

FDC Consolidated Pty Ltd

ABN 84 644 030 759

Annual Report - 30 June 2023

FDC Consolidated Pty Ltd
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of FDC Consolidated Pty Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were directors of FDC Consolidated Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Bentley R E Cottle
 Blake A Cottle
 Peter J McCabe

Principal activities

The principal activities of the Group during the financial year were building construction and office fitout.

No significant changes in the nature of these activities occurred during the year ended 30 June 2023.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2023	2022
	\$'000	\$'000
Fully franked interim dividend for the year ended 30 June 2023 (2022: 30 June 2022)	<u>14,999</u>	<u>13,300</u>

Employee benefits expense includes \$5,166,584 (2022: \$3,563,922) of dividends paid during the year in relation to employee shares.

Review of operations

The profit for the group after providing for income tax and non-controlling interest amounted to \$26,056,000 (30 June 2022: \$13,572,000).

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Environmental regulation

The Group has operations that are subject to significant environmental regulation under laws of the Commonwealth, States and Territories. The Group has policies and procedures in place to ensure compliance with environmental regulations. Project specific environmental management plans are developed for each project to minimise the environmental impacts of construction activities. There were no reported breaches of environmental legislation. Operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of state or territory.

Shares under option

There were no unissued ordinary shares of FDC Consolidated Pty Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no shares of FDC Consolidated Pty Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

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During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Rounding of amounts

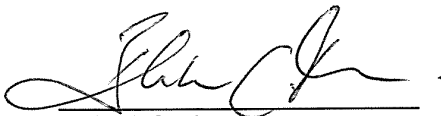
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 immediately after this directors' report.

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

On behalf of the directors



Blake A Cottle
Director



Peter J McCabe
Director

12 October 2023



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To the Board of Directors of FDC Consolidated Pty Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead auditor for the audit of the financial statements of FDC Consolidated Pty Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Nexia', written over a light blue horizontal line.

Nexia Sydney Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'Mark Boyle', written over a light blue horizontal line.

Mark Boyle

Director

Date: 12 October 2023

FDC Consolidated Pty Ltd
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General information

The financial statements cover FDC Consolidated Pty Ltd as a group consisting of FDC Consolidated Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is FDC Consolidated Pty Ltd's functional and presentation currency.

FDC Consolidated Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

22-24 Junction Street, Forest Lodge, NSW, 2037

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 October 2023. The directors have the power to amend and reissue the financial statements.

FDC Consolidated Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 \$'000	2022 \$'000
Revenue	3	1,262,154	1,145,053
Other income	4	7,267	1,402
Expenses			
Raw materials, direct labour and consumables used		(1,167,373)	(1,073,078)
Employee benefits expense		(47,831)	(40,111)
Depreciation and amortisation expense	5	(1,967)	(2,268)
Other expenses		(11,398)	(9,445)
Finance costs	5	(110)	(165)
Profit before income tax expense		40,742	21,388
Income tax expense	6	(14,146)	(7,968)
Profit after income tax expense for the year		26,596	13,420
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Realised gain on the sale of financial assets at fair value through other comprehensive income		42	4,640
Gain on the revaluation of financial assets at fair value through other comprehensive income		-	5,810
Income tax relating to components of other comprehensive income		(67)	(3,133)
Other comprehensive income for the year, net of tax		(25)	7,317
Total comprehensive income for the year		<u>26,571</u>	<u>20,737</u>
Profit for the year is attributable to:			
Non-controlling interest		540	(152)
Owners of FDC Consolidated Pty Ltd	25	26,056	13,572
		<u>26,596</u>	<u>13,420</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		540	(152)
Owners of FDC Consolidated Pty Ltd		26,031	20,889
		<u>26,571</u>	<u>20,737</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

