

2019/20

Audited Financials

HUTCHIES

J HUTCHINSON PTY LTD
ABN 52 009 778 330

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020

J HUTCHINSON PTY LTD
ABN 52 009 778 330

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J HUTCHINSON PTY LTD
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DIRECTORS' REPORT

The directors present this report on the company for the financial year ended 30 June 2020.

The following persons held office of director during the year or since the end of the year;

John Collins Hutchinson
John Scott Hutchinson
Gregory Denis Quinn
Kellie Leanne Williams
Russell Mark Fryer
Owen Jason Valmadre
Benjamin Paul Amos Young

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations and financial results

The profit of the company for the financial year after providing for income tax amounted to \$11,492,808 (2019: \$10,737,992).

COVID-19 impact statement on operations

As construction was deemed an essential service, worksites remained operational throughout this pandemic. The main impact of COVID-19 related to a change in work practice to accommodate delays caused by social distancing. To mitigate this, the company implemented split shifts and segregated site staff to minimise non-essential movement and interactions. Nationally, all supplier chains of key trades were identified, assessed, and contingency plans put in place and actioned where necessary to avoid any further disruptions.

Significant changes in state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the company during the financial year were contract building.

No significant change in the nature of these activities occurred during the year.

Events arising since the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the result of those operations, or the state of affairs of the entity in future financial years.

Future developments

Likely developments in the operations of the entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the entity.

Environmental issues

The Company has some operations that are subject to environmental regulations under the laws of the Commonwealth, States and Territories. The company has procedures and policies in place to mitigate any risks posed.

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DIRECTORS' REPORT

Dividends paid or recommended

Dividends paid or declared since the start of the financial year are as follows:

- A fully franked dividend of \$232,047 was paid during the year as recommended in last year's report.
- A fully franked dividend of \$220,233 is recommended for payment for the year ended 30 June 2020.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnities given to, and insurance premiums paid for, auditors and officers

During the financial year the Company paid an insurance premium totalling \$169,589 in respect of directors' and officers' liability insurance. All of this insurance premium related to insurance of Directors of the Company named in this report. The policy does not specify the premium for individual directors and executive officers.

The company has agreed to indemnify its auditors, BDO Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the company's breach of its agreement. The indemnity requires the company to meet the full amount of any such liabilities including a reasonable amount of legal costs.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001:

Director:



Gregory Denis Quinn

Director:



Owen Jason Valmadre

Dated this 16th day of September 2020

**J HUTCHINSON PTY LTD
ABN 52 009 778 330**

AUDITORS' INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF J HUTCHINSON PTY LTD

As lead auditor of J Hutchinson Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'P A Gallagher'.

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 16 September 2020

J HUTCHINSON PTY LTD
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	This Year \$	Last Year \$
CLASSIFICATION OF EXPENSES BY FUNCTION			
Construction revenue		2,870,173,802	2,834,149,360
Cost of construction		<u>(2,818,750,628)</u>	<u>(2,782,830,534)</u>
Gross profit		51,423,174	51,318,826
Other revenue		7,402,983	10,105,358
Marketing expenses		(1,384,510)	(2,491,277)
Occupancy expenses		(7,788,457)	(6,574,433)
Administration expenses		(12,861,535)	(14,147,431)
Other expenses from ordinary activities		<u>(20,362,902)</u>	<u>(22,615,343)</u>
Profit before income tax expense		16,428,753	15,595,700
Income tax expense	3	<u>(4,935,945)</u>	<u>(4,857,708)</u>
Profit for the year		<u><u>11,492,808</u></u>	<u><u>10,737,992</u></u>
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Increase (Decrease) in fair value of investments		(124,458)	568,485
Income tax on items of other comprehensive income		<u>37,338</u>	<u>(170,545)</u>
Other comprehensive income for the year, net of tax		(87,120)	397,940
Total comprehensive income for the year		<u><u>11,405,688</u></u>	<u><u>11,135,932</u></u>
Total comprehensive income attributable to members of the company		<u><u>11,405,688</u></u>	<u><u>11,135,932</u></u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation report.

