditionally entitled to the rights.

D3 SHARE-BASED PAYMENTS (CONTINUED)

The fair value at grant date is determined using the Black-Scholes option pricing model.

The fair value of the rights granted excludes the impact of any non-market vesting conditions (for example, continued employment). Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable and the length of the vesting period. At the reporting period's end, the entity revises its estimate of the number of rights that are expected to become exercisable and the most likely vesting period. The employee benefit expense recognised each period takes into account the most recent estimate.

LONG TERM RETENTION PLAN (LTRP)

GENERAL TERMS

Invited participants are granted base rights, for no consideration, in annual tranches over a 12-year period with vesting conditions based upon continued service. At the time base rights are granted, participants are granted a corresponding number of matched rights for no consideration (one matched right for each base right granted).

Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary FLT share.

The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the company's issued capital (currently less than 1%).

VESTING REQUIREMENTS

Base rights granted to participants for each tranche will vest on the base rights vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date).

Matched rights granted to participants for each tranche will vest on the matched rights vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date) and the base rights (or shares) in respect of the respective grant continue to be held.

METHOD OF SETTLEMENT

The base rights and matched rights may be newly issued by FLT, purchased on-market or allocated from treasury shares.

VALUATION

The fair value of base and matched rights under the plan is estimated at the date of grant using a fixed dollar amount of rights granted for each participant and the Black-Scholes option pricing model which takes into account the rights' term, the rights' non-tradeable nature, the expected dividend yield and risk-free rate for the rights' term. The fair value is recognised in the balance sheet as part of reserves over the period that the right vests with a corresponding expense recognised in the employee benefits costs.

		BASE RIGHTS			MATCHING RIGHTS		
GRANT NUMBER	GRANT DATE	DATE/YEAR VESTED AND EXERCISABLE[1]	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE	DATE/YEAR VESTED AND EXERCISABLE[1,2]	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE
1	1 Jan 2016	1 July 2018	1 July 2030	$31.93	6 April 2020	1 July 2030	$28.91
2	1 July 2016	1 July 2018	1 July 2030	$32.99	6 April 2020	1 July 2030	$29.58
3	1 July 2017	1 July 2018	1 July 2030	$46.63	6 April 2020	1 July 2030	$42.46
4	1 July 2018	August 2021	1 July 2030	$54.26	August 2021	1 July 2030	$54.26
4b	1 July 2018	August 2021	1 July 2030	$54.26	August 2023	1 July 2030	$51.58
5	1 July 2019	August 2022	1 July 2030	$42.06	August 2022	1 July 2030	$42.06
5b	1 July 2019	August 2022	1 July 2030	$42.06	August 2024	1 July 2030	$38.84

[1] *During the prior period, the Board made a change under the plan rules to the vesting date to align with trading windows. The vesting date is now the day the Company released full year financial results to the ASX in the year of vesting. The grant dates remain unchanged.*

[2] *During the period, the Board resolved under the plan rules to bring forward the vesting date of the matching rights for Grant 1, Grant 2, and Grant 3 from 1 July 2020 to 6 April 2020 to ensure executives were eligible to participate in the Retail Entitlement Offer of the capital raising. No additional expense was recorded in the 30 June 2020 financial year as these rights would have been fully expensed in the year regardless of the earlier vesting date. The share price at the date the rights were exercised was $7.20.*

The weighted average contractual remaining life (until expiry date) is 10 years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

D3 SHARE-BASED PAYMENTS (CONTINUED)

The rights held by executives, including those KMP separately disclosed in the remuneration report, is set out below:

	BALANCE AT START OF THE YEAR		DURING THE YEAR				BALANCE AT END OF THE YEAR	
2020	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER	GRANTED NUMBER	FORFEITED NUMBER	VESTED NUMBER	EXERCISED NUMBER	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER
Grant 5								
Base	-	-	74,754	(6,914)	-	-	-	67,840
Match	-	-	74,754	(6,914)	-	-	-	67,840
Grant 5b								
Base	-	-	4,289	-	-	-	-	4,289
Match	-	-	4,289	-	-	-	-	4,289
Grant 4								
Base[1]	-	63,183	-	(5,321)	1,282	(1,282)	-	56,580
Match	-	51,676	-	(3,833)	-	-	-	47,843
Grant 4b								
Base	-	5,481	-	-	-	-	-	5,481
Match	-	5,481	-	(1,488)	-	-	-	3,993
Grant 3								
Base	49,024	-	-	-	-	(47,333)	1,691	-
Match	-	57,161	-	(2,098)	55,063	(53,372)	1,691	-
Grant 2								
Base[1]	67,153	6,135	-	-	6,135	(70,947)	2,341	-
Match	-	73,602	-	(2,574)	71,028	(68,687)	2,341	-
Grant 1								
Base	56,178	-	-	-	-	(53,680)	2,498	-
Match	-	64,417	-	(2,203)	62,214	(59,716)	2,498	-
2019								
Grant 4								
Base[1]	-	-	63,183	-	-	-	-	63,183
Match	-	-	52,958	(1,282)	-	-	-	51,676
Grant 4b								
Base	-	-	5,481	-	-	-	-	5,481
Match	-	-	5,481	-	-	-	-	5,481
Grant 3								
Base	-	61,046	-	-	61,046	(12,022)	49,024	-
Match	-	61,046	-	(3,885)	-	-	-	57,161
Grant 2								
Base[1]	-	87,581	-	-	81,446	(14,293)	67,153	6,135
Match	-	77,356	-	(3,754)	-	-	-	73,602
Grant 1								
Base	-	68,081	-	-	68,081	(11,903)	56,178	-
Match	-	68,081	-	(3,664)	-	-	-	64,417

[1] On 31 December 2019, an Appendix 2A announcement was released disclosing all rights on issue. It was noted in the announcement that 20,450 rights relating to FLT's LTRP had not previously been disclosed in FLT"s Annual Report. The Grant 2 and Grant 4 balance of base rights has been amended in the comparative amounts presented to include the 20,450 base rights.

D3 SHARE-BASED PAYMENTS (CONTINUED)

EMPLOYEE SHARE PLAN (ESP)

GENERAL TERMS

Eligible employees are granted a conditional right to one matched share for every two shares purchased (for cash consideration), subject to vesting conditions.

Employees are eligible to participate if they have been employed full-time or permanent part-time for at least three months.

VESTING REQUIREMENTS

A participant must hold the acquired shares for a period of two years and one month and still be employed with FLT at the end of that time. If acquired shares are sold before the end of the vesting period, conditional rights to the matched shares are forfeited.

METHOD OF SETTLEMENT

A participant who satisfies the vesting conditions will become entitled to the matched shares on the last day of the vesting period.

The matched shares may be newly issued by FLT, purchased on-market or allocated from treasury shares.

VALUATION – ACQUIRED SHARES

The market value of shares issued under the plan, measured as the weighted average price at which FLT's shares are traded on the ASX during the five days following the date on which the contributions are paid, is recognised in the balance sheet as an issue of shares in the period the shares are acquired by the employee.

VALUATION – MATCHED SHARES

The fair value of matched shares allocated (but not issued) under the plan is estimated at the date of grant using the share price and the Black-Scholes option pricing model which takes into account the rights' term, the rights' non-tradeable nature, the expected dividend yield and risk-free rate over the rights' term. The fair value is recognised in the balance sheet as part of reserves over the period that the matched share vests with a corresponding expense recognised in the employee benefits costs.

NUMBER OF MATCHED SHARES:	NOTES	2020	2019
Issued under the plan to participating employees	D4	3,977	-
Allocated from the share trust to participating employees	D4	27,350	39,530
Purchased on-market under the plan to participating employees		9,305	11,572
		40,632	51,102
WEIGHTED AVERAGE MARKET PRICE OF MATCHED SHARES:			
Issued	D4	$0.00	$0.00
Allocated from share trust	D4	$35.72	$45.17
Purchased on-market		$35.57	$42.82

D3 SHARE-BASED PAYMENTS (CONTINUED)

TRANSFORMATION INCENTIVE PLAN (TIP)

In March 2018, a long term incentive plan was approved by the Board. The TIP was designed to drive sustainable growth across the Group and remunerate key talent based on the Group's five year growth targets, with performance hurdles aligned to the group transformation targets of 7% TTV cumulative annual growth rate (CAGR) and return to net margin of 2% by 2020-2022.

With the exception of the new KMP J. Kavanagh, C. Leiss and S. Norris, who were participants of the TIP from its inception, the KMP and directors did not participate in the TIP.

During the period it was determined that there was a low probability that the performance conditions would be satisfied due to the current environment. As such, the value of the TIP previously expensed was written back and the associated reserve reversed. No TIP rights were exercised during the period and no TIP rights were vested or exercisable at the end of the year.

MOVEMENTS DURING THE YEAR

		BALANCE AT START OF THE YEAR	DURING THE YEAR			BALANCE AT END OF THE YEAR		
GRANT DATE	EXPIRY DATE	UNVESTED BALANCE NUMBER	GRANTED NUMBER	FORFEITED NUMBER	VESTED NUMBER	UNVESTED NUMBER	VALUE PER RIGHT AT GRANT DATE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
2020								
Grant 1								
31/03/2018	30/06/2022	307,500	-	-	-	307,500	$46.70	2 years
2019								
Grant 1								
31/03/2018	30/06/2022	337,500	-	(30,000)	-	307,500	$46.70	3 years

D4 CONTRIBUTED EQUITY AND TREASURY SHARES

OVERVIEW

During the period, FLT announced a fully underwritten equity capital raising, comprising a Placement and an Entitlement Offer to strengthen its balance sheet and liquidity position as part of its response to the financial impacts brought about by COVID-19. The Placement and Entitlement offer resulted in the issue of 97.4 million new fully paid ordinary shares ($701,400,000) in FLT representing 49% of existing FLT shares on issue.

Historically, movements in contributed equity have related to shares issued under the ESP, which reinforced the importance that FLT places on ownership to drive business improvement and overall results. Where shares in FLT have been acquired by on-market purchases of shares prior to settling the vested entitlement, the cost of the acquired shares is carried as treasury shares and deducted from equity.

D4 CONTRIBUTED EQUITY AND TREASURY SHARES (CONTINUED)

RECONCILIATION OF ORDINARY SHARE CAPITAL:

The following reconciliation summarises the movements in authorised and issued capital during the year.

Issues of a similar nature have been grouped and the issue price shown is the weighted average. Detailed information on each issue of shares is publicly available via the ASX.

DETAILS	NOTES	NUMBER OF SHARES	WEIGHTED AVERAGE ISSUE PRICE	$'000
Opening Balance 1 July 2018		101,073,651		404,023
ESP		35,191	$45.58	1,603
Closing Balance 30 June 2019		**101,108,842**		**405,626**
ESP		436,764	$6.70	2,926
ESP matched shares		3,977	$0.00	-
Entitlement Offer		97,418,973	$7.20	701,417
Equity raising transaction costs		-	-	(22,678)
Deferred tax on equity raising transaction costs	F12	-	-	6,804
Closing Balance 30 June 2020		**198,968,556**		**1,094,095**

Issued shares includes 3,472,223 shares for the founders, at a total of $25,000,000.

RECONCILIATION OF TREASURY SHARES:

To preserve Company cash, there were no purchases of shares by the share trust during the period, and all shares in the share trust were allocated to the ESP and LTRP during the period. There are no shares held in the share trust for future allocation to the ESP and LTRP at the end of the year.

The following reconciliation summarises the movements in treasury shares during the period.

Items of a similar nature have been grouped and the price shown is the weighted average.

DETAILS	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE	$'000
Opening Balance 1 July 2018	**(208,536)**		**(10,934)**
Purchase of shares by share trust	(143,669)	$53.46	(7,698)
Allocation of shares to ESP	92,252	$46.70	4,308
Allocation of shares to ESP matched shares	39,530	$45.17	1,757
Allocation of shares to LTRP	5,344	$41.69	223
Gain/(loss) in equity on allocation of shares	-		351
Closing Balance 30 June 2019	**(215,079)**		**(11,993)**
Allocation of shares to ESP	74,050	$43.31	3,207
Allocation of shares to ESP matched shares	27,350	$35.72	977
Allocation of shares to LTRP	113,679	$13.41	1,525
Gain/(loss) in equity on allocation of shares	-	-	6,284
Closing Balance 30 June 2020	**-**		**-**

E RELATED PARTIES

This section provides information relating to the FLT group related parties and the extent of related party transactions within the group and the impact they had on the group's financial performance and position.

E1 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

OVERVIEW

ASSOCIATES

During the period, the following changes occurred to FLT's investments in associates:

- On 19 September 2019, FLT acquired the remaining 51% of Ignite. As a result of the change in control Ignite is consolidated into the group's results and is no longer treated as an investment in associates.

FLT continues to hold its investments in associates as follows:

- A 28.8% investment in Biblos America LLC (Bibam). Bibam is an Argentina based travel and technology group with a presence in the on and offline leisure, corporate and wholesale sectors.
- A 25% investment in The Upside Travel Company (Upside). Upside is a Washington DC -based, technology-driven business. FLT is Upside's largest individual shareholder. The investment gave FLT access to a travel technology platform and software development resources to enhance its already strong small to medium-sized (SME) corporate sector offering. The investment in Upside has been fully impaired ($47,126,000) due to COVID-19 impacts on this start-up travel technology development company.
- On 28 February 2020, FLT acquired a 21.7% interest in TP Connects Technologies LLC (TP Connects), a Dubai based, technology-driven business, for $13,792,000. This investment will allow FLT access to next generation New Distribution Capability (NDC), Global Distribution System (GDS) and One Order based travel technology platform and software development resources.

The contractual arrangements in place do not provide FLT with control nor joint control over the operating and financing decisions of the entities.