FDC Consolidated Pty Ltd
Statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	248,228	239,682
Trade and other receivables	8	135,923	95,744
Contract assets	9	55,953	35,634
Other assets	11	3,149	2,977
Total current assets		<u>443,253</u>	<u>374,037</u>
Non-current assets			
Investments accounted for using the equity method	12	-	4
Other financial assets	10	10,691	11,159
Property, plant and equipment	13	17,641	18,287
Right-of-use assets	14	1,529	2,270
Deferred tax asset	15	5,376	5,545
Total non-current assets		<u>35,237</u>	<u>37,265</u>
Total assets		<u>478,490</u>	<u>411,302</u>
Liabilities			
Current liabilities			
Trade and other payables	16	277,354	232,681
Contract liabilities	17	71,639	64,906
Lease liabilities	18	822	712
Income tax	19	2,692	326
Provisions	20	23,786	23,657
Share-based payment liability	21	4,485	2,488
Total current liabilities		<u>380,778</u>	<u>324,770</u>
Non-current liabilities			
Lease liabilities	18	1,178	2,000
Deferred tax liability	22	1,936	1,734
Provisions	20	1,824	1,596
Total non-current liabilities		<u>4,938</u>	<u>5,330</u>
Total liabilities		<u>385,716</u>	<u>330,100</u>
Net assets		<u>92,774</u>	<u>81,202</u>
Equity			
Issued capital	23	24,482	24,482
Financial assets at fair value through other comprehensive income reserve	24	4,063	4,449
Retained profits	25	58,556	47,138
Equity attributable to the owners of FDC Consolidated Pty Ltd		<u>87,101</u>	<u>76,069</u>
Non-controlling interest	26	5,673	5,133
Total equity		<u>92,774</u>	<u>81,202</u>

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

FDC Consolidated Pty Ltd
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2021	24,482	380	43,618	5,285	73,765
Profit/(loss) after income tax expense for the year	-	-	13,572	(152)	13,420
Other comprehensive income for the year, net of tax	-	7,317	-	-	7,317
Total comprehensive income for the year	-	7,317	13,572	(152)	20,737
Transfer of reserves due to sale of investments	-	(3,248)	3,248	-	-
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 27)	-	-	(13,300)	-	(13,300)
Balance at 30 June 2022	<u>24,482</u>	<u>4,449</u>	<u>47,138</u>	<u>5,133</u>	<u>81,202</u>

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2022	24,482	4,449	47,138	5,133	81,202
Profit after income tax expense for the year	-	-	26,056	540	26,596
Other comprehensive income for the year, net of tax	-	(25)	-	-	(25)
Total comprehensive income for the year	-	(25)	26,056	540	26,571
Transfer of reserves due to sale of investments	-	(361)	361	-	-
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 27)	-	-	(14,999)	-	(14,999)
Balance at 30 June 2023	<u>24,482</u>	<u>4,063</u>	<u>58,556</u>	<u>5,673</u>	<u>92,774</u>

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

FDC Consolidated Pty Ltd
Statement of cash flows
For the year ended 30 June 2023

Note	Consolidated	
	2023 \$'000	2022 \$'000
Cash flows from operating activities		
	1,352,082	1,290,331
	(1,323,095)	(1,225,650)
	28,987	64,681
	5,648	777
	1,146	-
	(110)	(165)
	(11,342)	(17,204)
	24,329	48,089
Cash flows from investing activities		
	(273)	(418)
13	(665)	(495)
	574	7,240
	85	129
	208	-
	(71)	6,456
Cash flows from financing activities		
27	(14,999)	(13,300)
	(713)	(477)
	(15,712)	(13,777)
	8,546	40,768
	239,682	198,914
7	248,228	239,682

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

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of FDC Consolidated Pty Ltd ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. FDC Consolidated Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the group. Losses incurred by the group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

The following accounting policies are most relevant to the consolidated entity:

Revenue recognition

The group recognises revenue as follows:

Revenue from construction contracts

The contracted terms and the way in which the company operates its construction and services contracts results in revenue predominantly being derived from projects containing one performance obligation. Construction and services revenue will be recognised over time, while taking into account requirements for variable consideration such as incentives, as well as accounting for claims and variations as contract modifications which all impart a higher threshold of probability for recognition. Variable consideration is only included in the transaction price for a contract to the extent it is highly probable that a significant reversal of that revenue will not occur, which is an area of accounting judgement. This assessment is reviewed each reporting period or when facts and circumstances change during the reporting period.

