



# All the right connections for local industry

Annual report  
**2016–17**

# Contents

Chairman's review	5
Executive Director's report	6
Highlights	8
Functions and focus	8
Value delivery	9
Strategic alliances	9
National coordination	10
Marketing and communications	11
Supplier Access to Major Projects (SAMP)	13
Technology systems	14

## Appendices

Appendix 1 – Company membership	16
Appendix 2 – Employee details	16
Appendix 3 – Board composition	17
Appendix 4 – ICN contact details	18
Appendix 5 – Independent audit report	19
Appendix 6 – Financial statements	22

© Industry Capability Network Limited 2017.  
ACN 068571513

This publication is copyright. No part may be reproduced  
by any process except in accordance with the provisions  
of the *Copyright Act 1968*.





A low-angle photograph looking up at a yellow construction crane on the left and a modern glass skyscraper on the right. The crane is lifting a large white rectangular object. The sky is blue with scattered white clouds. The text "One goal: the growth of Australian and New Zealand companies" is overlaid in white on the left side of the image.

One goal:  
the growth of  
Australian and  
New Zealand  
companies



**Over 1,800 work  
packages were  
awarded through  
the ICN Gateway  
this year to  
Australian business**



# Chairman's review

Australian business has had ICN in its corner for over two decades



The end of a financial year is the perfect time to reflect on business outcomes, hurdles and achievements of the past year. We have also had the opportunity to reflect on how

far ICN has travelled since inception in 1995. ICN's national coordination role grew steadily with a secure Government funding base prior to 2014–15, and since then has moved to a more commercialised orientation with a self-sufficiency target. Throughout this journey, the adaptability and flexibility shown by the ICNL team, ICN state offices, and Australian Industry in general has been amazing.

Our focus is as always, on providing a valuable service to all Australian industries and sectors. Our core objective is to introduce small and medium enterprises (SMEs) to a range of work projects, that otherwise may have gone to overseas companies. Over 1,800 work packages were awarded through the ICN Gateway this year to Australian business, and that is something we can all be proud of.

As any business can testify, the bottom line is always the main priority. We are not immune from these pressures during uncertain times. The Finance team has kept a razor-sharp eye on costs and has minimised expenditure in most areas, all without affecting services. This has included reduction in staffing costs, overheads, marketing budgets, and travel expenses.

Our Board has resized to better reflect the current business requirements, down

from seven to five members. I personally thank both Mr Robert Herbert AM and Mr Innes Willox, for their dedication to Australian business and their positive contributions to the ICNL Board.

ICNL has done exceedingly well this year, despite a sluggish business confidence, capturing 54% of renewed subscriptions. Considering we now charge for a previously free service, the rate of return subscribers is an achievement. \$1.296 million in sales is a great figure to take over into the new financial year.

It was very pleasing when the Department of Industry, Innovation and Science awarded an extension of our Deed of Agreement with additional funding for the year. This will allow for a more secure environment in which the company can operate in a sustainable manner until July 2018. This also ensures that ICN has the technological systems needed to support our state offices and staff with their all-important work of finding and promoting contract opportunities for clients at all levels of public and private projects.

In June 2017, the Department provided further funding to research and deliver a new Customer Relationship Management system (CRM). The CRM will streamline services and future proof ICN and the states. This is also the focus of the Commonwealth Minister and Assistant Minister of Industry, Innovation and Science as it aligns with the Commonwealth's strategic direction for Australian Industry Participation (AIP), including small business engagement and opportunity/project publication.

Another project funded by the Department is a data cleanse of information in ICN Gateway. This work will allow for a purge of old and outdated

information in the system and provides for easier maintenance, both for IT and marketing purposes.

Australian Industry and the economy continues to evolve. ICN is very well equipped to shift alongside these changes, providing we keep pace with Government policy implementation. This was evident when ICNL Executive Director Mr Derek Lark was invited to address the Joint Select Committee into Government Procurement in May this year. He highlighted the need for policy to include Australian SMEs in the process of tendering and winning vital government contracts.

We have spent much of the year working with the Ministers and the Department on their new strategic direction for AIP. We are confident with the current direction, and even more confident ICN can assist Australian and New Zealand business grow with new and expanding industries.

