RHODIUM

ASSET SOLUTIONS

ANNUAL REPORT 2009-2010

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Ms Katy Gallagher MLA
Treasurer
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Treasurer

We are pleased to present the Annual Report for Rhodium Asset Solutions for the year ended 30 June 2010.

This Report has been prepared under Section 6(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements referred to in the Chief Minister's Annual Report Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by Rhodium Asset Solutions.

We hereby certify that the attached Annual Report is an honest and accurate account and that all material information on the operations of Rhodium Asset Solutions during the period 1 July 2009 to 30 June 2010 has been included and that it complies with the Chief Minister's Annual Report Directions.

We also hereby certify that fraud prevention has been managed in accordance with the Public Sector Management Standard 2, Part 4.

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of this Report to be laid before the Legislative Assembly within three months of the end of the financial year.

Yours sincerely

Megan Smithies
Chair
Rhodium Asset Solutions Board

31 August 2010

Ken Moore
Acting Chief Executive Officer
Rhodium Asset Solutions

31 August 2010

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APPENDICES

CHAIR OF THE BOARD REPORT

I am pleased to report that considerable progress was achieved during 2009-10 to implement the Government decision of July 2008 to wind down the Company.

Key wind down activities included:

- The completion of the transfer of the ACT Government passenger and light commercial vehicle fleet to sgfleet.
- The completion of the transfer of the ActewAGL vehicle fleet to Toyota Fleet Management.
- The consent of Voting Shareholders to the disposal of the ACT Government heavy commercial and plant and equipment fleet in accordance with Section 16(1) of the *Territory-owned Corporations Act 1990*. This fleet was transferred to the Department of Territory and Municipal Services on 1 July 2010.
- The consent of Voting Shareholders to the disposal of Rhodium's remaining novated leases in accordance with Section 16(1) of the *Territory-owned Corporations Act 1990*. These leases were sold to Toyota Fleet Management on 1 July 2010.

These disposals resulted in the number of leases under management reducing from 1,733 on 1 July 2009 to 916 on 30 June 2010. By 30 September 2010, Rhodium will have disposed of 902 of the 916 leases and will transfer the remaining 14 leases to ACT Treasury to manage until maturity.

By 30 September 2010 Rhodium will have substantially completed its wind down. The timing for Rhodium's deregistration as a company is uncertain, however, as it cannot occur until Shareholder Ministers and the Rhodium Board are satisfied that all legal obligations have been met.

I am also pleased to report that other challenges arising from the wind down decision were successfully met:

- Full leasing management services were maintained for remaining customers at agreed performance levels.
- Business continuity was maintained despite the regular loss of staff.
- Full corporate governance was maintained in accordance with Company policies.

The financial result for the financial year was an operating loss of $5.344m. The loss was largely driven by leasing revenue declining faster than the decline in leasing expenses and fixed overheads and the payment of bank break fees associated with the sale of novated leases. Despite the loss, Rhodium remained solvent through its own cash reserves and an equity injection of $1.952m from the ACT Government.

Rhodium's financial records were maintained at a satisfactory level. This enabled the End of Year Accounts to be produced in a timely and accurate fashion and with an unqualified audit opinion.

In closing, I would like to commend the commitment and dedication of Rhodium staff and the constructive relationship with Shareholder Ministers, the Treasury and the Auditor-General's Office throughout the year.

Megan Smithies
Chair of the Board

Rhodium Asset Solutions

SECTION A: PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A.1 Organisation

Rhodium Asset Solutions began trading on 1 January 2005 as an independent ACT Government Territory-owned Corporation, supplying asset financing solutions for government and business throughout Australia. Issued share capital consists of two $1 shares, owned by the ACT Government and held pursuant to the *Territory-owned Corporations Act 1990* by two Voting Shareholders (the Chief Minister and the Deputy Chief Minister) on behalf of the Territory as owner.

Following an unsuccessful sale process, the ACT Government decided in July 2008 to wind down Rhodium. The wind down was well progressed by 30 June 2010 and will be substantially completed by 30 September 2010 when Rhodium will transfer its residual business to ACT Treasury for management.

Rhodium is expected to be removed from the *Territory-owned Corporations Act 1990* in late 2010 by way of regulation in accordance with the *Territory-owned Corporations Amendment Act 2006.* A Rhodium shell company will be maintained until the ACT Government is satisfied that all of Rhodium's legal obligations have been met. The ACT Government will then apply to the Australian Securities and Investments Commission to have Rhodium deregistered.

Commercial Objectives

For the period 1 July 2009 to 30 June 2010, Rhodium had two commercial objectives:

- Implement arrangements for the wind down of the Company.
- Provide fleet management services to remaining customers until maturity or the transfer of their leases to new providers.

Main Undertakings

Products

Rhodium's products were grouped into two main areas:

- **Asset management services** (around 85% was vehicles, of which 75% was passenger or light commercial) including purchasing, maintaining, reporting, insuring, registering, paying tax, disposing or re-marketing. Rhodium also offered associated value-added services such as technical advice, training and breakdown services.
- **Finance,** either by itself or linked to asset management (under several different leasing arrangements).

Clients

Rhodium provided lease management services to a mainly ACT client base during 2009-10.

Nature and Scope of Activities

Industry Overview

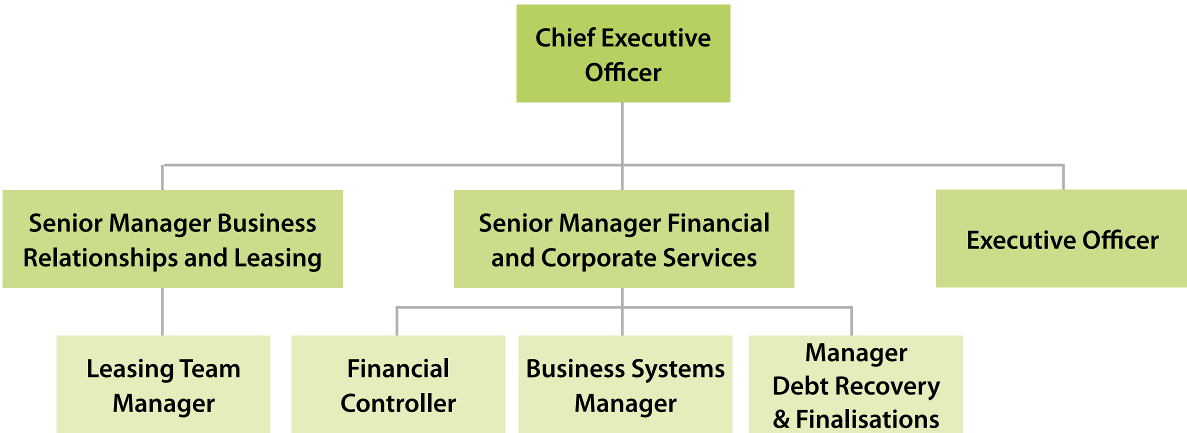
The lease management industry is highly segmented between the large and small companies, both in terms of product offering and pricing. Through high lease volumes, large companies offer significantly lower costs to clients than smaller companies. Smaller companies offer a total "24/7" service level which justify their higher management fees.

Market Environment

The market fluctuated during 2009-10 as a result of the global downturn but lease financing still comprised a major component of Australia's equipment capital expenditure.

Organisational Structure

Rhodium's organisational structure at 30 June 2010 was as follows:



Mission and Values

Rhodium's mission in 2009-10 was:

- Maintain business continuity under wind down arrangements.
- Be a good corporate citizen – relevant to the ACT community and economy.
- Exceed client and customer expectations.
- Be an employer of choice.

The mission was achieved through the following values:

- Service excellence.
- Being a model corporate citizen.
- The courage to make tough decisions that result in positive benefits to the company.
- A work environment that valued staff contribution and promoted diversity.
- Priority on accountability to shareholders, partners and customers.

A.2 Overview

Strategic Assessment of Performance

In accordance with the wind down, the number of active leases was reduced from 1,733 on 1 July 2009 to 916 on 30 June 2010. 902 of the 916 leases will be disposed of by 30 September 2010 when the other 14 leases will be transferred to ACT Treasury to manage until maturity.

In implementing the wind down, Rhodium recorded an operating loss of $5.344m for 2009-10 compared with a budget loss of $1.776m in the 2009-10 Statement of Corporate Intent.

Planning Framework and Direction Setting

As a result of the Government decision to wind-down Rhodium, short-term business strategies were implemented as outlined in A.4.

Organisational Environment

Rhodium is a small Territory-owned Corporation located in the Treasury Portfolio with its own Constitution. It has a governing Board which comprised three non-executive directors and one executive director.

Rhodium provided fleet management services for all ACT Government agencies requiring passenger and light commercial vehicles until 1 June 2009 when most vehicles were transferred to sgfleet. ACT Government vehicles that remained with Rhodium had leases that matured by 31 July 2009.

Rhodium provided fleet management services for other ACT Government asset requirements, such as specialised plant and equipment and heavy vehicles. These assets were transferred to the Department of Territory and Municipal Services on 1 July 2010.

Rhodium stopped competing in the market place for commercial business following the wind down decision in July 2008. The majority of the remaining novated leases were sold to Toyota Fleet Management on 1 July 2010 with the remainder to be disposed of or transferred to ACT Treasury by 30 September 2010.

Significant Organisational Change and Revised Administrative Arrangements

No changes were implemented during 2009-10.

Administration of Legislation

Rhodium is not involved in the administration of legislation or other regulatory activities.

A.3 Highlights

Noteworthy Operational Achievements

Highlights for 2009-10 were as follows:

- Maintenance of lease management services to remaining customers throughout the year.
- The sale of novated leases to Toyota Fleet Management.
- The transfer of remaining ACT Government assets to the Department of Territory and Municipal Services.

Major Challenges

The major challenges were as follows:

- Maintaining business continuity as a consequence of the regular loss of key staff because of the wind down.
- The limited working capital available required intensive management.
- As a consequence of the higher than budgeted operating loss, the Treasurer's approval was obtained for access of up to $2.4m from the Restructure Fund. The amount actually obtained was $1.952m.
- Ongoing implementation of Rhodium's key corporate governance objectives including maintaining satisfactory financial records, reducing outstanding trade debt and strengthening internal controls and the risk and compliance frameworks.

Progress against Service Delivery Priorities

Rhodium's main service delivery priority was to provide a full range of management services to customers during the life of the vehicle/equipment under lease and their eventual disposal.

A.4 Outlook

Future Priorities

As Rhodium's wind-down is well progressed, the focus is on the following short term priorities:

- Finalise the novated leases transferred to Toyota Fleet Management and issue Statements of Accounts.
- Finalise leases remaining under management by 30 September 2010.
- Transfer 14 leases to ACT Treasury that cannot be finalised by 30 September 2010.
- Transfer to ACT Treasury other Rhodium residual business by 30 September 2010.
- Maintain corporate governance and business continuity during the remaining wind down period.
- Provide a supportive staff environment that encourages personal commitment to excellence until completion of the wind down.
- Comply with all key relevant legislation and standards.

Changes to the Operating Environment

No further changes to Rhodium's operating environment are expected in 2010-11.

Significant Risks

A number of significant risks were managed and mitigated during the year under Rhodium's Risk Management Plan. Mitigation strategies were aimed at:

- Reducing the level of debt owing to Rhodium.
- Maintaining adequate working capital.
- Retaining key staff and contractors.
- Ensuring accurate company records.
- Implementing business continuity planning.
- Managing the wind down process to avoid delay.
- Preventing financial loss through fraud.
- Ensuring compliance with statutory obligations.

