Annual Financial Report

GenusPlus Group Pty Ltd and controlled entities
For the year ended 30 June 2020

Contents

Directors’ Report

The Directors of GenusPlus Group Pty Ltd present their report together with the financial statements of the Consolidated Entity, being GenusPlus Group Pty Ltd and its controlled entities (the Group) for the year ended 30 June 2020 and the Independent Auditor’s Report thereon.

Directors details

The following persons were Directors of GenusPlus Group Pty Ltd during or since the end of the financial year:

Mr David Riches

David Riches is the Managing Director and CEO of the GenusPlus Group Pty Ltd. David is the founder of Powerlines Plus Pty Ltd and is a third generation recognised industry expert. David has led the business growth with a successful year on year track record.

Mr Paul Gavazzi

Paul Gavazzi is a Non-Executive Director and member of the Audit and Risk and Remuneration and Nominations Committees. Paul has over 35 years experience in commercial law, specialising in construction, projects and infrastructure. Paul is a senior partner of law firm Sparke Helmore Lawyers. Paul is an associate of the Chartered Institute of Arbitrators (UK), member of the Society of Construction Lawyers and member of the Australian Institute of Company Directors.

Mr Simon High

Simon High is the Non-Executive Chairman of the Group. Simon is a Civil Engineer and Fellow of the Institute of Engineers Australia. Simon has over 40 years experience globally in the oil and gas, mining and industrial infrastructure industry. Simon has held senior Executive roles with Clough Ltd, United Construction and Kvaernar Oil and Gas.

Mr Jose Martins

Jose Martins is a Non-Executive Director and Member of the Audit and Risk Committee and Remuneration and Nominations Committees and brings over 25 years experience in the financial management of public and private companies. Jose is the former CFO of ASX listed Ausdrill Ltd and Macmahon Holdings Ltd. Jose is the current CFO of Alliance Mining Commodities.

Company Secretary

Damian Wright is the Chief Financial Officer and Company Secretary of GenusPlus Group Pty Ltd. Damian has held senior finance positions including CFO and Company Secretary for private and ASX listed entities. Damian holds a Degree in Commerce, and is a fellow of CPA Australia and the Governance Institute of Australia.

Principal activities

The principal activities of the Group during the financial year were the installation, construction and maintenance of power and communication systems.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

A review of the operations of the Group during the financial year and the results of those operations saw an increase in contract revenue from $99,166,632 to $169,955,735. The profit of the Group for the financial year after providing for income tax amounted to $10,689,642 (2019: $6,012,740). The increases reflect consolidation of performance across the Group with an improved capability to deliver to meet customer requirements on larger scale projects.

A private capital raising was undertaken during the year which raised $8.9m net of costs providing additional operating capital to fund major construction projects as well as positioning the Group in a strong cash position for 2021 to allow for future acquisitions, if appropriate opportunities arise.

The Group's net assets increased by 74% compared to the previous year, which is due to the increase in retained earnings and the Group's capital raising activities.

The acquisitions and disposals which have occurred during the year are in line with the Group's strategy to increase its geographical position to take advantage of significant infrastructure investment in new markets. Refer to Note 31.

Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

- acquisition of EC&M Limited:
  - on 20 December 2019, the Group acquired EC&M Limited, a Henderson based Electrical Contracting business. The acquisition was made to enhance the Group's position in electrical infrastructure projects in Australia. EC&M Limited had historically serviced many major clients in the Group's targeted market. The cost of the acquisition was $1.5m which was settled in cash.
- acquisition of Picton Power Lines (and incorporation of Powerlines Plus (NSW) Pty Ltd)
  - on 26 November 2019, the Group incorporated Powerlines Plus (NSW) Pty Ltd and acquired the net assets of Picton Power Lines Pty Ltd. The acquisition was made to expand the operating capacity of the Group into new geographical markets in New South Wales. The cost of the acquisition was $546,000 which was settled in cash.
- Disposal of Genus Engineering Pty Ltd
  - on 30 September 2019, the Group disposed of its 100% equity interest in its subsidiary, Genus Engineering Pty Ltd. The subsidiary was sold to Partum Engineering, a related party for which David Riches is a Director. There was no gain or loss registered on disposal.
- issue of share capital:
  - on 31 March 2020, the Group issued 15,350,877 shares (representing 11% of the total shares on issue) in a private equity placement resulting in proceeds of $9.625 million (before costs), each share has the same terms and conditions as the existing ordinary shares. Under the terms of the capital raising, the corporate advisors received 478,469 shares in lieu of payment.

Dividends

In respect of the financial year ended 30 June 2020, $1,230,150 in dividends was paid (30 June 2019: $nil). The dividend paid was to holders of the 1,390 shares on issue prior to the share split, fully franked at $885 per share).

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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments

The Group will continue to seek opportunities to provide its services in installation, construction and maintenance of power and communication systems across Australia.

The Group's strategy includes:

- Continuing to replicate its successful business model to penetrate the large east coast markets, including growing its recent strategic acquisitions in QLD and NSW;
- Rebuilding of the ECM business into a scale but sustainable business, utilising the ability to be more selective on projects given the strength of the Genus platform;
- Taking advantage of the expected growth in electrical network infrastructure spending by public and private utility companies in Australia;
- Taking advantage of the expected growth in resources sector activity and related electrical network infrastructure construction;
- Continuing to grow the Diamond business in the large telecommunications sector, which Diamond currently only has a small market share;
- Continuing to maintain and develop new customer relationships;
- Continuing to maintain Genus' culture and significant investment into staff training;
- Continuing to maintain its diversification between the Government utilities and the private sectors; and
- Continuing to maintain and grow its panel contract positions to provide a stable base line of year on year revenue.

Directors' meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director is as follows:

	Board Meetings		Audit and Risk Committee	
Board Member	**A**	**B**	**A**	**B**
David Riches	12	12	-	-
Simon High	12	12	-	-
Paul Gavazzi	12	11	1	1
Jose Martins	12	11	1	1

Where:

- **column A:** is the number of meetings the Director was entitled to attend
- **column B:** is the number of meetings the Director attended

Options

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

Environmental regulations

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

There have been no significant breaches during the period covered by this report.

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

Insurance of officers

During the year, GenusPlus Group Pty Ltd paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Indemnity of auditors

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

Proceedings on behalf of Group

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

The Group was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

D. Riches

David Riches
Director

7 October 2020

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Auditor's Independence Declaration

To the Directors of GenusPlus Group Pty Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of GenusPlus Group Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 7 October 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020	2019
		$	$
Revenue	5	**169,955,735**	99,166,632
Other income	6	**4,855,908**	732,207
Employee expenses	22	**(55,776,253)**	(42,043,363)
Raw materials and consumables used		**(44,712,878)**	(23,258,398)
Contractors and labour hire expenses		**(43,182,490)**	(12,351,623)
Motor vehicle expenses		**(5,689,793)**	(5,064,368)
Depreciation expense	15	**(5,265,706)**	(2,973,766)
General and administrative expenses		**(5,726,428)**	(4,782,049)
Operating profit		**14,458,095**	9,425,272
Finance income	7	**682,945**	58,558
Finance costs	7	**(686,679)**	(707,321)
Profit before income tax		**14,454,361**	8,776,509
Income tax expense	8	**(3,764,719)**	(2,763,769)
Profit for the year		**10,689,642**	6,012,740
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive income for the year		**10,689,642**	6,012,740