Finally, I'd like to express our thanks to the Ministers, the Department, the ICNL staff, especially Mr Derek Lark, and the ICNs around the land, for all their hard work throughout this challenging year. Australian business has had ICN in its corner for over two decades, a great thought to reflect and end on.

**DAVID MCLACHLAN AO**  
Chairman



# Executive Director's report

## Australian Industry Policy remained strong throughout the year



Australian Industry Policy remained strong throughout the year and there continued to be positive signs for manufacturing. The Australian Government released a variety

of policies and Industry capability initiatives, and welcomed a new Industry Minister midway through the year.

During this time, ICN continued to support Australian and New Zealand SMEs with a constant stream of work packages, and additional opportunities through ICN Gateway.

As always, there was detailed attention to financial performance and ongoing sustainability for ICNL and the state offices. This involved close monitoring of income from value added product sales with weekly and daily targets set. Sales remained strong at \$1.296 million even with the restructure and fewer resources.

Supplier Access to Major Projects (SAMP) is now in its final stages, with most projects winding up this financial year. We have worked with SAMP since inception, and to date over \$17 billion has been delivered to Australian SMEs through this policy.

In December, we were advised that the Australian Government was working to move supplier and opportunity information services into the business.gov.au structure.

In 2017–18, our small team will focus on delivering the new Customer Relationship Management (CRM) model for use by all ICN state offices. This new CRM is funded through a grant from the Federal Government. We have distributed a Request for Proposal (RFP) as the first step in the procurement process.

IT evolves and this year our team have delivered on maintaining the successful Toolbox and ICN Gateway systems. The IT infrastructure is integral to ICN offices delivering a high level of service to Australian Industry.

It has been a pleasure to work closely with the Department of Industry, Innovation, and Science staff assisting in delivering the Minister's strategic direction for Australian Industry Participation (AIP) Policy, in particular the new technology platforms that are proposed.

Many thanks also to the ICNL team, state Executive Directors, and their staff, all of whom have significantly contributed to another successful year for ICNL.

Thank you to the ICN Board, who always impart patience, measure, and insights, not only at meetings but throughout the working year. And finally, thank you to our tireless Chairman, Mr David McLachlan, his energy and loyalty are appreciated by us all.

**DEREK LARK**  
Executive Director



A yellow and blue locomotive is pulling a long freight train through a dry, hilly landscape. The locomotive is in the foreground, moving towards the viewer. The train consists of many brown freight cars stretching into the distance. The landscape is arid with dry grass and some trees in the background. The text "It was a year of fantastic achievements by our small, dedicated team." is overlaid on the image in white, bold, sans-serif font. A large, semi-transparent number "1" is positioned on the right side of the image.

**It was a  
year of fantastic  
achievements by our  
small, dedicated team.**



## Highlights

- The network contributed to contracts worth \$2.017 billion awarded to Australian companies that may have otherwise gone offshore to overseas suppliers.
- More than 4,388 new companies registered on ICN Gateway.
- In the 12 months to 30 June 2017, 109 new projects involving more than 1,804 work packages were listed on ICN Gateway.
- Of those 1,804 work packages, more than 762 were awarded via ICN Gateway.
- ICN Gateway attracted over 1.575 million page views from major project owners and project managers.
- From 30 June 2016 to 30 June 2017 there were 243,545 unique visitors searching for local suppliers on ICN Gateway.
- Finalisation of SAMP contracts worth \$801 million.
- Value of subscriptions sold was \$1.296 million.

## Functions & focus

- Provide a coordination role for the state and territory network offices ensuring a common and consistent approach to activities and to support the ongoing enhancement and development of ICN.
- Develop, manage and provide the national data and communications systems used by ICN, including ICN Toolbox and ICN Gateway.
- Coordinate the network to establish links with global supply chain managers to help Australian and New Zealand SMEs gain access to the global supply chains of major project developers.
- Develop nationally focused marketing and raise awareness and understanding of opportunities available to participate in major projects and global supply chains.
- Provide a direct interface to the Australian Government and relevant Australian Government departments.
- Manage, on behalf of the Australian Government, grant monies and in particular monies associated with SAMP.
- Undertake research on behalf of the states and Australian Government.
- Coordinate activities of ICN to help companies identify Australian suppliers when applying for Tariff Concessions.