JOINT VENTURES

FLT holds investments in joint ventures as follows:

- A 48.8% shareholding in Pedal Group Pty Ltd (2019: 50%). Pedal Group Pty Ltd issued additional shares to its employees during the year, proportionately diluting FLT's and the other joint venture partners holders. FLT continues to have joint control. Significant shareholdings in Pedal Group include a 100% shareholding in 99 Bikes Pty Ltd, a Brisbane based national chain of retail bike stores, and a 100% shareholding in Advance Traders (Australia) Pty Ltd, a Brisbane based wholesale bike company. All companies are incorporated in Australia.
- A 51% shareholding in Go Vacation Vietnam Company Limited (GVVC) is held by Buffalo Tours One Member Vietnam Company Limited, a subsidiary of Buffalo Tours (Singapore) Pte Ltd. GVVC is a tour company incorporated in Vietnam. Per the relevant agreements, Buffalo Tours only hold 50% voting rights in GVVC and hence have joint control over the entity's economic activities, and therefore recognise this as an investment in a joint venture.

Contractual arrangements are in place to establish joint control over each entity's economic activities, including financial and operating decisions.

E1 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

SHARE OF JOINT VENTURE AND ASSOCIATES CARRYING VALUE AND RESULTS

Joint venture and associates information is presented in accordance with the accounting policy described in note I(c)(ii) and is set out below.

	2020 $'000	2019 $'000
Interest in joint ventures	21,853	15,629
Interest in associates	12,907	69,920
Total	**34,760**	**85,549**

SHARE OF RESULTS	2020 $'000	2019 $'000
Profit from joint ventures	6,211	2,213
(Loss) / profit from associates	(11,258)	(1,066)
Total comprehensive (loss) / income	**(5,047)**	**1,147**

CONTRACTUAL COMMITMENTS

FLT has no commitments in relation to its joint venture and associate entities at 30 June 2020 (2019: nil) except as outlined below:

TP CONNECTS

FLT subscribed for $9,196,000 of convertible bonds in TP Connects on 29 February 2020.

The total subscription amount is to be paid over three tranches.

- Tranche one of $3,065,000 was paid on 29 February 2020.
- Tranches two and three of $2,395,000 each are due upon completion of future technology milestones. Tranches two and three have been reduced by $1,341,000 in total to reflect amounts prepaid to TP Connects. Payment of tranches two and three are dependent upon reaching future technology milestones. Payment of tranche two occurred post year end, in August 2020.

Additionally, FLT has entered into three Call Options and one Put Option with TP Connects.

- The three Call Options can be exercised between 31 March 2022 and 31 March 2024
- The Put Option can only be exercised by TP Connects if Call Options one and two are exercised by FLT.

E2 RELATED PARTY TRANSACTIONS

PARENT ENTITY

FLT is the ultimate parent entity within the group.

SUBSIDIARIES AND JOINT VENTURES

Interests in subsidiaries are set out in note G1 and interests in joint ventures and associate are set out in note E1.

Transactions between FLT and Ignite (18 September 2019) in the current year and FLT and ETSC (7 April 2019) and 3mundi (29 June 2019) in the prior year are disclosed as related party transactions up until the dates noted above, after which they became subsidiaries, and as such are no longer included in the below disclosures as all transactions eliminate on consolidation.

FLT is a joint venture (JV) partner in Pedal Group Pty Ltd. The other JV partners are related parties, namely Graham Turner's family company, Gainsdale Pty Ltd 21.97% (2019: 22.51%), and Graham Turner's son, Matthew Turner's family company Hootie Blowfish Pty Ltd 15.48% (2019: 15.85%) and his direct employee share plan holdings of 0.20% (2019: 0%). The remaining 13.54% (2019: 11.64%) is held by other minor parties including Pedal Group employees who are not considered related parties.

KMP COMPENSATION AND OTHER TRANSACTIONS

KMP disclosures are set out in note D1.

Income from joint venture & associate-related parties	2020 $	2019 $
Management fees	7,260	111,998
Travel and conference	100,726	296,805
Advertising and marketing	-	2,593
IT services	-	521,580
Interest income	-	-
Override income	629,221	1,469,471
Consulting fees	1,220,745	-
Other	86,748	101,543
Expenses to joint venture & associate-related parties		
Management fees	-	231,282
Overrides	190,061	1,077,149
Other	-	-
Income from director-related entities		
Marketing	-	151,700
Travel and conference	961,481	1,497,781
Other	-	14,175
Expenses to director-related entities		
Conference expense	94,146	124,123

TRANSACTIONS WITH RELATED PARTIES

From time to time, related entities may enter into transactions with FLT. These transactions are on the same terms and conditions as those entered into by other FLT subsidiaries or customers.

Joint venture and associate related parties can choose to use FLT group purchasing ability and any costs incurred are passed directly through. These transactions are included in the disclosure above.

E2 RELATED PARTY TRANSACTIONS (CONTINUED)

OUTSTANDING BALANCES

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Joint ventures & associates	2020 $	2019 $
Current receivables	550	84,344
Current payables	-	386,399
Director-related entities		
Current receivables	171,276	12,002
Current payables	-	8,378

No provisions for doubtful debts have been raised in relation to any outstanding balances and no expenses have been recognised in respect of bad or doubtful debts due from related parties.

LOANS TO RELATED PARTIES

A loan was provided to C. Galanty, a KMP, at UK commercial interest rate of 1.2% (2019: 1.2%). The loan was repaid during the year.

Loans to key management personnel	2020 $	2019 $
Beginning of the year	361,646	462,865
Loans advanced	-	-
Loans repaid	(379,767)	(106,724)
Interest charged	3,733	4,127
Foreign exchange movement	14,388	1,378
End-of-year	-	**361,646**

There were no loans to joint venture and associate related parties during the current year.

No amounts were provided for or written off during the period.

GUARANTEES

FLT has provided company guarantees to the suppliers of Pedal Group joint venture for $13,078,000 (2019: $3,923,000). The JV partners, Gainsdale Pty Ltd and Hootie Blowfish Pty Ltd, provide full indemnity to FLT up to their respective Pedal Group shareholding percentages. No liability was recognised as the guarantee's fair values are immaterial.

TERMS AND CONDITIONS

All other transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

F OTHER INFORMATION

This section provides the remaining information relating to the FLT financial report that must be disclosed to comply with the accounting standards and other pronouncements.

F1 EMPLOYEE BENEFITS EXPENSE

EMPLOYEE BENEFITS EXPENSE

	2020 $'000	2019 $'000
Defined contribution superannuation expense	68,294	80,159
Other employee benefits expense	1,423,161	1,511,806
Total employee benefits expense	**1,491,455**	**1,591,965**
Staff numbers	10,615	19,993

In addition to the employee benefits expense disclosed above, 'Tour & hotel operations - Cost of sales' in the income statement includes $2,978,000 (2019: $2,879,000) relating to employee costs directly attributable to the delivery of tour and hotel services.

F2 EARNINGS PER SHARE

OVERVIEW

Statutory earnings per share (EPS) was a loss of 552.1cents (2019[1]: profit 224.2 cents), down 346% on the prior comparative period. At an underlying level[2], EPS decreased 239% to a loss of 315.5 cents (2019[1]: profit 226.2 cents).

Basic earnings per share	2020 CENTS	2019 CENTS RESTATED[1]
(Loss) / profit attributable to the company's ordinary equity holders	(552.1)	224.2
Diluted earnings per share		
(Loss)/ profit attributable to the company's ordinary equity holders	(552.1)	223.1

Reconciliations of earnings used in calculating EPS	$'000	$'000
(Loss) / profit attributable to the company's ordinary equity holders used in calculating basic and diluted earnings per share	(662,166)	263,825

Weighted average number of shares used as the denominator	NUMBER	NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share[3]	119,937,925	117,686,258
Adjustments for calculation of diluted earnings per share:		
Share rights	-	559,985
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	119,937,925	118,246,243

[1] Restated as required by AASB 133 Earnings per Share, for Placement and Entitlement Offer during the current period.

[2] Underlying EPS are un-audited, non-IFRS measures. Refer to note A1 for breakdown of underlying NPAT used in the calculation of underlying EPS.

[3] The basic EPS denominator is the aggregate of the weighted average number of ordinary shares after deduction of the weighted average number of treasury shares outstanding during the period.

INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

LTRP, ESP & TIP

Rights granted under the LTRP and entitlements to matched shares under the ESP are considered contingently issuable ordinary shares as at 30 June 2020. They are included in the determination of diluted earnings per share to the extent to which they are dilutive, based on the number of shares that would be issuable if the end of the period were the end of the contingency period.

Rights granted under the TIP are considered contingently issuable ordinary shares if the performance condition is satisfied at the balance sheet date. They are included in the determination of diluted earnings per share to the extent to which they are dilutive. At 30 June 2020, the performance conditions are not satisfied and as such are not included as part of the weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.

The rights are not included in the determination of basic earnings per share. Details of the incentive plans are set out in note D3.

F3 TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Trade receivables	312,045	569,686
Government grant receivables	50,350	3,254
Less: Provision for impairment of receivables	(42,799)	(13,520)
Total trade and other receivables	**319,596**	**559,420**

ACCOUNTING POLICY

FLT has applied the simplified approach for provisioning for expected credit losses prescribed by AASB 9. Additional information on trade and other receivables accounting policies is included in note I(a) and I(m).

FINANCIAL RISK MANAGEMENT

MARKET RISK

Interest rate risk

Receivables are generally non-interest bearing and are not, therefore, subject to interest rate risk. The exception is other receivables, which generally arise from transactions outside the group's usual operating activities. Interest may be charged at commercial rates where the repayment terms exceed six months. Collateral is not normally obtained.

Foreign exchange risk

The group operates internationally and is subject to foreign exchange risk arising from exposure to foreign currencies. In addition to identifying foreign exchange risk likely to arise from future commercial transactions, group treasury recognises assets and liabilities in foreign currencies and, where appropriate, uses forward exchange contracts to reduce foreign currency risk. All contracts expire within 12 months.

The group's exposure to foreign currency risk at the end of the reporting period is set out below in Australian dollars:

TRADE RECEIVABLES	2020 $'000	2019 $'000
US Dollars	4,370	4,501
Euro	986	3,448
Great Britain Pounds	670	1,858
New Zealand Dollars	231	499
South African Rand	69	208
Other	2,773	2,722

Foreign exchange risk on trade payables is set out in note F8.

FAIR VALUE

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

CREDIT RISK

Credit risk arises from exposure to corporate, leisure and other customers as an agent, including outstanding receivables and committed transactions. The maximum exposure to credit risk at the reporting period's end is the receivables carrying amount. The group does not hold collateral as security. Credit risk exposure is monitored regularly as per below:

Corporate

- Corporate clients' credit quality is assessed by analysing external credit ratings and financial position where appropriate. Individual risk limits are established for all corporate customers, in accordance with corporate credit policy, with regular monitoring and reporting to management.

F3 TRADE AND OTHER RECEIVABLES (CONTINUED)

Leisure

- Agency and principal sales to end-consumers are typically settled in cash or via major credit cards at time of booking, reducing trade receivables balances and mitigating credit risk.

Product suppliers

- Receivables are due from suppliers in relation to commissions, refunds and other revenue streams.
- Suppliers' credit quality is assessed and the provisions increased based on assumptions around the deterioration in ageing, known or expected financial difficulty of customers and individual customer credit risk assessment with reference to external rating agencies and industry.

Other

- Exposure to credit risk for receivables from government agencies is considered low.
- The concentration of risk in respect of the remaining receivables is considered low, with customers located in many locations, industries and markets.

PROVISION FOR IMPAIRMENT OF RECEIVABLES

Movements in the provision for impairment of receivables are as follows:	NOTES	2020 $'000	2019 $'000
At 1 July 2019		13,520	11,948
Bad debts expense[1]	A4	36,213	10,937
Changes due to foreign exchange translation		514	374
Receivables written off during the year as uncollectible		(7,448)	(9,739)
At 30 June 2020		**42,799**	**13,520**

[1] *The creation and release of the provision for impairment of receivables is included in other expenses (refer note A4) in the statement of profit or loss.*

Impact of COVID-19

The duration and severity of the COVID-19 pandemic is uncertain and difficult to predict. The pandemic continues to impede global economic activity with border closures and travel restrictions in place, resulting in suppliers scaling back operations for unknown periods of time. It is difficult to predict the long-term effects on economic factors such as disposable income, unemployment or consumer confidence, all of which could significantly reduce discretionary spending by consumers and businesses on travel.

In addition to the standard credit risk assessment as noted above, FLT has performed additional analysis and increased the provision based on assumptions around the deterioration in ageing, known or expected financial difficulty of customers and individual customer credit risk assessment with reference to external rating agencies and industry.

The judgments and assumptions used to estimate the allowance for expected credit losses on trade receivables may change in future periods as the pandemic continues to unfold and impact the business prospects and financial condition of customers and FLT's ability to collect the trade receivables.

F4 CONTRACT ASSETS

	2020 $'000	2019 $'000
Volume incentive receivables	95,246	294,922
Accrued revenue	34,015	65,838
Loss allowance	(32,746)	(4,636)
Total contract assets	**96,515**	**356,124**

ACCOUNTING POLICY

A contract asset is the right to consideration in relation to volume incentive payments received from suppliers for achieving annual targets and other services transferred to the customer (under AASB 15) in advance of payment. If services are transferred to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Refer to note A2 for accounting policy on recognition of volume incentive receivables.

SIGNIFICANT CHANGES IN CONTRACT ASSETS

The movement in contract assets each period is dependent on the contract period, volume, tier levels, rebate rates and payment terms as negotiated with each individual supplier.

Refer below for impact of COVID-19 on credit risk.