A.5 Management Discussion and Analysis

General Overview

Objectives

Rhodium's primary objective, as an ACT Government Territory-Owned Corporation, was to deliver asset financing solutions for government and the private sector.

For the year ended 30 June 2010, Rhodium had two commercial objectives:

- To implement arrangements for the wind down of the company.
- To provide fleet management services to remaining customers until maturity or the transfer of their leases to new providers.

Risk Management

In line with the ACT Government decision to wind down Rhodium, ACT Legislative Assembly consent was obtained on 10 February 2009 to the disposal of Rhodium's main undertakings in accordance with Section 16(4) of the *Territory-owned Corporations Act 1990*.

Voting Shareholders subsequently consented to the disposal of Rhodium's four main undertakings in accordance with Section 16 (1) of the *Territory-owned Corporations Act 1990*:

- ACT Government Fleet of passenger and light commercial vehicles (completed).
- ActewAGL Fleet of vehicles (completed).
- ACT Government Fleet of heavy vehicles, plant and equipment (to be completed by 30 September 2010).
- Novated vehicle leases for public and private sector customers (to be completed by 30 September 2010).

With the disposal of these main undertakings and the transfer of a limited number of leases and residual matters to the Territory, Rhodium's wind-down is expected to be completed by 30 September 2010. However, as a limited number of legacy legal obligations are expected to remain for some time, a timetable for deregistration of the company is yet to be established.

During the remaining wind down period, the company will actively manage risk in accordance with its Risk Management Plan.

Financial Performance

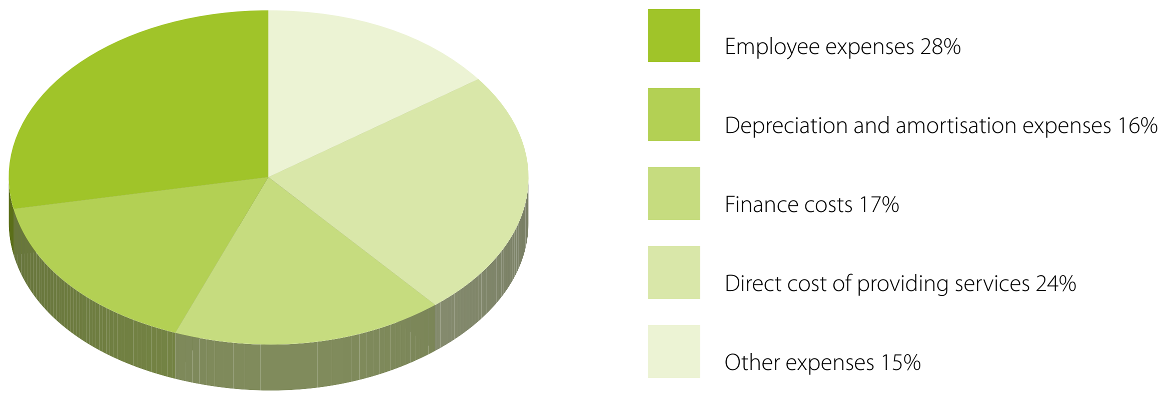
The following financial information is based on the audited 2008-09 Financial Statements, the 2009-10 Statement of Corporate Intent and the audited 2009-10 Financial Statements.

Total Expenditure

1. Components of Expenditure

Figure 1 indicates the components of Rhodium's expenditure for 2009-10. The largest component of expenditure is Employee Expenses, which represents 28% of ordinary activities or $4.1 million. This is followed by Direct Costs at 24% or $3.3 million, Finance Costs at 17% or $2.4 million, Depreciation and Amortisation Expenses at 16% or $2.2 million, and Other Expenses at 15% or $2.0million.

Figure 1 – Components of Expenditure as at 30 June 2010



2. Comparison to Budget

Total expenditure of $14.0 million was $8.4 million higher than the 2009-10 Budget of $5.7 million. The 2009-10 Budget was based on the disposal of all leases by 31 October 2009 and the winding up of the company by 31 March 2010. This process took longer than estimated, due to low market interest and prolonged sale negotiations, and the disposal of all remaining leases is now expected by 30 September 2010.

3. Comparison to 2008-09 Actual Expenditure

Total expenditure at $14.0 million was below the 2008-09 actual expenditure of $24.6 million due to ongoing fleet reductions resulting from lease disposals and maturities arising from the winding down of the company. These actions reduced Direct Costs of Providing Services by $5.3 million, Finance Costs by $2.2 million, Depreciation and Amortisation Expenses by $2.4 million and Other Expenses by $0.1 million. Employee Expenses reduced by $0.7 million in line with the reductions in activity levels.

4. Future Trends

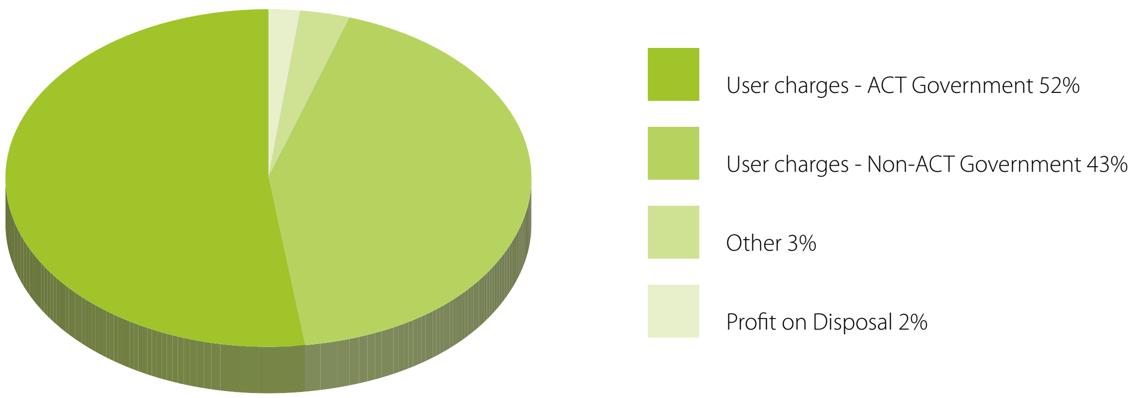
Under the current wind up plan, all assets and liabilities will be disposed of, transferred or extinguished by 30 September 2010. The net expected expenditure to complete the wind up of the company in the year ending 30 June 2010 has been provided for in the 2009-10 Financial Statements.

Total Income

1. Components of Income

Figure 2 below indicates that for the financial year ended 30 June 2010, Rhodium derived 43% or $3.7 million of its total income of $8.7 million from User Charges – Non ACT Government. This income largely relates to user charges from ACT and Commonwealth Government employees with novated leases, and private individuals and businesses with novated, finance and operating leases. The remainder of Rhodium's income was derived mainly from User Charges - ACT Government (52% or $4.5 million) for the provision of leasing arrangements to the ACT Government.

Figure 2 – Components of Income as at 30 June 2010



2. Comparison to Budget

Total income of $8.7 million was $4.8 million higher than the 2009-10 Budget of $3.9 million. The 2009-10 Budget was based on the disposal of all leases by 31 October 2009 and the winding up of the company by 31 March 2010. This process took longer than estimated, due to low market interest and prolonged sale negotiations, and the disposal of all remaining leases is now expected by 30 September 2010.

3. Comparison to 2008-09 Actual Income

Total income at $8.7 million was below the 2008-09 actual income of $23.3 million due to ongoing fleet reductions resulting from lease disposals and maturities arising from the winding down of the company. These actions reduced User Charges – Non ACT Government by $10.5 million and User Charges – ACT Government by $3.5 million.

4. Future Trends

Under the current wind down plan, all assets and liabilities will be disposed of, transferred or extinguished by 30 September 2010. The net expected expenditure to complete the wind up of the company in the year ending 30 June 2011 has been provided for in the 2009-10 Financial Statements.

Financial Position

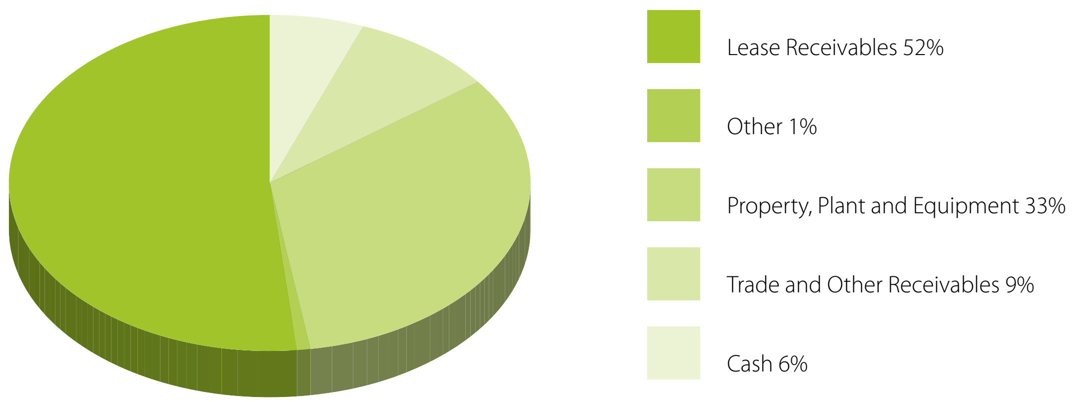
Total Assets

1. Components of Total Assets

Total Assets for the year ending 30 June 2010 were $23.5 million.

Figure 3 (below) indicates that for the financial year ended 30 June 2010, Rhodium held 52% or $13.1 million of its Total Assets in Lease Receivables and 33% or $8.2 million of Total Assets in Property, Plant and Equipment. On 1 July 2010, 627 finance leases representing $12.3 million in Lease Receivables and 161 leased assets with a book value of $7.7 million in Property, Plant and Equipment were transferred to third parties.

Figure 3 – Total Assets as at 30 June 2010



2. Comparison to Budget

Total Assets for the year ending 30 June 2010 were $24.9 million compared to a zero budget. The 2009-10 Budget was based on the disposal of all leases by 31 October 2009 and the winding up of the company by 31 March 2010. This process took longer than estimated, due to low market interest and prolonged sale negotiations, and the disposal of all remaining leases is now expected by 30 September 2010.

3. Comparison to 2008-09 Actual

Rhodium's total asset position is $23.7 million lower than the 2008-09 actual result of $48.6 million due to ongoing fleet reductions resulting from lease disposals and maturities arising from the winding down of the company. This has resulted in reductions in Lease Receivables of $17.9 million, Property, Plant and Equipment of $1.8 million and Trade and Other Receivables of $0.3 million. Cash reduced by $3.2 million and a Bank overdraft of $10.9 million was utilised at 30 June 2010 due principally to the disposal of finance leases and leased assets which were settled on 1 July 2010. An equity contribution from the ACT Government of $1.952million was received in June 2010.

Liquidity

'Liquidity' is the ability of the organisation to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. A ratio of less than 1-to-1 may indicate a reliance on the next financial year's usage charges – ACT Government to meet short-term obligations. Table 1 gives an indication of Rhodium's liquidity position.