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 $	2019 $
Current assets			
Cash and cash equivalents	9	**39,798,707**	7,991,601
Trade and other receivables	10	**33,575,545**	20,720,885
Contract assets	11	**8,244,464**	2,938,770
Inventories	13	**1,499,852**	918,974
Other assets	14	**2,146,732**	1,155,980
Total current assets		**85,265,300**	33,726,210
Non-current assets			
Financial assets	12	**922,000**	-
Property, plant and equipment	15	**18,655,391**	13,165,926
Deferred tax assets	17	**2,897,086**	782,856
Right-of-use assets	16	**4,033,628**	-
Goodwill	18	**1,613,914**	1,746,479
Total non-current assets		**28,122,019**	15,695,261
Total assets		**113,387,319**	49,421,471
Current liabilities			
Trade and other payables	19	**26,073,881**	13,416,136
Contract liabilities	20	**26,707,361**	627,177
Lease liabilities – right of use	16	**1,184,104**	-
Financial liabilities	21	**2,298,296**	2,096,458
Current tax liabilities	17	**233,274**	526,248
Employee benefits	22	**3,423,018**	1,677,190
Provisions	23	**50,000**	440,000
Total current liabilities		**59,969,934**	18,783,209
Non-current liabilities			
Lease liabilities – right of use	16	**2,888,484**	-
Financial liabilities	21	**3,047,863**	3,893,498
Deferred tax liabilities	17	**3,655,715**	1,371,598
Employee benefits	22	**665,002**	275,079
Provisions	23	**-**	260,000
Other non-current liabilities		**-**	45,732
Total non-current liabilities		**10,257,064**	5,845,907
Total liabilities		**70,226,998**	24,629,116
Net assets		**43,160,321**	24,792,355
Equity			
Issued capital	24	**27,732,909**	18,800,695
Reserves	25	**(511,834)**	(511,834)
Retained earnings		**15,939,246**	6,503,494
Total equity		**43,160,321**	24,792,355

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For year ended 30 June 2020

	Notes	Share capital $	Retained earnings $	Reserves $	Total $
Balance at 1 July 2018		18,800,695	490,754	(511,834)	18,779,615
Profit for the year		-	6,012,740	-	6,012,740
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	6,012,740	-	6,012,740
Sub-total		-	6,012,740	-	-
Balance at 30 June 2019		18,800,695	6,503,494	(511,834)	24,792,355
Balance at 1 July 2019		**18,800,695**	**6,503,494**	**(511,834)**	**24,792,355**
Profit for the year		**-**	**10,689,642**	**-**	**10,689,642**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**10,689,642**	**-**	**10,689,642**
Transactions with owners in their capacity as owners:					
• contributions of equity	24	**9,625,000**	**-**	**-**	**9,625,000**
• costs of equity raising	24	**(692,786)**	**-**	**-**	**(692,786)**
• dividends paid	26	**-**	**(1,230,150)**	**-**	**(1,230,150)**
		8,932,214	**(1,230,150)**	**-**	**7,702,064**
Changes in ownership interests					
• disposal of Genus Engineering		**-**	**(23,740)**	**-**	**(23,740)**
		-	**(23,740)**	**-**	**(23,740)**
Sub-total		**8,932,214**	**9,435,752**	**-**	**18,367,966**
Balance at 30 June 2020		**27,732,909**	**15,939,246**	**(511,834)**	**43,160,321**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For year ended 30 June 2020

	Notes	2020 $	2019 $
Operating activities			
Receipts from customers		**172,611,938**	105,655,928
Payments to suppliers and employees		**(132,974,473)**	(98,539,087)
Interest received		**11,861**	58,558
Finance costs		**(540,349)**	(707,320)
Income tax paid		**(3,786,587)**	(2,107,426)
Net cash provided by operating activities	27	**35,322,390**	4,360,653
Investing activities			
Proceeds from sale of property, plant and equipment		**849,874**	589,404
Purchase of property, plant and equipment		**(7,472,158)**	(3,544,447)
Proceeds from disposal of investments		**66,923**	-
Purchase of listed securities		**(250,916)**	-
Acquisition of subsidiaries (net of cash)		**(2,613,712)**	(1,380,764)
Net cash used in investing activities		**(9,419,989)**	(4,335,807)
Financing activities			
Repayment of borrowings		**(1,651,129)**	(1,665,297)
Proceeds from issue of share capital, net of cost		**8,932,314**	-
Dividends paid		**(1,230,150)**	-
Finance costs		**(146,330)**	
Net cash provided by / (used in) financing activities		**5,904,705**	(1,665,297)
Net change in cash and cash equivalents held		**31,807,106**	(1,640,451)
Cash and cash equivalents at beginning of financial year		**7,991,601**	9,632,052
Cash and cash equivalents at end of financial year	9	**39,798,707**	7,991,601

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1 Nature of operations

GenusPlus Group Pty Ltd and subsidiaries' (the Group) principal activities include the construction and maintenance of transmission and distribution power lines and substations servicing the Western Australian power networks as well as providing specialist Engineering, testing and commissioning services to the electrical and communications industries.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). GenusPlus Group Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

GenusPlus Group Pty Ltd is the Group's Ultimate Parent Company. GenusPlus Group Pty Ltd is a Private Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 1, 63 – 69 Abernethy Road, Belmont, Australia.

The consolidated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 5 October 2020.

3 Changes in accounting policies

3.1 New standards adopted as at 1 July 2019

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

AASB 16 Leases

AASB 16 *'Leases'* replaces AASB 117 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The AASB 16 Leases definition of a leas is applied only to contracts that were previously identified as leases at the date of initial application. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease under AASB 16. From the date of initial application, lease accounting under AASB 16 is applied to all leases, including those identified in accordance with the requirements of AASB 117.

The Group has applied AASB 16 using the practical expedient approach, under which the right-of-use asset and liability have been calculated based on the present value of future rent payments, without adjusting opening retained earnings. Additionally, the disclosure requirements of AASB 16 have not generally been applied to comparative information.

3.1 New standards adopted as at 1 July 2019 (continued)

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.97%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The date of initial application of AASB 16 for the Group is 1 July 2019.

Financial impact of the initial application of AASB 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of AASB 16 for the current and prior years.

Impact on profit or loss

	2020 $	2019 $
Impact on profit/(loss) for the year		
Increase in depreciation on right-of-use asset	**1,046,292**	-
Increase in finance costs	**146,330**	-
Decrease in other expenses	**(1,153,662)**	-
Decrease in profit for the year	**(38,960)**	-

3.1 New standards adopted as at 1 July 2019 (continued)

Impact on assets, liabilities and equity as at 1 July 2019

	Carrying amount at 30 June 2019	AASB 16 re-measurement	AASB 16 carrying amount at 1 July 2019
	$	$	$
Property, plant and equipment	**13,165,926**	**-**	**13,165,926**
Right-of-use assets	-	1,853,148	1,853,148
Net impact on total assets	-	1,853,148	1,853,148
Lease liabilities	-	(1,853,148)	(1,853,148)
Net impact on total liabilities	-	(1,853,148)	(1,853,148)

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019.

	$	$
Total operating lease commitments disclosed at 30 June 2019		1,999,220
Recognition exemptions:		
• Leases of low value assets	(3,007)	
• Leases with remaining lease term of less than 12 months	(36,604)	
		(39,611)
Operating lease liabilities before discounting		1,959,609
Discounted using incremental borrowing rate		(95,482)
Operating lease liabilities		**1,864,127**
Finance lease obligations (note 21)		1,957,449
Total lease liabilities recognised under AASB 16 at 1 July 2019		**3,821,576**

For tax purposes the Group receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

3.2 Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

4 Statement of accounting policies

Basis of preparation

The Group's financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of investments. Monetary amounts are expressed in Australian Dollars (AUD) are rounded to the nearest whole dollar.

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests

Business combination

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Business combination (continued)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances

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

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

Revenue from contracts with customers

Revenue arises mainly from construction and service contracts.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see Note 20). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue from contracts with customers (continued)

Construction Contracts

Revenue from construction contracts is recognised in the income statement when the performance obligations are considered met, which can be at a point in time, or over time, depending on the service provided. Revenue is calculated based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs or with regard to specified milestones detailed in the contract agreement. Before applying a particular method, the Group will consider the requirements of the contract, and then apply the method that it considers is the most appropriate measure of the progress towards completion of the contractual performance obligations under AASB 15.

Services revenue

Revenue from the provision of services is recognised when the service has been provided. Each service is deemed a separate performance obligation. The transaction price is allocated to each obligations based on contract prices. Revenue from services is predominantly recognised on the basis of the value of the work completed.