J HUTCHINSON PTY LTD
ABN 52 009 778 330

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	This Year \$	Last Year \$
CURRENT ASSETS			
Cash and cash equivalents	5	308,321,402	387,238,882
Trade and other receivables	6	124,093,648	159,375,186
Contract assets	7	59,392,285	156,483,964
Tax assets	12	-	11,724,472
Other current assets	8	4,271,480	3,117,474
TOTAL CURRENT ASSETS		<u>496,078,815</u>	<u>717,939,978</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	78,323,288	63,167,517
Financial instruments	9	4,912,852	5,037,310
Property, plant and equipment	10	109,787,140	78,524,827
Investment property	11	22,400,000	22,400,000
Deferred tax assets	12	13,200,815	30,493,321
TOTAL NON-CURRENT ASSETS		<u>228,624,095</u>	<u>199,622,975</u>
TOTAL ASSETS		<u>724,702,910</u>	<u>917,562,953</u>
CURRENT LIABILITIES			
Trade and other payables	13	319,135,385	539,917,948
Lease liabilities	14	3,668,157	-
Borrowings	15	27,566	107,532
Tax liabilities	12	8,448,013	-
Short term provisions	16	3,987,248	3,821,124
TOTAL CURRENT LIABILITIES		<u>335,266,369</u>	<u>543,846,604</u>
NON-CURRENT LIABILITIES			
Lease liabilities	14	32,052,819	-
Borrowings	15	670,000	1,098,725
Long term provisions	16	3,767,015	3,589,077
Deferred tax liabilities	12	15,001,654	42,268,949
TOTAL NON-CURRENT LIABILITIES		<u>51,491,488</u>	<u>46,956,751</u>
TOTAL LIABILITIES		<u>386,757,857</u>	<u>590,803,355</u>
NET ASSETS		<u>337,945,053</u>	<u>326,759,598</u>
EQUITY			
Issued capital	17	41,323	41,323
Reserves	18	5,745,878	5,832,998
Retained earnings	19	332,157,852	320,885,277
TOTAL EQUITY		<u>337,945,053</u>	<u>326,759,598</u>

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Retained Earnings \$	Issued Capital \$	Revaluation Surplus \$	Total \$
Balance at 1 July 2018		310,379,332	41,323	5,435,058	315,855,713
Profit attributable to equity shareholders		10,737,992	-	-	10,737,992
Total other comprehensive income for the year		-	-	397,940	397,940
Sub-total		321,117,324	41,323	5,832,998	326,991,645
Dividends paid or provided for	4	(232,047)	-	-	(232,047)
Balance at 30 June 2019		<u>320,885,277</u>	<u>41,323</u>	<u>5,832,998</u>	<u>326,759,598</u>
Balance at 1 July 2019		320,885,277	41,323	5,832,998	326,759,598
Profit attributable to equity shareholders		11,492,808	-	-	11,492,808
Total other comprehensive income for the year		-	-	(87,120)	(87,120)
Sub-total		332,378,085	41,323	5,745,878	338,165,286
Dividends paid or provided for	4	(220,233)	-	-	(220,233)
Balance at 30 June 2020		<u>332,157,852</u>	<u>41,323</u>	<u>5,745,878</u>	<u>337,945,053</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation report.

J HUTCHINSON PTY LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	This Year \$	Last Year \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,290,681,127	3,019,390,887
Payments to suppliers and employees		(3,369,755,548)	(3,021,002,207)
Dividends received		37,528	29,943
Interest received		4,550,676	7,202,929
Income tax (paid)/refunded		5,299,089	(19,100,906)
Property lease interest under AASB16		(1,349,774)	-
Other income received		1,259,937	1,438,357
Net cash provided by / (used in) operating activities	24	(69,276,965)	(12,040,997)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		117,106	91,507
Proceeds from repayment of loans by related parties		-	16,170,559
Payments for property, plant and equipment		(2,764,087)	(13,176,269)
Payment of loans to related parties		(1,601,473)	-
Payment of loans to non related parties		(1,434,150)	(1,689,330)
Net cash provided by / (used in) investing activities		(5,682,604)	1,396,467
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(88,700)	(385,529)
Dividends paid		(232,047)	(242,330)
Payment of lease liabilities		(3,637,164)	-
Net cash provided by / (used in) financing activities		(3,957,911)	(627,859)
Net increase (decrease) in cash held		(78,917,480)	(11,272,389)
Cash at beginning of year		387,238,882	398,511,271
Cash at end of year	5	308,321,402	387,238,882

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation report.