## Value delivery

### Customer

- Updated ICN Gateway with a new and improved user experience for EOI handling at a more detailed level.
- Enhanced marketing automation.
- Introduced a tailored welcome process to introduce subscribers to ICN Gateway and explain the process to maximise effectiveness of Gateway features.
- Creation of tailored user guides for various ICN Gateway functions.
- The rewrite of all existing customer communications.

### ICN Gateway

- Expanded state-focused IT enhancements to manage scope specific EOIs.
- Upgraded platform software for improvement extensibility.
- 268 projects listed online during the year.
- More than 31,418 registrations of interest from local businesses.
- Over \$385 billion contracts on offer.

### Financial

- Reinvest commercial income.

### Strategic direction

- Leading the network in monitoring the environment and developing the 'one network' strategic direction.

### SAMP

- In the reporting period, 302 contracts worth \$801 million were awarded to Australian companies that may have otherwise gone to overseas suppliers.

## Strategic alliances

- Austrade
- Australian Industry Group (Ai Group)
- Australian Made Campaign Limited
- Australian Manufacturing Technology Institute Limited (AMTIL)
- Australian Water Association
- Australasian Railway Association
- Council of Textile and Fashion Industries of Australia
- Entrepreneurs' Programme
- Global opportunity activities with a number of third-party organisations on behalf of ICN
- Supply Nation



The network  
contributed to  
contracts worth  
\$2.017 billion





## National coordination

### ICN's standard operating procedures define the functions of national coordination and the national coordinator as:

- facilitating the coordination of the common activities of participating ICN offices, which are independent bodies
- achieving cooperation between each participating ICN office on matters of common interest
- enhancing the prime function of ICN, namely the promotion of local industry
- facilitating the collection and publication of appropriate statistics and standardisation of reports on ICN activities
- undertaking promotional work on behalf of participating ICN offices
- fostering an open exchange of information between participating ICN offices
- enhancing the ICN collective database on industry capability
- encouraging commonality and best practice in operations across ICN and consistency in application of standard operating procedures
- coordinating and acting as secretariat for meetings of national significance
- making submissions on matters of national interest as agreed mutually by the ICN offices
- representing the interests of the collective ICN offices federally and in forums of national significance.

ICN's Executive Directors met three times during 2016–17, with two meetings held in Melbourne and one in Brisbane.



# Marketing and communications

**The Marketing and Communications teams' major focus this year has been the introduction and implementation of new marketing automation software which enables streamlined, timely and tailored customer communications.**

As part of this process, a new welcome process was introduced with the aim of increasing the number of companies completing their profiles and timely follow-up communications on the features of their ICN Gateway subscription.

Other key outcomes for the year were:

- simplification of the ICN Gateway signup process
- awareness campaigns for the capability statement feature of an ICN Gateway company profile
- the update of all existing communications, ensuring the communications pathway was consistent for the lifetime of the subscriber
- a complete suite of user guides were developed to assist customers with improving their company profile and submitting expressions of interest
- the introduction of a quarterly newsletter
- further expanding the social media reach for our customers with regular posts and blogs.

We look forward to continue working with ICN's state offices to support them in providing high quality and regular customer communications.



...streamlined,  
timely and  
tailored customer  
communications





268 projects  
listed online 

more than **31,418**  
 registrations  
of interest  
from local businesses

**\$**over  
**385 billion**  
contracts on offer



# Supplier Access to Major Projects (SAMP)

**The SAMP program, helping Australian suppliers gain access to opportunities both within Australia and globally, was an Australian Government initiative launched in 1997.**

The original program, called SAMP Australia, targeted major projects in Australia. It was expanded to encompass international projects through SAMP Global in 2006.

The program was further modified in 2008–09, to provide for funding of both Australian and international projects, and was called AIP-SAMP.

Grant funding has allowed specialist consultants to work with project developers to identify supply opportunities for Australian industry in major projects within Australia and overseas.