FINANCIAL RISK MANAGEMENT

MARKET RISK

Interest rate risk

Contract assets are generally non-interest bearing and are not, therefore, subject to interest rate risk. Collateral is not normally obtained.

Foreign exchange risk

The group operates internationally and is subject to foreign exchange risk arising from exposure to foreign currencies.

In addition to identifying foreign exchange risk likely to arise from future commercial transactions, group treasury recognises assets and liabilities in foreign currencies and, where appropriate, uses forward exchange contracts to reduce foreign currency risk. All contracts expire within 12 months.

The group's exposure to foreign currency risk at the end of the reporting period is set out below in Australian dollars:

CONTRACT ASSETS	2020 $'000	2019 $'000
US Dollars	32,254	70,113
Euro	1,036	4,434
NZ Dollars	182	2,367
Thai Baht	384	2,237
Fijian Dollars	241	2,209
Great Britain Pounds	600	1,610
Other	719	2,467

FAIR VALUE

Due to the short-term nature of these assets, their carrying amount is assumed to approximate their fair value.

F4 CONTRACT ASSETS (CONTINUED)

CREDIT RISK

Credit risk arises from exposure to suppliers, corporate and retail customers, including outstanding receivables and committed transactions.

Credit risk management assesses supplier and corporate clients' credit quality by analysing external credit ratings and financial position where appropriate. Individual risk limits are established for all supplier and corporate customers, in accordance with corporate credit policy, with regular monitoring and reporting to management. Sales to retail customers are settled in cash or via major credit cards, mitigating credit risk.

The maximum exposure to credit risk at the reporting period's end is the contract assets carrying amount. The group does not hold collateral as security.

IMPACT OF COVID-19

The duration and severity of the COVID-19 pandemic is uncertain and difficult to predict. The pandemic continues to impede global economic activity with border closures and travel restrictions in place, resulting in suppliers scaling back operations for unknown periods of time. It is difficult to predict the long-term effects on economic factors such as disposable income, unemployment or consumer confidence, all of which could significantly reduce discretionary spending by consumers and businesses on travel.

In addition to the standard credit risk assessment as noted above, FLT has performed additional analysis and increased provision based on assumptions around the deterioration in ageing, known or expected financial difficulty of customers, individual customer credit risk assessment with reference to external rating agencies and industry. The judgments and assumptions used to estimate the allowance for expected credit losses on contract assets may change in future periods as the pandemic continues to unfold and impact the business prospects and financial condition of customers and FLT's ability to collect the contract asset.

LOSS ALLOWANCE OF CONTRACT ASSETS

Movements in the loss allowance of contract assets are as follows:	2020 $'000	2019 $'000
At 1 July	4,636	3,498
Loss allowance expense	27,979	1,001
Changes due to foreign exchange translation	131	137
At 30 June	**32,746**	**4,636**

FLT has recorded a significant increase in the loss allowance provision during the current year. This includes $21,568,000 relating to the Virgin Australia voluntary administration. This has been recognised as a bad debts expense and disclosed separately in the supplier exposure expense line (note A4).

F5 OTHER ASSETS

	NOTES	2020 $'000	2019 $'000
GST / service tax receivable		-	2,301
Inventories		12,123	1,635
Prepayments		23,414	53,978
Fulfillment assets		2,828	13,401
Total current other assets		**38,365**	**71,315**
Assets held for sale	F6	20,850	-
Total assets held for sale		**20,850**	**-**
Prepayments		-	7,224
Fulfillment assets		6,396	4,319
Total non-current other assets		**6,396**	**11,543**

SIGNIFICANT CHANGES IN OTHER ASSETS

In May 2020, the directors of FLT agreed to sell the Melbourne head office property. The sale completed in July 2020. This has been reclassified from freehold land & buildings to held for sale. It is measured at the carrying amount as this is lower than the sale price of $62,150,000.

Subsequent to year-end, upon completion of the sale in July 2020, a gain will be recognised in other income within the statement of profit or loss. This will be presented within the Australia & New Zealand geographic area and the Other pillar segment.

As part of the sale, FLT entered into a lease-back transaction for 8 floors, effective 1 July 2020 (4-year lease term).

ACCOUNTING POLICY

FLT classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than continuing use. These are measured at the lower of carrying amount and fair value less cost to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Plant & equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liability classified as held for sale are presented as current items in the statement of financial position.

F6 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Useful lives

Land is not depreciated. For other assets, depreciation 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:

- Buildings 30 years
- Plant and equipment 2 - 8 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting period's end.

Additional information on property, plant and equipment accounting policies is included in note I(n).

SIGNIFICANT MATTERS

- In May 2020, the directors of FLT agreed to sell the Melbourne head office property. The sale completed in July 2020. This has been reclassified from freehold land & buildings to held for sale (refer note F5).
- Due to COVID-19, there has been an increased level of disposal relating to furniture & fittings due to store closures.

OPENING BALANCE AT 1 JULY 2018		FREEHOLD LAND & BUILDINGS $'000	PLANT & EQUIPMENT $'000	TOTAL $'000
Cost		33,355	551,258	584,613
Accumulated depreciation		(8,875)	(328,184)	(337,059)
Net book amount at 1 July 2018		**24,480**	**223,074**	**247,554**
Additions	B7	-	53,352	53,352
Acquisitions		-	475	475
Disposals[1]		-	(3,358)	(3,358)
Depreciation expense	B7	(837)	(62,232)	(63,069)
Exchange differences		203	4,711	4,914
Net book amount at 30 June 2019		**23,846**	**216,022**	**239,868**
OPENING BALANCE AT 1 JULY 2019				
Cost		33,611	592,360	625,971
Accumulated depreciation		(9,765)	(376,338)	(386,103)
Net book amount at 1 July 2019		**23,846**	**216,022**	**239,868**
Additions	B7	313	42,350	42,663
Acquisitions	A6	-	449	449
Disposals[1]		(334)	(36,488)	(36,822)
Assets classified as held for sale	F5	(18,770)	(2,080)	(20,850)
Depreciation expense	B7	(859)	(66,182)	(67,041)
Impairment		(301)	(3,175)	(3,476)
Exchange differences		(645)	(754)	(1,399)
Net book amount at 30 June 2020		**3,250**	**150,142**	**153,392**
AT 30 JUNE 2020				
Cost		5,671	451,969	457,640
Accumulated depreciation		(2,421)	(301,827)	(304,248)
Net book amount at 30 June 2020		**3,250**	**150,142**	**153,392**

[1] *Balances shown net of accumulated depreciation.*

F7 LEASES

FLT transitioned to AASB16 Leases on 1 July 2019. Refer to note I for further details. This notes provides information for leases where the group is a lessee.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	NOTES	2020 $'000	2019 $'000
Rent income from sub-leasing of right-of-use asset	A3	4,250	-
Interest expense on lease liabilities	F7	(17,134)	-
Rental expense relating to short-term and low-value leases	A4	(29,863)	-
Depreciation/amortisation expense of right-of-use assets	F7	(134,511)	-
		(177,258)	**-**

UNDERLYING ADJUSTMENT

FLT has adopted the modified retrospective approach and has not restated comparatives. As guidance was given to the market excluding the impact of AASB 16 *Leases*, the net impact of adoption has been calculated as outlined below and shown as an underlying adjustment.

The adoption of AASB 16 has resulted in a decrease in FY20 profit before tax of $6,572,000 (related tax impact $519,000).

This decrease represents the impact of now recognising depreciation, amortisation and interest expense under AASB 16 as compared with recognising rental expense on a straight-line basis under AASB 117. Rental expense is still recognised for short-term and low-value leases. Had AASB 117 *Leases* still been applicable for the year ended 30 June 2020, rent expense would have been $163,221,000 (June 2019: $165,616,000).

Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	RIGHT OF USE ASSETS					LEASE LIABILITIES
	PROPERTY $'000	VEHICLES $'000	OFFICE EQUIPMENT $'000	SOFTWARE $'000	TOTAL $'000	TOTAL $'000
Balance at 1 July 2019 (transition)	530,884	-	122	1,934	**532,940**	**594,884**
Additions	64,739	1,109	250	974	**67,072**	**67,072**
Acquired through business combination	2,558	-	-	-	**2,558**	**2,558**
Disposals	(25,012)	-	-	-	**(25,012)**	**(26,567)**
Depreciation and amortisation expense	(133,267)	(106)	(128)	(1,010)	**(134,511)**	**-**
Impairment	(74,901)	(125)	(15)	-	**(75,041)**	**-**
COVID-19 practical expedient	(7,745)	-	-	-	**(7,745)**	**(7,745)**
Lease modifications	9,675	-	-	-	**9,675**	**9,675**
Interest expense	-	-	-	-	**-**	**17,134**
Lease liability repayment	-	-	-	-	**-**	**(130,954)**
Exchange differences	1,469	-	(14)	-	**1,455**	**604**
Balance as at 30 June 2020	**368,400**	**878**	**215**	**1,898**	**371,391**	**526,661**

Refer to note I for further details of AASB16 *Leases* transition and practical expedients adopted.

F7 LEASES (CONTINUED)

Current and non-current classifications

	2020 $'000	2019 $'000
Current	134,219	-
Non-current	392,442	-
Total lease liabilities	**526,661**	**-**

Refer to note C1 for contractual undiscounted cashflows and maturity analysis.

Amounts recognised in the statement of cashflow

Operating - payments of interest	(17,134)	-
Financing - payments of principal	(113,830)	-
Total cash (outflow) relating to leases	**(130,954)**	**-**

ACCOUNTING POLICY

FLT leases various offices, retail stores, equipment, vehicles and software. Rental contracts are typically made for fixed periods of 1 year to 6 years.

Contracts may contain both lease and non-lease components. For leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. FLT did not have any finance leases in the prior period. Operating lease expense was recognised on a straight-line basis over the term of the lease. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by FLT, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

FLT is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

F7 LEASES (CONTINUED)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with a value less than US$5,000 (AUD $7,500).

FLT has also adopted AASB issued AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions. The amendment allowed for the lessee to remeasure its lease liabilities from renegotiated leases as a direct consequence of COVID-19, with the corresponding adjustment to the right-of-use asset.

SIGNIFICANT JUDGEMENT IN DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL OPTIONS

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Majority of FLT's leases are renegotiated, therefore the renewal options are not exercised.

F8 TRADE AND OTHER PAYABLES

CURRENT	2020 $'000	2019 $'000
Trade payables	444,524	485,463
Client creditors	708,346	972,575
Accrued unsecured note interest	-	3,089
GST / service tax payable	7,111	-
Annual leave	43,029	46,722
Straight-line lease & lease incentive liability[1]	-	9,996
Total current trade payables	**1,203,010**	**1,517,845**
NON-CURRENT		
Straight-line lease & lease incentive liability[1]	-	59,530
Total non-current trade payables	**-**	**59,530**

[1] *On transition to AASB 16, all straight line lease and lease incentive liabilities under the simplified approach were adjusted to Right of use assets. For leases under the modified retrospective transition method, the liabilities were adjusted to Retained earnings.*

FINANCIAL RISK MANAGEMENT

MARKET RISK

Foreign exchange risk

The group's exposure to foreign currency risk on trade and other payables at the end of the reporting period is set out below:

	2020 $'000	2019 $'000
US Dollars	61,179	217,774
Euro	262	60,306
Fijian Dollars	5,451	27,322
Great Britain Pounds	2,476	18,819
NZ Dollars	4,115	16,228
Hong Kong Dollars	16,275	16,071
Thai Baht	1,479	16,001
Singapore Dollars	1,563	10,464
Canadian Dollars	1,282	9,723
French Polynesian Franc	823	2,904
UAE Dirham	71	2,709
Japanese Yen	29	2,547
Other	1,787	13,021

Refer to note F3 for the group's approach to foreign exchange risk and the group's exposure to foreign currency risk on trade and other receivables.

FAIR VALUE

The trade and other payables' carrying amounts are assumed to approximate their fair values given their short term nature.

F9 CONTRACT LIABILITIES

CURRENT	2020 $'000	2019 $'000
Deferred revenue	66,174	68,660
Revenue constraint	169,588	-
Total contract liabilities	**235,762**	**68,660**
NON-CURRENT		
Deferred revenue	40,597	48,469
Total contract liabilities	**40,597**	**48,469**

ACCOUNTING POLICY

DEFERRED REVENUE

Deferred revenue is a contract liability that typically relates to revenue for tours and lump sum payments from suppliers. It represents revenue received in advance of the completion of the performance obligation under the contract. It is recognised when the consideration is received or is due (whichever is earlier).

Deferred revenue is released to the statement of profit or loss over time as the performance obligation is met.

REVENUE CONSTRAINT

FLT has recognised a contract liability which recognises the uncertainty that the travel may be cancelled prior to departure. This is calculated using booking volumes and margins, known or anticipated travel restrictions and cancellation probability rate based on COVID-19 trading patterns.

This constraint of revenue will unwind when the uncertainty is removed. Either the end consumer will travel, in which case FLT will recognise the revenue in the statement of profit or loss. Or if the travel does not proceed, this contract liability will be settled via payment to the end-consumer.

Refer to note A2 for further details.

SIGNIFICANT CHANGES IN CONTRACT LIABILITIES

The movement in deferred revenue is dependent on timing and volume of tours at each reporting period and any significant lump sum payments received within a contract period.

Revenue released from opening deferred revenue to the statement of profit or loss during the year was $93,390,000 (2019: $73,718,000).

The revenue constraint liability was raised in the current year in response to COVID-19.