J HUTCHINSON PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 Statement of Significant Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the directors and members of the company and are special purpose financial statements. The directors have determined that the company is not a reporting entity because there are no users dependent on general purpose financial statements.

J Hutchinson Pty Ltd was incorporated and has its domicile in Australia and is a company limited by shares. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements are presented in the Australian dollar currency.

Reporting Basis and Conventions

These financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the directors and members of the company. The directors have determined that the company is not a reporting entity.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the following applicable Australian Accounting Standards and interpretations and disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1054:	Australian Additional Disclosures

The measurement requirements of all applicable Australian Accounting Standards or other authoritative pronouncements of the Australian Accounting Standards Board (AASB) have been applied in the preparation of this report.

The complete disclosure requirement of above and all other Australian Accounting Standards or other authoritative pronouncements of the AASB have not been applied.

No other applicable Australian Accounting Standards or other authoritative pronouncements of the AASB have been applied.

The financial statements have been prepared on an accruals basis and is based on historical costs unless otherwise stated in the notes.

The following is a summary of the material accounting policies adopted by the company in the preparation of this report. Unless otherwise stated, the accounting policies are consistent with the previous period.

New and Amended Standards Adopted by the Company

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting AASB 16: Leases.

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The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the Company's accounting policies and did not require retrospective adjustments.

AASB 16: Leases

The Company initially applied AASB 16: Leases from 1 July 2019.

The Company applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised from the beginning of the current period 1 July 2019 with no impact to retained earnings.

(i) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 Determining Whether an Arrangement Contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied AASB 16 only to contracts that were previously identified as leases under AASB 117, and Interpretation 4 was not reassessed for whether there is a lease under AASB 16. Therefore the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

(ii) As a lessee

As a lessee, the Company leases assets consisting mostly of property. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under AASB 16, the Company recognises right-of-use assets and liabilities for the leases - ie. these leases are on Statement of Financial Position.

At commencement or on modification of a contract that contains a lease component, the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases; and
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

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NOTES TO THE FINANCIAL STATEMENTS
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Leases Classified as Operating Leases Under AASB 117

Previously the Company classified property leases as operating leases under AASB 117.

On transition:

- for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019; and
- right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Impact on Financial Statements

On transition to AASB 16, the Company recognised right-of-use assets, including property, and lease liabilities. There was no difference required to be accounted for in retained earnings. The impact on transition is summarised below:

Operating lease commitments as at 1 July 2019 (AASB17)	25,046,093
Plus additional future lease payments for expected extension options	23,229,065
Discount using the entities incremental borrowing rate	(10,021,847)
Lease prepayments	<u>(1,432,446)</u>
Lease liability recognised as at 1 July 2019	<u><u>36,820,865</u></u>

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less (upon early termination there exists an insignificant risk of change in value) and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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NOTES TO THE FINANCIAL STATEMENTS
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Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The company, as head entity, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

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

Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

Leases

The Company has applied AASB 16 effective from 1 July 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. Refer to Note 1 New and Amended Standards Adopted by the Company for more information.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Land Held for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until development is completed. Borrowing costs, foreign currency movements and holding charges incurred after development are recognised through profit or loss. Profits are only brought to account on the signing of an unconditional contract of sale.

Revenue

Construction Revenue

The Company derives revenue from the short-term and long-term construction of buildings across Australia. Contracts entered into may be for the construction of one or several separate inter-linked pieces of large infrastructure. The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for the building of several projects the total transaction "Price" is allocated across each project based on stand-alone selling prices. The transaction "Price" is normally fixed at the start of the project. It is practice for contracts to include bonus and penalty elements based on timely construction or other performance criteria known as variable consideration, discussed below.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed they are controlled by the customer and have no alternative use to J Hutchinson Pty Ltd, with the Company having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on the measured input of each process based on cost to complete for each contract.