Table 1 – Current Ratio

Description	Prior Year Actual $'000 2008-09	Current Year Budget $'000 2009-10	Current Year Actual $'000 2009-10	Forward Year Budget $'000 2010-11	Forward Year Budget $'000 2011-12	Forward Year Budget $'000 2012-13
Current Assets	48.564	0	24,904	-	-	-
Current Liabilities	45.162	0	24,894	-	-	-
Current Ratio	**1.08:1**	**-**	**1.00:1**	**-**	**-**	**-**

Rhodium's current ratio for the financial year is 1:1. Rhodium remains able to pays its debts as they fall due.

Total Liabilities

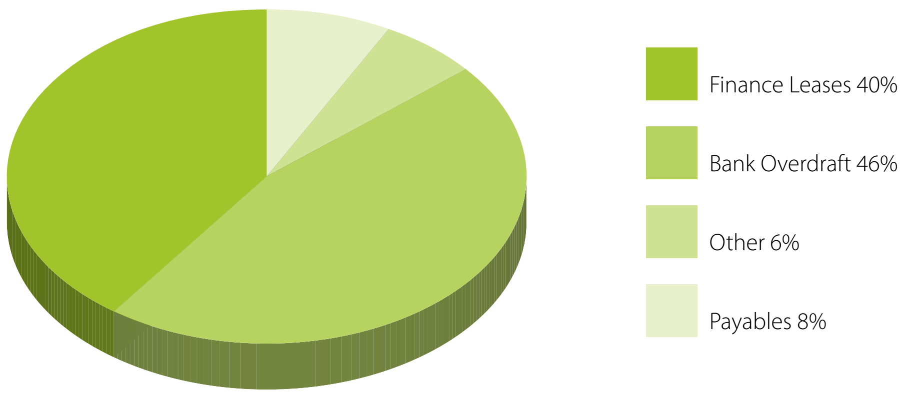
1. Components of Total Liabilities

Total Liabilities for the year ending 30 June 2010 were $24.9 million

Figure 4 below indicates that at 30 June 2010 Rhodium held 37% or $9.3 million of its liabilities in finance leases with Westpac Banking Corporation. This represents the financing of vehicle purchases which are then leased to customers.

In addition a Bank Overdraft of 44% or $10.9 million was utilised at 30 June 2010 due to the disposal of finance leases and leased assets which was settled on 1 July 2010. Payables, making up 13% or $3.3 million of Total Liabilities were steady in the year due to the inclusion of GST payable at the end of financial year relating to the transfer of leases to a third party and Other Current Liabilities increased to $1.4 million or 6% mainly due to the establishment of a provision for the wind up expenses expected to be incurred in the year ending 30 June 2011.

Figure 4 – Total Liabilities as at 30 June 2010



2. Comparison to Budget

Liabilities for the year ending 30 June 2010 were $24.9 million compared to a zero budget. The 2009-10 Budget was based on the disposal of all leases by 31 October 2009 and the winding up of the company by 31 March 2010. This process took longer than estimated, due to low market interest and prolonged sale negotiations, and the disposal of all remaining leases is now expected by 30 September 2010.

3. Comparison to 2008-09 Actual

Total Liabilities are $20.3 million lower than the 2008-09 actual result of $45.2 million due to ongoing fleet reductions resulting from lease disposals and maturities arising from the winding down of the company. This has resulted in reductions in Fleet Financing Loans of $1.2 million and Finance Leases of $30.9 million. Payables were $0.1m higher due to the inclusion of GST on the transfer of 626 leases at year end while Other Liabilities rose in the year by $0.8 million due principally to the establishment of a provision for the wind up expenses expected to be incurred in the year ending 30 June 2011.

4. Future Trends

Under the current wind down plan, all assets and liabilities will be disposed of, transferred or extinguished by 30 September 2010. The net expected expenditure to complete the wind up of the company in the year ending 30 June 2011 has been provided for in the 2009-10 Financial Statements.

A.6 Financial Report

The Financial Report is at *Appendix 2*.

A.7 Statement of Performance

Not applicable to Rhodium.

A.8 Strategic Indicators

Not applicable to Rhodium.

A.9 Analysis of Agency Performance

Rhodium's two main commercial objectives in the 2009-10 Statement of Corporate Intent and a performance assessment against each are as follows:

1. To implement arrangements for the wind-down of the company.

The 2009-10 Budget was based on the disposal of all leases by 31 October 2009 and the winding up of the company by 31 March 2010. This process took longer than estimated, due to low market interest and prolonged sale negotiations, and the disposal of all remaining leases is now expected by 30 September 2010.

Leases disposals are as follows:

- New leasing business ceased in November 2008 except for ACT Government operating leases and novated leases for existing ACTPS customers which ceased on 31 October 2009.
- The ACT Government Fleet of passenger and light commercial vehicles was transferred to sgfleet on 31 July 2009.
- The ActewAGL Fleet of vehicles was transferred to Toyota Fleet Management on 1 July 2009 with the transfer of the remaining vehicles to be completed by 30 September 2010.
- The ACT Government Fleet of heavy vehicles, plant and equipment was transferred to the Department of Territory and Municipal Services on 1 July 2010.

- Novated leases were transferred to Toyota Fleet Management on 1 July 2010 and will be completed by 30 September 2010 following the finalisation of lease accounts with customers.
- 14 leases excluded from the sale of leases and residual business matters will be transferred to the Territory by 30 September 2010.

The delay in the disposals resulted in Rhodium incurring an operating loss in 2009-10 of $5.344m compared to the budget estimated loss of $1.776m. The operating loss includes expected revenue and expenses for the period 1 July 2010 to 30 September 2010.

2. To provide fleet management services to customers until transferred to new providers.

All required management services were provided successfully to ACT Government Agencies, ActewAGL and other customers. No major issues of concern were identified by customers during 2009-10.

SECTION B: CONSULTATION AND SCRUTINY REPORTING

B.1 Community Engagement

Rhodium did not undertake any major community consultation during 2009-2010 apart from the community sponsorships listed at C.15.

B.2 Internal & External Scrutiny

Internal Scrutiny

Rhodium conducted a number of internal activities during 2009-2010 aimed at improving the business processes of Rhodium and strengthening internal controls:

- **Financial Remediation -** work continued to improve the accuracy of financial records and to ensure the reconciliation of all balance sheet accounts on a monthly basis.
- **Debt Recovery –** intensive work was conducted to verify individual lease balances and to recover outstanding debt.
- **Compliance Plan** - a comprehensive plan was implemented to ensure Rhodium's compliance with all key legislation, standards and corporate policies.
- **Risk Register -** updated monthly to reflect changes in risks and their mitigators.

External Scrutiny

As part of the Rhodium Compliance Program, the Government Solicitor was engaged to undertake an independent review of health and safety and other compliance requirements.

B.3 Legislative Assembly Committee Inquiries and Reports

Rhodium was not the subject of any Legislative Assembly Committee Inquiries or Reports in 2009-10.

B.4 Legislative Report

Rhodium was not responsible for any legislation in accordance with the Administrative Arrangements Orders.

SECTION C: LEGISLATIVE AND POLICY BASED REPORTING

C.1 Risk Management and Internal Audit

The Board through its Audit, Risk and Compliance Committee (ARCC) is committed to full compliance with its legislative and regulatory obligations, balancing business reality with legal compliance.

Composition of the ARCC and attendance by members were as follows:

Meetings Held	**10**
Philip Mitchell – Chair	10
Michael Vanderheide – Member	10
Di Fielding – Independent Member	9

The Auditor-General's representatives attended a number of ARCC meetings as observers.

Rhodium does not have a formal internal audit charter or program; however, a number of internal reviews were initiated by the ARCC and Board in response to governance and control issues as they were identified during the year.

The ARCC and Board approach to risk management is based on current best practice techniques including the assessment and quantification of both inherent risks and residual risks after the impact of mitigation strategies and internal controls.

In particular:

- Risks which have identified mitigation strategies but have a residual inherent risk value of more than $50,000 are considered by the Board on a monthly basis or more frequently if required.
- Risks which have identified mitigation strategies and have a residual inherent risk value of less than $50,000 are delegated to Rhodium's Chief Executive Officer for ongoing management and are referred to the Board for action only if factors change which rate the risk above this threshold.
- Risks which have been assessed by the Board as an acceptable risk are not reported separately to the Board.

The Board maintains an up-to-date Risk Register for all residual risks in excess of $50,000.

To support the Board's risk management strategy, the Chief Executive Officer has established a Risk Management Committee consisting of all senior managers below the Chief Executive Officer. The Committee meets monthly ahead of the ARCC and Board meetings, or more frequently as required, to review the status of existing risks and to identify and quantify any new risks. The Chief Executive Officer then refers any proposed changes to risks and mitigation strategies to the Board through the ARCC for approval.

C.2 Fraud Prevention

The Board-approved Fraud Control Policy clearly sets out Rhodium's zero tolerance to fraud as it is inherently wrong and against Rhodium's values.

In support of the Policy, Rhodium carried out a comprehensive Fraud Risk Assessment and, as a result, developed strategies and additional action plans to further minimise fraud. The overall Fraud Risk Assessment was reviewed monthly as part of the monthly review by the Risk Management Committee and the ARCC and Board.

The Fraud Policy and Fraud Risk Assessment form part of an overall Fraud Control Plan designed to minimise and control the risks of fraud occurring at Rhodium.

C.3 Public Interest Disclosure

Rhodium did not receive any Public Interest Disclosures during 2009-10.

C.4 Freedom of Information

Section 7 Statement

Rhodium is not involved in general public policy development for the ACT Government and therefore does not generally provide any public participation forums.

Rhodium's records and documents are primarily financial leasing contracts on its commercial fleet products and it does not provide any specific facilities or public access to these records. If required, a customer can make an enquiry to have access to specific records where they have a direct interest.

Section 8 Statement

Rhodium provides public access to information on its website. Public access can also be obtained by contacting Rhodium direct. Rhodium does not publish any specific information on access to its information and records under the *Freedom of Information Act 1989*.

Section 79 Statement

Rhodium did not receive any applications under the *Freedom of Information Act 1989* during 2009-10.

C.5 Internal Accountability

Rhodium Board

Directors' Report

The Directors' Report in accordance with the *Corporations Act 2001* is at *Appendix 1*.

The Role of the Board

The Rhodium Board sets strategic direction within the requirements of the *Territory-owned Corporations Act 1990*. The Board delegates to the Chief Executive Officer the responsibility for effective management of the Company.

A Board would normally strive to create shareholder value however given the wind down strategy adopted by Shareholders, the Board focus in Rhodium's case has been to implement the strategy whilst maintaining business continuity and minimising losses.

The Board's functions include:

- Setting overriding Company policy.
- Oversighting the wind down of the Company.
- Managing the service provider engaged to wind-down the Company.
- Approving business strategies and budgets.
- Assessing and reviewing the Company's performance in the following areas:
  - operational
  - financial
  - people
  - safety
- Considering management recommendations on key issues.
- Ensuring the Company acts legally and responsibly on all matters.
- Ensuring that the highest ethical standards are maintained.
- Liaising and consulting with its Shareholders.

All functions are carried out in accordance with the *Territory-owned Corporations Act 1990*, the *Corporations Act 2001*, the Australian Companies and Investment Commission guidelines and statutory requirements, and the Australian Institute of Company Directors Code of Conduct.

Corporate Governance

The Board's corporate governance policies define the roles and responsibilities of the Board and Management. The policies support the setting of business strategies and the effective performance of the Company and include:

- Board reporting and disclosure.
- Financial management.
- Legislative and regulatory compliance.
- People management.
- Risk management.
- Safety and environmental.