F10 PROVISIONS

CURRENT	NOTES	2020 $'000	2019 $'000
Employee benefits - long service leave		45,025	39,113
Employee benefits - BOS Multiplier	D2	15,047	15,501
Make good provision		5,384	280
Total current provisions		**65,456**	**54,894**

NON-CURRENT			
Employee benefits - long service leave		20,822	21,675
Employee benefits		1,087	3,700
Make good provision		21,811	22,723
Total non-current provisions		**43,720**	**48,098**

MOVEMENTS IN PROVISIONS

Movements in each class of provision, other than employee benefits, for the financial year are set out below:

	NOTES	MAKE GOOD PROVISION $'000
Carrying amount at 1 July 2019		23,003
Additional provisions recognised		3,573
(Decrease) / increase in discounted amount arising from passage of time and discount rate adjustments	A4	2,813
Utilised		(2,160)
Other changes		(34)
Carrying amount at 30 June 2020		**27,195**

LONG SERVICE LEAVE (LSL)

AMOUNTS NOT EXPECTED TO BE SETTLED WITHIN 12 MONTHS

The current portion of the LSL provision represents the amount where the group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, as the employees have completed the required service period and also certain circumstances where employees are entitled to pro-rata payments. However, based on past experience, the group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

The following amounts reflect this leave that is not expected to be taken or paid within the next 12 months:

	2020 $'000	2019 $'000
Long service leave obligations expected to be settled after 12 months	32,466	32,801

F11 RESERVES

	2020 $'000	2019 $'000
Cashflow hedge reserve	150	82
Financial assets at FVOCI reserve	-	321
Share-based payments reserve	21,368	25,532
Acquisition Reserve	(39,291)	(39,291)
Foreign currency translation reserve	29,012	28,808
Total reserves	**11,239**	**15,452**

Total reserves includes $67,000 (2019: $55,000) attributable to non-controlling interests as outlined in the statement of comprehensive income and statement of contributed equity.

MOVEMENTS IN RESERVES:

A. CASH FLOW HEDGE RESERVE

	NOTES	2020 $'000	2019 $'000
Balance 1 July		82	1,275
Gains/(losses) on FEC cash flow hedges		29,291	(1,538)
Reclassified from OCI to profit or loss		(29,553)	-
Deferred tax	F12	135	345
Gains/(losses) on CCIRS cash flow hedges		278	-
Deferred tax	F12	(83)	-
Balance 30 June		**150**	**82**

FLT applies hedge accounting under AASB 9 *Financial Instruments*. See note C2 for further details.

The cash flow hedge reserve is used to record gains or losses on hedging instruments on a cash flow hedge that are recorded as other comprehensive income. Amounts are reclassified to the statement of profit or loss in accordance with our hedging policy as described in note C2.

Ineffectiveness of $126,000 (2019: $123,000) has been recognised in the statement of profit or loss.

B. FINANCIAL ASSETS AT FVOCI REVALUATION RESERVE

	NOTES	2020 $'000	2019 $'000
Balance 1 July		321	550
Revaluation gross		-	(231)
Reclassified to profit or loss		(321)	-
Deferred tax	F12	-	2
Balance 30 June		**-**	**321**

Changes in the fair value and exchange differences arising on translation of investments that are classified as financial assets at FVOCI are recognised in other comprehensive income, as described in note I(k), and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

F11 RESERVES (CONTINUED)

C. SHARE-BASED PAYMENTS RESERVE

	NOTES	2020 $'000	2019 $'000
Balance 1 July		25,532	28,119
Share-based payments expense		4,622	4,176
Treasury share transactions		(8,786)	(2,605)
Deferred tax	F12	-	(4,158)
Balance 30 June		**21,368**	**25,532**

The share-based payments reserve is used to recognise the fair value of rights issued under the LTRP, ESP and TIP as they vest over the vesting period.

D. ACQUISITION RESERVE

	2020 $'000	2019 $'000
Balance 1 July	(39,291)	(13,725)
Gain on change in interest ownership of NCI	-	(25,566)
Balance 30 June	**(39,291)**	**(39,291)**

The acquisition reserve is used to record the initial Put/Call Options that occur through business combinations in relation to non-controlling interests. Gains/(losses) on change in interest ownership of NCI must be recognised in equity, FLT has elected to recognise this in the acquisition reserve.

E. FOREIGN CURRENCY TRANSLATION RESERVE

	NOTES	2020 $'000	2019 $'000
Balance 1 July		28,808	(7,789)
(Losses) /gains on net investment hedge		(1,456)	-
Deferred tax	F12	437	-
Net exchange differences on translation of foreign operations		1,223	36,597
Balance 30 June		**29,012**	**28,808**

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income, as described in note I(d), and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

F12 TAX

(A) INCOME TAX

(i) Income tax (credit) / expense	2020 $'000	2019 $'000
Current tax	(35,839)	78,086
Deferred tax	(153,783)	2,180
Adjustments for current tax of prior periods	2,447	(983)
Income tax (credit) / expense	**(187,175)**	**79,283**
Deferred income tax (benefit) / expense included in income tax comprises:		
(Increase) / decrease in deferred tax assets	(157,448)	(2,111)
Increase / (decrease) in deferred tax liabilities	3,665	4,291
	(153,783)	**2,180**

Numerical reconciliation of income tax to prima facie tax (receivable) / payable	2020 $'000	2019 $'000
(Loss) / Profit before income tax (credit) / expense	(849,284)	343,457
Tax at the Australian tax rate of 30% (2019 - 30%)	**(254,785)**	**103,037**
Tax effect of amounts in calculating taxable income:		
Non-deductible / (assessable) amounts	13,015	5,441
Deductible / non-assessable amounts	(2,508)	(16,186)
Intangibles	19,433	-
Investments	13,385	5,073
Changes in tax rate	136	1,934
Tax credits	-	(3,122)
Other amounts	(4,166)	(3)
	(215,490)	**96,174**
Tax losses not recognised	10,549	460
Tax losses recognised	-	(2,361)
Effect of different tax rates on overseas income	15,319	(14,007)
Under / (over) provision of prior year's income tax	**2,447**	**(983)**
	28,315	**(16,891)**
Income tax (credit) / expense	**(187,175)**	**79,283**

(ii) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss and other comprehensive income is directly debited or credited to equity.

Net deferred tax - (credited) / debited directly to equity		2020 $'000	2019 $'000
Share-based payments	F11	-	4,158
Capital raising	D4	(6,804)	-

F12 TAX (CONTINUED)

(iii) Tax expense / (income) relating to items of other comprehensive income

	NOTES	2020 $'000	2019 $'000
Financial assets at FVOCI	F11	-	(2)
Cash flow hedges	F11	(52)	(345)
Net investment hedge	F11	(437)	-
Total tax (credit) /expense relating to items of other comprehensive income		**(489)**	**(347)**

(iv) Unrecognised potential deferred tax assets		
Unused tax losses for which no deferred tax asset has been recognised (non-capital)	46,183	762
Temporary differences relating to brand name impairment (capital) and other intangibles	48,871	42,476
Investments	48,512	-
Lease & decommissioning	8,926	-
Other	4,958	3,394
	157,450	**46,632**
Potential tax benefit at 30% (2019 - 30%)	**47,235**	**13,990**

KEY ESTIMATES & JUDGEMENTS - IMPACT OF COVID-19

The duration and severity of the COVID-19 pandemic is uncertain and difficult to predict. The pandemic continues to impede global economic activity with border closures and travel restrictions in place, resulting in suppliers scaling back operations for unknown periods of time. It is difficult to predict the long term effects on economic factors such as disposable income, un-employment or consumer confidence, all of which could significantly reduce discretionary spending by consumers and businesses on travel.

In most cases, the unused tax losses have no expiry date. Therefore, while there is uncertainty in the market, assumptions have been made to support carrying the tax losses. Where the tax losses could not be supported by future operating profits in the near-term or losses were incurred in jurisdictions with restrictions on their use, FLT has not recognised the tax losses. Unused tax losses in 2020 were incurred by entities in Indonesia, Sweden, Germany, Thailand, Mexico, Dominican Republic, Vietnam, Costa Rica and Norway (2019: Hong Kong, Indonesia, Thailand and USA). These losses have varying expiry dates from 2022 through to indefinite carry forward.

The judgements and assumptions used to support the recoverability of the tax losses may change in future periods as the pandemic continues to unfold and the impact on the utilisation of tax losses is known.

(B) DEFERRED TAX ASSETS (DTA)

The balance comprises temporary differences attributable to:	2020 $'000	2019 $'000
Employee benefits	30,232	36,674
Property, plant and equipment and intangibles	25,709	22,097
Lease & decommissioning	128,068	18,446
Accruals	54,618	6,467
Tax losses	84,202	7,521
Inventories	16,359	-
Other	30,011	11,734
	369,199	**102,939**
Set-off of deferred tax liabilities pursuant to set-off provisions	(139,700)	(30,889)
Net deferred tax assets	**229,499**	**72,050**

All movements in DTA were recognised in the statement of profit or loss and other comprehensive income, with the exception of items stated in note A6, F11, F12 (a)(ii) and (iii).

F12 TAX (CONTINUED)

(C) DEFERRED TAX LIABILITIES (DTL)

The balance comprises temporary differences attributable to:	2020 $'000	2019 $'000
Trade and other receivables	25,776	21,763
Property, plant and equipment and intangibles	10,886	15,445
Intangibles	22,839	-
Lease & decommissioning	94,692	5,346
Other	5,539	4,703
	159,732	**47,257**
Set-off of deferred tax liabilities pursuant to set-off provisions	(139,700)	(30,889)
Net deferred tax liabilities	**20,032**	**16,368**

All movements in DTL were recognised in the statement of profit or loss and other comprehensive income, with the exception of items stated in note A6, F11, F12 (a)(iii).

F13 AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided by the Lead Auditor of the consolidated entity, its related practices and non-related audit firms:

FEES TO ERNST & YOUNG (AUSTRALIA)	2020 $	2019 $ RESTATED[1]
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	2,156,533	1,137,290
Fees for assurance services that are required by legislation to be provided by the auditor	75,920	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	517,310	182,949
Fees for other services - Tax compliance	649,291	597,533
- Others	69,691	132,791
	3,468,745	**2,050,563**
FEES TO OTHER OVERSEAS MEMBER FIRMS OF ERNST & YOUNG (AUSTRALIA)		
Fees for auditing the financial report of any controlled entities	517,376	1,444,011
Fees for assurance services that are required by legislation to be provided by the auditor	6,897	52,303
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	-	-
Fees for other services - Tax compliance	378,758	275,023
- Others	40,530	178,608
	943,561	**1,949,945**
	4,412,306	**4,000,508**
Amounts received or due and receivable by non Lead Auditor audit firms for:		
An audit or review of the financial report of FLT and any other entity in the consolidated group	159,991	289,417
Fees for other services - Tax compliance	158,388	149,942
- Others	172,036	16,015
	490,415	**455,374**

[1] *Note the prior year classification was restated to conform with the updated disclosure requirements issued by ASIC.*

F14 SEASONALITY

Due to the financial impacts of COVID-19, the seasonal nature of the FLT business, where higher revenues and operating profits are expected in the second half of the year compared with the first six months, has not been observed this year.

For further details on FLT's outlook, please refer to the Outlook column on page 9.

G GROUP STRUCTURE

This section explains significant aspects of the FLT group structure and how changes have affected the group.

G1 Subsidiaries

G2 Deed of cross guarantee

G3 Parent entity financial information

G1 SUBSIDIARIES

MATERIAL SUBSIDIARIES

The group's principal subsidiaries are set out below. They have share capital consisting solely of ordinary shares that the group holds directly and the proportion of ownership interests held equals the group's voting rights. The country of incorporation or registration is also their place of business.

Subsidiaries that sell travel or travel related services and contribute to more than 10% of the group's underlying net profit before tax or 10% of the group's net assets are considered material to the group.

			EQUITY HOLDINGS	
	COUNTRY OF INCORPORATION	COUNTRY OF INCORPORATION	2020 %	2019 %
Australian OpCo Pty Ltd[1]	Australia	Ordinary	100	100
Flight Centre (UK) Limited	United Kingdom	Ordinary	100	100
FC USA Inc	USA	Ordinary	100	100

[1] *This controlled entity has been granted relief from the requirement to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information refer to note G2.*

There are no significant restrictions on the entities' ability to access or use the assets and settle the liabilities of the group.

NON-CONTROLLING INTERESTS

The group has a number of entities which contain non-controlling interests. These represent less than 5% of the group's underlying net profit before tax or less than 5% of the groups net assets. Therefore these are not individually material to the group and as such the individual income statements, balance sheet and cashflow statements will not be separately disclosed.

G2 DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (instrument), which came into effect on 17 December 2016, the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' report.

There is one deed in effect. In addition to Flight Centre Travel Group Limited (which is the Holding Entity), the subsidiaries to the deed are Australian OpCo Pty Ltd, P4 Finance Pty Ltd, Travel Services Corporation Pty Ltd and Flight Centre Technology Pty Ltd.

The Instrument requires FLT and each of the wholly owned subsidiaries to enter into a Deed of Cross Guarantee. The deed's effect is that FLT guarantees each creditor payment in full of any debt if any of the subsidiaries are wound up under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, FLT will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that FLT is wound up.

The above companies represent a Closed Group for the purposes of the Instrument and, as there are no other parties to the Deed of Cross Guarantee that are controlled by FLT, they also represent the Extended Closed Group.