Transaction price and contract modifications

The transaction price is the amount of consideration to which the company expects to be entitled to under the customer contract and which is used to value total revenue and is allocated to each performance obligation. The determination of this amount includes “fixed remuneration”, (for example lump sum, schedule of rates or pricing for services) and “variable consideration”.

The main variable consideration elements are claims (contract modifications) and consideration for optional works and provisional sums each of which needs to be assessed. Contract modifications are changes to the contract approved by the parties to the contract.

The right to the consideration show be provided for contractually generating an enforceable right once the enforceable right has been identified, the Group applies the guidance given in AASB 15 in relation to variable consideration. This requires assessment that is highly probable that there will not be a significant reversal of revenue in the future.

The measurement of additional consideration arising from claims is subject to a high level of uncertainty, both in terms of the amount that customers will pay and the collection times, which usually depend on the outcome of negotiations between the parties or decisions taken by judicial/arbitration bodies. The Group considers all relevant aspects in circumstances such as the contract terms, business in negotiating practices of the sector, the Group’s historical experiences with similar contracts and consideration of those factors that affect the variable consideration that are out of control of the Group or other supporting evidence when making the above decision.

Loss making contracts

A provision is made for the difference between expected cost of fulfilling a contract and expected on and portion of the transaction price whether forecast costs are greater than forecast revenue. The provision is recognised in full in a period in which the loss-making contract is identified under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Revenue from contracts with customers (continued)

Loss making contracts (continued)

Under AASB 137, the assessment of whether a provision needs to be recognised takes place at the contract level and there are no segmentation criteria to apply. As a result, there are some instances where loss provisions recognised in the past have not been recognised under AASB 15 because the contract as a whole is profitable. In addition, when two or more contracts entered into at or near the same time are required to be combined for accounting purposes, AASB 15 requires the Group to perform the assessment of whether the contract is onerous at the level of the combined contracts. The Group also notes that the amount of loss accrued in respect of a loss contract under AASB 111 takes into account an appropriate allocation of construction overheads. This contrasts with AASB 137 where loss accruals may be lower as they are based on the identification of 'unavoidable costs'.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

Operating Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs' (see Note 7).

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Business Combinations (above) for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to impairment testing note below for a description of impairment testing procedures.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost, less any recognised impairment loss.

Property, plant and equipment (continued)

Properties held for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Class of fixed asset	*Depreciation rate*
Buildings:	10%
Leasehold improvements:	10%-33%
Plant and equipment:	10%-33%
Leased plant and equipment:	10%-33%
Tools and low value assets	18.8%-100%
Software and computer equipment	33%
Motor vehicles	20% - 25%

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, plant and equipment (continued)

Leased assets

As described in Note 3, the Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 117 and IFRIC 4.

Accounting policy applicable from 1 June 2019.

The Group as lessee

For any new contracts entered into on or after 1 June 2019, the Group considers whether a contract is or contains a lease. A lease is defined as a 'contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Leased assets (continued)

Measurement and recognition of leases as a lessee (continued)

The lease liability is presented as a separate line in the consolidated statement of financial position.

Accounting policy applicable before 1 July 2019

The Group as a lessee

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See Property, Plant and Equipment note (above) for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Impairment testing of goodwill, other intangible assets and property, plant and equipment (continued)

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

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

Classification and initial measurement

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented, the Group does not have any financial assets categorized as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Financial instruments (continued)

Classification and initial measurement (continued)

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

Subsequent measurement of 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 FVTPL):

- 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 Group'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 (FVTPL)

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 FVTPL.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in Volt Power Pty Ltd at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group 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.

Financial instruments (continued)

Impairment of financial assets (continued)

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- '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.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 33 for a detailed analysis of how the impairment requirements of AASB 9 are applied.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group 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 FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Taxation

Tax consolidation

The Company and its wholly-owned Australian resident entities are members of a tax-consolidated group under Australian tax law. The Company is the head entity within the tax-consolidated group. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the Company and the entities in the tax consolidated group are determined using a 'separate taxpayer within group'* approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred, and does not tax effect transactions that have no tax consequences to the group. The same basis is used for tax allocation within the tax-consolidated group.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Company or that have a different tax consequence at the level of the entity.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Company or that have a different tax consequence at the level of the entity.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Taxation (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Company's investment property portfolios and concluded that none of the Company's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to AASB 112 is not rebutted.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- **Corporate restructure reserve:** comprises amounts recognised upon the introduction of a new ultimate parent entity.

Equity, reserves and dividend payments (continued)

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

Employee benefits

Short-term and long-term employee benefits

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- For receivables and payables which are recognised inclusive of GST.

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

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

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government assistance which does not have conditions attached specifically relating to the operating activities of the Group is recognised in accordance with the accounting policies above.

Significant management judgement in applying accounting policies and estimation uncertainty

In the application of the Group's accounting policies, which are described (above), the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Construction contract revenue

Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below or elsewhere in the financial statements:

Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Key sources of estimation uncertainty (continued)

Calculation of loss allowance (continued)

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group maintains insurance against Domestic Trade Credit defaults and therefore considers the risk of loss to be minimal.

Useful lives of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

5 Revenue

For 2020, revenue includes $627,177 (2019: NIL) included in the contract liability balance at the beginning of the period, and NIL (2019: NIL) from performance obligations satisfied (or partially satisfied) in previous periods due to changes in transaction price.

The Group's revenue disaggregated by primary geographical markets is as follows:

	Note	2020 $	2019 $
Western Australia		**144,797,215**	80,918,052
Queensland		**11,917,163**	3,247,575
South Australia		**4,990,284**	10,511,873
New South Wales		**3,546,720**	-
Northern Territory		**2,884,536**	2,194,015
Victoria		**1,819,816**	2,295,117
		169,955,735	99,166,632

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	Note	2020 $	2019 $
Products and services transferred over time		**77,759,557**	28,541,000
Products and services transferred at a point in time		**92,196,178**	70,625,632
		169,955,735	99,166,632

	Note	2020 $	2019 $
Contract balances			
Contract assets	11	**8,244,464**	2,938,770
Contract liabilities	20	**26,707,361**	627,177

6 Other income

	Note	2020 $	2019 $
Net gain on disposal of property, plant and equipment		**182,239**	137,954
Insurance claims and recoveries		**2,012,117**	209,543
Government grant income	**(A)**	**1,658,000**	-
Other income		**1,003,552**	384,710
		4,855,908	732,207

(A) – As part of economic stimulus measures introduced by the Australian Government related to the COVID19 pandemic, during the reporting period Group companies received or were eligible to receive $1,658,000 (FY19 – Nil) in 'JobKeeper' wage subsidies.

7 Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	Note	2020 $	2019 $
Interest expenses for borrowings at amortised cost:			
Bank loans		**46,746**	282,849
Lease liabilities		**235,083**	127,202
Total interest expense		**281,829**	410,051
Other finance costs		**404,850**	297,269
Total finance costs		**686,679**	707,321

Finance income for the reporting periods consist of the following:

	Note	2020 $	2019 $
Interest income from cash and cash equivalents		**11,861**	58,558
Change in fair value of equity investments		**671,084**	-
		682,945	58,558

8 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of GenusPlus Group Pty Ltd at 30% (2019: 30%) and the reported tax expense in profit or loss are as follows:

	Note	2020 $	2019 $
Profit before tax		**14,454,361**	8,776,509
Domestic tax rate for GenusPlus Group Pty Ltd		**30%**	30%
Expected tax expense		**4,336,308**	2,632,953
Adjustment for tax-exempt income:			
other tax-exempt income		**(30,000)**	-
Adjustment for non-deductible expenses:			
other non-deductible expenses		**11,001**	13,843
Adjustments in the current year in relation to the current tax of prior years		**(552,590)**	-
Actual tax expense		**3,764,719**	2,646,796
Tax expense comprises:			
current tax expense		**3,587,540**	2,089,811
deferred tax (income) / expense:			
origination and reversal of temporary differences		**729,769**	556,985
(Over) / under provision in respect of prior years		**(552,590)**	116,973
Tax expense		**3,764,719**	2,763,769

9 Cash and cash equivalents

	Note	2020 $	2019 $
Cash at bank and in hand			
Australian Dollar ($AUD)		**22,026,611**	7,902,506
American Dollar ($USD)		**17,684,846**	-
Short-term bank deposits		**87,250**	89,095
Total cash and cash equivalents		**39,798,707**	7,991,601

10 Trade and other receivables

	Note	2020 $	2019 $
Current			
Trade receivables, gross		**31,184,194**	20,706,744
Allowance for expected credit losses		**(77,449)**	(76,966)
Trade receivables		**31,106,745**	20,629,778
Other receivables		**2,468,800**	91,107
Total trade and other receivables		**33,575,545**	20,720,885

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

All of the Group's trade and other receivables in the comparative periods have been reviewed for indicators of impairment. The impaired trade receivables are mostly due from customers that are experiencing financial difficulties.