Code of Conduct

The Board has an approved Rhodium specific Code of Conduct in place to enhance the ethical standards which should apply within a Territory-owned Corporation.

Business Approach

The Board has required Management to put systems and controls in place to ensure Rhodium acts within the law at all times, avoids conflicts of interest and acts honestly and ethically in all business activities. Key elements of the Company's approach include:

- **Risk management** Risk management as a key business activity and an integrated program is in place based on the International Standard to enable the Company to identify, assess and appropriately manage its risks. This program was developed on the basis of the Company's Risk Management Policy and includes the involvement of Management and staff in identifying and managing risks.

- **Compliance management** Adequate measures are in place to manage compliance. Appropriate mechanisms are available to ensure that changes to legislation and regulations are identified and resultant changes are incorporated into operational procedures. A detailed compliance review was conducted throughout the year.
- **Ethics** All business activities are conducted with the highest standard of personal and corporate integrity. Through procedures, regular training and performance assessment the Company ensures its ethical objectives are met.

Major Issues dealt with by the Board during 2009-2010

Major issues addressed by the Board were:

- The achievement of commercial objectives, particularly the progression of the Company's wind down.
- The active management of major risks.
- The implementation of all available measures to minimise the operating loss.
- The maintenance of accurate financial and leasing records.
- Compliance with relevant legislation and standards.

Composition of the Board

The Rhodium Board is to have no less than four members as determined by the Voting Shareholders (the Chief Minister and Deputy Chief Minister of the ACT) in accordance with its Constitution.

The term of appointment and remuneration of Directors is determined by Rhodium's Voting Shareholders.

The following people were Directors of Rhodium Asset Solutions during the financial year and up to the date of this report:

- Megan Smithies (Chair and non-executive member from 24 September 2008): B Economics Australian National University.
- Philip Mitchell (Deputy Chair and non-executive member from 24 September 2008): B Commerce University of NSW, B Laws University of NSW.
- Michael Vanderheide (non-executive member from 24 September 2008): B Arts Macquarie University, MBA University of New England.
- Ken Moore (executive member from 26 April 2007): B Arts Macquarie University, Fellow CPA Australia, Fellow AICD.

The Board meets on a monthly basis and convened special meetings as required. At least three Directors are required for all meetings.

Board Meetings and Attendance

Attendance at meetings by Board Directors was as follows:

Board Meetings Held	13
Megan Smithies – Chair	10
Philip Mitchell – Deputy Chair	13
Michael Vanderheide - Member	13
Ken Moore – Member	13

Board Remuneration

Ms Smithies and Messrs Mitchell and Vanderheide are Non-executive Directors and whilst employed in the ACT Public Service received no remuneration. Mr Vanderheide left the ACTPS during the year and became eligible for remuneration which was set by Voting Shareholders and paid from Company funds. Mr Vanderheide's remuneration was as follows:

Cash salary:	$12,606.23
Superannuation:	$1,080.39
Total:	$13,686.62

Mr Moore as an Executive Director also did not receive any remuneration additional to the remuneration under his Chief Executive Officer contract.

All Directors are entitled to be paid reasonable travel and expenses incurred in connection with the execution of their duties.

Conflict of Interest

The Board has in place a process that ensures the interests of all Directors are disclosed to the Board upon appointment and are updated as required at each meeting. In accordance with the Board's Governance Policies, all Directors provide a formal declaration of any possible conflict before the commencement of any Board meeting and formally agree to a process for resolving matters that may give rise to actual or potential conflicts between the interests of a Director and those of Rhodium.

Access to Independent Advice

Where a Director perceives an irregularity or matter of concern regarding a Rhodium related matter he or she may seek independent advice at the Company's expense. Directors must advise the Chair before advice is sought and ensure that the costs are reasonable.

Board Advisory Resources

The Rhodium Board is able to draw on external industry and legal advisors under its Constitution.

Audit, Risk and Compliance Committee

The Board has established an Audit, Risk and Compliance Committee (ARCC). The role and composition of the ARCC are outlined in **C.1** above.

Company Secretary

Mr Ken Moore was the Company Secretary for the full year.

Senior Management Arrangements

In accordance with the organisation structure outlined at A.1, senior management responsibilities during the year were as follows:

- A/Chief Executive Officer: Mr Ken Moore
- A/Senior Manager Financial and Corporate Services Mr Andrew Fleming
- A/Senior Manager Business Relationships and Leasing: Mr Phil Liddicoat

The services of Mr Moore, Mr Fleming and Mr Liddicoat were provided on a contracted basis through MaximusSolutions Australia (MSA). Rhodium paid MSA for these services as follows:

- Mr Moore: $406,410
- Mr Fleming: $326,475
- Mr Liddicoat: $360,072

These amounts are not direct remuneration to the three senior managers as the amounts include MSA administrative and overhead costs and an MSA margin for their services. This fee-for-service arrangement was a direct consequence of Rhodium's wind-down which prevented a more permanent employment arrangement.

The Chief Executive Officer maintained the following committees for the year:

- Management Committee, consisting of officers occupying the positions detailed on the organisation chart at A.1, which met on a weekly basis to review and drive the business of the Company.
- Risk Committee, consisting of the two Senior Managers and relevant Managers, which met on a monthly basis to update the Risk Register and to make recommended changes to the Board.
- Joint Consultative Committee, comprising the two Senior Managers and two staff representatives, which met on a monthly basis to discuss topical issues that impacted staff.

C.6 Human Resources Performance

The key HR issue during the year was the retention of key staff following the Government's decision to wind-down the Company. This was managed successfully through a range of measures including a staff retention bonus scheme and an employee assistance program.

C.7 Staffing Profile

As at 30 June 2010, Rhodium employed 15 staff as follows:

FTE & Headcount

	Female	Male
FTE by Gender	7	8
Headcount by Gender	7	8
% of Workforce	47%	53%

Employment Type

Permanent	Temporary	Casual
0	14	1

Classifications

Classification	Female	Male	Total
ASO1	0	0	**0**
ASO2	5	4	**9**
ASO3	1	1	**2**
ASO4	1	2	**3**
ASO5	0	1	**1**
ASO6	0	0	**0**
PAO2	0	0	**0**
PO1	0	0	**0**
PO2	0	0	**0**
SOGC	0	0	**0**
SOGB	0	0	**0**
SOGA	0	0	**0**
SES	0	0	**0**
Total	**7**	**8**	**15**

Employment Category by Gender

Employment Category	Female	Male	Total
Permanent Full Time	0	0	0
Permanent Part Time	0	0	0
Temporary Part time	0	0	0
Temporary Full Time	7	7	14
Casual	0	1	1
Total	**7**	**8**	**15**

Total Average Length of Service by Gender by age-group

Average Length of Service	Female	Male
0-2	5	4
2-4	2	3
4-6	0	1
Total	**7**	**8**

Total Average Length of Service by Gender

Gender	Average length of service
Female	1.42 years
Male	1.92 years
Total	1.68 years

Age Profile

Gender	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+	Total
Female	0	0	6	1	0	0	0	0	0	0	0	7
Male	0	2	2	1	1	0	0	0	1	1	0	8
Total	**0**	**2**	**8**	**2**	**1**	**0**	**0**	**0**	**1**	**1**	**0**	**15**

Equity and Workplace Diversity

Aboriginal and / or Torres Strait Islander Employment		Culturally & Linguistically Diverse Employment		Employment of people with a disability		Number of employees who identify in any of the Equity and Diversity categories		Women	
Staff	%	Staff	%	Staff	%	Staff	%	Staff	%
0	**0%**	**12**	**80%**	**0**	**0%**	**12**	**80%**	**7**	**47%**

C.8 Learning and Development

Rhodium continued to provide, where practicable, staff development opportunities as a key component of attracting, developing and retaining the best staff.

Individual training needs assessments were undertaken as part of Rhodium's performance assessment and management processes.

C.9 Workplace Health and Safety

As part of Rhodium's Compliance Plan, independent advice was obtained that Rhodium was compliant with the *Work Safety Act 2008*.

Rhodium remained committed to encouraging best-practice workplace occupational health and safety.

Rhodium managed one long-term compensation case for an ex-employee during the year. No new claims were lodged during the year.

C.10 Workplace Relations

Rhodium's Employee Collective Agreement was negotiated in October 2009. A Joint Consultative Committee is in place to discuss issues and provide feedback to staff:

- One Collective Agreement.
- Total number of staff covered by the Collective Agreement during the year: 31.
- Individual Employment Agreements during the year: 2.
- Remuneration paid under the Collective Agreement and Individual Employment Agreements during the year: $1,083,807.
- No Collective Agreement or Individual Employment Agreement provided for privately plated vehicles.

C.11 Strategic Bushfire Management Plan

Rhodium does not have a land interest requiring it to report under Section 85 of the *Emergency Act 2004*.

C.12 Strategic Asset Management

Rhodium managed fixed assets with a total value of $8.248m at 30 June 2010 consisting of plant and equipment leased to customers as well as computers and office equipment for internal use. There were no major additions or upgrades in the year.

Rhodium occupied 744m^2 in office accommodation at Mitchell, ACT. Statistics for electricity and gas consumption are not available however all staff are aware of the need to minimise energy.

C.13 Capital Works

Rhodium did not undertake any major capital works during 2009-10.

C.14 Government Contracting

Procurement Principles and Processes

A policy framework is in place based on the Chief Minister's Department 'best practice' Chief Executive Financial Instructions. The framework generally complies with the requirements of the *ACT Government Procurement Act 2001* although Rhodium as a Territory-owned Corporation is not bound by the Act.

Rhodium's main business was the acquisition and management of fleet vehicles for the ACT Government and other public and private sector clients. All vehicles were procured through the following contract arrangements:

- Government Vehicle contracts.
- Standard Fleet Vehicle discount arrangements through major vehicle manufacturers.

In addition Rhodium negotiated vehicle insurance with Lumley General Insurance for all managed fleet vehicles.

External Sources of Labour and Services

Rhodium required a range of contracted and specialised services during 2009-2010. Relevant contracts exceeding $20,000 are listed below:

Contracts exceeding $20,000

Vendor	Contract Description	Total Amount	Dates
ACT Auditor-General's Office	Audit fees for the audit of the 2009 Financial Statements	$175,000	1 July 2009 to 30 June 2010 and includes all audit work for 2008-09 and part of the audit work for 2009-10.
MaximusSolutions Australia	Executive management services	$2,841,827	1 July 2009 to 30 June 2010
Duesburys	Taxation and financial management services	$51,915	1 July 2009 to 30 June 2010
Williams Love & Nicol	Legal advice on debt recovery issues	$120,705	1 July 2009 to 30 June 2010
Intact	Provision of payroll services	$26,619	1 July 2009 to 30 June 2010
Paradigm IT Solutions	IT support services	$107,705	1 July 2009 to 30 June 2010

C.15 Community Grants/Assistance/Sponsorship

Rhodium assisted the community through two major sponsorships:

ACT Association For Advancing Disabled Sport Inc. (ACTAADS): Financial assistance to ACT sporting associations for disabled facilities and support (to November 2010).

Brumbies Rugby: Four-year sponsorship for the provision of fully maintained vehicles in return for marketing and promotional opportunities (to December 2009).

C.16 Territory Records

Rhodium implemented the essential elements of a records management program that has resulted in Rhodium being compliant with the *Territory Records Act 2002*.