Revenue earned is typically invoiced monthly or in some cases on achievement of milestones or to match major capital outlay. Invoices are paid on normal commercial terms, which may include the customer withholding a retention amount until finalisation of the construction. Certain construction projects entered into receive payment prior to work being performed in which case revenue is deferred on the balance sheet.

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Variable Consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as "constraint" requirements. The Company assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

Contract Assets and Liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract receivables represent receivables in respect of which the Company's right to consideration is unconditional subject only to the passage of time. Contract receivables are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets: Non-derivative financial instruments. Contract assets represent the Company's right to consideration for services provided to customers for which the Company's right remains conditional on something other than the passage of time. Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Financing Components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Warranties and Defect Periods

Generally construction and services contracts include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and therefore estimated and included in the total costs of the contracts. Where required, amounts are recognised accordingly in line with AASB 137: Provisions, Contingent Liabilities and Contingent Assets.

Loss Making Contracts

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

Other Revenue

Interest revenue is recognised on a proportional basis taking into account the effective interest rate method.

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Dividend revenue is recognised when the right to receive a dividend has been established and declared.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Rental income is recognised on a straight line basis over the term of the operating lease.

Grant income is recognised when all the performance obligations contained in the grant agreement has been met.

All revenue is stated net of the amount of goods and services tax (GST).

Financial Instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through profit or loss (FVPL)

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other revenue or other financial items, except for impairment of trade receivables, which is presented within other expenses.

J HUTCHINSON PTY LTD
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FOR THE YEAR ENDED 30 JUNE 2020

Subsequent Measurement Financial Assets

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial Assets at Fair Value Through Profit or Loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

Equity Instruments at Fair Value Through Other Comprehensive Income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Debt Instruments at Fair Value Through Other Comprehensive Income (Debt FVOCI) or Through Profit or Loss (FVPL)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Where the company has financial instruments that relate to debt instruments and where contractual cash flows do not represent solely payments of principle and interest, such financial assets are accounted for at fair value through profit or loss (FVPL).

Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset.

Impairment of Financial Assets

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2') and;
- 'stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. In considering these factors the company has concluded that the adoption of the ECL model does not have a material impact on the impairment assessment on financial assets held at amortised cost.

Trade and Other Receivables and Contract Assets

The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and Measurement of Financial Liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Fair Values

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, independent or directors' valuation as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at fair value, based on periodic, but at least triennial, directors' valuations using information provided by external independent valuers, less subsequent depreciation and impairment for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant, equipment and leasehold improvements are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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NOTES TO THE FINANCIAL STATEMENTS
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Depreciation

The depreciation rates used for each class of depreciable assets are:

Buildings: 2.5%

Plant and Equipment: 10 - 50%

Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

The fair value of investment properties is determined annually by Directors' with reference to an independent valuation performed tri-annually. The Directors' assessment of fair value takes into account annual independent valuations, that were prepared which take into account recent similar sales and any changes in estimated yield, underlying income and valuations of comparable properties. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. At each reporting date, the carrying value of the investment properties is assessed by the Directors' and where the carrying value differs materially from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, 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 recognised through profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

Impairment

The company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

Impairment of trade receivables and contract assets

The company assesses impairment of related party receivables, by analysis of debtor assets and liabilities and their ability to repay debt balance when determining recoverability of the balance due at year end. The company has applied the expected credit loss model (ECL) identifying what stage the receivable is and what expected credit loss is to be applied.

Recognition of construction contract revenue

Determining when to recognise revenue from construction contracts over time, the amounts of revenue recognised in the reporting period depends on the extent to which the performance obligations are satisfied. Recognising construction revenue requires significant judgement in determining milestones, transaction prices (including variations), probability to meet bonus payments, actual work performed and the estimated costs to complete the work.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

New and Revised Accounting Standards for Application in Future Periods

Accounting Standards Issued But Not Yet Effective

A number of new accounting standards have been issued but are not yet effective and have not been early adopted early by the Company.