An analysis of unimpaired trade receivables that are past due is given in Note 33.

11 Contract assets

	Note	2020 $	2019 $
Current			
Contract assets		**8,244,464**	2,938,770
Total contract assets		**8,244,464**	2,938,770

Contract assets represents the unbilled amounts expected to be collected from customers for contract work performed to date.

12 Financial assets and liabilities

Categories of financial assets and liabilities

Note 4 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2020	Notes	Amortised cost $	FVTPL $	Total $
Financial assets				
Cash and cash equivalents	9	39,798,707	-	39,798,707
Trade and other receivables	10	33,575,545	-	33,575,545
Contract assets	11	8,244,464	-	8,244,464
Listed equity securities - VPR		-	922,000	922,000
Total financial assets		**81,618,716**	**922,000**	**82,540,716**

30 June 2020	Notes	Other liabilities amortised cost $	Other liabilities FVTPL $	Total $
Financial liabilities				
Financial liabilities - current	21	2,298,296	-	2,298,296
Trade and other payables	19	26,073,881	-	26,073,881
Contract liabilities	20	26,707,361	-	26,707,361
Financial liabilities – non-current	21	3,047,863	-	3,047,863
Total financial liabilities		**58,127,401**	**-**	**58,127,401**

30 June 2019	Notes	Amortised cost $	Assets at fair value through profit and loss (FVPL) $	Total $
Financial assets				
Cash and cash equivalents	9	7,991,601	-	7,991,601
Trade and other receivables	10	20,720,885	-	20,720,885
Contract assets	11	2,938,770	-	2,938,770
Total financial assets		**31,651,256**	**-**	31,651,256

30 June 2019	Notes	Other liabilities amortised cost $	Other liabilities FVTPL $	Total $
Financial liabilities				
Financial liabilities - current	21	2,096,458	-	2,096,458
Trade and other payables	19	13,416,136	-	13,416,136
Contract liabilities	20	627,177	-	627,177
Financial liabilities – non-current	21	3,893,498	-	3,893,498
Total financial liabilities		**20,033,269**	**-**	**20,033,269**

12 Financial assets and liabilities (continued)

Categories of financial assets and liabilities (continued)

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 33.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 33.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include the equity investment in Volt Power Ltd (VPR). The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for it at FVOCI.

	Note	2020	2019
		$	$
Listed investment in Volt Power Ltd (VPR)		922,000	-
		922,000	-

Borrowings

Borrowings include the following financial liabilities:

	Current		Non-current	
	2020	2019	2020	2019
	$	$	$	$
At amortised cost				
Bank borrowings	**1,170,119**	920,000	**1,840,000**	3,112,507
Lease liabilities	**1,128,177**	1,176,458	**1,207,863**	780,991
Total borrowings	**2,298,296**	2,096,458	**3,047,863**	3,893,498

Bank borrowings are secured by a floating charge over the assets of the Group (see Note 21). Current interest rates are variable and average 0.45% (2019: 4.1%). The carrying amount of the other bank borrowings is considered to be a reasonable approximation of the fair value.

Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables.

13 Inventories

	Note	2020 $	2019 $
Current			
At cost:			
Raw materials and stores		**1,499,852**	918,974
Total inventories		**1,499,852**	918,974

In 2020, a total of $31,734,993 of materials was included in profit and loss as an expense (2019: $13,076,172). This includes an amount of $1,269 resulting from write down of inventories (2019: Nil).

14 Other assets

	Note	2020 $	2019 $
Current			
Deferred expense		**8,958**	13,139
Prepayments		**2,056,665**	1,042,619
Security deposits		**81,109**	100,222
Total other assets		**2,146,732**	1,155,980

15 Property, plant and equipment

For the year ended 30 June 2020	Land and buildings	Leasehold improvements	Motor vehicles	Plant and equipment	Furniture, fixtures and fittings	Software and technology	Tooling and low value assets	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance at 1 July 2019	225,602	300,323	14,324,204	18,515,796	200,231	316,904	254,711	**34,137,771**
Additions	701,418	710,699	3,773,756	1,793,856	174,134	264,652	53,643	**7,472,158**
Acquisition through business combinations	-	-	205,000	2,667,086	-	-	50,000	**2,922,086**
Disposals	-	-	(1,632,440)	(2,485,095)	-	(8,325)	-	**(4,125,860)**
Balance at 30 June 2020	**927,020**	**1,011,022**	**16,670,520**	**20,491,643**	**374,365**	**573,231**	**358,354**	**40,406,155**
Depreciation and impairment								
Balance at 1 July 2019	(11,727)	(58,984)	(7,142,406)	(13,307,109)	(65,641)	(214,607)	(171,372)	**(20,971,846)**
Disposals	-	-	1,239,054	2,191,535	1,582	8,325	-	**3,440,496**
Depreciation	(14,784)	(53,748)	(2,053,807)	(1,889,840)	(71,510)	(67,558)	(68,167)	**(4,219,414)**
Balance at 30 June 2020	**(26,511)**	**(112,732)**	**(7,957,159)**	**(13,005,414)**	**(135,569)**	**(273,840)**	**(239,539)**	**(21,750,764)**
Carrying amount 30 June 2020	**900,509**	**898,290**	**8,713,361**	**7,486,229**	**238,796**	**299,391**	**118,815**	**18,655,391**

For the year ended 30 June 2019	Land and buildings	Leasehold improvements	Motor vehicles	Plant and equipment	Furniture, fixtures and fittings	Software and technology	Tooling and low value assets	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance at 1 July 2018	44,602	160,177	9,909,255	8,594,363	109,069	225,050	202,653	19,245,169
Additions	181,000	140,147	2,047,408	1,423,596	91,162	91,854	52,058	4,027,224
Acquisition through business combinations	-	-	957,892	434,472	-	-	-	1,392,364
Re-valuation of assets acquired under AASB 3 "*Business Combinations*"	-	-	1,636,912	8,334,206	-	-	-	9,971,118
Re-classification	-	-	138,386	(138,386)	-	-	-	-
Disposals	-	-	(365,649)	(132,455)	-	-	-	(498,104)
Balance at 30 June 2019	**225,602**	**300,323**	**14,324,204**	**18,515,796**	**200,231**	**316,904**	**254,711**	**34,137,771**
Depreciation and impairment								
Balance at 1 July 2018	(7,320)	(31,654)	(3,754,646)	(3,421,657)	(32,475)	(160,559)	(129,579)	(7,537,890)
Acquisitions through business combinations	-	-	(580,567)	(156,318)	-	-	-	(736,885)
Re-valuation of assets acquired under AASB 3 "*Business Combinations"*	-	-	(1,666,567)	(8,275,233)	-	-	-	(9,941,800)
Disposals	-	-	132,248	86,247	-	-	-	218,495
Depreciation	(4,407)	(27,330)	(1,272,874)	(1,540,148)	(33,166)	(54,048)	(41,793)	(2,973,766)
Balance at 30 June 2019	**(11,727)**	**(58,984)**	**(7,142,406)**	**(13,307,109)**	**(65,641)**	**(214,607)**	**(171,372)**	**(20,971,846)**
Carrying amount 30 June 2019'	**213,875**	**241,339**	**7,181,798**	**5,208,687**	**134,590**	**102,297**	**83,339**	**13,165,926**

The carrying value of several assets classified under Motor Vehicles and Plant and Machinery were re-assessed during the prior reporting period. The adjustments to their carrying value are as stated in the table above.