Rhodium did not dispose of any records during the year. However, as part of the wind-down, Rhodium archived a range of records and appropriate disposal action will be taken when the wind-down is completed.

C.17 *Human Rights Act 2004*

Rhodium promoted a working environment which recognised human rights principles.

Internal practices were implemented to: ensure equality, value and diversity; protect privacy; encourage active participation in office management; and ensure the safety and security of all staff.

Rhodium had no challenges to its operation during 2009-2010 with respect to human rights violations.

C.18 Commissioner for the Environment

Rhodium was not required to provide any assistance to the State of the Environment Report.

C.19 ACT Multicultural Strategy

Rhodium encouraged diversity in the workplace with a significant number of staff from a range of backgrounds.

C.20 Aboriginal and Torres Strait Islander Reporting

Rhodium provided services to members of the ACT Aboriginal and Torres Strait Islander Community and contributed to a key priority outcome in the report "Improved wealth creation and economic sustainability for individuals, families and communities".

C.21 Ecologically Sustainable Development

Rhodium's core business was the provision of fleet management and novated leasing arrangements primarily for motor vehicles. Rhodium assisted the ACT Government in its advice on the Green Guide fuel efficiency relating to the vehicles it sources through Rhodium. In addition, Rhodium implemented the ACT Government's policy on usage of 4 cylinder vehicles

Rhodium operated one vehicle which consumed 220 litres of unleaded petrol in 2009 -10.

C.22 ACT Women's Plan

Rhodium contributed to the achievement of the ACT Women's Plan specifically by providing a flexible working environment and appropriate leave entitlements.

C.23 ACT Model Litigant Guidelines

Rhodium has initiated litigation against customers who have fallen into arrears with their lease payments. Rhodium's procedures for dealing with these cases are fully compliant with the ACT Model Litigant Guidelines, the Trade Practices Act and the Consumer Credit Code. There have been no breaches of the Guidelines.

Appendix 1

DIRECTORS' REPORT 2009-10

Your directors submit their report for the year ended 30 June 2010.

DIRECTORS

Names, qualifications, experience and special responsibilities

The following persons were directors of Rhodium Asset Solutions Limited ("Rhodium") during the financial year and up to the date of this report:

Ms Megan Smithies (Non-Executive Chair from 24 September 2008). B Economics Australian National University. Currently Under Treasurer, ACT Treasury and has had a 20 year career with the ACT Government.

Mr Philip Mitchell (Non-Executive Deputy Chair from 24 September 2008). B Commerce University of NSW, B Laws University of NSW. Admitted to practice in the High Court and Supreme Courts of the ACT and NSW. Mr Mitchell has had a 33 year career in both private and public legal organisations. He is a former General Manager, Legal and Compliance, Land Development Agency in the ACT Government and was the ACT Chief Solicitor from 1998 to 2004. Mr Mitchell was appointed Chair of the Audit, Risk and Compliance Committee from 12 November 2008.

Mr Michael Vanderheide (Non-Executive Director from 24 September 2008). BA Macquarie University, MBA from University of New England, Adjunct Professor with School of Information Sciences and Engineering at the University of Canberra and Chair of the Advisory Council to the Canberra Institute of Technology's Faculty of Business. Mr Vanderheide is a former Head of Shared Services in the ACT Government, and is currently the Chief Information Officer Victoria Police. Mr Vanderheide has had a 20 year career in a mix of large public and private sector organisations including Qantas, IBM and ActewAGL.

Mr Ken Moore (Executive Director from 26 April 2007): B Arts Macquarie University, Fellow CPA of Australia, Fellow AICD. Mr Moore has been the Chief Executive Officer since June 2006 under contract from MaximusSolutions Australia.

Company Secretary

Mr Ken Moore for the full financial year.

Public Officer

Mr Ken Moore for the full financial year.

DIVIDENDS

There were no dividends declared or paid during 2008-09.

PRINCIPAL ACTIVITIES

The principal activities during the year were:

- Leasing and related services:
  - Novated leasing products.
  - Operating leasing products.
  - Finance leasing products.
  - Residual positions.
- Fleet management services for passenger and light commercial vehicles, plant and equipment.

OPERATING AND FINANCIAL REVIEW

The financial information provided at A.5 of the Annual Report is based on audited Financial Statements for 2008-09, audited Financial Statements for 2009-10 and the Budget contained in Rhodium's 2010-11 Statement of Corporate Intent.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 22 July 2008, the ACT Government initiated a procurement process to wind down the company.

Under the wind down, the number of active leases was reduced from 1,733 on 30 June 2009 to 916 on 30 June 2010.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 1 July 2010, 787 of the remaining 916 leases were disposed with the balance, 129 leases, expected to be disposed by 30 September 2010.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Rhodium is expected to be removed from the *Territory-owned Corporations Act 1990* in late 2010 following the disposal of all active leases. The ACT Government will retain a Rhodium "shell" company for some time after the company is removed from the *TOC Act* to ensure all of Rhodium's legal obligations have been discharged. The company will then be deregistered.

ENVIRONMENT REGULATION AND PERFORMANCE

Commissioner for the Environment

As reported at C.18 in the Annual Report, Rhodium has not been requested to provide any assistance during 2009-2010 to the State of the Environment Report.

Ecologically Sustainable Development

As reported in C.21 of the Annual Report, Rhodium's core business has been the provision of fleet management and novated leasing arrangements primarily for motor vehicles. Rhodium assisted the ACT Government in its advice on the Green Guide fuel efficiency relating to the vehicles it sourced through Rhodium. In addition Rhodium implemented the ACT Government's policy on usage of 4 cylinder vehicles.

Strategic Bushfire Management Plan

As reported in C.11 of the Annual Report, Rhodium does not have a land interest requiring it to report under Section 85 of the *Emergency Act 2004*.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Every person who is or has been a director, secretary or executive officer of the Company is indemnified to the maximum extent permitted by law, out of the property of the Company against liabilities for costs and expenses, except where judgement is given against the person or where the conduct arises out of a lack of good faith. This indemnity is pursuant to the Company's Constitution Clause 11.

The Company pays a premium for insurance covering each person who is or has been a director, secretary or executive officer of the Company against liability incurred in their company roles, provided that liability does not arise out of a wilful breach of duty or a contravention of Section 199A(3) of the *Corporations Act 2001 (Commonwealth)*. The coverage extends to any liability for costs and expenses incurred in defending civil or criminal proceedings relating to the person's position with the Company. The sum insured is $20 million for any one claim and in aggregate during the period of insurance. During the financial year there were no claims on the policy. The total amount of insurance contract premium paid was $25,769. This amount is included as part of Directors' remuneration included in note 17: Key Management Personnel Compensation.

In addition, and to the extent that the relevant policy or professional indemnity insurance does not adequately respond, the Territory has indemnified Directors against all liability and claims arising out of performance of the duties of Director in good faith.

REMUNERATION REPORT

Directors' remuneration is disclosed in note 17: Key Management Personnel Compensation.

DIRECTORS MEETINGS

Attendance by Directors and the Independent ARCC member was as follows:

	Board	ARCC
Meetings Held	13	10
Megan Smithies – Chair	10	n/a
Philip Mitchell – Deputy Chair and ARCC Chair	13	10
Michael Vanderheide – Member	13	10
Ken Moore – Member	13	n/a
Di Fielding – ARCC Independent Member	n/a	9

Board Committees

The Board has established an Audit, Risk and Compliance Committee (ARCC) to advise the Board on all internal and external financial audit issues, risk management, compliance and the adequacy of accounting procedures, systems, controls and financial reporting.

The Auditor-General and/or her nominated representatives attended several ARCC meetings as observers.

Board Appointments and Retirements

There were no Board appointments or retirements during the year.

ROUNDING

The amounts contained in this report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The Company is an entity to which this class order applies.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received the attached declaration from the auditor of Rhodium Asset Solutions Limited.

The auditor did not provide any non-audit services to the Company.

Signed in accordance with a resolution of the Directors.

Megan Smithies
Chair

31 August 2010

Appendix 2

Rhodium Asset Solutions Limited

Financial Statements

For the Year Ended 30 June 2010

CONTENTS

These financial statements cover Rhodium Asset Solutions Limited as an individual entity.

Rhodium Asset Solutions Limited is a company limited by shares, incorporated and domiciled in Australia. The Company's registered office and principal place of business is Ground Floor, 118 Lysaght Street, Mitchell ACT 2911.

A description of the nature of the Company's operations and principal activities is included in the Directors' Report on page 27.

Rhodium Asset Solutions Limited
Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	2010 $000	2009 $000
Revenue	3	**8,660**	23,261
Direct cost of providing services		**3,295**	8,591
Finance costs	4	**2,353**	4,570
Depreciation	4	**2,196**	4,553
Employee expenses	4	**4,114**	4,795
Other expenses	4	**2,046**	2,083
Total expenses		**14,004**	24,592
Operating loss for the period before income tax expense		**(5,344)**	(1,331)
Income tax expense	5	**-**	-
Operating loss for the period after income tax expense		**(5,344)**	(1,331)
Other comprehensive income for the reporting period		**-**	-
Total comprehensive loss		**(5,344)**	(1,331)

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Rhodium Asset Solutions Limited
Statement of Financial Position

As at 30 June 2010

	Note	**2010**	2009
		$000	$000
Current assets			
Cash and cash equivalents	6	**1,390**	4,580
Trade and other receivables	7	**2,151**	2,499
Property, plant and equipment	11	**8,188**	10,010
Other financial assets	8	**13,131**	30,995
Other	9	**44**	354
Assets held for sale	11	**-**	126
Total current assets		**24,904**	48,564
Total non-current assets		**-**	-
Total assets		**24,904**	48,564
Current liabilities			
Trade and other payables	12	**3,263**	3,129
Interest-bearing liabilities	13	**20,224**	41,379
Provisions	14	**1,407**	240
Other	15	**-**	414
Total current liabilities		**24,894**	45,162
Total non-current liabilities		**-**	-
Total liabilities		**24,894**	45,162
Net assets		**10**	3,402
Equity			
Contributed equity			
Accumulated losses		**(8,071)**	(2,727)
Capital contribution reserve		**8,081**	6,129
Total equity		**10**	3,402

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Rhodium Asset Solutions Limited
Statement of Changes in Equity

For the year ended 30 June 2010

	Contributed Equity	(Accumulated Losses)	Capital Contribution Reserve	Total
	$000	$000	$000	$000
Balance at 1 July 2008		**(1,396)**	**6,129**	**4,733**
Operating loss for the period		(1,331)	-	(1,331)
Other comprehensive income		-	-	-
Total comprehensive income for the period		**(1,331)**	**-**	**(1,331)**
Balance at 30 June 2009		**(2,727)**	**6,129**	**3,402**
Operating loss for the reporting period		(5,344)	-	(5,344)
Other comprehensive income		-	-	-
Total comprehensive loss for the reporting period		**(5,344)**	**-**	**(5,344)**
Transactions with owners in their capacity as owners				
Shareholder equity contribution		-	1,952	1,952
Balance at 30 June 2010		**(8,071)**	**8,081**	**10**

Contributed equity is comprised of issued capital (being two fully paid ordinary shares of $1 each).