The financial report was authorised for issue by the directors on the 16th day of September 2020.

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NOTES TO THE FINANCIAL STATEMENTS
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	This Year	Last Year
	\$	\$
2 Profit before Income Tax		
Profit before income tax has been determined after:		
Expenses		
Bad and doubtful debts	-	1,083,333
Depreciation of property, plant and equipment	7,688,400	8,220,295
Depreciation lease property AASB16	4,520,279	-
Finance Costs		
Bank charges	79,503	79,156
Interest - other	64	613
Property lease interest under AASB16	1,349,774	-
Other Revenue		
Net (loss) profit on disposal of property, plant & equipment	33,425	(14,000)
Bad and doubtful debts recovered	-	1,559,452
Interest received	5,652,102	7,091,606
Rental income	940,119	1,395,833

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	This Year	Last Year
	\$	\$
<hr/>		
3 Income Tax Expense		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Profit from continuing operations before income tax expense	16,428,753	15,595,700
Prima facie tax payable on profit before income tax at 30% (2019: 30%):	4,928,626	4,678,710
Add:		
Tax effect of:		
Other non-deductible items	38,330	139,802
Under (over) provision for income tax in prior years	(20,715)	(20,058)
Other non-assessable items	(61,948)	(19,261)
Share of tax group members income tax (loss) profit	51,652	78,515
	7,319	178,998
Income tax expense attributable to J Hutchinson Pty Ltd	4,935,945	4,857,708
Tax effects relating to each component of other comprehensive income:		
Increase/(Decrease) in fair value of investments before tax	(124,458)	568,485
Tax expense (benefit)	37,338	(170,545)
Net-of-tax amount	(87,120)	397,940
4 Dividends		
Proposed Final Dividend (Franked to 100%)	220,233	232,047
Franking Account Balance	121,024,566	126,458,287

Balance of franking account at period end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.

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FOR THE YEAR ENDED 30 JUNE 2020

	This Year	Last Year
	\$	\$
5 Cash and Cash Equivalents		
Current		
Cash on Hand	7,250	8,250
Cash at Bank	301,167,760	381,386,013
PBA QLD Bank Accounts*	5,198,459	4,749,198
PS NSW Bank Accounts**	1,673,237	844,205
Imprest Accounts	274,696	251,216
	<u>308,321,402</u>	<u>387,238,882</u>
	<u>308,321,402</u>	<u>387,238,882</u>
<p>*This cash account is restricted in use to the extent as outlined under the Building Industry Fairness (Security of Payment) Act 2017 as it relates to Project Bank Accounts in Queensland.</p> <p>**This cash account is restricted in use to the extent as set out in the signed head contract with the NSW Government and the Department of Health Infrastructure.</p>		
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and Cash Equivalents	308,321,402	387,238,882
Cash at end of year as per statement of cash flows	308,321,402	387,238,882
	<u>308,321,402</u>	<u>387,238,882</u>
	<u>308,321,402</u>	<u>387,238,882</u>
6 Trade and Other Receivables		
Current		
Trade Debtors	111,764,456	137,969,675
Provision for Impairment	-	(1,083,333)
Sundry Debtors	8,588,407	16,366,803
Associate and Director Related Party Loans	2,991,812	6,122,041
Other Non Related Party Loans	748,973	-
	<u>124,093,648</u>	<u>159,375,186</u>
	<u>124,093,648</u>	<u>159,375,186</u>
Non-Current		
Associate and Director Related Party Loans	78,870,082	64,473,920
Provision for Impairment Related Party	(3,023,678)	(3,023,678)
Other Non Related Party Loans	2,476,884	1,717,275
	<u>78,323,288</u>	<u>63,167,517</u>
	<u>78,323,288</u>	<u>63,167,517</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		This Year \$	Last Year \$
7	Contract Assets		
	Current		
	Project expenditure including profit recognised to date	8,994,195,864	7,287,667,343
	Progress Billings	<u>(8,934,803,579)</u>	<u>(7,131,183,379)</u>
		<u>59,392,285</u>	<u>156,483,964</u>
8	Other Assets		
	Current		
	Prepayments	4,065,693	3,003,784
	Unpaid Beneficiary Entitlements	<u>205,787</u>	<u>113,690</u>
		<u>4,271,480</u>	<u>3,117,474</u>
9	Financial Instruments		
	Non-Current		
	Shares in Listed Companies - at fair value	2,007,188	2,131,646
	Investments in Trusts	888,357	888,357
	Shares in Associated Companies	2	2
	Shares in Subsidiaries - at cost	<u>2,017,305</u>	<u>2,017,305</u>
		<u>4,912,852</u>	<u>5,037,310</u>
	Controlled Entities		
	HB Catering Pty Ltd		
	Country of Formation or Incorporation - Australia		
	<i>Percentage Owned 100% (2019: 100%)</i>		
	Trey Developments Pty Ltd		
	Country of Formation or Incorporation - Australia		
	<i>Percentage Owned 100% (2019: 100%)</i>		
	Weyson Pty Ltd		
	Country of Formation or Incorporation - Australia		
	<i>Percentage Owned 100% (2019: 100%)</i>		
	Hutchinson Modular Pty Ltd		
	Country of Formation or Incorporation - Australia		
	<i>Percentage Owned 100% (2019: 100%)</i>		
	Building Industry Supplies Pty Ltd		
	Country of Formation or Incorporation - Australia		
	<i>Percentage Owned 100% (2019: 100%)</i>		