G2 DEED OF CROSS GUARANTEE (CONTINUED)

Set out below is the consolidated statement of profit or loss and statement of other comprehensive income, consolidated balance sheet and a summary of movements in consolidated retained earnings for the company and the subsidiaries listed above:

	FOR THE YEAR ENDED 30 JUNE	
	2020 $'000	2019 $'000
REVENUE	787,713	1,369,699
Fair value (loss)/gain on change in control	(3,138)	-
Other income	121,542	35,898
Share of (loss)/ profit of joint ventures and associates	6,510	2,261
EXPENSES		
Employee benefits	(686,274)	(777,767)
Sales and marketing	(105,691)	(112,753)
Amortisation and depreciation	(114,037)	(37,408)
Finance costs	(18,193)	(8,439)
Impairment charge	(223,400)	-
Other expenses	(294,629)	(350,419)
(Loss) / Profit before income tax expense	(529,597)	**121,072**
Income tax credit / (expense)	120,081	(26,665)
(Loss) / Profit after income tax expense	**(409,516)**	**94,407**
Statement of comprehensive income		
Items that have been reclassified to profit or loss		
Hedging gains reclassified to profit or loss	11,243	-
Items that may be reclassified to profit or loss		
Changes in the fair value of financial assets at FVOCI	(321)	(231)
Changes in the fair value of cash flow hedges	(647)	(486)
Income tax income/(expense) on items of other comprehensive income	(102)	148
Total comprehensive income for the year	**(399,343)**	**93,838**
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	529,224	754,258
Accounting policy change - AASB16	(1,415)	-
(Loss) / Profit from ordinary activities after income tax	(409,516)	94,407
Dividends provided for and paid	(99,097)	(319,441)
Retained profits at the end of the financial year	**19,196**	**529,224**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	AS AT 30 JUNE	
ASSETS **Current assets**	**2020** **$'000**	**2019** **$'000**
Cash and cash equivalents	1,264,384	437,899
Financial asset investments	3,502	115,448
Trade receivables	127,757	173,959
Contract assets	74,862	274,543
Other assets	13,039	40,670
Other financial assets	5,131	2,683
Current tax receivables	23,189	19,027
Derivative financial instruments	3,288	6,279
Total current assets	**1,515,152**	1,070,508
Non-current assets		
Property, plant and equipment	71,680	96,822
Intangible assets	91,837	89,784
Right of use asset	187,119	-
Other assets	2,721	3,237
Other financial assets	243,551	260,365
Investments in subsidiaries, joint ventures and associates	888,918	1,027,019
Deferred tax assets	173,217	47,182
Derivative financial instruments	278	-
Total non-current assets	**1,659,321**	**1,524,409**
Total assets	**3,174,473**	**2,594,917**
LIABILITIES **Current liabilities**		
Trade and other payables	648,051	775,500
Contract liabilities	123,839	8,946
Contingent consideration	1,683	2,635
Lease liability	83,645	-
Borrowings	199,976	66,235
Provisions	53,104	42,277
Derivative financial instruments	2,185	2,640
Total current liabilities	**1,112,483**	**898,233**
Non-current liabilities		
Trade and other payables	426,442	580,350
Contract liabilities	28,692	34,213
Contingent consideration	-	1,547
Lease liability	192,929	-
Borrowings	250,000	100,000
Provisions	34,709	37,505
Derivative financial instruments	1,456	-
Total non-current liabilities	**934,228**	**753,615**
Total liabilities	**2,046,711**	**1,651,848**
Net assets	**1,127,762**	**943,069**
Equity		
Contributed equity	1,094,095	405,626
Treasury shares	-	(11,993)
Reserves	14,471	20,212
Retained profits	19,196	529,224
Total equity	**1,127,762**	**943,069**

G3 PARENT ENTITY FINANCIAL INFORMATION

SUMMARY FINANCIAL INFORMATION

The financial information for the parent entity, FLT, has been prepared on the same basis as the consolidated financial statements, except for the investments which are carried at cost.

The individual financial statements for the parent entity show the following aggregate amounts:

	PARENT	
	2020 $'000	2019 $'000
Current assets	1,938,298	1,371,768
Total assets	**3,601,986**	**2,933,432**
Current liabilities	1,060,950	870,165
Total liabilities	**2,716,024**	**2,293,419**
Contributed equity	1,094,095	405,626
Treasury shares	-	(11,993)
Reserves		
Cash-flow hedge reserve	150	498
Financial assets at FVOCI revaluation reserve	-	321
Share-based payments reserve	21,368	25,532
Acquisition Reserve	(8,976)	(8,976)
Retained profits	(220,675)	229,005
Total shareholders' equity	**885,962**	**640,013**
(Loss) / Profit after tax for the year	**(349,336)**	**103,372**
Total comprehensive (loss) / income	**(338,610)**	**102,803**

GUARANTEES ENTERED INTO BY THE PARENT ENTITY

	PARENT	
UNSECURED	2020 $'000	2019 $'000
United Kingdom	70,520	62,542
India	29,123	31,312
China	11,350	16,006
Hong Kong	10,235	9,636
Ireland	7,577	14,168
France	4,579	-
Singapore	4,550	6,587
New Zealand	4,434	5,018
Sweden	3,316	2,778
United Arab Emirates	237	3,146
Other	3,520	2,227
Total	**149,441**	**153,420**

G3 PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

FLT, as parent entity, has provided both parent company guarantees and issued letters of credit to beneficiaries. The parent entity is liable to pay any claim, subject to the terms of the parent company guarantee or letter of credit, in the event that obligations are not met.

FLT has also entered into a deed of cross guarantee. Refer to note G2 for terms and parties to the deed.

No liability was recognised by the parent entity or consolidated entity, as the guarantee's fair values are immaterial.

CONTINGENT LIABILITIES OF THE PARENT ENTITY

Contingent liabilities of the parent entity at 30 June 2020 have been disclosed in note H2.

CONTRACTUAL COMMITMENTS

Except as noted in note E1, there are no other material contractual commitments of the parent entity.

H UNRECOGNISED ITEMS

This section provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the group's financial position and performance.

H1 COMMITMENTS

FLT has commitments in relation to TP connects (refer to note E1).

FLT has commitments in relation to the St Kilda building (refer to note F5).

AIRTREE

FLT has an agreement with AirTree Ventures 2 Partnership LP to invest $5,000,000 into the venture capital fund. To date, FLT has received capital calls to the value of $4,026,000 which have been recognised as Equity instruments – Fair value through profit or loss (refer note B2), leaving $974,000 to be called in the future. The amount to be called has not been recognised as a liability at period end as FLT does not have a present obligation. The obligation only arises upon receipt of the capital call notices.

FLT has no control or managerial involvement in the running of the venture capital fund and the total contribution of $5,000,000 is less than 4% of the total capital in the fund.

H2 CONTINGENCIES

GENERAL CONTINGENCIES

FLT is a global business and, from time to time in the ordinary course of business, it receives enquiries from various regulators and government bodies. FLT cooperates fully with all enquiries and these enquiries do not require disclosure in their initial state. However, should the company become aware that an enquiry is developing further or if any regulatory or government action is taken against the group, appropriate disclosure is made in accordance with the relevant accounting standards.

As a global business, from time to time FLT is also subject to various claims and litigation from third parties during the ordinary course of its business. The directors of FLT have given consideration to such matters which are or may be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims of litigation exists.

The group had no other material contingent assets or liabilities.

H3 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

DIVIDENDS

The directors have determined it is prudent to not declare a final dividend due to the ongoing COVID-19 uncertainty.

OTHER MATTERS

On 3 July 2020, Flight Centre (UK) Limited issued $116,634,000 (£65,000,000) under the Bank of England COVID-19 Corporate Financing Facility to provide additional short-term liquidity. The initial notes issued under the facility will mature in March 2021 and should be capable of being extended for a further 12 months through the issue of further notes under the facility.

In May 2020, the directors of FLT agreed to sell the Melbourne head office property. The sale completed in July 2020. Refer to note F5 for further details.

No other matters have arisen since 30 June 2020.

I SUMMARY OF ACCOUNTING POLICIES

This section details FLT's accounting policies. Significant accounting policies are contained with the financial statement notes to which they relate and are not detailed in this section.

I SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the consolidated financial report's preparation are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is for the consolidated entity consisting of FLT and its subsidiaries.

(A) BASIS OF PREPARATION

This general purpose financial report has been prepared on a going concern basis (refer note C1) and in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standard Board and the *Corporations Act 2001*. FLT is a for-profit entity for the purpose of preparing the financial statements.

COMPLIANCE WITH IFRS

The group's consolidated financial statements also comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

EARLY ADOPTIONS OF STANDARDS

FLT has early adopted AASB issued AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*. The amendment allows for the lessee to remeasure its lease liabilities from renegotiated leases as a direct consequence of COVID-19 with the corresponding adjustment to the right-of-use asset.

The group has not elected to apply any other pronouncements before their operative date in the annual reporting period beginning 1 July 2019.

HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of FVOCI financial assets, revaluation of FVTPL financial assets, derivative financial instruments and contingent consideration.

ROUNDING OF AMOUNTS

Amounts in the financial statements have been rounded off to the nearest thousand dollars or, in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission's Instrument 2016/191.

RECLASSIFICATION

As outlined above in note B1 Cash, certain prior period amounts have been reclassified to conform to the current period's presentation.

(B) CHANGES IN ACCOUNTING POLICY

FLT applied for the first time AASB 16 *Leases*. The Group has elected to recognise the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings at the date of initial application.

The nature and effect of these changes are disclosed below.

AASB 16 LEASES

FLT has adopted AASB16 Leases from 1 July 2019.

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases-Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Under AASB 16, a contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under AASB 117, a lease was either a finance lease (on balance sheet) or an operating lease (off balance sheet). AASB 16 requires lessees to recognise a lease liability reflecting future lease payments and a "right of use asset" if the recognition requirements of a lease are met. The consolidated statement of profit or loss no longer includes operating lease expenditure but is impacted by the recognition of interest on the lease liability and amortisation expenses for the right of use assets.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 did not have an impact for leases where the Group is the lessor.

For previously classified operating leases, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the relevant incremental borrowing rates as at 1 July 2019. Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the relevant incremental borrowing rate at the date of initial application: the Group applied this approach to leases in Australia that had fixed annual rent increment and all New Zealand leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has adopted AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The date of initial application was 1 July 2019.

FLT has elected to use the following practical expedients:

I. GRANDFATHERING OF LEASES

FLT applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

II. LEASE TERM END DATE WITHIN 12 MONTHS OF TRANSITION DATE

FLT has opted not to recognise right-of-use assets and liabilities for leases with less than 12 months lease term from 1 July 2019.

III. INITIAL DIRECT COSTS

FLT will exclude initial direct costs from the measurement of right-of-use assets.

IV. USE OF HINDSIGHT

FLT has elected to use hindsight for the purposes of measuring the right-of-use asset. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms and options) based on circumstances on or after the lease commencement date.

FLT has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and lease of low value assets, including IT equipment. FLT recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

V. ONEROUS LEASE DETERMINATION

FLT relied on previous assessments on whether its leases were onerous under AASB137 *Provisions, contingent liabilities and contingent assets* immediately before the date of initial application as an alternative to performing an impairment review under AASB 136.

With the advent of COVID-19, AASB issued AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions.* The amendment provides a practical expedient for the lessee to elect not to assess a rent concession from a Lessor as a lease modification. In order to qualify to apply the practical expedient, the rent concession has to be a direct consequence of COVID-19, consideration for the lease is substantially the same or less, reduction in lease payments must be due on or before 30 June 2021 and there are not substantive changes to other terms of the original contract.

FLT has elected to use the practical expedient. In applying the practical expedient, FLT had remeasured it lease liabilities for qualifying leases, with the corresponding adjustment to right-of-use assets. In this approach, the discount rate is not updated to remeasure the lease liability and there would be no impact to the statement of profit or loss.

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

IMPACT ON FINANCIAL STATEMENTS

The effect of adoption of AASB 16 as at 1 July 2019 increase/(decrease) is as follows:

ASSETS	1 JULY 2019 $'000
Right of use asset	532,940
Other assets (prepayments)	(9,580)
Current tax receivable	260
Deferred tax asset	5,839
Derivative financial instrument	(1,129)
Total	**528,330**
LIABILITIES	
Trade and other payables	(66,245)
Lease liabilities	594,884
Deferred tax liabilities	3,721
Total	**532,360**
Total adjustment on equity	
Retained earnings	**(4,030)**

On finalisation of the transition exercise, FLT adjusted a further $15,634,000 from Retained earnings to right-of-use asset on transition.

Reconciliation of operating lease commitments at 30 June 2019 to the lease liabilities recognised in the balance sheet as at 1 July 2019 is provided below:

	$'000
Operating lease commitment disclosed as at 30 June 2019	**680,178**
Weighted average incremental borrowing rate as at 1 July 2019	**3.52%**
Discounting using incremental borrowing rate	627,967
Less:	
Short-term and low-value leases recognised on straight line basis	(14,323)
Non-lease components	(18,760)
Lease liabilities recognised as at 1 July 2019	**594,884**

AASB INTERPRETATION *23 UNCERTAINTY OVER INCOME TAX TREATMENT*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

FLT applies significant judgement in identifying uncertainties over income tax treatments. FLT operates in a multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, FLT considered whether it has any uncertain tax positions. FLT determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have a material impact on the consolidated financial statements of FLT.

No other new standards or amendments became effective in the current reporting period that have a material impact on FLT.

(C) PRINCIPLES OF CONSOLIDATION

I. SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities of all FLT subsidiaries at 30 June 2020 and the subsidiaries' results for the year then ended. FLT and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. FLT controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the entity's activities. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note I(h) Business Combinations).

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 transferred asset's impairment. Subsidiaries' accounting policies have been changed, where necessary, to ensure consistency with the group's policies.

Investments in subsidiaries are accounted for at cost in FLT's individual financial statements.

II. JOINT ARRANGEMENTS & ASSOCIATES

Investments in joint arrangements are classified as either joint operations or joint ventures (JVs). The classification depends on each investor's contractual rights and obligations, rather than the legal structure of the joint arrangement. FLT only has JVs, which are accounted for in the consolidated financial statements using the equity method. Under the equity method, they are initially recognised at cost by the parent entity and subsequently the share of the JV entity's profit or loss is recognised in the statement of profit or loss and other comprehensive income. The share of post-acquisition movements in reserves is recognised in other comprehensive income. JV details are set out in note E1.