The Capital Contribution Reserve comprises:

- the equity contributed by the ACT Government in the form of assets and liabilities on the creation of Rhodium Asset Solutions Limited; and
- an amount of $1,952,000 received from the ACT Government (the ultimate parent entity) during June 2010 for the purpose of increasing working capital. This amount is non-interest bearing and there is no specified repayment date nor is the amount subject to any contract. This amount has been treated as equity and not a liability as there is no present obligation to repay it. No shares have been issued in consideration of this amount and it carries no right to extra votes or a right to dividends.

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Rhodium Asset Solutions Limited
Statement of Cash Flows

For the year ended 30 June 2010

	Note	2010 $000	2009 $000
Cash flows from operating activities			
Receipts from customers		**18,462**	45,628
Payments to suppliers and employees		**(18,244)**	(34,610)
Fleet financing inflows		**18,666**	63,478
Fleet financing outflows		**(34,147)**	(81,977)
Interest received		**124**	186
Borrowing costs		**(2,370)**	(5,888)
Income tax paid		**-**	233
Net cash flows (used in) operating activities	22	**(17,509)**	(12,950)
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangibles		**(112)**	(366)
Proceeds from sale of property, plant and equipment		**1,544**	15,227
Net cash flows from investing activities		**1,432**	14,861
Cash flows from financing activities			
Shareholder equity contribution		**1,952**	-
Net cash flows from financing activities		**1,952**	-
Net (decrease) / increase in cash and cash equivalents		**(14,125)**	1,911
Cash and cash equivalents at the beginning of the reporting period		**4,580**	2,669
Cash, cash equivalents and bank overdraft at the end of the reporting period	22	**(9,545)**	4,580

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1 Summary of Significant Accounting Policies

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other mandatory and professional reporting requirements.

In July 2008, the ACT Government announced that it would bring in a service provider to take over management of, and wind down, existing leases and to tender for a new provider of fleet financing for the ACT Government. This process is planned to be completed by 30 September 2010. Accordingly, the financial statements are prepared on a liquidation basis where the carrying values of assets and liabilities are based upon the cash flows expected to arise during the remaining life of the company, rather than through the normal course of operations. In addition, an amount has been provided in these financial statements for the expected costs to be incurred to complete the wind up of the Company.

Where the carrying value of assets and liabilities are at risk of material adjustment in the next financial period, their carrying values have been adjusted to reflect the impact of the now limited expected period of operation. This includes bringing to account provisions in relation to non-cancellable obligations previously disclosed as commitments and contingent liabilities. All assets and liabilities have been classified as current in the Balance Sheet.

The Company is expected to have sufficient funds to settle all liabilities and is further supported by an indemnity from the ACT Treasurer covering all liabilities, claims, demands, costs and expenses incurred in relation to or arising out of the operations of the Company.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

(b) Statement of Compliance

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

Certain Australian Accounting Standards and Australian Accounting Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2010. The Board and management have assessed that the impact of these new or amended standards will not be significant to the Company.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management regularly evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial report.

Note 1 Summary of Significant Accounting Policies (continued)

(i) Significant accounting judgements

Finance leases – company as lessor

The Company routinely enters into finance lease arrangements to finance the purchase of motor vehicles on behalf of private individuals and businesses. The sub-lease agreement is structured to transfer the significant risks and benefits of ownership to the sub-lessee and therefore, as lessor, the Company classifies the agreement as a finance lease. Under these circumstances, the transaction results in the creation of a lease receivable, rather than the purchase of plant and equipment. Lease receipts are then apportioned between finance income and the reduction of the principal receivable, rather than being credited to profit or loss as rental income.

Non-recovery of deferred taxes

Management has not recognised a deferred tax asset, on the basis that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be used.

(ii) Significant accounting estimates and assumptions

Impairment of trade debtors and leases receivable

No provision has been made for receivables related to finance leases with a carrying amount of $46,046 (2009: $716,194) that were past due at the reporting date, as experience has shown that whilst many finance lease debtors are constantly in arrears they do not necessarily become bad debts. Refer Note 7.

Estimates of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and lease terms (for equipment under a finance lease). The income producing capacity of assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Provision for wind-up

All expenses expected to arise in the period after 30 June 2010 until the final wind up of the Company have been estimated and provided for at 30 June 2010 based on known information and management judgement.

(d) Revenue recognition

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Asset financing and fleet management services

Revenue from asset financing and fleet management services is recognised when the services are provided.

Interest income

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

Note 1 Summary of Significant Accounting Policies (continued)

(e) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

Company as a lessor

The Company recognises a lease receivable at the inception of finance leases, when substantially all of the risks and benefits incidental to ownership of the leased item are transferred to the lessee. Lease receipts are apportioned between finance income and the reduction of the principal receivable, so as to achieve a constant rate of interest on the remaining balance of principal.

Leases in which the Company retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(f) Cash

Cash in the balance sheet comprises cash at bank and in hand with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade and other receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for impairment of debts is made when there is objective evidence that the Company will not be able to collect the debts.

(h) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Note 1 Summary of Significant Accounting Policies (continued)

Receivables

Receivables, including finance leases receivable, are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Impairment

At each reporting date, an assessment is made whether there is objective evidence that a financial instrument has been impaired.

Financial liabilities

Financial liabilities, including finance lease liabilities and loan liabilities, are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(i) Income tax

The Company is a State/Territory Body that is exempt from income tax in accordance with section 24AM of the *Income Tax Assessment Act 1936*. The Company is however required to make equivalent tax payments to the Commissioner of ACT Revenue under the National Tax Equivalent Regime (NTER), by virtue of the *Taxation (Government Business Enterprises) Act 2003*.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the:

- deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be used, except when the:

• deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

• deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be used.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be used.

Note 1 Summary of Significant Accounting Policies (continued)

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(j) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Property, plant and equipment

Property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed at each balance sheet date to ensure it is not in excess of the recoverable amount from these assets.

In accordance with the liquidation basis, the value of leased property, plant and equipment has been re-valued as at 30 June 2010 to a recoverable amount based on the expected net cash flows that will be received from the asset's employment and subsequent disposal over the shortened period of operations, rather than what would be expected in the normal course of operations. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 1 Summary of Significant Accounting Policies (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other costs (eg. repairs and maintenance) are charged to the income statement during the financial period in which they are incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use, as follows:

Plant and equipment

• Furniture and fittings	1 - 15 years
• Motor vehicles	4 - 10 years
• Computer equipment and software	3 - 10 years
• Assets under a finance lease	nominal term of lease

(l) Impairment of assets

At each reporting date, the carrying values of assets are reviewed to determine whether there is any indication that those assets have been impaired. If such an indication exists, then the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit to which the asset belongs is estimated.

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Note 1 Summary of Significant Accounting Policies (continued)

(o) Borrowing costs

Borrowing costs include interest on current and non-current borrowings and the interest component of finance lease charges.

Borrowing costs are recognised as an expense when incurred.

(p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is immaterial, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(q) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised either in other payables or provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long Service Leave

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

Note 2 Segment Information

The Company operates within one geographic segment, Australia, providing a range of fleet management, vehicle and plant hire services.

	2010	2009
	$000	$000
Note 3 Revenue		
Asset financing and fleet management services	6,290	18,645
Finance income from finance leases	2,040	3,629
Net profit on sale of assets	206	801
Other	124	186
	8,660	23,261

Note 4 Expenses

The (loss) from operations before income tax expense has been arrived at after charging the following items

	2010 $000	2009 $000
Finance costs		
Finance leases and loans	2,345	4,569
Other	7	1
	2,353	4,570
Depreciation		
Plant and equipment	180	154
Plant and equipment under finance lease	2,016	4,399
	2,196	4,553
Employee benefits expense		
Wages and salaries	1,110	1,924
Contractors fees	2,871	2,715
Superannuation payments	105	195
Other employee benefits expense	28	(39)
	4,114	4,795
Other expenses		
Impairment (write back) / expenses		
– finance lease receivable	(92)	554
- plant and equipment	-	90
- trade debtors	15	-
	(77)	644
Consultants fees	36	101
Donations and sponsorship	136	199
IT expenses	147	145
Wind up expenses	1,065	-
Other expenses	739	994
	2,046	2,083
Operating lease rentals (included in the direct cost of providing services)	233	332

	2010	2009
	$000	$000

Note 5 Income Tax Expense

(a) Income tax expense

The major components of the income tax expense are:

Income Statement		
Current income tax		
Current income tax charge / (credit)	(1,793)	(351)
Adjustments in respect of current income tax of previous years	(4)	-
Loss not recognised	1,797	351
Deferred income tax		
Relating to origination and reversal of temporary differences	190	(39)
Adjustment in respect of deferred income tax of previous years	246	-
Timing differences not recognised	(436)	39
Income tax expense reported in the income statement	**-**	-
Income tax payable on the face of the balance sheet is net of tax instalment payments made in respect of the liability at 30 June 2010	**-**	-

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

Accounting (loss) before tax	(5,344)	(1,331)
At the statutory rate of 30% (2009: 30%)	(1,603)	(399)
Expenditure not allowable for income tax purposes	-	9
Adjustment in respect of current income tax of previous years	(4)	-
Adjustment in respect of deferred income tax of previous years	246	-
Loss not recognised	1,797	351
Timing differences not recognised	(436)	39
Income tax expense	**-**	-

Note 5 Income Tax Expense (continued)

	Balance Sheet		Income Statement	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000
(c) Recognised deferred tax assets and liabilities				
Deferred income tax at 30 June related to the following:				
(i) Deferred tax liabilities	-	-	-	-
(ii) Deferred tax assets				
Annual leave	11	19	(8)	(18)
Long service leave	-	-	-	(11)
Superannuation	5	17	(12)	8
Doubtful debts	86	247	(161)	(123)
Audit fees	24	43	(19)	-
Other	435	228	207	215
Assets under a finance lease	9	452	(443)	(33)
Timing differences not recognised	(570)	(1,006)	436	(38)
Gross deferred tax assets	-	-		
Deferred income tax charge			-	-

(d) Tax losses

The Company has accumulated tax losses for which no deferred tax asset has been recognised of $8,249,266 (2009: $1,509,736). The deferred tax asset associated with the loss will only be realised in the future in the event of sufficient taxable profits being available to use the losses, subject to loss recoupment rules.

Note 6 Cash and Cash Equivalents

	2010	2009
	$000	$000
Cash at bank and on hand	1,390	4,580
	1,390	4,580

Refer to Note 22 for the reconciliation of Cash Flows (used in) operations with the net loss for the period.

Note 7 Trade and Other Receivables

	2010 **$000**	2009 $000
Trade debtors	863	3,015
Other debtors	26	307
GST Receivable	1,484	-
	2,373	3,322
Less: Allowance for impairment of receivables	(222)	(823)
	2,151	2,499

Trade and other receivables are non-interest bearing and are generally on 30-day terms.

A provision for the impairment of trade and other receivables is made when there is objective evidence that a receivable is impaired. An allowance is recognised as an expense in the current year for specific debtors when such evidence exists. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the receivable and the estimated future cash flows expected to be received from the relevant debtor.

Experience has shown that in respect of customers with novated lease agreements there is often a delay between signing lease documents and making the first in a series of regular lease rental payments through salary packaging providers. Although constantly in arrears, these debtors regularly settle outstanding invoices when leases are finalised. In light of this experience, the Company has provided for both current and overdue finance and novated lease related trade debtor balances where customers have ceased making regular payments.