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NOTES TO THE FINANCIAL STATEMENTS
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	This Year	Last Year
	\$	\$
10 Property, Plant and Equipment		
Land and Buildings		
Freehold Land and Buildings:		
Land and Buildings - at directors' valuation 2018	40,512,512	40,512,512
Accumulated Depreciation	<u>(1,053,700)</u>	<u>(493,480)</u>
	<u>39,458,812</u>	<u>40,019,032</u>
Leasehold Land and Buildings:		
Land and Buildings - at cost	285,670	285,670
Accumulated Depreciation	<u>(185,721)</u>	<u>(171,398)</u>
	<u>99,949</u>	<u>114,272</u>
Total Land and Buildings	<u>39,558,761</u>	<u>40,133,304</u>
Right of Use - Lease Property	40,790,586	-
Accumulated Depreciation	<u>(4,520,279)</u>	<u>-</u>
	<u>36,270,307</u>	<u>-</u>
Plant and Equipment - at cost	78,447,421	76,543,845
Accumulated Depreciation	<u>(53,748,983)</u>	<u>(49,278,365)</u>
	<u>24,698,438</u>	<u>27,265,480</u>
Office Furniture and Equipment - at cost	14,082,016	13,827,069
Accumulated Depreciation	<u>(8,473,647)</u>	<u>(7,537,314)</u>
	<u>5,608,369</u>	<u>6,289,755</u>
Motor Vehicles - at cost	11,887,125	12,180,176
Accumulated Depreciation	<u>(8,235,860)</u>	<u>(7,343,888)</u>
	<u>3,651,265</u>	<u>4,836,288</u>
Total ROU Property, Plant and Equipment	<u>70,228,379</u>	<u>38,391,523</u>
Total Property, Plant and Equipment	<u><u>109,787,140</u></u>	<u><u>78,524,827</u></u>

The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition. The land and buildings were last revalued on 30 June 2018 based on information provided by external independent valuers, or where not obtainable readily available information by the directors.