Revenue is recognised over time, typically based on an input method using an estimate of costs incurred to date as a percentage of total estimated costs. These contracts are typically executed on the customer's land or leasehold so they control the asset that is being built. Differences between amounts recognised as revenue and amounts billed to customers are recognised as contract assets or liabilities in the Statement of Financial Position.

Tender costs and contract costs

Under AASB 15, costs can only be capitalised if they are both expected to be recovered and either would not have been incurred if the contract had not been won or if they are intrinsic to the delivery of the project.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work.

Interest

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

Other income

Other income is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Other income is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The company entered into a tax consolidation group on 1 January 2021. The head entity of the group is FDC Consolidated Pty Ltd. As a consequence, the group is taxed as a single entity and the deferred tax assets and liabilities of the company are set off in the consolidated financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

Contract assets

The gross amount of work in progress consists of costs attributable to work performed, including recoverable pre contract and project bidding costs and emerging profit after providing for any foreseeable losses. In applying the accounting policies on providing for these losses, accounting judgement is required.

Construction contract assets are presented for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented in trade and other payables as a Construction contract liability.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Plant and equipment	15% - 80%
Leasehold improvements	11.3% - 37.5%
Motor vehicles	18.8% - 22.5%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

Right-of-use assets

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

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

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

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Computer software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the group has transferred the goods or services to the customer.

Lease liabilities

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

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

Provisions

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

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Note 1. Significant accounting policies (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Cash-settled share-based compensation benefits are provided to employees.

Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an EBIT multiplier as per the agreement. The cumulative charge to profit or loss until settlement of the liability is calculated from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Goods and Services Tax ('GST') and other similar taxes

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

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

FDC Consolidated Pty Ltd
Notes to the financial statements
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Note 1. Significant accounting policies (continued)

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

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

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Revenue from construction contracts

The measurement of revenue is an area of accounting judgement. Management use judgement to estimate:

- i. Progress in satisfying the performance obligations within the contract which includes estimating contract costs expected to be incurred to satisfy performance obligations; and
- ii. the probability of the amount to be recognised as variable consideration for approved variations and claims where the final price has not been agreed with the customer.

Estimation of useful lives of assets

The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on the group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

FDC Consolidated Pty Ltd
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30 June 2023

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	Consolidated	
	2023	2022
	\$'000	\$'000
Provision of services	<u>1,262,154</u>	<u>1,145,053</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Major product lines</i>		
Construction & Fitout	1,254,118	1,142,306
Other services	<u>8,036</u>	<u>2,747</u>
	<u>1,262,154</u>	<u>1,145,053</u>
<i>Geographical regions</i>		
NSW	712,487	712,672
VIC	237,906	225,068
ACT	58,183	48,262
WA	16,311	18,007
QLD	154,690	95,691
SA	<u>82,577</u>	<u>45,353</u>
	<u>1,262,154</u>	<u>1,145,053</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>1,262,154</u>	<u>1,145,053</u>

FDC Consolidated Pty Ltd
Notes to the financial statements
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Note 4. Other income

	Consolidated	
	2023	2022
	\$'000	\$'000
Government grants	1,146	-
Recharges	375	390
Interest	5,648	777
Other	80	296
Net loss on disposal of plant & equipment	18	(61)
	<u>7,267</u>	<u>1,402</u>
Other income	<u>7,267</u>	<u>1,402</u>

Note 5. Expenses

	Consolidated	
	2023	2022
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales - raw materials, direct labour and consumables used	<u>1,167,373</u>	<u>1,073,078</u>
<i>Depreciation and amortisation expenses</i>		
Depreciation	1,226	1,447
Amortisation of right-of-use asset	742	821
	<u>1,968</u>	<u>2,268</u>
Total depreciation and amortisation	<u>1,968</u>	<u>2,268</u>
<i>Finance costs</i>		
Interest and finance charges paid - right-of-use asset	<u>110</u>	<u>165</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>8,740</u>	<u>7,254</u>