Recipients of the funding research were responsible for identifying competitive Australian and New Zealand companies capable of supplying goods and services to the projects. This gave Australian suppliers the opportunity to compete for work against overseas suppliers.

## AIP-SAMP

- At the start of the reporting period, ICN managed 14 AIP-SAMP active projects.
- All projects reached the end date of their respective Agreements of 31 December 2016.
- Total wins for the reporting period have amounted to 302 contracts, worth \$801 million.

During the reporting period, the network reported the following significant project wins:

- \$300 million contract awarded to Compass Group (Australia) Pty Ltd for hose catering services for the Ichthys Operations Project.
- \$100 million contract awarded to L&H Group for supply of bare copper earth wire for the Ichthys Operations Project.
- \$70 million contract awarded to FMC Technologies for light well intervention for the Ichthys Operations Project.
- \$50 million contract awarded to Clough Projects Australia for offshore completion services for the Ichthys Operations Project.

## Funding of the SAMP program

A Deed of Agreement between ICNL and the Department of Industry, Innovation and Science provided funding for the program to February 2015 when it closed. ICNL continues to submit reports to the Department on the management and achievements of the SAMP program as a number of projects are still active until December 2017. There is no further funding for the SAMP Program.

The following table shows the number and value of significant contracts achieved under the AIP-SAMP program in 2016–17.

Project	State	No.	\$M
National Health Care Alliance	TAS	14	55.25
Ichthys Operations Project (Inpex)	NT	280	728

More information on the SAMP program is available at [www.icn.org.au](http://www.icn.org.au).





# Technology systems

**Over the years, Australian suppliers and ICN operational offices have come to rely on ICNL's extensive and integrated IT Systems, such as ICN Gateway, ICN Toolbox, the Market Channel Admin Tool, ICN web services and the ICN database.**

We know Australian SMEs depend on our cutting-edge systems, so we are constantly extending and enhancing them to provide:

- a simple, easy-to-use online tool to help suppliers create and edit their company profile, search for project opportunities, set up email notification preferences and submit expressions of interest for opportunities
- the ability for the public to search for suppliers within regions and by capability
- the ability to search for work packages on major projects, or smaller regional opportunities in specific local government areas, and to be notified of new opportunities
- an inviting web presence accessible from Macs, PCs, iPads and Android tablets

- a secure and intuitive data administration tool (ICN Toolbox) that allows our consultants to easily and effectively manage industry capability data, help project proponents and buyers list new projects, work packages and opportunities, analyse and respond to expressions of interest, liaise with local government authorities' more closely, engage with SMEs and produce timely, accurate reporting
- the ability to interconnect and share industry data with other industry organisations
- the ability to serve cloud framework and mobile applications
- the ability to create and manage project prequalification questionnaires.

## Future developments

In 2017–18 the IT focus will be on working with the Commonwealth on modernising the IT systems.