The age of other trade debtor balances (typically operating lease customers) is the primary factor when considering the recoverability of these receivables. In the absence of specific information supporting their recoverability, the Company has provided for these receivables if they are over 90 days old, or if there is other evidence that they will not be recovered.

Leases receivable and trade debtor balances that arise as minimum lease rental payments are invoiced, are secured by the assets financed. In the event of a default by a customer, and if a satisfactory payment plan cannot be arranged, the Company takes possession of the asset financed and disposes of it at auction. If the sales proceeds are inadequate to settle all arrears an allowance is made to the extent that the remaining receivable is judged to be impaired.

Management constantly monitors trade debtor balances and is actively attempting to recover overdue receivables in order to reduce credit risk and manage cash flows. At 30 June 2010, payment plans are in place for overdue receivables having a carrying amount of $191,545 (30 June 2009: $359,468) with an average amount per debtor of $5,473 (30 June 2009: $6,782).

At 30 June 2010, the allowance for impaired receivables has a carrying amount of $221,708 ($823,445 at 30 June 2009). Receivables with a carrying value of $46,046 ($849,704 at 30 June 2009) are past due but not considered impaired at the reporting date. Of this amount, $46,046 ($716,194 at 30 June 2009), relates to outstanding finance lease rental payments that the Company believes are still recoverable, for the reasons discussed above (including the fact that many are on satisfactory payment plans).

Note 7 Trade and Other Receivables (continued)

At 30 June 2010 the ageing analysis of trade and other debtors is as follows:	Not Considered Impaired $000	Considered Impaired $000	Total $000
Current	2,105	17	2,122
1 - 30 days past due	21	10	31
31 - 60 days past due	9	7	16
61 - 90 days past due	6	6	12
91 - 120 days past due	6	7	13
120 + days past due	4	175	179
	2,151	222	2,373

At 30 June 2009 the ageing analysis of trade and other debtors is as follows:	Not Considered Impaired $000	Considered Impaired $000	Total $000
Current	1,649	30	1,679
1 - 30 days past due	286	58	344
31 - 60 days past due	156	77	233
61 - 90 days past due	45	151	196
91 - 120 days past due	20	75	95
120 + days past due	343	432	775
	2,499	823	3,322

	2010 **$000**	2009 $000
Movement in the allowance for Impaired Receivables		
Balance at the beginning of the reporting period	823	1,234
Increase / (Decrease) in allowance recognised in profit or loss	3	(16)
Amounts written off during the year	(604)	(395)
Balance at the end of the reporting period	222	823
Charge / Credit to income statement for impairment losses on trade debtors comprises:		
Allowance recognised in profit and loss	3	(16)
Items not specifically provided for that are charged directly to the expense account	12	16
	15	-

Note 8 Other Financial Assets

	2010	2009
	$000	$000
Current		
Finance lease receivable	13,288	31,549
Impairment of lease receivable	(157)	(554)
	13,131	30,995

Movement in the allowance for Impaired Finance Lease Receivables		
Balance at the beginning of the reporting period	554	-
(Decrease) / Increase in provision recognised in profit or loss	(92)	554
Amounts written off during the reporting period	(305)	-
Balance at the end of the reporting period	157	554
Charge / credit to income statement for impairment losses on finance lease receivables comprises:		
Write-back of allowance recognised in profit and loss	(92)	-
Items not specifically provided for that are charged directly to the expense account	-	-
	(92)	-

Finance lease receivables are related to the financing of new motor vehicles and are secured by the asset financed. Lease terms require constant repayments either fortnightly or monthly over terms generally spanning 12 to 60 months, which reduce the lease receivable to a residual value that is due at the end of the lease term.

Finance lease receivables are measured at amortised cost using the effective interest rate method, less an allowance for impairment if there is objective evidence that a receivable is impaired.

Details regarding the effective interest rate and credit risk of current finance leases receivable is disclosed in Note 16. Minimum lease payments receivable are disclosed in Note 20.

Note 9 Other

	2010	2009
	$000	$000
Prepayments	44	354

Note 10 Assets Received as Collateral

Leases receivable and trade debtor balances that arise as minimum lease rental payments are invoiced, are secured by the assets financed. During the reporting period, the Company took possession of 8 motor vehicles (2009: 16) and disposed of them at auction, raising $110,152 (2009: $215,518) to recover lease receivable and outstanding trade debtor balances.

	2010	2009
	$000	$000

Note 11 Property, Plant and Equipment

Plant and equipment		
At cost	628	1,062
Accumulated depreciation and impairment losses	(628)	(745)
	-	317
Leased plant and equipment		
At capitalised cost	12,677	14,089
Accumulated amortisation and impairment losses	(4,490)	(4,396)
	8,188	9,693
	8,188	10,010

Leased plant and equipment is pledged as security for the related finance lease liability.

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period are set out below.

For the year ended 30 June 2010	**Plant and equipment**	**Leased plant and equipment**	**Total**
	$000	**$000**	**$000**
Carrying amount as at 1 July 2009	317	9,693	10,010
Additions	112	1,474	1,585
Disposals	(249)	(963)	(1,211)
Depreciation	(180)	(2,016)	(2,196)
Carrying amount at 30 June 2010	-	8,188	8,188

For the year ended 30 June 2009	**Plant and equipment**	**Leased plant and equipment**	**Total**
	$000	**$000**	**$000**
Carrying amount at 1 July 2008	424	21,484	21,908
Reclassifications	36	(36)	-
Additions	366	6,914	7,280
Disposals / transfers to assets held for sale (i)	(248)	(14,287)	(14,535)
Depreciation expense	(154)	(4,399)	(4,553)
Impairment loss	(107)	17	(90)
Carrying amount at 30 June 2009	317	9,693	10,010

(i) Includes motor vehicles classified as 'assets held for sale' as they were scheduled for sale after 30 June 2009.

Note 12 Trade and Other Payables

	2010 $000	2009 $000
Trade creditors	3,029	2,253
Accrued expenses	197	814
Annual leave accrual	36	62
	3,263	3,129

Trade payables are non-interest bearing and are generally settled on 30-day terms.

Note 13 Interest-Bearing Liabilities

	2010 $000	2009 $000
Current		
Bank overdraft	10,935	-
Finance lease liability	9,289	40,154
Fleet financing loans from the ACT Department of Treasury	-	1,225
	20,224	41,379

Finance lease liabilities are interest-bearing and measured at amortised cost using the effective interest rate method. They are related to the financing of new motor cars, trucks and machinery. Liabilities are secured by the asset financed. Lease terms require constant repayments either fortnightly or monthly over terms generally spanning 12 to 60 months, which reduce the lease liability to a residual value which is payable at the end of the lease term. Under the terms of particular leases, the Company has the option to acquire the leased assets at the agreed fair value on expiry of the leases.

Fleet financing loans are interest bearing and are measured at amortised cost using the effective interest rate method. Funding is provided by the ACT Department of Treasury at commercial rates of interest and is used to purchase new motor vehicles used by ACT Government departments and agencies. Liabilities are secured by the asset financed and the terms of the loans generally span 12 to 60 months.

During the year ended 30 June 2010 (and the year ended 30 June 2009) Rhodium did not default on any loan or lease agreement. Details regarding the effective interest rate and credit risk of current finance leases liabilities are disclosed in Note 16. Minimum lease payments are disclosed in Note 20.

Note 14 Provisions

	2010 $000	2009 $000
Current		
Loss on residual guarantees	198	63
Onerous office lease provision	144	177
Wind up costs	1,065	-
	1,407	240

(a) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Loss on Residual Guarantees **$000**	Office Lease **$000**	Wind Up Costs **$000**	Total **$000**
At 1 July 2009	63	177	-	240
Used	-	(33)	-	(33)
Arising during the year	135	-	1,065	1,200
At 30 June 2010	198	144	1,065	1,407

(b) Nature and timing of provisions

(i) *Loss on Residual Guarantees*

The loss on residual guarantee represents the expected losses, based on an independent valuation, on disposal of various assets for which the Company has guaranteed the residual value. See also further description at Note 20.

(ii) *Onerous Office Lease*

The Company leases office premises and the provision above represents the rent for the period from 1 July 2010 to 31 December 2011 upon which the Company has entered a non-cancellable lease.

(iii) *Wind up costs*

The wind up costs represent salaries, contractors fees and other costs to be incurred in future periods in completing the wind up of the Company.

	2010 **$000**	2009 $000
Note 15 Current Liabilities – Other		
Payments received in advance	**-**	414

Note 16 Financial Instruments

(a) Financial Risk Management

The financial instruments consist mainly of deposits with banks and overdrafts, accounts receivable and payable, leases receivable and payable. The Company does not trade or speculate in derivatives. The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

The main risks the Company is exposed to through its financial instruments are liquidity, credit and market risks (ie. interest rate risks). Management constantly monitors these risks through internal reports and takes action where appropriate to minimise the impact and likelihood of adverse events.

Liquidity risk

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained. At balance date, the Company has available $2m of unused credit facilities available for its immediate use. The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables detail the undiscounted cash flows of financial liabilities based on the earliest date the Company can be required to pay. The tables include both interest and principle payable and because of this do not reconcile to items on the Balance Sheet.

Note 16 Financial Instruments (continued)

Maturity analysis for financial liabilities at 30 June 2010	Less than 6 months $000	6 - 12 months $000	1 - 5 years $000	5+ years $000	Total $000
Trade and other payables	3,263	-	-	-	3,263
Bank overdraft	10,935	-	-	-	10,935
Finance lease liability	10,517	-	-	-	10,517
Total financial liabilities	24,715	-	-	-	24,715

Maturity analysis for financial liabilities at 30 June 2009	Less than 6 months $000	6 - 12 months $000	1 - 5 years $000	5+ years $000	Total $000
Trade and other payables	3,067	-	-	-	3,067
Fleet Financing – ACT Treasury	1,234	-	-	-	1,234
Finance lease liability	11,919	32,597	-	-	44,516
Total financial liabilities	16,220	32,597	-	-	48,817

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in the Company suffering a financial loss. The Company manages this risk by maintaining an appropriate credit policy and reviewing receivables to ensure collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided. Because lease receivables and trade and other debtors are spread across a wide range of debtors there is no material concentration of credit risk among any of the Company's financial assets.

The Company's maximum exposure to credit risk at balance date in respect of recognised financial assets, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Interest rate risk

Interest rate risk is comprised of cash flow and fair value interest rate risks. Financial instruments that expose the Company to these risks are set out in the following tables.