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 6. Income tax expense

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax	14,090	8,978
Deferred tax - origination and reversal temporary differences	169	(875)
Adjustment recognised for prior periods	(113)	(135)
	<u>14,146</u>	<u>7,968</u>
Aggregate income tax expense		
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 15)	169	(875)
	<u>169</u>	<u>(875)</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	40,742	21,388
Tax at the statutory tax rate of 30%	12,223	6,416
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other	486	618
Employee dividends paid	1,550	1,069
	<u>14,259</u>	<u>8,103</u>
Adjustment recognised for prior periods	(113)	(135)
	<u>(113)</u>	<u>(135)</u>
Income tax expense	<u>14,146</u>	<u>7,968</u>

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Amounts charged directly to equity</i>		
Deferred tax liabilities (note 22)	202	1,541
	<u>202</u>	<u>1,541</u>

Note 7. Cash and cash equivalents

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current assets</i>		
Cash on hand	1	2
Cash at bank	248,227	239,680
	<u>248,228</u>	<u>239,682</u>

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Notes to the financial statements
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Note 8. Trade and other receivables

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	118,012	80,783
Less: Allowance for expected credit losses	(104)	(300)
	<u>117,908</u>	<u>80,483</u>
Other receivables	911	594
GST receivable	17,104	14,667
	<u>135,923</u>	<u>95,744</u>

Note 9. Contract assets

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current assets</i>		
Contract assets	<u>55,953</u>	<u>35,634</u>

Note 10. Other financial assets

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Non-current assets</i>		
Shares in listed entities - at fair value through other comprehensive income	-	533
Units in unlisted property trust - at fair value through other comprehensive income	10,691	10,626
	<u>10,691</u>	<u>11,159</u>

The unlisted ordinary shares have been valued based on the present value of net cash flows, capitalisation of net income and direct comparison for similar investments. The listed ordinary shares have been valued based on their quoted market prices in active markets.

Note 11. Other assets

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current assets</i>		
Prepayments	3,067	2,929
Deposits	82	48
	<u>3,149</u>	<u>2,977</u>

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Note 12. Investments accounted for using the equity method

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Non-current assets</i>		
Investment in Nyamba	-	4

Refer to note 33 for further information on interests in joint ventures.

Note 13. Property, plant and equipment

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Non-current assets</i>		
Buildings - at cost	17,634	17,634
Less: Accumulated depreciation	(2,344)	(1,923)
	<u>15,290</u>	<u>15,711</u>
Leasehold improvements - at cost	459	459
Less: Accumulated depreciation	(420)	(329)
	<u>39</u>	<u>130</u>
Plant and equipment - at cost	3,281	3,753
Less: Accumulated depreciation	(1,784)	(2,196)
	<u>1,497</u>	<u>1,557</u>
Fixtures and fittings - at cost	1,589	1,571
Less: Accumulated depreciation	(1,585)	(1,483)
	<u>4</u>	<u>88</u>
Motor vehicles - at cost	1,501	1,456
Less: Accumulated depreciation	(690)	(655)
	<u>811</u>	<u>801</u>
	<u><u>17,641</u></u>	<u><u>18,287</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Buildings \$'000	Plant and Equipment \$'000	Fixtures and Fittings \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Balance at 1 July 2022	15,711	1,557	88	801	130	18,287
Additions	-	383	20	262	-	665
Disposals	-	(24)	(1)	(60)	-	(85)
Depreciation expense	(421)	(419)	(103)	(192)	(91)	(1,226)
Balance at 30 June 2023	<u>15,290</u>	<u>1,497</u>	<u>4</u>	<u>811</u>	<u>39</u>	<u>17,641</u>

FDC Consolidated Pty Ltd
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Note 14. Right-of-use assets

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	3,230	3,571
Less: Accumulated depreciation	<u>(1,858)</u>	<u>(1,614)</u>
	<u>1,372</u>	<u>1,957</u>
Office equipment - right-of-use	695	702
Less: Accumulated depreciation	<u>(538)</u>	<u>(389)</u>
	<u>157</u>	<u>313</u>
	<u><u>1,529</u></u>	<u><u>2,270</u></u>

Additions to the right-of-use assets during the year were nil and depreciation charged to profit or loss was \$741,714.