15 Property, plant and equipment (continued)

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

Total depreciation and amortization recognized during the reporting period:

	Note	2020 $	2019 $
Depreciation		**4,219,414**	2,973,766
Depreciation – right of use assets		**1,046,292**	-
		5,265,706	2,973,766

The net assets of the Group have been pledged as security for the Group's other bank borrowings (see Note 21).

16 Leases liabilities – right of use

Leases liabilities are presented in the statement of financial position as follows:

	Note	2020 $	2019 $
Current		**1,184,104**	-
Non – Current		**2,888,484**	-
Total leases		**4,072,588**	-

Group as a lessee

The Group has lease contracts for land and buildings and for various items of plant, motor vehicles and other equipment used in its operations. Leases of plant and equipment and motor vehicles and other equipment generally have lease terms between 3 and 5 years, whilst leases over land and buildings have lease terms of between 1 and 10 years. The Groups obligations under its leases are secured by the lessor title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets and the movement during the period:

	Note	2020 $	2019 $
Buildings			
As at 1 July		**-**	-
Additions		**5,147,433**	-
Depreciation expense		**(1,046,292)**	-
De-recognised during the period		**(67,513)**	-
As at 30 June		**4,033,628**	-

16 Leases – right of use (continued)

The following are the amounts recognised in profit or loss:

	Note	2020 $	2019 $
Depreciation of right-of-use assets		**1,046,292**	-
Interest expense on lease liabilities		**146,330**	-
Expense relating to short-term leases		**4,697,208**	3,314,490
		5,889,830	3,314,490

The group had total cash ouflows for leases of $1,590,118 in 2020 (2019: $989,147). The Group also had non-cash additions to right-of-use assets and lease liabilities of $5,147,433 in 2020. The future cash outflows relating to leases are disclosed in Note 30.

Future minimum lease payments at 30 June 2020 in respect of right-of-use assets were as follows:

	Within 1 year $	1-2 years $	2-3 years $	3-4 years $	4-5 Years $	After 5 years $	Total $
30 June 2020							
Lease payments	1,184,104	958,021	908,522	544,379	428,643	637,275	**4,660,944**
Finance charges	(193,397)	(145,836)	(105,002)	(67,286)	(44,739)	(32,096)	**(588,356)**
Net present values	**990,707**	**812,185**	**803,520**	**477,093**	**383,904**	**605,179**	**4,072,588**

Additional information on the right-of-use assets by class of assets is as follows:

Right-of-use assets	Note	2020 $	2019 $
Carrying amounts			
Buildings			
Cost		**4,920,184**	**-**
Accumulated depreciation		**(886,556)**	**-**
Net carrying value		**4,033,628**	**-**

17 Taxation

	Note	2020 $	2019 $
Current			
Income tax payable / (receivable)		**233,274**	526,248

	1 July 2018 $	Recognised in profit and loss $	1 July 2019 $	Recognised in profit and loss $	30 June 2020 $
Deferred tax liabilities	(1,131,185)	(240,413)	**(1,371,598)**	**(2,284,117)**	**(3,655,715)**
Deferred tax assets	1,099,429	(316,573)	**782,856**	**2,114,230**	**2,897,086**

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

18 Goodwill

The movements in the net carrying amount of goodwill is as follows:

	Note	2020 $	2019 $
Gross carrying amount			
Balance 1 July		**1,746,479**	305,395
Acquired through business combination		**-**	1,441,084
Increase resulting from change in business valuation		**50,000**	-
Disposal		**(182,565)**	-
Balance 30 June		**1,613,914**	1,746,479
Accumulated impairment losses		**-**	-
Accumulated amortisation		**-**	-
Carrying amount at 30 June		**1,613,914**	1,746,479

The contingent consideration previously recognised under AASB3 *Business Combinations* for the purchase of Burton Power Pty Ltd (Powerlines Plus (Qld) Pty Ltd) was re-assessed at 30 June 2020 in accordance with the terms of the purchase agreement. As a result of the review, $50,000 was recognised as additional goodwill related to the acquisition.

18 Goodwill (continued)

Impairment testing

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

	Note	2020 $	2019 $
Powerlines Plus (Qld) Pty Ltd		**1,179,147**	1,129,147
Proton Power Pty Ltd		**305,395**	305,395
KEC Power Pty Ltd		**129,372**	129,372
Genus Engineering Pty Ltd		**-**	182,565
Goodwill allocation at 30 June		**1,613,914**	1,746,479

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a three-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

	Growth rates		Discount rates	
	2020	2019	2020	2019
Powerlines Plus (Qld) Pty Ltd	**3%**	3%	**5%**	5%
Proton Power Pty Ltd	**3%**	3%	**5%**	5%
KEC Power Pty Ltd	**3%**	3%	**5%**	5%
Genus Engineering Pty Ltd	**-**	3%	**-**	5%

Growth rates

The growth rates reflect the long-term average growth rates for the business of the segments and the markets they operate in.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit.

Cash flow assumptions

Powerlines Plus (Qld) Pty Ltd, Proton Power Pty Ltd & KEC Power Pty Ltd

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

19 Trade and other payables

	Note	2020 $	2019 $
Unsecured liabilities:			
Trade payables		**18,027,689**	8,472,023
Sundry payables and accrued expenses		**8,046,192**	4,944,113
Total trade and other payables		**26,073,881**	13,416,136

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

20 Contract liabilities

	Note	2020 $	2019 $
Short-term advances for materials		**17,684,846**	-
Short-term advances for construction services		**9,022,515**	627,177
		26,707,361	627,177

Advances received for construction contract work represent customer payments received in advance of performance (contract liabilities) that are expected to be recognised as revenue in 2021.The amounts recognised in respect of construction contracts will generally be utilised within the next reporting period.

21 Borrowings

	Note	2020 $	2019 $
Secured – at amortised cost			
Current			
Bank loan		**1,170,119**	920,000
Lease liability		**1,128,177**	1,176,458
		2,298,296	2,096,458
Non-current			
Bank loan		**1,840,000**	3,112,507
Lease liability		**1,207,863**	780,991
		3,047,863	3,893,498
Total borrowings		**5,346,159**	5,989,956

The group has an unused overdraft/trade finance facility with a limit of $10,000,000.

The group has an equipment finance facility with Commonwealth Bank of Australia Pty Ltd (CBA) with a limit of $4,000,000 (FY19 - $2,000,000) with $3,232,000 available at 30 June 2020 (FY19 - $1,800,000).

The group has an equipment finance facility with Mercedes Benz finance with a limit of $2,000,000 (FY19 - $2,000,000) with $1,688,000 available at 30 June 2020 (FY19 - $1,200,000).

The group has an equipment finance facility with Toyota Asset Finance with a limit of $6,000,000 (FY19 - Nil) with $5,823,000 available at 30 June 2020 (FY19 - N/A).

The bank debt is secured by a General Security Agreement of the group. The Group was not in breach of any loan agreements permitting the lender to demand accelerated repayments at year end, nor did any breach occur during the year. The Group was not in default of any loans payable recognised at year end during the year.

22 Employee remuneration

Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	Note	2020 $	2019 $
Salaries and wages		**42,451,022**	32,656,741
Superannuation		**3,480,637**	2,631,646
Leave entitlements		**2,977,199**	2,197,758
Short term incentives		**1,000,000**	-
Other allowances and expenses		**5,867,395**	4,557,218
Employee benefits expense		**55,776,253**	42,043,363

Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	Note	2020 $	2019 $
Current			
Annual leave		**2,270,471**	1,677,190
Long service leave		**152,547**	-
Other short term employee benefits		**1,000,000**	-
		3,423,018	1,677,190
Non-current			
Long service leave		**665,002**	275,079
Total employee benefits		**4,088,020**	1,952,269

The current portion of these liabilities represents the groups obligations to which the employee has a current legal entitlement. These liabilities arise mainly from accrued annual leave entitlement at reporting date.