Note 16 Financial Instruments (continued)

30 June 2010	Floating interest rate $000	Fixed interest rate 1 period or less $000	Over 1 to 5 periods $000	More than 5 periods $000	Non –interest bearing $000	Total $000	Weighted average effective interest rate
Financial assets							
Cash and cash equivalents (Note 6)	1,390	-	-	-	-	1,390	
Trade and other receivables (Note 7)	-	-	-	-	2,151	2,151	n/a
Finance leases receivable (Note 8)	-	13,131	-	-	-	13,131	
Total financial assets	1,390	13,131			2,151	16,672	
Financial liabilities							
Trade and other payables (Note 12)	-	-	-	-	3,263	3,263	n/a
Bank overdraft		10,935				10,935	4.01%
Finance lease liability (Note 13)	-	9,289	-	-	-	9,289	7.62%
Total financial liabilities		20,224			3,263	23,487	
Net position	1,390	(7,093)	-	-	(1,119)	(6,815)	

30 June 2009	Floating interest rate $000	Fixed interest rate 1 period or less $000	Over 1 to 5 periods $000	More than 5 periods $000	Non –interest bearing $000	Total $000	Weighted average effective interest rate
Financial assets							
Cash and cash equivalents (Note 6)	4,580	-	-	-	-	4,580	
Trade and other receivables (Note 7)	-	-	-	-	2,499	2,499	n/a
Finance leases receivable (Note 8)	-	30,995	-	-	-	30,995	
Total financial assets	4,580	30,995	-	-	2,499	38,074	
Financial liabilities							
Trade and other payables (Note 12)	-	-	-	-	3,067	3,067	n/a
Loans (Note 13)	-	1,225	-	-	-	1,225	6.74%
Finance lease liability (Note 13)	-	40,154	-	-	-	40,154	7.57%
Total financial liabilities	-	41,379	-	-	3,067	44,446	
Net position	4,580	(10,384)	-	-	(568)	(6,372)	

n/a – not applicable

Note 16 Financial Instruments (continued)

The Company's exposure to cash flow interest rate risk relates to financial assets and liabilities subject to floating interest rates. The Company minimises its exposure to this risk by fixing interest rates on debt and on leases it provides to customers. It is acknowledged that fair value exposure is a by-product of the attempt to manage cash flow volatility arising from interest rate changes. The Company manages this risk by, whenever possible, funding fixed rate leases receivable with correlating fixed rate debt agreements. As a result, fair value interest rate risk is minimised because changes in market interest rates have a correlating impact upon both debt and receivables.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	2010	2009
	$	$
Change in Statement of Comprehensive Income		
- increase in interest rate by 1%	13,901	45,796
- decrease in interest rate by 1%	(13,901)	(45,796)
Change in equity		
- increase in interest rate by 1%	13,901	45,796
- decrease in interest rate by 1%	(13,901)	(45,796)

The movements in profit and equity are due to lower interest on cash and cash equivalents balances throughout each financial year. Overdraft balances at 30 June 2010 have been excluded from the above sensitivity analysis.

(b) Fair Values

The carrying value of financial assets and financial liabilities approximate their fair value due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

Note 17 Key Management Personnel Compensation

Key management personnel is defined by AASB 124 'Related Party Disclosures' as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the entity.

MAXimusSolutions Australia was contracted by the Rhodium Board to provide certain management positions for the wind down period. The amount payable to MAXimusSolutions Australia for the year ended 30 June 2010 is shown in Note 18 and is not included in the amounts shown below.

The aggregate remuneration paid to key management personnel during the financial year is as follows:

	2010	2009
	$	$
Short-term benefits		
Salary	12,606	18,675
Superannuation	1,080	1,681
Other non-monetary benefits	25,769	25,357
	39,455	45,713

Note 18 Related Party Disclosures

The following people were directors during the financial year:

Ms Megan Smithies	Chair
Mr Philip Mitchell	Deputy Chair
Mr Michael Vanderheide	Non-Executive Director
Mr Ken Moore	Executive Director

The Chair and Deputy Chair were not remunerated by the Company. Mr Vanderheide was remunerated by the Company following his resignation from the ACT Public Service on 26 October 2009. In addition to the compensation of key management personnel, disclosed in Note 17, the following related party transactions occurred during the period:

Mr Moore is Acting Chief Executive and an Executive Director of MAXimusSolutions Australia. During the period from 1 July 2009 to 30 June 2010, the amount paid or payable to MAXimusSolutions Australia for the provision of certain management positions, including in respect of Mr Moore, amounted to $2,841,827 (2009: $2,106,540).

The immediate parent entity and ultimate parent entity of Rhodium Asset Solutions Limited is the ACT Government. All dealings with ACT Government agencies are in the ordinary course of business and on normal terms and conditions. A fleet financing facility with the ACT Department of Treasury was terminated during the financial year. Up until then, funding for the purchase of motor vehicles, which were leased to ACT Government departments and agencies, was obtained through loans from the ACT Department of Treasury. These loans, which were secured by the vehicles financed, bore a commercial rate of interest and had terms generally spanning 12 to 60 months (see Note 16).

Transactions with related entities other than Key Management Personnel, which are disclosed elsewhere in this report, are detailed below:

	Sales to related parties	**Purchases from related parties**	**Interest on fleet financing loans paid to the ACT Department of Treasury**	**Equity contribution from the ACT Government**
	$000	**$000**	**$000**	**$000**
2010	3,129	1,236	18	1,952
2009	8,060	2,595	1,317	-

The amounts receivable from and payable to related entities other than Key Management Personnel, which are disclosed elsewhere in this report, are detailed below:

	2010	2009
	$000	$000
Trade debtors	307	444
Trade creditors	57	83
Fleet financing loans from ACT Treasury	-	1,225

Note 19 Remuneration of Auditor

	2010 $	2009 $
Amounts paid or payable to auditors:		
Financial statement audit	95,000	144,000

No other amounts were received or are receivable by the auditor.

Note 20 Commitments and Contingencies

(a) Capital and leasing commitments

(i) Operating lease Commitments – Rhodium as lessee

	2010 $000	2009 $000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	2	280
Later than one year but not later than five years	-	-
Later than five years	-	-
	2	280

Operating lease commitments relate to commercial leases on vehicles. These leases have terms of between one and ten years and there are no renewal or purchase options in the contracts. Contingent rentals are payable if vehicles travel excess kilometres, which vary from lease to lease according to the type of vehicle and duration of the contract. There are no restrictions placed on the lessee by entering into these contracts.

	2010 $000	2009 $000
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases	2	261

(ii) Finance lease and loan commitments – Rhodium as lessee

	Note	2010 $000	2009 $000
Commitments in relation to finance leases and loans are payable as follows:			
Within one year		10,517	45,750
Later than one year but not later than five years		-	-
Later than five years		-	-
Minimum lease and loan payments		10,517	45,750
Less: future finance charges		(1,228)	(4,371)
Present value of minimum lease and loan payments		9,289	41,379
Lease liabilities provided for in the financial statements:			
Current	13	9,289	41,379

For information relating to the terms and conditions of finance lease commitments refer to Note 13.

Note 20 Commitments and Contingencies (continued)

(iii) Finance lease commitments receivable – Rhodium as lessor

	Note	**2010**	2009
		$000	$000
Commitment receivable in relation to finance leases receivable			
Within one year		13,304	34,936
Later than one year but not later than five years		-	-
Later than five years		-	-
Minimum lease payments receivable		13,304	34,936
Less: unearned finance income		(16)	(3,387)
Less: impairment		(157)	(554)
Present value of minimum lease payments receivable		13,131	30,995
Lease receivables provided for in the financial statements:			
Current	8	13,131	30,995
Unguaranteed residual values accruing to the benefit of the lessor		Nil	Nil

For information relating to the terms and conditions of finance lease commitments receivable refer to Note 8.

(b) Contingent assets and liabilities

The Company has entered into agreements which guarantee the residual value of a number of assets under lease at the end of the lease terms which fall due between 2010 and 2013. The total residual value guaranteed is $2,280,130 (at 30 June 2009: $2,367,634) of which $1,138,066 (at 30 June 2009: $1,138,205) has been guaranteed by a third party. Current valuations indicate potential losses of $197,762 in respect of certain leases, which has been provided for (refer to Note 14). Current valuations of the residual values of the remaining leases exceed the guaranteed amounts.

Note 21 Employee Benefits - Superannuation

Except for PSS members, the Company contributed 9% of employee salaries to their elected superannuation fund in compliance with the *Superannuation Guarantee (Administration) Act 1992*.

For PSS members, the Company contributed 16.1% of employee salaries to the PSS Superannuation Scheme in accordance with the *Superannuation Act 1976*.

The Company's liability is calculated each pay period and paid on a fortnightly basis.

Note 22 Reconciliation of cash flows (used in) operations with the net (loss) for the period

	Note	**2010** **$000**	2009 $000
Net (loss) for the period		(5,344)	(1,331)
Gain on sale of non-current assets		(206)	(801)
Depreciation		2,196	4,553
Impairment expense property, plant and equipment		-	90
Change in operating assets and liabilities:			
(Increase) / decrease in receivables		(176)	2,840
Decrease in finance lease receivable		18,388	42,416
Decrease in other assets		310	333
Increase / (decrease) in payables		134	(511)
(Decrease) in interest-bearing liabilities		(33,564)	(60,871)
Increase in provisions		1,167	203
Increase / (decrease) in other current liabilities		(414)	129
Net cash flows (used) in operating activities		(17,509)	(12,950)
Reconciliation of cash			
For the purposes of the Cash Flow Statement, cash consists of cash at bank and on hand and bank overdraft:			
Cash at bank and on hand	6	1,390	4,580
Bank Overdraft	13	(10,935)	-
		(9,545)	4,580

The Company purchased $2,058,101 of motor vehicles and other items of plant and equipment under finance lease arrangements (2009: $25,210,108) which resulted in an increase in leases payable rather than cash outflows, as the purchases were funded by the financier. These purchases result in corresponding increases in leases receivable of $583,854 (2009: $18,295,750) and leased plant and equipment of $1,474,247 (2009: $6,914,358).

Note 23 Events Subsequent to Reporting Date

On 1 July 2010, 626 finance leases and 161 leased assets were sold or transferred to third parties. All proceeds from disposal of these assets has now been received. The net gain/loss arising from these transactions were fully reflected in the Statement of Comprehensive Income for the year ended 30 June 2010 in accordance with the basis of preparation of these financial statements. There have been no other significant events that have occurred subsequent to 30 June 2010.

These financial statements were authorised for issue by the Board on the date of signing the attached Report by the Board.

Directors' Declaration

In the opinion of the directors of Rhodium Asset Solutions Limited (the Company):

(a) the financial statements and notes set out on these pages, are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position of the Company as at 30 June 2010 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

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

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Megan Smithies
Chair

31 August 2010

Philip Mitchell
Deputy Chair

31 August 2010

ACT AUDITOR-GENERAL'S OFFICE

ACT GOVERNMENT

Auditor's Independence Declaration

To the Directors of Rhodium Asset Solutions Limited

In relation to the audit of the financial statements of Rhodium Asset Solutions Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

T Pham

Tu Pham
Auditor-General
31 August 2010

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ACT AUDITOR-GENERAL'S OFFICE

INDEPENDENT AUDIT REPORT

RHODIUM ASSET SOLUTIONS LIMITED

To the Members of the ACT Legislative Assembly and Rhodium Asset Solutions Limited

Report on the financial statements

I have audited the financial statements of Rhodium Asset Solutions Limited (the Company) for the year ended 30 June 2010. The financial statements have been prepared on a liquidation basis and are comprised of the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, accompanying notes and directors' declaration.

Responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with the *Corporations Act 2001*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

My responsibility is to express an independent audit opinion on the financial statements of the Company based on my audit as required by the *Corporations Act 2001*.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion by performing audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the prudence of decisions made by the Company.

Level 4, 11 Moore Street, Canberra City, ACT 2601 | PO Box 275, Civic Square, ACT 2608
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Electronic presentation of the audited financial statements

Those viewing an electronic presentation of these financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of the statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

I followed applicable independence requirements of Australian professional ethical pronouncements in conducting the audit.

Audit opinion

In my opinion the financial statements of the Company, which are prepared on a liquidation basis, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

The audit opinion should be read in conjunction with the above information.

T. Pham

Tu Pham
Auditor-General
8 September 2010