The group leases land and buildings for its offices under agreements of between three and eight years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are negotiated. The group also leases plant and equipment under agreements of between two to five years.

Note 15. Deferred tax asset

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Non-current assets</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	31	90
Employee benefits	4,486	4,101
Leases	141	132
Property, plant and equipment	(225)	(117)
Accrued expenses	643	482
Tax losses	-	412
Blackhole expenses	-	69
Other	<u>300</u>	<u>376</u>
Deferred tax asset	<u><u>5,376</u></u>	<u><u>5,545</u></u>
<i>Movements:</i>		
Opening balance	5,545	4,670
Credited/(charged) to profit or loss (note 6)	<u>(169)</u>	<u>875</u>
Closing balance	<u><u>5,376</u></u>	<u><u>5,545</u></u>

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 16. Trade and other payables

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	177,410	153,366
Payroll taxes payable	269	337
GST payable	14,740	11,150
Sundry payables and accrued expenses	84,935	67,828
	<u>277,354</u>	<u>232,681</u>

Note 17. Contract liabilities

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current liabilities</i>		
Contract liabilities	<u>71,639</u>	<u>64,906</u>

Note 18. Lease liabilities

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current liabilities</i>		
Lease liability	<u>822</u>	<u>712</u>
<i>Non-current liabilities</i>		
Lease liability	<u>1,178</u>	<u>2,000</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	902,188	820,083
One to five years	1,251,799	2,153,986
	<u>2,153,987</u>	<u>2,974,069</u>

Refer to note 16 for further information on leased assets.

Note 19. Income tax

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current liabilities</i>		
Provision for income tax	<u>2,692</u>	<u>326</u>

FDC Consolidated Pty Ltd
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30 June 2023

Note 20. Provisions

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current liabilities</i>		
Employee benefits	13,128	12,075
Other	<u>10,658</u>	<u>11,582</u>
	<u><u>23,786</u></u>	<u><u>23,657</u></u>
<i>Non-current liabilities</i>		
Employee benefits	<u>1,824</u>	<u>1,596</u>

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2023	\$'000
Carrying amount at the start of the year	11,582
Amounts used	<u>(924)</u>
Carrying amount at the end of the year	<u><u>10,658</u></u>

Note 21. Share-based payment liability

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Current liabilities</i>		
Share-based payment liability	<u>4,485</u>	<u>2,488</u>

As at 30 June 2023, the Company maintained a share-based payment scheme for employees. These benefits will be settled in cash.

Shares have been issued to employees during the 2021 and 2023 financial years under a Shareholders agreement. Under the Shareholders agreement, the valuation of the shares are determined each year through the review of the net asset value of the company. The value of the liability is then adjusted in accordance to this agreement at each reporting period.

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 22. Deferred tax liability

	Consolidated	Consolidated
	2023	2022
	\$'000	\$'000
<i>Non-current liabilities</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in equity:		
Revaluation of financial assets at fair value through other comprehensive income	1,936	1,734
Deferred tax liability	<u>1,936</u>	<u>1,734</u>
<i>Movements:</i>		
Opening balance	1,734	193
Charged to equity (note 6)	<u>202</u>	<u>1,541</u>
Closing balance	<u>1,936</u>	<u>1,734</u>

Note 23. Issued capital

	Consolidated	Consolidated	Consolidated	Consolidated
	2023	2022	2023	2022
	Shares	Shares	\$'000	\$'000
A Class Shares - FDC ESS 2 Unit Trust	262	262	2,488	2,488
B Class Shares - EUT	2,460	2,665	9,994	10,829
Ordinary Shares	<u>25,180</u>	<u>25,180</u>	<u>24,482</u>	<u>24,482</u>
	<u>27,902</u>	<u>28,107</u>	<u>36,964</u>	<u>37,799</u>
Less: Treasury Shares	<u>(2,722)</u>	<u>(2,927)</u>	<u>(12,324)</u>	<u>(13,159)</u>
	<u>25,180</u>	<u>25,180</u>	<u>24,640</u>	<u>24,640</u>

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called.