23 Provisions

	Note	2020 $	2019 $
Current	**(a)**	**50,000**	440,000
Non-current	**(b)**	**-**	260,000
Total provisions		**50,000**	700,000

(a) Current provision relates to the estimated earn out for the purchase of Burton Power Pty Ltd to be payable within 12 months of the balance date.

(b) Non-current provision relates to relates to the estimated earn out for the purchase of Burton Power Pty Ltd to be payable beyond 12 months of the balance date.

24 Share capital

The share capital of the Group consists only of fully paid ordinary shares; the shares do not have a par value. Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

Fully paid ordinary shares

	2020 Shares	2019 Shares	2020 $	2019 $
Beginning of the year	**1,390**	1,390	18,800,695	18,800,695
Split of existing shares on a 1:100,000 basis	**138,998,610**	-	-	-
Private equity placement	**15,350,877**	-	9,625,000	-
Share issue costs			(692,786)	-
Total contributed equity at 30 June	**154,350,877**	1,390	**27,732,909**	18,800,695

The Group issued 15,350,877 shares on 31 March 2020 as part of a private equity placement, corresponding to 9.95% of total shares issued. Each share has the same right to receive dividend and the repayment of capital and represents one vote at the Shareholders' Meeting of GenusPlus Group Pty Ltd.

25 Reserves

	Notes	Reconstruction reserve $	Total $
Balance at 1 July 2018		(511,834)	(511,834)
Balance at 30 June 2019		(511,834)	(511,834)
Balance at 1 July 2019		**(511,834)**	**(511,834)**
Balance at 30 June 2020		**(511,834)**	**(511,834)**

Corporate restructure reserve

The corporate reconstruction reserve recorded the transaction on the introduction of a new ultimate parent entity.

26 Dividends on equity instruments

	Year ended 30 June 2020		Year ended 30 June 2019	
	Dollars per share	Total $	Dollars per share	Total $
Recognised amounts				
Fully paid ordinary shares				
Final dividend	**885**	**1,230,150**	-	-

On 4 October 2019, the directors declared a fully franked dividend of $885 per share to the holders of 1,390 fully paid ordinary shares in respect of the financial year ended 30 June 2019. This dividend was paid to shareholders on 19 December 2019.

27 Reconciliation of cash flows

Reconciliation of cash flows from operating activities

	2020 $	2019 $
Cash flows from operating activities		
Profit after income tax	**10,689,642**	6,012,740
Non-cash flows in profit:		
• gain on disposal of plant and equipment	**(182,239)**	(589,404)
• depreciation and amortisation	**5,265,706**	2,973,766
• increase in value of investments reported at FVTPL	**(671,084)**	-
• interest paid on right-of-use assets	**146,330**	-
Changes in assets and liabilities:		
• increase in trade and other receivables	**(18,022,287)**	(3,495,769)
• (increase) / decrease in other assets	**(990,752)**	107,375
• increase in inventories	**(580,878)**	(187,632)
• increase / (decrease) in trade and other payables	**39,667,952**	(460,423)
Net cash provided by operating activities	**35,322,390**	4,360,653

28 Auditor remuneration

	Note	2020 $	2019 $
Remuneration of the auditor of the Group, Grant Thornton Audit Pty Ltd for:			
Auditing the financial statements		**48,000**	45,000
Other assurance services		**-**	65,973
Taxation services		**-**	19,569
Total auditor's remuneration		**48,000**	130,542

29 Related party transactions

The Group's related parties include its key management personnel, related parties of its key management personnel, and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with related parties

As part of normal business operations, the Group undertakes construction work through associated entities, as well as leasing rental properties and equipment. A summary of these transactions is included below.

	2020 $	2019 $
Services provided by related parties		
Pastoral Plus	483,719	192.225
Testing Plus WA Pty Ltd	174,727	280,148
Partum Engineering Pty Ltd	1,536,130	-
Innotech Services Pty Ltd	6,264,572	531,858
Sparke Helmore Lawyers	128,838	-
Matt Riches Pty Ltd and Dave Riches Pty Ltd	327,668	209,897
Dave Riches Pty Ltd	657,339	362,019
Genus Engineering Pty Ltd	490,286	-

	2020 $	2019 $
Services provide to related parties		
AUSCON Construction Group Pty Ltd	276,454	-
Innotech Services Pty Ltd	25,205	1,658,855
Partum Engineering Pty Ltd	14,569	-
Testing Plus WA Pty Ltd	2,244	15,854
Pastoral Plus	4,816	-
Genus Engineering Pty Ltd	200,630	-

All services were contracted at arms' length basis.

	2020 $	2019 $
Amounts due to related parties at reporting date		
Pastoral Plus	110,312	15,642
Testing Plus WA Pty Ltd	15,737	62,869
Partum Engineering Pty Ltd	375,651	-
Innotech Services Pty Ltd	214,545	312,204
Sparke Helmore Lawyers	27,500	-
Dave Riches Pty Ltd	-	39,338
Genus Engineering Pty Ltd	26,356	-

29 Related party transactions (continued)

	2020 $	2019 $
Amounts due from related parties at reporting date		
Longfield Services	2,915	572
Innotech Services Pty Ltd	2,945	62,506
Testing Plus WA Pty Ltd	111	-
Partum Engineering Pty Ltd	9,836	
AUSCON Construction Group Pty Ltd	42,874	
Genus Engineering Pty Ltd	166,232	-

All amounts outstanding at reporting date were included in accounts payable or accounts receivable, and settled in accordance with commercial terms.

On 30 September 2019, the Group disposed of its interest in Genus Engineering Pty Ltd to a member of the Key Management Personnel. Refer to note 31.

Transactions with key management personnel

Key management of the Group are the Non-Executive members of the Group's Board of Directors and the Group's Chief Executive Officer. Key management personnel remuneration includes the following expenses:

	2020 $	2019 $
Short-term employee benefits:		
Salaries including bonuses	504,820	456,388
Total short-term employee benefits	**504,820**	**456,388**
Long service leave		
Total other long-term benefits	**-**	**-**
Post-employment benefits:		
superannuation	32,652	31,710
Total post-employment benefits	**32,652**	**31,710**
Total remuneration	**537,472**	**488,098**

During 2020, the Group used the legal services of one Company Director a firm over which he exercises significant influence. The amounts billed related to this legal service amounted to $128,838 (2019: Nil), based on normal market rates and was fully paid as of the reporting date.

30 Contingent assets and contingent liabilities

The Group has no contingent assets.

There were no material warranty or legal claims brought against the Group during the year. Unless recognised as a provision, management considers these claims to be unjustified and the probability that they will require settlement at the Group's expense to be remote.

Further information on these contingencies is omitted so as not to prejudice the Group's position in the related disputes.

	2020 $	2019 $
Estimates of the potential financial effect of contingent liabilities that may become payable:		
Secured guarantee to company's bankers supported by a floating charge over the Group assets	**31,852,117**	11,378,304
Surety bonds secured by the Group assets	**14,230,062**	1,377,216
	46,082,179	12,755,520

The CBA guarantee facility has a limit of $35,000,000 (FY19 - $17,000,000).

The Surety bond facility has a limit of $20,000,000 (FY19 - $15,000,000). The surety bond provider has a combined sub limit of the CBA guarantee facility and surety bond facility of $47,000,000.

31 Acquisitions and disposals

Businesses acquired

During the year ended 30 June 2020, the Group acquired the net assets of EC&M Limited (EC&M) and Picton Power Lines Pty Ltd ("Picton"). Details of the acquisitions are as follows:

Acquisition of net assets of EC&M Limited

On 20 December 2019, KEC Power Pty Ltd acquired the net assets of EC&M including the business name, contracts and intellectual property (IP).

KEC Power Pty Ltd acquired the assets of EC&M Limited for the following consideration: $1,480,500

The property, plant and equipment value in the balance sheet was fair valued by independent valuations to $2,341,450, resulting in a gain on bargain purchase of $860,950.

$1,500,000 cash was paid as consideration for the purchase, payable to the vendors with conditions subsequent and warranties requiring adjustment to the purchase price payable. Some assets were rejected and warranty adjustments were required.

EC&M contributed revenue of $5,616,592 and ($496,311) net loss to the consolidated group for the period following the acquisition.