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NOTES TO THE FINANCIAL STATEMENTS
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	This Year	Last Year
	\$	\$
Movement in Property, Plant & Equipment		
Land & Buildings		
Balance at beginning of year	40,133,304	35,108,555
Additions	-	5,532,512
Depreciation expense	<u>(574,543)</u>	<u>(507,763)</u>
Balance at end of the period	<u>39,558,761</u>	<u>40,133,304</u>
Right of Use - Lease Property		
Balance at beginning of year	-	-
Adoption of AASB 16	38,253,311	-
Additions, modifications & other reassessments	2,537,275	-
Depreciation expense	<u>(4,520,279)</u>	<u>-</u>
Balance at end of the period	<u>36,270,307</u>	<u>-</u>
Plant & Equipment		
Balance at beginning of year	27,265,480	28,847,093
Additions	2,443,103	3,648,748
Disposals	(53,325)	(31,565)
Depreciation expense	<u>(4,956,820)</u>	<u>(5,198,796)</u>
Balance at end of the period	<u>24,698,438</u>	<u>27,265,480</u>
Office Furniture & Equipment		
Balance at beginning of year	6,289,755	4,415,178
Additions	254,946	2,865,844
Depreciation expense	<u>(936,332)</u>	<u>(991,267)</u>
Balance at end of the period	<u>5,608,369</u>	<u>6,289,755</u>
Motor Vehicles		
Balance at beginning of year	4,836,288	5,303,534
Additions	66,038	1,129,165
Disposals	(30,356)	(73,942)
Depreciation expense	<u>(1,220,705)</u>	<u>(1,522,469)</u>
Balance at end of the period	<u>3,651,265</u>	<u>4,836,288</u>

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FOR THE YEAR ENDED 30 JUNE 2020

	This Year	Last Year
	\$	\$
<hr/>		
11 Investment Properties		
Investment Properties - Fair Value		
Land and Buildings - at directors' valuation 2020	<u>22,400,000</u>	<u>22,400,000</u>
Movement in Investment Property		
Balance at beginning of year	22,400,000	22,400,000
Additions	-	-
Disposals	-	-
Revaluation to fair market value	<u>-</u>	<u>-</u>
Balance at end of the period	<u>22,400,000</u>	<u>22,400,000</u>
The Directors' are satisfied that there has been no material change in the fair value of investment properties that would warrant an adjustment to the carrying value as at 30 June 2020.		
12 Tax		
Assets		
Current		
Provision for Income Tax	<u>-</u>	<u>11,724,472</u>
Non-current		
Deferred tax assets comprise:		
Deferred Tax Asset	<u>13,200,815</u>	<u>30,493,321</u>
Liabilities		
Current		
Provision for Income Tax	<u>8,448,013</u>	<u>-</u>
Non-current		
Deferred tax liability comprises:		
Deferred Tax Liability	<u>15,001,654</u>	<u>42,268,949</u>

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	This Year	Last Year
	\$	\$
13 Trade and Other Payables		
Current		
Trade Creditors	199,510,273	425,823,369
Subcontractors Retentions	97,880,528	90,222,116
Revenue & Monies Received in Advance	670,826	757,035
Other Creditors	6,283,665	8,247,431
Provision for Holiday Pay	14,790,093	14,867,997
	<u>319,135,385</u>	<u>539,917,948</u>
14 Lease Liabilities		
Current		
Lease Liabilities	<u>3,668,157</u>	<u>-</u>
Non Current		
Lease Liabilities	<u>32,052,819</u>	<u>-</u>
15 Borrowings		
Current - Unsecured		
Director Related Parties	<u>27,566</u>	<u>107,532</u>
Non-Current - Unsecured		
Director Related Parties	<u>670,000</u>	<u>1,098,725</u>

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	This Year	Last Year
	\$	\$
16 Provisions		
Current		
Provision for Dividend	220,233	232,047
Provision for Long Service Leave	3,767,015	3,589,077
	3,987,248	3,821,124
Non-Current		
Provision for Long Service Leave	3,767,015	3,589,077
Aggregate employment benefit liability	22,324,123	22,046,151
Number of employees at period end	1,410	1,793
17 Issued Capital		
41,253 Ordinary Shares fully paid	41,253	41,253
10 "A" Class Shares fully paid	10	10
10 "B" Class Shares fully paid	10	10
10 "C" Class Shares fully paid	10	10
10 "D" Class Shares fully paid	10	10
10 "E" Class Shares fully paid	10	10
10 "F" Class Shares fully paid	10	10
10 "G" Class Shares fully paid	10	10
	41,323	41,323