Employee shares

Employee shares participate in dividends and the proceeds of winding up of the parent entity in proportion to the number of shares held.

Employee shares are not entitled to vote.

Note 24. Financial assets at fair value through other comprehensive income reserve

	Consolidated	Consolidated
	2023	2022
	\$'000	\$'000
Financial assets at fair value through other comprehensive income reserve	<u>4,063</u>	<u>4,449</u>

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

FDC Consolidated Pty Ltd
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Note 24. Financial assets at fair value through other comprehensive income reserve (continued)

Movements in reserves

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

Consolidated	\$'000	Total \$'000
Balance at 1 July 2022	4,449	4,449
Revaluation - gross	<u>(386)</u>	<u>(386)</u>
Balance at 30 June 2023	<u><u>4,063</u></u>	<u><u>4,063</u></u>

Note 25. Retained profits

	Consolidated	
	2023	2022
	\$'000	\$'000
Retained profits at the beginning of the financial year	47,138	43,618
Profit after income tax expense for the year	26,056	13,572
Dividends paid (note 27)	(14,999)	(13,300)
Transfer from revaluation surplus reserve	<u>361</u>	<u>3,248</u>
Retained profits at the end of the financial year	<u><u>58,556</u></u>	<u><u>47,138</u></u>

Note 26. Non-controlling interest

	Consolidated	
	2023	2022
	\$'000	\$'000
Issued capital	5,760	5,760
Accumulated losses	<u>(87)</u>	<u>(627)</u>
	<u><u>5,673</u></u>	<u><u>5,133</u></u>

Note 27. Dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2023	2022
	\$'000	\$'000
Fully franked interim dividend for the year ended 30 June 2023 (2022: 30 June 2022)	<u>14,999</u>	<u>13,300</u>

Employee benefits expense includes \$5,166,584 (2022: \$3,563,922) of dividends paid during the year in relation to employee shares.

Franking credits

	Consolidated	
	2023	2022
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>45,897</u>	<u>42,815</u>

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Note 27. Dividends (continued)

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

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 28. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	Consolidated	
	2023	2022
	\$	\$
Aggregate compensation	11,609,460	9,783,855

Note 29. Contingent liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable include bank guarantees supported by a fixed and floating charge over the company's assets and insurance company surety bonds supported by cross guarantees with certain of the Group entities and other related entities.

	Consolidated	
	2023	2022
	\$'000	\$'000
Bank guarantees:		
Facility Limit	60,000	60,000
Value of guarantees utilised	(46,880)	(42,407)
	13,120	17,593

	Consolidated	
	2023	2022
	\$'000	\$'000
Surety bonds		
Facility Limit	204,907	204,907
Value of bonds utilised	(100,655)	(75,461)
	104,252	129,446

Note 30. Related party transactions

Parent entity

FDC Consolidated Pty Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Joint ventures

Interests in joint ventures are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 28.