If EC&M had been a part of the consolidated group for the entire year the consolidated position would have been revenue of $175,570,000 and $9,826,000 net income.

31 Acquisitions and disposals (continued)

Acquisition of net assets of Picton Power Lines Pty Ltd (Picton)

On 26 November 2019, Powerlines Plus (NSW) Pty Ltd was incorporated. It acquired the net assets of Picton on 9 January 2020 in consideration of $546,000.

$546,000 cash was payable to the vendor as consideration for the purchase with subsequent warranties requiring adjustment to the purchase price payable.

Powerlines Plus (NSW) Pty Ltd contributed revenue of $3,392,778 and ($163,226) net loss to the consolidated group for the period following the acquisition.

If Powerlines Plus (NSW) Pty Ltd had been a part of the consolidated group for the entire year the consolidated position would have been revenue of $173,347,000 and $10,159,000 net income.

	EC&M Limited $	Picton Powerlines Pty Ltd $
Consideration transferred		
Cash	1,233,472	413,712
Total	**1,233,472**	**413,712**

Assets acquired and liabilities assumed at the date of acquisition	EC&M Limited $	Picton Powerlines Pty Ltd $
Trade and other receivables	-	101,173
Plant and equipment	2,341,450	546,000
Deferred tax assets	105,869	-
Trade and other payables	-	(101,054)
Provisions	(352,897)	(132,407)
Total	**2,094,422**	**413,712**

Net cash outflow on acquisition of businesses	EC&M Limited $	Picton Powerlines Pty Ltd $
Consideration paid in cash	**(1,500,000)**	**(546,000)**
Conditions subsequent & warranties requiring adjustment	**266,528**	**132,288**
Acquisition costs charged to expense	-	-
Less: cash and cash equivalent balances acquired	**-**	**-**
Total	**(1,233,472)**	**(413,712)**

31 Acquisitions and disposals (continued)

Businesses disposed

On 30 September 2019, the Group disposed of its interest in Genus Engineering Pty Ltd.

	Genus Engineering Pty Ltd $
Consideration received	
Consideration received in cash and cash equivalents	66,923
Total consideration received	**66,923**
Book value of net assets sold	
Cash and cash equivalents	52,577
Trade receivables	239,478
Other Assets	240,140
Payables	(139,935)
Borrowings	(325,337)
Net assets disposed of	**66,923**
Net cash inflow / (outflow) on disposal of business	
Consideration received in cash and cash equivalents	66,923
Less: cash and cash equivalents disposed of	(52,577)
Total	**14,346**

32 Interests in subsidiaries

Composition of the Group

Set out below details of the subsidiaries held directly by the Group:

	Country of Incorporation	Percentage Ownership	
Parent Entity:		**2020**	**2019**
GenusPlus Group Pty Ltd [(a)]	Aust		
Subsidiaries:			
Powerlines Plus Pty Ltd [(b)]	Aust	100%	100%
Diamond Underground Services Pty Ltd [(b)]	Aust	100%	100%
Proton Power Pty Ltd [(b)]	Aust	100%	100%
Complete Cabling and Construction Pty Ltd [(b)]	Aust	100%	100%
Proton Technical Services Pty Ltd [(b)]	Aust	100%	100%
GPL (WA) Pty Ltd [(b)]	Aust	100%	100%
Burton Power Pty Ltd [(c)]	Aust	100%	100%
KEC Power Pty Ltd [(d)]	Aust	100%	100%
Genus Engineering Pty Ltd [(e)(f)]	Aust	-	100%
Powerlines Plus (NSW) Pty Ltd [(g)]	Aust	100%	-
ECM Consultancy [(h)]	Aust	100%	-

(a) GenusPlus Group Pty Ltd was incorporated on 6 July 2017.

(b) Powerlines Plus Pty Ltd was acquired on 17 May 2018. Powerlines Plus Pty Ltd was the 100% shareholder of Diamond Underground Services Pty Ltd, Proton Power Pty Ltd, Complete Cabling and Construction Pty Ltd, Proton Technical Services Pty Ltd, Proton E&I Pty Ltd and GPL (WA) Pty Ltd.

(c) Burton Power Pty Ltd was acquired 1 January 2019.

(d) KEC Power Pty Ltd was incorporated on 4 February 2019.

(e) Genus Engineering was incorporated on 11 March 2019.

(f) Genus Engineering was disposed on 30 September 2019.

(g) Powerlines Plus (NSW) Pty Ltd was incorporated on 26 November 2019.

(h) ECM Consultancy was incorporated on 12 December 2019.

33 Financial risk management

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 12. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

33 Financial risk management (continued)

Foreign currency sensitivity

Most of the Group's transactions are carried out in Australian Dollars (AUD). Exposures to currency exchange rates arise from the Group's sales and purchases denominated in US-Dollars (USD). A contract commencing during the 30 June 2020 financial year required the settlement of certain transactions in USD. The Group holds a bank account in USD for this purpose.

The Group's exposure to foreign currency risk was limited to the period between the initial recognition of the advance funding receivable in USD and the date funds were deposited. The exchange rate movement in this period was considered immaterial for adjustment. Any exchange rate difference would have impacted the balance sheet only, and would have nil effect, being offset by a short-term financial liability.

To mitigate the Group's exposure to foreign currency risk, non-AUD cash flows are monitored in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months).

Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

	2020 Short term exposure USD $	2020 Long term exposure USD $	2019 Short term exposure USD $	2019 Long term exposure USD $
Financial assets	12,756,080	-	-	-
Financial liabilities	-	-	-	-
Total exposure	**12,756,080**	**-**	**-**	**-**

The following table illustrates the sensitivity of profit and equity in respect of the Group's financial assets and financial liabilities and the AUD/USD exchange rate 'all other things being equal'. It assumes a +/- 10% change of the AUD/USD exchange rate for the year ended at 30 June 2020 (2019: 10%). The percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. For the year ended 30 June 2020, the impact has been assessed as nil. Financial assets subject to currency sensitivity were received on 30 June 2020, and valued at the exchange rate applicable on that date. There was no foreign currency exposure for the year ended 30 June 2019.

If the Australian Dollar (AUD) had strengthened against the US-Dollar (USD) by 10% (2019: 10%) then this would have had the following impact:

	Profit for the year USD $	Equity USD $
30 June 2020	-	-
30 June 2019	-	-

33 Financial risk management (continued)

Foreign currency sensitivity (continued)

If the AUD had weakened against the USD by 10% (2019: 10%) then this would have had the following impact:

	Profit for the year	Equity
	USD $	USD $
30 June 2020	-	-
30 June 2019	-	-

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 30 June 2020, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2019: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year		Equity	
	$ +1%	$ -1%	$ +1%	$ -1%
30 June 2020	53,460	(53,460)	(53,640)	53,640
30 June 2019	59,900	(59,900)	(59,900)	59,900

Other price risk sensitivity

The Group is exposed to other price risk in respect of the investment in Volt Power Limited (ASX: VPR).

For the listed investment in Volt Power Limited, an average volatility of 50% has been observed during 2020 (2019: 150%). Volatility at the lower end of this scale is considered a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date due to the relatively low volumes traded. If the quoted stock price for VPR increased or decreased by that amount, profit or loss and equity would have changed by $461,000 (2019: $130,000).

The investment in VPR is considered a long-term, strategic investment. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to this investment. The investment is continuously monitored and voting rights arising from the equity instrument are utilised in the Group's favour.

33 Financial risk management (continued)

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables and contract assets.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020 $	2019 $
Classes of financial assets		
Carrying amounts:		
• cash and cash equivalents	39,798,707	7,991,601
• trade and other receivables	33,575,545	20,720,885
• contract assets	8,244,464	2,938,770
	81,618,716	**31,651,256**

Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

Cash and cash equivalents

The Group's cash and cash equivalents are held with major reputable financial institutions.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and contract with customer. The demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk. Geographically, the concentration of credit risk is within Australia and, by industry, the concentration is within the commercial infrastructure and resources industries.

The Group continuously monitors defaults of customers and other counterparties, identified either by individual or group and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

The Group does not require collateral in respect of trade receivables and contract assets.