FLT reassesses its interests in joint arrangements and associates for changes in control at least annually or where there has been changes in circumstances including but not limited to changes to shareholdings and shareholder agreements.

Upon gaining control, FLT re-measures its existing investment to fair value with any difference between the carrying amount and its fair value recognised in the profit or loss. The transaction is then accounted for in accordance with the acquisition method of accounting, refer note I(h) Business Combinations.

Upon loss of joint control, FLT measures and recognises its remaining investment at its fair value. The difference between the investment's carrying amount upon loss of joint control and the remaining investment's fair value and proceeds from disposal is recognised in profit or loss.

When the remaining investment constitutes significant influence, it is accounted for as an investment in associate. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in Associates are also accounted for using the equity method.

III. CHANGES IN OWNERSHIP INTERESTS

The Group recognises any non-controlling interest, in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity.

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

IV. CHANGES IN OWNERSHIP INTERESTS

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with group equity owners. An ownership change will result in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to FLT owners.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group has directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a JV or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

V. SHARE TRUSTS

FLT has set up a share trust to administer the various employee share schemes it initiates to incentivise and reward employees. The trust holds shares which have been purchased by employees or are fully vested, and from time-to-time treasury shares. The trust is consolidated.

(D) FOREIGN CURRENCY TRANSLATION

I. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in each of the group entities' financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is FLT's functional and presentation currency.

II. TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency at the prevailing exchange rates at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Exceptions arise if the gains and losses are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rates when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

III. GROUP COMPANIES

For foreign operations with different functional currencies to the presentation currency, results and financial position are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate of that balance sheet's date
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on foreign operations' acquisitions are treated as the foreign operations' assets and liabilities and are translated at the closing rate.

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(E) REVENUE

For accounting policies on revenue, refer to note A2.

(F) OTHER INCOME

Specific accounting policies for other income are set out below:

I. LEASE INCOME

Lease income from operating leases is recognised as income on a straightline basis over the lease term.

II. INTEREST INCOME

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the instrument's original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

III. DIVIDENDS

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

IV. ROYALTIES

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(G) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation but are impairment tested annually or more frequently if events or changes in circumstances indicate they might be impaired. 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, or value-in-use. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are independent of the cash inflows from other assets or asset groups (cash-generating units).

Impaired non-financial assets, other than goodwill, are reviewed for the impairment's possible reversal at each reporting date.

Financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For financial assets, a significant or prolonged decline in the security's fair value below its cost is considered an indicator that the assets are impaired. Impairment is recorded and losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the asset's initial recognition (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(H) 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 a subsidiary's acquisition comprises the transferred assets' fair values, the liabilities incurred and the equity interest issued by the group. The consideration transferred also includes any contingent consideration arrangement's fair value 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 acquisition date. Where equity instruments are issued in an acquisition, the instruments' fair values are their published market prices at the exchange date. Transaction costs arising on equity instruments' issue are recognised directly in equity.

The excess of the consideration transferred 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 acquired subsidiary's net identifiable assets and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Where settlement of any part of cash consideration is deferred, future amounts payable are discounted to their present value at the exchange date. 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.

Where there are NCIs, these are measured at either the acquisition date fair value or the proportionate share of the net identifiable assets acquired.

For some acquisitions, Put and Call options over NCI's are entered into simultaneously when business combinations are initially recorded. For these acquisitions, it has been determined that the option does not provide the parent with a present ownership interest in the shares subject to the Put. The NCI is treated as having been acquired when the Put option is granted (ie it is de-recognised) and a financial liability at fair value is recorded for the NCI Put. The difference between the liability recorded at fair value and the NCI de-recognised is recorded in the acquisition reserve in equity in accordance with AASB 10. After the initial recognition of the acquisition reserve it is not subsequently re-measured. The financial liability relating to the Put and Call options over NCI is subsequently accounted for under AASB 9 with all changes in the carrying amount recognised in profit or loss until exercise.

(I) INTANGIBLE ASSETS

I. GOODWILL

Goodwill represents the excess of the acquisition's cost over the fair value of the group's interest in the fair value of the acquired subsidiary or associate's net identifiable assets at the acquisition date.

Goodwill on subsidiaries' acquisitions is included in intangible assets. Goodwill is not amortised but is impairment tested 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 entity's disposal include the sold entity's carrying amount of goodwill.

Goodwill is allocated to CGUs for impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

II. BRAND NAMES, LICENCES AND CUSTOMER RELATIONSHIPS

Other intangible assets, such as brand names, licences and customer relationships, are acquired as part of business combinations and are recognised initially at fair value. Where they have an indefinite useful life, such as brand names, they are not subject to amortisation but are tested annually for impairment or more frequently if events or changes in circumstances indicate they may be impaired. Key factors taken into account in assessing the useful life of brands are:

- The brands are well established and protected by trademarks across the globe. The trademarks are generally subject to an indefinite number of renewals upon appropriate application; and
- There are currently no legal, technical or commercial obsolescence factors applying to the brands which indicate that the life should be considered limited

III. OTHER INTANGIBLE ASSETS - SOFTWARE

Research costs associated with software development are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the project is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised includes all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads.

(J) CASH AND CASH EQUIVALENTS

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(K) FINANCIAL ASSETS

The group applies the requirements of AASB 9 *Financial Instruments* (AASB 9) to its financial assets since its early adoption of AASB 9 on 1 January 2016.

I. CLASSIFICATION

Financial assets are classified in the following categories: financial assets at amortised cost, FVTPL and FVOCI. The classification depends on the purpose for which the assets were acquired.

- Amortised cost - Applies to instruments which are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest
- Fair value through profit and loss (FVTPL) - Applies to instruments which are within a business model where the objective is neither to hold to collect contractual cash flows nor hold to sell.
- Fair value through other comprehensive income (FVOCI) - Applies to instruments which satisfy the requirements of the business model test and contractual cashflow test.

Management classifies its investments at initial recognition and re-evaluates this classification each reporting date.

II. RECOGNITION AND DERECOGNITION

Regular purchases and sales of financial assets are recognised on trade-date (the date on which the group commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from them have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

III. SUBSEQUENT MEASUREMENT

Financial assets at amortised cost are carried at amortised cost using the effective interest method.

Financial assets at FVTPL are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in the statement of profit or loss and other comprehensive income within other income or other expenses in the period in which they arise. Income such as interest and dividends from financial assets at FVTPL is recognised separately to gains or losses in the statement of profit or loss and other comprehensive income as part of other income when the group's right to receive payments is established.

Financial assets classified as FVOCI are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in other comprehensive income with the exception of impairment which is recognised in the statement of profit or loss immediately. When securities classified as FVOCI are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified in the statement of profit or loss and other comprehensive income as gains and losses from investment securities.

IV. IMPAIRMENT – EXPECTED CREDIT LOSSES

FLT applies both the general and simplified approach to the measurement of expected credit losses (ECLs).

Under the general approach FLT applies a three stage model for measuring ECLs based on changes in credit quality since initial recognition including

- Stage 1: 12 month ECL - Recognised on "good" exposures where there has not been a significant increase in credit risk since initial recognition, the loss represents the probability of default from events that are possible over the next 12 months and not the cash flows FLT expects to lose over that period.
- Stage 2: Lifetime ECL - Where there has been a significant increase in credit risk since initial recognition however default has not yet occurred, the loss represents the credit losses expected over the remaining life of the asset.
- Stage 3: Lifetime ECL (credit impaired) - Financial asset becomes credit impaired as a result of an event which has had a detrimental impact on future cash flows.

FLT assesses the credit risk and probability of default of financial assets by reference to external rating agencies where available on an asset by asset basis. FLT has determined a financial asset has low credit risk when it is equivalent to an investment grade quality. Where forward looking information is not available, FLT applies the rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due (entry into stage 2: Lifetime ECL) and, when contractual payments are greater than 90 days past due, the asset is credit impaired (entry into stage 3: Lifetime ECL).

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

For trade receivables, contract assets and lease receivables which do not contain a significant financing component, AASB 9 offers a policy choice between the application of the general model, as detailed above, or a simplified approach. Under the simplified approach, the tracking of changes in credit risk is not required, but instead requires the recognition of lifetime ECLs at all times and allows the use of a provision matrix, incorporating the probability of default, as a practical expedient. FLT has elected the simplified approach for trade and override receivables.

(L) FAIR VALUE MEASUREMENT

FLT measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.

An asset or liability's fair value is measured using the assumptions that market participants use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described in notes A7, B2 and C2.

(M) TRADE 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 in accordance with the simplified approach see note I (k)(iv) above.

The impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The impairment amount is recognised in the statement of profit or loss and other comprehensive income in other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible 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 the statement of profit or loss and other comprehensive income.

(N) PROPERTY, PLANT AND EQUIPMENT

Buildings and other property, plant and equipment are stated at historical cost less depreciation. Land is held at historical cost. Historical cost includes expenditure directly attributable to the item's acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the group and the item's cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note I(g)). A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the asset's carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

(O) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost primarily represents average costs.

(P) TRADE AND OTHER PAYABLES

These amounts are liabilities for goods and services provided to the group prior to the financial year's end, but not yet paid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months of the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(Q) PROVISIONS

Provisions for legal claims and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow relating to any item included in the same class of obligations is small.

To measure provisions at present value at the reporting period's end, management estimates the expenditure required to settle the present obligation. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. Provision increases brought about by the passage of time are recognised as interest expenses.

I. MAKE GOOD PROVISION

The group is required to restore leased premises to their original condition at the end of the respective lease terms.

A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements and restore the leased premises. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the lease term or the asset's useful life.

(R) EMPLOYEE BENEFITS

I. WAGES AND SALARIES, ANNUAL LEAVE AND SICK LEAVE

Liabilities for employees' wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting period's end, are recognised in trade and other payables up to the reporting period's end and represent the amounts expected to be paid when the liabilities are settled. Sick leave is recognised as an expense when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as trade and other payables.

II. PROFIT-SHARING AND BONUS PLANS

A liability for employee benefits in the form of profit-sharing and bonus plans is recognised as payable when there is a contractual obligation or valid expectation that payment will be made. Employee profit-sharing and bonus payments are recognised and paid monthly.

III. LONG SERVICE LEAVE

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in provisions. The liability represents the present value of expected future payments to be made for the services employees provided up to the reporting period's end. The company considers expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments at the reporting period's end are discounted using market yields on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

IV. RETIREMENT BENEFIT OBLIGATIONS

The group provides retirement benefits to employees through a defined contribution superannuation fund. Contributions are recognised as expenses as they become payable.

V. TERMINATION BENEFITS

Termination benefits may be 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 commits to either terminating a current employee's employment according to a detailed formal plan without the possibility of withdrawal or providing termination benefits following an offer made to encourage voluntary redundancy.

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(S) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on loan facilities' establishment are recognised as loan transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. If there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs are recognised as expenses in the period in which they are incurred and include:

- Interest on bank overdrafts and short and long-term borrowings; and
- Unwinding of discount on deferred payables

Borrowings are classified as current liabilities unless the group has an unconditional right to defer the liability's settlement for at least 12 months after the reporting period's end.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

(T) TAX

I. INCOME TAX

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

The current income tax charge is based on tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns in respect of situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the assets' and liabilities' tax bases and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from an asset or liability's initial recognition in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss. Deferred income tax is determined using rates (and laws) that have been enacted or substantively enacted by the end of the reporting period 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 to the extent that 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 controls the timing of the temporary differences' reversals 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 tax authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends to either 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 when it relates to items recognised in other comprehensive income or directly in equity. In these cases, the tax is also recognised in other comprehensive income or directly in equity.

Companies within the group may be entitled to claim tax incentives (eg. the Research and Development Tax Incentive regime in Australia). The effect of this is a reduction to the income tax payable and current tax expense.

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

II. TAX CONSOLIDATION LEGISLATION

FLT and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003.

The head entity, FLT, and the tax consolidated group's controlled entities continue to account for their current and deferred tax amounts. These tax amounts are measured as if each entity continues to be a standalone taxpayer.

In addition to its current and deferred tax amounts, FLT also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the tax consolidated group's controlled entities.

III. NATURE OF THE TAX SHARING ARRANGEMENT

Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

IV. NATURE OF THE TAX FUNDING AGREEMENT

Members of the tax consolidated group have entered into a tax funding agreement. Under the tax funding agreement, the wholly-owned entities fully compensate FLT for any current tax payable assumed and are compensated by FLT for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to FLT under the tax consolidation legislation.

The funding amounts are the amounts recognised in the wholly-owned entities' financial statements. Amounts receivable or payable under the tax funding agreement are due when the head entity's funding advice is received. This advice is issued as soon as practicable after each financial year's end. The head entity may also require payment of interim funding amounts to pay tax installments. The funding amounts are recognised as current intercompany receivables or payables. Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(U) EARNINGS PER SHARE

I. BASIC EARNINGS PER SHARE

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

II. DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(V) CONTRIBUTED EQUITY

Ordinary shares are classified as equity (note D4) and entitle the holder to participate in dividends and the proceeds of the company's wind up in proportion to the number of and amount paid on the shares held.

On a show of hands, every holder of an ordinary share present at a meeting, either in person or by proxy, is entitled to one vote. Upon a poll, each share is entitled to one vote.

Ordinary shares have no par value and there are no partly paid shares currently on issue.

Incremental costs directly attributable to new share or option issues are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to shares or options issued for a business acquisition are not included in the acquisition's cost as part of the purchase consideration.

If the entity reacquires its own equity instruments, as the result of a share buy-back for example, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid, including any directly attributable incremental costs (net of income taxes), is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(W) DIVIDENDS

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

(X) GST / CONSUMPTION TAX

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

Receivables and payables include consumption taxes receivable or payable. The net amount of consumption tax recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The consumption tax 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.