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 30. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2023	2022
	\$	\$
Sales to related parties:		
Sales to Bishops Real Estate	373,629	354,368
Sales to Hunter Discretionary Trust	424,053	549,523
Sales to Fitzpatrick Investments Pty Ltd	27,706,875	18,991,588
Payment for goods and services:		
Purchases from Bishops Real Estate	529,264	605,430

Receivable from and payable to related parties

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

	Consolidated	
	2023	2022
	\$	\$
Current receivables:		
Amount receivable Bishops Real Estate	66,963	143,313
Amount receivable Hunter Discretionary Trust	48,604	176,060
Amount receivable Fitzpatrick Investments	7,199,292	7,645,627

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$'000	\$'000
Loss after income tax	(6,748)	(3,791)
Total comprehensive income	(6,748)	(3,791)

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 31. Parent entity information (continued)

Statement of financial position

	Parent	
	2023 \$'000	2022 \$'000
Total current assets	35,311	35,311
Total assets	35,311	35,311
Total current liabilities	1,565	(11,015)
Total liabilities	1,565	(11,015)
Equity		
Issued capital	34,477	35,311
Retained profits/(accumulated losses)	(732)	11,015
Total equity	<u>33,745</u>	<u>46,326</u>

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Ownership interest		
	2023 %	2022 %	
FDC Construction & Fitout (VIC) Pty Ltd	Australia	100%	100%
FDC Construction & Fitout (QLD) Pty Ltd	Australia	100%	100%
FDC Construction & Fitout (WA) Pty Ltd	Australia	100%	100%
FDC Construction & Fitout (SA) Pty Ltd	Australia	100%	100%
FDC Mechanical Services Pty Ltd	Australia	100%	100%
FDC Construction (NSW) Pty Ltd	Australia	100%	100%
FDC Fitout & Refurbishment (NSW) Pty Ltd	Australia	100%	100%
FDC Business Services Pty Ltd	Australia	100%	100%
FDC Construction & Fitout (ACT) Pty Ltd	Australia	100%	100%
FDC Technologies Pty Ltd	Australia	100%	100%
FDC Construction & Fitout Pty Ltd	Australia	100%	100%
FDC Development Pty Ltd	Australia	100%	100%
FDC Contracting Pty Ltd	Australia	100%	100%
FDC Development Trust	Australia	100%	100%
FDC Administration Trust	Australia	100%	100%
FDC Property Trust No.1	Australia	100%	100%
FDC SOP 8C Unit Trust	Australia	100%	100%
FDC SOP 8D Unit Trust	Australia	100%	100%
FDC Headco Pty Ltd	Australia	100%	100%
FDC Group Holding	Australia	100%	100%
FDC Investments Pty Ltd	Australia	100%	100%
Canberra Park Unit Trust	Australia	60%	60%

FDC Consolidated Pty Ltd
Notes to the financial statements
30 June 2023

Note 33. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the group are set out below:

Name		Ownership interest	
		2023	2022
		%	%
FDC Nyamba Pty Ltd	Australia	100.00%	49.00%

Note 34. Non-cash investing and financing activities

	Consolidated	
	2023	2022
	\$'000	\$'000
Additions to the right-of-use assets	-	405

Note 35. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the company, and its network firms:

	Consolidated	
	2023	2022
	\$	\$
<i>Audit services - Nexia Sydney Audit Pty Ltd</i>		
Audit of the financial statements	124,150	116,025
<i>Other services - Nexia Sydney Audit Pty Ltd</i>		
Other services	28,100	26,250
	<u>152,250</u>	<u>142,275</u>
<i>Other services - Nexia Sydney Tax Pty Ltd</i>		
Preparation of the tax return	41,473	38,405

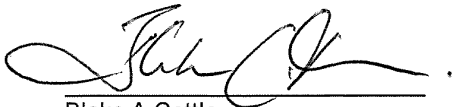
FDC Consolidated Pty Ltd
Directors' declaration
30 June 2023

In the directors' opinion:


- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Blake A Cottle
Director



Peter J McCabe
Director

12 October 2023



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Independent Auditor's Report to the Members of FDC Consolidated Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of FDC Consolidated Pty Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, 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 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:

- i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards - Simplified Disclosures 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in FDC Consolidated Pty Ltd's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and 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 the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial 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 responsibility 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 Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'Nexia'.

Nexia Sydney Audit Pty Ltd

A handwritten signature in blue ink that reads 'Mark Boyle'.

Mark Boyle
Director

Dated: 12 October 2023
Sydney