To mitigate the impact of any single credit default, the Group maintains a policy of Trade Credit Insurance that provides protection in the event of default.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

33 Financial risk management (continued)

Credit risk analysis (continued)

Impairment losses

The ageing of the Group's trade and other receivables and contract assets at the reporting date was:

	Note	Gross 2020 $	Allowance for Impairment 2020 $	Gross 2019 $	Allowance for Impairment 2019 $
Contract assets – not past due	11	8,244,464	-	2,938,770	-
Other receivables – not past due	10	2,468,800	-	91,107	-
Trade receivables:					
Not past due		26,184,909	-	16,289,817	-
Not more than three months		3,621,684	-	3,560,866	-
More than three months but not more than six months		746,050	-	373,925	-
More than six months but not more than one year		283,598	-	79,284	-
More than one year		347,953	(77,449)	402,852	(76,966)
	10	**31,184,194**	**(77,449)**	**20,706,744**	**(76,966)**
		41,897,458	**(77,449)**	**23,736,621**	**(76,966)**

The provision of $77,449 relates to expected credit losses. Impairment provision related to specific debts that are more than one year overdue pertains to a small number of customers. The Group continues to strongly pursue all debts provided for.

The Group has established an allowance for impairment that represents their expected credit losses in respect of trade receivables and contract assets.

The Group recognises a provision for impairment related to expected credit losses ("ECLs") for trade receivables, contract assets and other debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group uses a provision matrix to calculate the ECLs. The provision matrix is established based on the Group's historically observed default rates. The Group calibrates the matrix to adjust historical credit loss experience with forward looking factors specific to debtors and the economic environment where appropriate. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. To date, the Group has not observed or expects to see material decline in its customers' abilities to pay as a result of the Coronavirus pandemic due in part to the nature of those customers, which mainly includes large private sector corporations and government organisations, meaning the risk of default of receivables is low. Accordingly, no additional expected credit loss allowance pertaining to the Coronavirus pandemic have been included.

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasts in economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

33 Financial risk management (continued)

Credit risk analysis (continued)

Impairment losses (continued)

The Group considers a financial asset's potential for default when contractual payments are more than 120 days past due, factoring in other qualitative indicators where appropriate. Exception shall apply to financial assets that relate to entities under common controls or covered by letter of credit or credit insurance. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180 to 360 day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Note 8) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within three months.

As at 30 June 2020, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months $	6 - 12 months $	1 - 5 years $	5+ years $
30 June 2020				
Secured borrowings	710,119	460,000	1,840,000	-
Finance leases	564,088	564,089	1,207,863	-
Trade and other payables	25,717,223	356,658	-	-
Contract liabilities	14,845,335	11,862,026	-	-
Total	**41,836,765**	**13,242,773**	**3,047,863**	**-**

33 Financial risk management (continued)

Liquidity risk analysis (continued)

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

		Current		Non-current
	Within 6 months $	6 - 12 months $	1 - 5 years $	5+ years $
30 June 2019				
Secured borrowings	460,000	460,000	3,112,507	-
Finance leases	588,229	588,229	780,991	-
Trade and other payables	13,770,536	272,777	-	-
Contract liabilities	627,177	-	-	-
Total	**15,445,942**	**1,321,006**	**3,893,498**	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

34 Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** Unobservable inputs for the asset or liability
- The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2020 and 30 June 2019:

	Level 1 $	Level 2 $	Level 3 $	Total $
30 June 2020				
Financial assets				
Listed securities	922,000	-	-	922,000
Total assets	**922,000**	**-**	**-**	**922,000**
Financial liabilities				
Bank loans	-	(3,010,119)	-	(3,010,119)
Other financial liabilities	-	(2,336,040)	-	(2,336,040)
Contingent consideration	-	(50,000)	-	(50,000)
Total liabilities	**-**	**(5,396,159)**	**-**	**(5,396,159)**
Net fair value	**922,000**	**(5,396,159)**	**-**	**(4,474,159)**

34 Fair value measurement (continued)

	Level 1 $	Level 2 $	Level 3 $	Total $
30 June 2019				
Financial assets				
Total assets	**-**	**-**	**-**	**-**
Financial liabilities				
Bank loan	-	(4,032,507)	-	(4,032,507)
Other financial liabilities	-	(1,957,449)	-	(1,957,449)
Contingent consideration	-	(700,000)	-	(700,000)
Total liabilities	**-**	**(6,689,956)**	**-**	**(6,689,956)**
Net fair value	**-**	**(6,689,956)**	**-**	**(6,689,956)**

There were no transfers between Level 1 and Level 2 in 2020 or 2019.

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports to the Audit Committee. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at least every year, in line with the Group's reporting dates.

The valuation techniques used for instruments categorised in Levels 2 are described below. There were no instruments categorised as Level 3.

Level 2 fair value measurements

Contingent consideration (Level 2)

The fair value of contingent consideration related to the acquisition of Burton Power (see Note 31) has been determined through analysis of past profitability against management targets, estimated future cash-flows and achievement of targets agreed in the purchase agreement.

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 June 2020:

	Level 1 $	Level 2 $	Level 3 $	Total $
30 June 2020				
Property, plant and equipment:				
• Industrial land and buildings acquired under business combination	-	181,000	-	181,000

Fair value of the Group's property assets acquired under business combination through the purchase of KEC Contracting is estimated based on appraisals performed by independent, professionally-qualified property valuers. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date.

35 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its bank loans and other financial liabilities, less cash and cash equivalents as presented on the face of the statement of financial position.

The Group's goal in capital management is to ensure compliance with the Group's covenants relating to its commercial financing arrangements. These covenants measure the Group's Debt Service Cover, Gross Leverage and Liquidity Ratios, as well as requiring maintenance of a minimum Tangible Net Worth. The Group has met all its covenant obligations, since the commercial loan was taken out.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2020 $	2019 $
Total equity	42,810,655	24,792,355
Financial liabilities	5,346,159	4,032,507
Cash and cash equivalents	(39,798,707)	(7,991,601)
Capital	**8,358,107**	**20,833,261**
Total equity	42,810,655	24,792,355
Borrowings	5,346,159	4,032,507
Overall financing	**48,156,814**	**28,824,862**
Capital-to-overall financing ratio	**0.17**	**0.72**

The ratio reduction during 2020 is primarily a result of new equity funding to enable the Group to expand its operating capacity (see Note 24).

36 Parent entity information

Information relating to GenusPlus Group Pty Ltd (the Parent Entity):

	2020 $	2019 $
Statement of financial position		
Current assets	8,262,236	2,057,771
Total assets	**34,898,999**	**21,234,568**
Current liabilities	5,396,952	1,116,592
Total liabilities	**9,436,619**	**2,808,702**
Net assets	**25,462,381**	**18,425,865**
Issued capital	27,732,909	18,800,695
Retained earnings	(2,270,528)	(374,830)
Total equity	**25,462,381**	**18,425,865**
Statement of profit or loss and other comprehensive income		
(Loss) for the year	(665,548)	(13,375)
Total comprehensive income	**(665,548)**	**(13,375)**

The Parent Entity had no capital commitments at year end (2019:$Nil).

37 Events after the reporting date

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

38 Group details

The registered office and principal place of business of the Group is:

GenusPlus Group Pty Ltd
Level 1, 63 – 69 Abernethy Road
Belmont WA 6104

Directors' Declaration

1. In the opinion of the Directors of GenusPlus Group Pty Ltd:
    a. The consolidated financial statements and notes of GenusPlus Group Pty Ltd are in accordance with the *Corporations Act 2001*, including:
        i. Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
        ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
    b. There are reasonable grounds to believe that GenusPlus Group Pty Ltd will be able to pay its debts as and when they become due and payable.
2. Note 2 confirms that the consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

D. Riches

David Riches
Director

Dated the 7th day of October 2020

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Independent Auditor's Report

To the Members of GenusPlus Group Pty Ltd

Report on the audit of the financial report

Opinion

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

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 30 June 2020, but does not include the financial report and our 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, 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial 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/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 7 October 2020