(Y) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period. The standards are not expected to have a material financial impact on the entity in the current or future reporting periods and on foreseeable future transactions.

DIRECTORS' DECLARATION

The board declared the following in accordance with a resolution of the directors of Flight Centre Travel Group Limited:

1. In the opinion of the directors:

   (a) the financial statements and notes of Flight Centre Travel Group Limited for the financial year ended 30 June 2020 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

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

   (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. Note I(a) to the financial statements contains a statement of compliance with International Financial Reporting Standards

3. At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note G2 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 described in note G2.

4. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and the chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

On behalf of the board

G.F. Turner
Director
BRISBANE

27 August 2020

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Independent Auditor's Report to the Members of Flight Centre Travel Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Flight Centre Travel Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 30 June 2020, the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial statements of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Liquidity risk and going concern basis of preparation of the financial statements

Why significant	How our audit addressed the key audit matter
During the second half of the financial year, the Group was impacted by COVID-19 and there remains uncertainty around the impact that this event will have on the Group and the broader travel industry. The Group has outlined its management of the liquidity risk as disclosed in Note C1. In doing so, the directors have considered existing cash and working capital balances, borrowing terms including covenants, financing facilities available and due to mature during the next 12 months, and forecast of future cash flows for a period of at least 12 months from the audit report date (forecast cashflows). As described in Note I(A) to the financial report, the financial statements have been prepared by the Group on a going concern basis. Assessing the appropriateness of the Group's basis of preparation for the financial statements was a key audit matter due to this importance to the financial statements and the level of judgement required in the assessing the Group's forecast cashflows (for a period of at least 12 months from the audit report date) and its ability to comply with debt covenants at 30 June 2021.	Our audit procedures included, but were not limited to: ► Ensuring the period covered by the Group's going concern assessment is at least 12 months from the date of our auditor's report and all relevant information based on our knowledge of the Group as a result of the audit has been included in the assessment ► Enquiring of management and the Board of Directors as to their knowledge of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern ► Assessing the forecast cashflow assumptions based on historical results, cashflow expenditure initiatives undertaken, growth rates and relevant external forecast information for the range of possible scenarios resulting from the ongoing uncertainty associated with COVID-19, consistent with the scenarios considered as part of the Group's impairment testing analysis ► Reading the terms associated with the Group's financing arrangements, including covenant waivers obtained by the Group in relation to its financing facility, assessing the amount of the facilities available for drawdown over the forecast period, and assessing the likelihood of debt raise options available to the Group to access over the next 12 months ► Obtaining written representation from management and the Board of Directors regarding their plans for future action and the feasibility of these plans ► Assessing the appropriateness of the Group's going concern basis of preparation disclosures for the financial statements for consistency with Australian Accounting Standards

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Impairment Testing of Cash Generating Units (CGU)

Why significant	How our audit addressed the key audit matter
Note A5 discloses the goodwill and other intangible assets allocated to each of the Group's individually significant cash generating units (CGUs). It also discloses the impairment recorded in relation to Global Touring and Hotels CGUs during the year. Note E1 discloses the impairment recorded in relation to the Group's investment in associates, The Upside Travel Company. The annual impairment assessment of the CGUs, including associated intangible assets, performed by the Group was a key audit matter due to the value of intangible assets relative to total assets and the degree of estimation and assumptions involved in the assessment, specifically concerning future discounted cash flows with the recent market downturn experienced as a result of COVID-19. The key assumptions used in the impairment assessment referred to above are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. At 30 June 2020, reasonably possible changes in certain key assumptions can result in significant changes to the Group's estimate of the recoverable amount. In this situation, the disclosures in the financial report about the assumptions used in impairment testing and sensitivity of recoverable amount to those assumption is of heightened importance. As such, we consider the impairment assessment and the related disclosures in the financial report to be a key audit matter. For the same reasons, we draw attention to the information in Note A5.	Our audit considered the requirements of Australian Accounting Standard AASB136 *Impairment of Assets*. Our procedures in relation to the impairment assessment included, amongst others: ► Assessing the Group's definition of its CGUs for consistency with Australian Accounting Standards and considering impairment for each of the Group's individually significant CGUs ► Developing an understanding of the process undertaken by the Group in the preparation of its discounted cash flow models used to assess the recoverable amount of the Group's CGUs, including how key assumptions used in the cash flow forecasts (summarised in Note A5 to the financial statements), are determined by management ► Evaluating the reasonability of the Group's cashflow forecast models used to estimate recoverable amount by: ▪ Assessing the mathematical accuracy of the cash flow models ▪ Considering the historical reliability of the Group's cash flow forecasts ▪ Assessing whether the allocation of assets, including goodwill, to CGUs, was consistent with our knowledge of the Group's operations ▪ Assessing whether the CGUs included a reasonable allocation of corporate overheads ▪ Evaluating the Group's forecast recovery path projections through to FY25, by comparison to external economic and industry forecasts ▪ Involving our valuation specialists to evaluate the reasonability of the discount rate and growth rates used by the Group ▪ Assessing the sensitivities of the impairment model to reasonably possible changes in assumptions relating to cash flow forecasts, terminal growth rates and discount rates applied ▪ Comparing the market capitalisation of the Group to the Group's net assets ► Assessing the adequacy of impairment and related disclosure in Note A5 to the financial statements ► Assessing the recoverable value of the Group's investment in The Upside Travel Company considering the associate's inability to continue developing travel technology and adequacy of disclosure in Note E1 to the financial statements

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Adoption of Australian Accounting Standard AASB 16 - Leases

Why significant	How our audit addressed the key audit matter
The 30 June 2020 financial year was the first year of adoption of Australian Accounting Standard AASB 16 *Leases*. Given the financial significance to the Group of its leasing arrangements, the complexity and judgements involved in the application of AASB 16, the transition requirements of the standard and the subsequent amendment to consider the impact on rent concessions due to COVID-19, this was considered to be a key audit matter. In addition, the complexity in the modelling of the accounting for the leases, including the calculation of the incremental borrowing rate and the judgement involved in the treatment of renewal options is significant. Upon transition, a lease liability of \$595 million, right of use asset of \$539 million including the deferred tax effect, other net balance sheet adjustments of \$52million, and a restatement to opening retained earnings of \$4 million was recorded on the statement of financial position as outlined in Note I(B).	Our audit procedures assessed the existence, completeness and valuation of AASB 16 lease balances and the related financial report disclosures. These procedures included: ► Assessing the appropriateness of the accounting policies, transition and new disclosures as set out in Notes F7 and I(B) for compliance with the requirements of AASB 16 including the adoption of any practical expedients selected by the Group as part of the transition process ► Assessing the integrity of the Group's AASB 16 lease calculation model used, including the mathematical accuracy of the underlying calculation formulas of the accounting module utilised by the Group ► For a sample of leases, agreeing the key inputs in the lease accounting module to the relevant terms of the underlying signed lease agreements ► Considering the Group's assumptions in relation to the treatment of lease renewal options ► Assessing the completeness of the leases included in transition including the reconciliation of the operating lease commitments disclosure in the prior year financial report to the transition disclosures and new leases entered during the year ► Testing a sample of rent concessions agreed to contracts and other supporting documentation ► Testing for impairment of right-of-use assets taking into consideration actual and planned shop closures, and forecast cash flows of the CGUs to which right of use assets relate

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Revenue Constraint – Travel Cancellations

Why significant	How our audit addressed the key audit matter
Global travel restrictions imposed as a result of COVID-19 have impacted consumers' ability to continue with their future travel arrangements. The Group has recognised a contract liability at the 30 June 2020 in accordance with AASB15 *Revenue from Contracts with Customers* to constrain revenue recognised where it is highly probable that a significant reversal will occur in a future period due to cancellation of travel. We considered the recognition of revenue and variable constraint to be a key audit matter due to the financial significance of the Group's revenue, the judgmental nature of forecasting the level of constraint, based on estimates of the volume of current bookings that may be cancelled in a future period, and the disclosure considerations per the requirements of Australian Accounting Standards. The significant judgement and estimates associated with the constraint of revenue is disclosed in note A2 of the financial report.	Our audit procedures included, but were not limited to: ▶ Developing an understanding of the process undertaken by the Group to identify revenue streams which are subject to material constraint due to COVID-19 travel cancellations ▶ Testing underlying data generated to prepare the revenue constraint calculation and determining whether there was adequate support for the assumptions underlying the calculation ▶ Assessing the Group's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for a material change in the constraint recognised ▶ Assessing the completeness of revenue constraint recorded as at 30 June 2020 and for the year then ended and disclosure in Note A2 and F9 to the financial statements

Recoverability of Trade and other receivables and Contract assets

Why significant	How our audit addressed the key audit matter
Given the ongoing impact of the COVID-19 pandemic on economic and financial markets, significant judgement was required in calculating the expected credit losses ("ECL") on Trade and other receivables and Contract assets. This included judgements on the impacts of COVID-19 on forward looking information. The significant judgement and estimation associated with measuring ECL for Trade and other receivables and Contract assets is disclosed in notes F3 and F4 respectively.	Our audit procedures included, but were not limited to: ▶ Testing a sample of cash receipts subsequent to year end ▶ Assessing the completeness and accuracy of data used in the ECL model ▶ Evaluating management's forward-looking estimates, used in the ECL model, including the impacts of COVID-19 ▶ Testing underlying data in the ECL model, on a sample basis, including determining whether there was adequate support for the credit risk assumptions underlying the calculation ▶ Assessing the completeness of the expected credit loss provision recorded at 30 June 2020 and disclosure in Note F3 and F4 to the financial statements

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Financial Report, other than the financial statements and our auditor's report thereon. We obtained the Directors' report and Tax transparency report (unaudited) that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial statements that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Flight Centre Travel Group Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Ric Roach
Partner
Brisbane
27 August 2020

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 31 July 2020.

(A) DISTRIBUTION OF EQUITY SECURITIES

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS
1-1,000	62,950
1,001-5,000	11,791
5,001-10,000	1,262
10,001-100,000	642
100,001 and over	41

There were 45 holders of less than a marketable parcel of ordinary shares.

(B) EQUITY SECURITY HOLDERS

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

NAME	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
Gainsdale Pty Ltd[1]	16,588,889	8.3%
Gehar Pty Ltd[1]	15,659,740	7.9%
James Management Services Pty Ltd[1]	13,684,195	6.9%
Ellerston Capital	7,183,312	3.6%
State Street Global Advisors	4,779,815	2.4%
Vanguard Group	3,764,771	1.9%
Lazard Asset Mgt Pacific Co	3,630,777	1.8%
Vanguard Investments Australia	3,428,500	1.7%
Selector Funds Mgt	3,400,112	1.7%
Norges Bank Investment Mgt	3,199,164	1.6%
Solaris Investment Mgt	2,886,023	1.5%
FIL Investment Mgt	2,493,705	1.3%
BlackRock Investment Mgt - Index	2,381,863	1.2%
Dimensional Fund Advisors	2,111,846	1.1%
Deutsche Bank	2,065,118	1.0%
Friday Investments Pty Limited	1,978,706	1.0%
IFM Investors	1,949,559	1.0%
Spheria Asset Mgt	1,657,598	0.8%
FIL Investment Mgt	1,608,316	0.8%
Macquarie Asset Mgt	1,600,131	0.8%
	96,052,140	**48.3%**

[1] *Substantial holder (including associate holdings) in the company*

DEED OF PRE-EMPTION

Gainsdale Pty Ltd, Gehar Pty Ltd and James Management Services Pty Ltd are party to a "deed of pre-emption" initially issued 5 October 1995, amended 19 June 2018 and amended 15 May 2020, which binds each of the parties to give first right of refusal on the purchase of shares in the company. The deed automatically terminates if the parties collectively hold less than 15% (2019: 35%) of the total issued share capital of FLT at any time.

(C) EQUITY SECURITY HOLDERS (CONTINUED)

ORDINARY SHARES VOTING RIGHTS

On a show of hands, every member present at a meeting in person or by proxy shall have one vote. Upon a poll, each share shall have one vote. Options and performance rights have no voting rights.

ON-MARKET BUY-BACKS

FLT does not currently have an on-market buy-back scheme in operation.

TAX TRANSPARENCY REPORT (UNAUDITED)

As one of the world's largest travel agency groups FLT is committed to being a responsible corporate taxpayer. The Board has therefore chosen to provide additional disclosure of tax information as recommended by the Board of Taxation's Voluntary Tax Transparency Code. FLT is classified as a 'large business' for the purposes of the Tax Transparency Code and has therefore chosen to disclose the following information in this annual report:

- Tax policy, strategy and governance summary
- Reconciliation of accounting profit to tax expense
- Reconciliation of income tax expense and income tax payable
- Identification of material temporary and non-temporary differences
- Accounting effective company tax rates for Australian and global operations
- Tax contribution summary for corporate taxes paid
- Information about international related party dealings

TAX POLICY, STRATEGY AND GOVERNANCE STATEMENT

APPROACH TO RISK MANAGEMENT AND GOVERNANCE ARRANGEMENTS

FLT operates under a Tax Risk Management and Governance Policy, which is approved by the Board Audit committee and sets out FLT's commitment to managing its global tax obligations. It is consistent with the Australian Taxation Office (ATO) and the Organisation for Economic Co-operation and Development (OECD)'s recommendations for tax risk management and governance, as well as being consistent with FLT's overarching Risk Management Policy.

FLT's Tax Risk Management and Governance Policy includes formal tax policies and procedures that are reviewed and updated at least annually. FLT has appropriate systems, processes and controls in place to identify, evaluate, mitigate, monitor and report on tax risks.