We know Australian  
SMEs depend on our  
cutting-edge systems



# Appendices



## Appendix 1

### Company membership

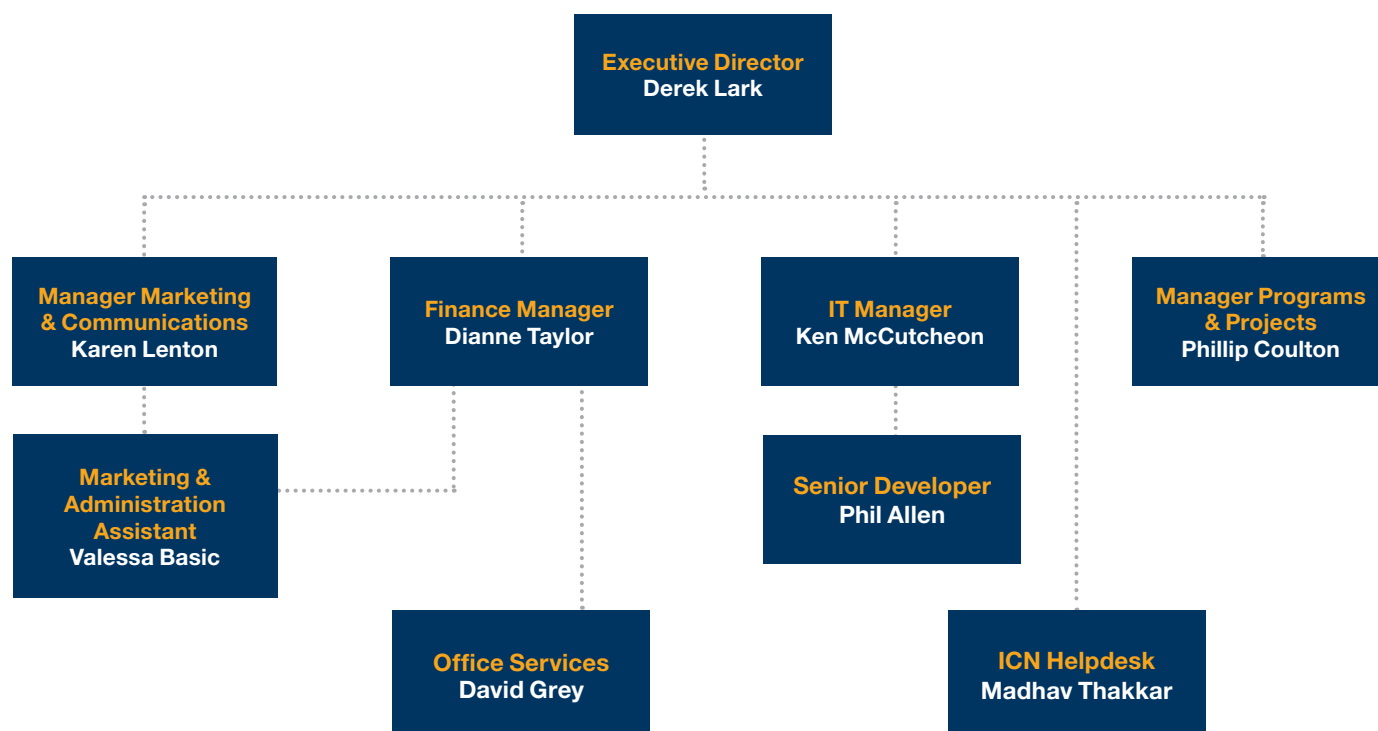
#### The members of ICNL (2016–17) are:

- Department of Industry, Innovation and Science
- Australian Council of Trade Unions
- Industry Capability Network (VIC)
- Industry Capability Network (NSW)
- QMI Solutions (QLD) Limited
- Business Promotions (NT) Pty Ltd
- The Chamber of Commerce and Industry of Western Australia
- Department of State Development (SA)



## Appendix 2

### Employee details as at 30 June 2017



## Appendix 3

# Board composition

The Board of Directors consists of five people elected by the members.

The full composition of the Board of Directors at 30 June 2017 was:



**CHAIRMAN**

**MR DAVID MCLACHLAN AO**

Industry Capability Network Limited  
PO Box 130  
Deakin West ACT 2600



**DIRECTOR**

**MR ANDREW DETTMER**

National President  
Australian Manufacturing Workers Union  
PO Box 12321  
Melbourne VIC 8006



**DEPUTY CHAIRMAN**

**MR ROBERT HERBERT AM**

Chairman, TrackSAFE Foundation Ltd  
Chairman, MCG Trust, to May 2017  
Chairman, Australasian Railway Association  
225 Esplanade, Henley Beach, SA 5022

(Term ended 31 December 2016)



**DIRECTOR**

**MR INNES WILLOX**

Chief Executive  
Australian Industry Group  
PO Box 7622  
Melbourne VIC 3004

(Term ended 31 December 2016)



**DIRECTOR**

**MR BRUCE GRIFFITHS OAM**

Managing Director, Monoduo Pty Ltd  
8 Monomeath Avenue  
Toorak VIC 3142



**DIRECTOR**

**MR STUART KENNY**

Managing Director, Utopia NT Pty Ltd  
2/27 Bishop Street  
Woolner Darwin NT 0820



**DIRECTOR**

**MR RUSSELL KENERY**

Principal, Kenery & Associates  
PO Box 47  
Red Hill VIC 3937



**SECRETARY**

**MR DEREK LARK**

Executive Director  
Industry Capability Network Limited  
PO Box 130  
Deakin West ACT 2600



## Appendix 4

# ICN contact details

ICN has offices in most states and territories of Australia. The ICN offices in New South Wales, Northern Territory and Victoria have branch offices in regional centres.