The company has authorised capital amounting to 41,323 shares of no par value. Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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	This Year	Last Year
	\$	\$
18 Reserves		
Revaluation Surplus		
The revaluation surplus records revaluations of non-current assets. Under certain circumstances dividends can be declared from the reserve.		
Movement in Revaluation Surplus		
Balance at beginning of year	5,832,998	5,435,058
Fair value movement of financial assets relating to equity instruments	(87,120)	397,940
Balance at end of the period	<u>5,745,878</u>	<u>5,832,998</u>

19 Retained Earnings

Retained earnings at the beginning of the financial year	320,885,277	310,379,332
Net profit attributable to members of the company	11,492,808	10,737,992
Dividends provided for or paid	(220,233)	(232,047)
Retained earnings at the end of the financial year	<u>332,157,852</u>	<u>320,885,277</u>

20 Contingent Liabilities and Contingent Assets

The directors are not aware of any contingent liabilities or contingent assets as at the reporting date.

21 Events After the Reporting Period

No matter or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the result of those operations, or the company's state of affairs in future financial years.

22 Company Details

The registered office of the company is:
 J Hutchinson Pty Ltd
 584 Milton Road, Toowong Queensland 4066

The principal place of business is:
 584 Milton Road, Toowong Queensland 4066

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FOR THE YEAR ENDED 30 JUNE 2020

	This Year	Last Year
	\$	\$
<hr/>		
23 Standby Arrangements and Credit Facilities		
The Company has access to:		
Bank Guarantee Facility	220,000,000	220,000,000
Bank Guarantees Issued	<u>(153,730,618)</u>	<u>(167,308,391)</u>
Amount of facility available	<u>66,269,382</u>	<u>52,691,609</u>
Insurance Bond Facility	220,000,000	220,000,000
Insurance Bonds Issued	<u>(205,957,422)</u>	<u>(160,227,479)</u>
Amount of facility available	<u>14,042,578</u>	<u>59,772,521</u>
This facility of the company is secured by assets & undertakings of J Hutchinson Pty Ltd, in conjunction with the real property of the company & the related company Ciel Holdings Pty Ltd.		
24 Cash Flow Information		
Reconciliation of net cash provided by operating activities to profit after income tax		
Operating profit (loss) after income tax	11,492,808	10,737,992
Non-cash flows in profit:		
Profit on sale of non-current assets	(76,313)	(30,279)
Loss on sale of non-current assets	42,888	44,279
Bad debts provided or written off (recovered)	-	(476,119)
Depreciation - PPE	7,688,400	8,220,295
Depreciation - Right of Use Asset	4,520,279	-
Changes in assets and liabilities		
(Increase) Decrease in contract assets	97,091,679	(75,219,290)
(Increase) Decrease in trade and other receivables	23,161,390	(13,917,941)
(Increase) Decrease in deferred tax receivables	17,292,506	(18,537,061)
(Increase) Decrease in other assets	(2,586,452)	1,332,910
Increase (Decrease) in trade and other payables	(221,124,650)	68,387,293
Increase (Decrease) in employee liability	277,972	3,123,061
Increase (Decrease) in deferred tax payables	(27,229,957)	23,411,914
Increase (Decrease) in income taxes payable	<u>20,172,485</u>	<u>(19,118,051)</u>
	<u>(69,276,965)</u>	<u>(12,040,997)</u>

**J HUTCHINSON PTY LTD
ABN 52 009 778 330**

DIRECTORS' DECLARATION

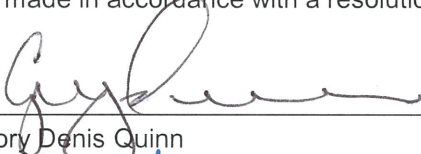
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 32 are in accordance with the Corporations Act 2001;
 - (a) comply with Australian Accounting Standards as described in Note 1 to the financial statements; and
 - (b) give a true and fair view of the financial position as at 30 June 2020 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debt as and when they become due and payable.

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

Director:



Gregory Denis Quinn

Director:



Owen Jason Valmadre

Dated this 16th day of September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of J Hutchinson Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of J Hutchinson Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of J Hutchinson Pty Ltd, is 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 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Other information

The directors are responsible for the other information. The other information comprises the information in the Director's report for the year 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

P A Gallagher
Director

Brisbane, 16 September 2020