ATTITUDE TOWARDS TAX PLANNING AND ACCEPTED LEVEL OF RISK IN RELATION TO TAXATION

FLT takes a conservative approach to tax risk, and the management of tax risk will be balanced with FLT's objective to create and safeguard shareholder value. Where there is a choice between an aggressive tax position and a more conservative position, FLT will take the more conservative approach. That is, FLT aims for certainty on tax positions it adopts but where tax law is unclear or subject to interpretation, written advice or confirmation will be sought as appropriate.

As a global travel business, FLT has entities in many jurisdictions around the world, including some considered low, or no tax according to the OECD. These businesses are purely established to support the ordinary business operations of FLT in those countries.

APPROACH TO ENGAGEMENT WITH THE ATO AND OTHER REVENUE AUTHORITIES

FLT's tax philosophy is based on an open, co-operative and transparent relationship with the Revenue Authorities. FLT maintains good relationships with the ATO and other revenue authorities. Openness, honesty and transparency is paramount in all dealings with the tax authorities and other relevant bodies, with the aim of minimising the risk of challenge, dispute or damage to FLT's credibility.

FLT is aware of and, where appropriate, effectively uses the services and compliance products offered by the revenue authorities to reduce its tax risks and compliance costs (e.g. private ruling process, electronic lodgement, tax portal etc).

The ATO recently completed a Streamlined Assurance Review of FLT, to obtain confidence that the right amount of tax is being paid by FLT. The ATO's final report was recently issued, confirming that following an open and wholesome review process, no material risks were identified and no further actions will be taken by the ATO. Further, the ATO commended FLT on its voluntary registration as a signatory to the Board of Taxation's voluntary Tax Transparency Code.

INCOME TAX EXPENSE

(i) Income tax (credit) / expense	NOTES	2020 $'000	2019 $'000
Current tax		(35,839)	78,086
Deferred tax		(153,783)	2,180
Adjustments for current tax of prior periods		2,447	(983)
Income tax (credit) / expense		**(187,175)**	**79,283**
Deferred income tax (benefit) / expense included in income tax comprises:			
(Increase) / decrease in deferred tax assets		(157,448)	(2,111)
Increase / (decrease) in deferred tax liabilities		3,665	4,291
		(153,783)	**2,180**
Numerical reconciliation of income tax to prima facie tax (receivable) / payable			
(Loss) / Profit before income tax (credit) / expense		(849,284)	343,457
Tax at the Australian tax rate of 30% (2019 - 30%)		**(254,785)**	**103,037**
Tax effect of amounts in calculating taxable income:			
Non-deductible / (assessable) amounts		13,015	5,441
Deductible / non-assessable amounts		(2,508)	(16,186)
Intangibles		19,433	-
Investments		13,385	5,073
Changes in tax rate		136	1,934
Tax credits		-	(3,122)
Other amounts		(4,166)	(3)
		(215,490)	**96,174**
Tax losses not recognised		10,549	460
Tax losses recognised		-	(2,361)
Effect of different tax rates on overseas income		15,319	(14,007)
Under / (over) provision of prior year's income tax		**2,447**	**(983)**
		28,315	**(16,891)**
Income tax (credit) / expense		**(187,175)**	**79,283**

(ii) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss and other comprehensive income is directly debited or credited to equity.

Net deferred tax - (credited) / debited directly to equity			
Share-based payments	F11	-	4,158
Capital raising	D4	(6,804)	-

INCOME TAX EXPENSE (CONTINUED)

(iii) Tax expense / (income) relating to items of other comprehensive income	NOTES	2020 $'000	2019 $'000
Financial assets at FVOCI	F11	-	(2)
Cash flow hedges	F11	(52)	(345)
Net investment hedge	F11	(437)	-
Total tax (credit) / expense relating to items of other comprehensive income		**(489)**	**(347)**
(iv) Unrecognised potential deferred tax assets			
Unused tax losses for which no deferred tax asset has been recognised (non-capital)		46,183	762
Temporary differences relating to brand name impairment (capital) and other intangibles		48,871	42,476
Investments		48,512	-
Lease & decommissioning		8,926	-
Other		4,958	3,394
		157,450	**46,632**
Potential tax benefit at 30% (2019 - 30%)		**47,235**	**13,990**

KEY ESTIMATES & JUDGEMENTS - IMPACT OF COVID-19

The duration and severity of the COVID-19 pandemic is uncertain and difficult to predict. The pandemic continues to impede global economic activity with border closures and travel restrictions in place, resulting in suppliers scaling back operations for unknown periods of time. It is difficult to predict the long term effects on economic factors such as disposable income, un-employment or consumer confidence, all of which could significantly reduce discretionary spending by consumers and businesses on travel.

In most cases, the unused tax losses have no expiry date. Therefore while there is uncertainty in the market assumptions have been made to support carrying the tax losses. Where the tax losses could not be supported by future operating profits in the near term or losses were incurred in jurisdictions with restrictions on their use, FLT have not recognised the tax losses. Unused tax losses in 2020 were incurred for which no deferred tax asset has been recognised by entities in Indonesia, Sweden, Germany, Thailand, Mexico, Dominican Republic, Vietnam, Costa Rica and Norway (2019: Hong Kong, Indonesia, Thailand and USA). These losses have varying expiry dates from 2022 through to indefinite carry forward.

The judgements and assumptions used to support the recoverability of the tax losses may change in future periods as the pandemic continues to unfold and the impact on the utilisation of tax losses is known.

INCOME TAX PAID AND INCOME TAX PAYABLE

(i) Calculation of current tax (credit) / expenses	NOTES	2020 $'000	2019 $'000
Current income tax (credit) / expense of current period	F12	(35,839)	78,086
Adjustments for current tax of prior periods	F12	2,447	(983)
Current income tax (credit) / expense		**(33,392)**	**77,103**
(ii) Reconciliation of income tax to income tax paid and payable			
Net current tax liability/(receivable) at the beginning of the period		(1,683)	11,890
Less income tax paid		(22,366)	(90,676)
Current income tax (credit) / expense	(i)	(33,392)	77,103
Net current tax liability/(receivable) at the end of the period		**(57,441)**	**(1,683)**

EFFECTIVE COMPANY TAX RATES

Effective company tax rate	2020 %	2019 %
Effective tax rate - Australia	24.88%	23.36%
Effective tax rate - Global	22.04%	23.08%

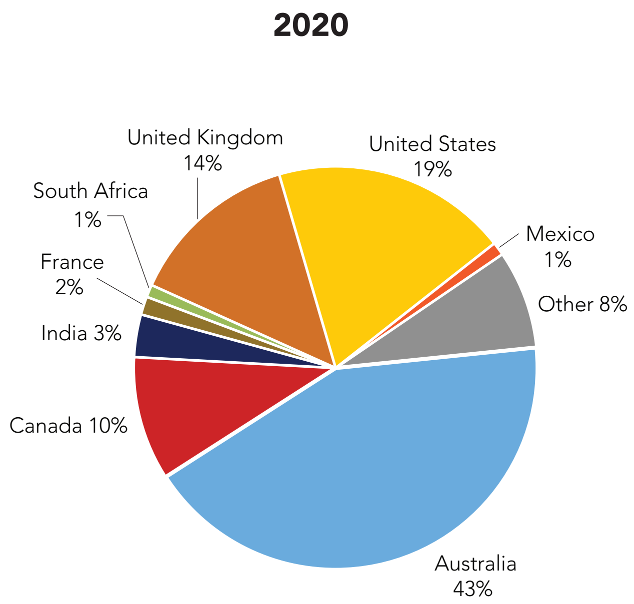
Primarily, the difference between the Australian corporate tax rate of 30% and FLT's effective tax rate is being driven by impairments of investments in subsidiaries and associates, goodwill, software and intangibles. Other main contributors are the effect of global tax rate differences.

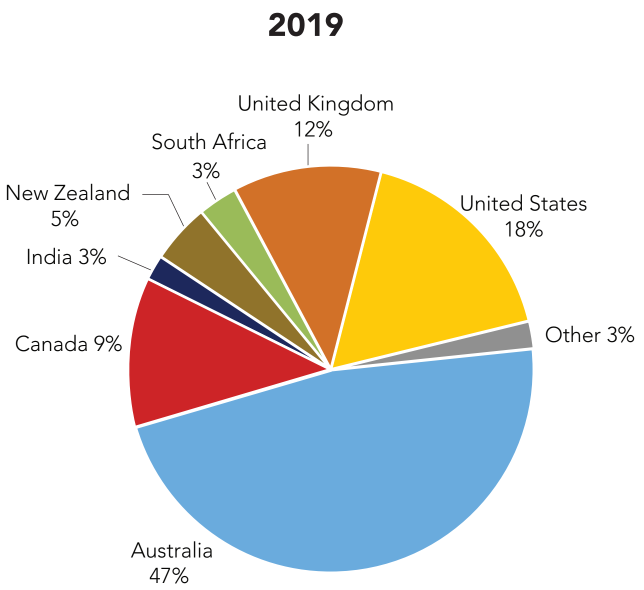
TAX CONTRIBUTION SUMMARY

	2020			2019		
	AUSTRALIA	OTHER COUNTRIES	TOTAL	AUSTRALIA	OTHER COUNTRIES	TOTAL
Taxes paid by/on behalf of FLT	$'000	$'000	$'000	$'000	$'000	$'000
Corporate income tax	1,000	17,565	18,565	33,694	53,754	87,448
Employment taxes (payroll tax, FBT)	32,270	52,590	84,860	42,284	30,359	72,643
Withholding taxes	1,896	1,905	3,801	1,482	1,746	3,228
Other taxes	-	2,438	2,438	-	-	-
Taxes collected on behalf of others						
GST/VAT (collected and remitted)	36,112	61,870	97,982	41,997	81,664	123,661
GST/VAT (paid but reclaimed)	(52,672)	(54,445)	(107,117)	(49,611)	(74,973)	(124,584)
PAYG/PAYE/salary withholding	142,070	129,529	271,599	166,178	165,505	331,683
Total Tax Contribution	**160,676**	**211,452**	**372,128**	**236,024**	**258,055**	**494,079**

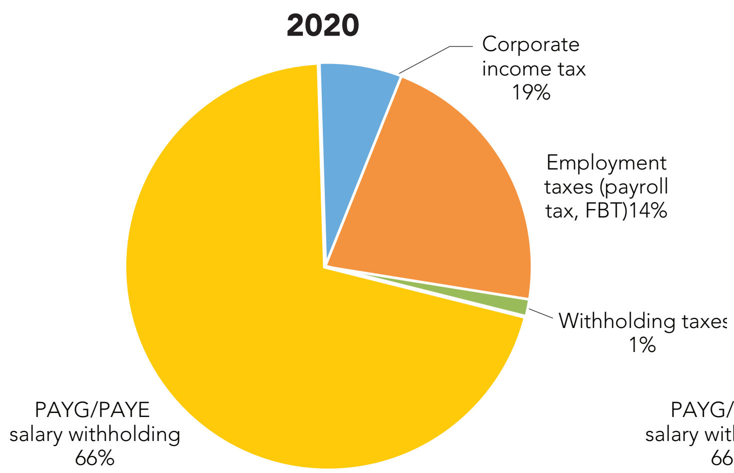
TAX TRANSPARENCY REPORT (UNAUDITED) CONTINUED

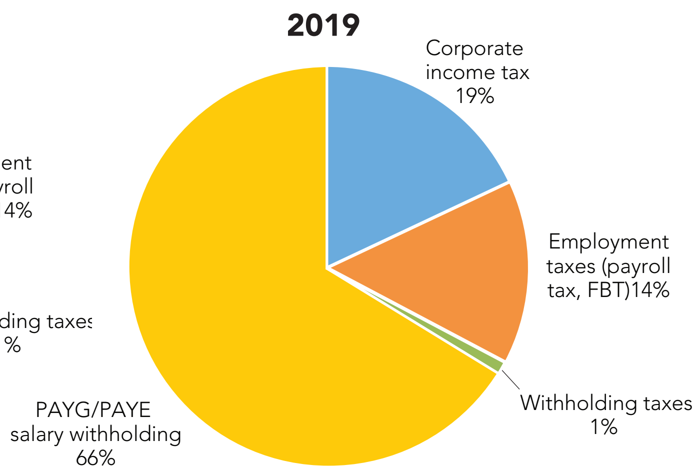
TOTAL TAX CONTRIBUTION BY COUNTRY





TOTAL TAX CONTRIBUTION BY TAX TYPE





RELATED PARTY TRANSACTIONS

FLT has international related party dealings with its subsidiaries when it is in the best interests of FLT to do so, these dealings are conducted following the arm's length principle as required by Australian taxation law and international taxation norms. FLT maintains contemporaneous transfer pricing documentation supporting the pricing of related party dealings in accordance with Australian tax legislation and the OECD Transfer Pricing Guidelines.

The key international related party dealings which have a material impact on FLT's Australian taxable income are listed below.

KEY INTERNATIONAL RELATED PARTY DEALINGS	DESCRIPTION
Royalties	FLT licences its brand names, trademarks and other intellectual property to its overseas subsidiaries. FLT subsidiaries may own other brandnames, trademarks and intellectual property.
Services	FLT's head office is located in Brisbane, Australia as the company was founded in Australia and its largest operations are in Australia. Accordingly, there are a number of specialist teams located at the FLT headquarters which provide services to the overseas subsidiaries. In addition overseas subsidiaries also provide services to FLT.
Loans	FLT has loans to and from its overseas subsidiaries.
Dividends	FLT receives dividends from overseas subsidiaries.
Group Cost and Income Allocations	FLT and its overseas subsidiaries may enter into global contracts with suppliers and / or customers for which income and / or expenses may be allocated amongst the group.

OUR PURPOSE:

TO OPEN UP THE WORLD
FOR THOSE WHO WANT TO SEE

FLIGHT CENTRE TRAVEL GROUP™