### NORTHERN TERRITORY

6B/390 Stuart Highway  
(Cnr Winnellie Rd and Hickman St)  
Winnellie NT 0821  
GPO Box 1882  
Darwin NT 0801  
Phone 08 8922 9422  
Fax 08 8922 9430  
Email [info@icnnt.org.au](mailto:info@icnnt.org.au)

### WESTERN AUSTRALIA

CCIWA Building  
Level 1, 180 Hay Street  
East Perth WA 6004  
PO Box 6209  
East Perth WA 6892  
Phone 08 9365 7623  
Fax 08 9365 7550  
Email [info@icnwa.org.au](mailto:info@icnwa.org.au)

### SOUTH AUSTRALIA

Level 4, 11 Waymouth Street  
Adelaide SA 5000  
GPO Box 320  
Adelaide SA 5001  
Phone 1300 553 309  
Fax 08 8303 2950  
Email [info@icnsa.org.au](mailto:info@icnsa.org.au)

### NEW SOUTH WALES

Suite 3, Century Plaza  
80 Berry Street  
North Sydney NSW 2060  
PO Box 2013  
North Sydney NSW 2059  
Phone 02 9927 3100  
Fax 02 8920 1856  
Email [info@icnsw.org.au](mailto:info@icnsw.org.au)

### VICTORIA

Level 11, 10 Queens Road  
Melbourne VIC 3004  
PO Box 7492  
Melbourne VIC 3004  
Phone 03 9864 6700  
Fax 03 9866 6304  
Email [info@icnvic.org.au](mailto:info@icnvic.org.au)

### QUEENSLAND

16 Cinderella Drive  
Springwood QLD 4127  
PO Box 460  
Springwood QLD 4127  
Phone 07 3364 0670  
Fax 07 3364 0786  
Email [info@icnqld.org.au](mailto:info@icnqld.org.au)



## Appendix 5

# Independent audit report



### Crowe Horwath Canberra

ABN 62 864 928 439  
Member Crowe Horwath International

Level 1  
55 Wentworth Avenue  
Kingston ACT 2604 Australia

Locked Bag 3  
Kingston ACT 2604 Australia

Tel 02 6260 4545  
Fax 02 6260 4646

[www.crowehorwath.com.au](http://www.crowehorwath.com.au)

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDUSTRY CAPABILITY NETWORK LIMITED

#### Opinion

We have audited the financial report of Industry Capability Network Limited (the Company), which comprises the balance sheet as at 30 June 2017, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report of the Company is prepared, in all material respects, in accordance with Corporations Act 2001.

(a) giving a true and fair view of the registered Company's financial position as at 30 June 2017 and of its financial performance for the year ended that date; and

(b) complying with Australian Accounting Standards and Corporation *Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the 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 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.

#### Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, 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.

Crowe Horwath Canberra is a member of Crowe Horwath International, a Swiss Verein. Each member firm of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.



### **Responsibilities of Management and Those Charged with Governance for the Financial Report**

Management is responsible for the preparation of the financial report in accordance with Australian Accounting Standards and Corporations Act 2001 and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **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 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Crowe Horwath Canberra*

**CROWE HORWATH CANBERRA**

*Chang Chow*

**Chang Chow**  
**Audit Partner**  
**Registered Company Auditor: 486069**

Dated: 18 August 2017



## Appendix 6

# Financial statements

## Industry Capability Network Limited

ABN 85 068 571 513

### Financial Report

For the year ended 30 June 2017

#### Contents

Directors' report	23
Income statement	28
Statement of comprehensive income	29
Statement of financial position	30
Statement of changes in equity	31
Statement of cash flows	32
Notes to the financial statements	33
Directors' declaration	47

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2017.

**Directors**

The names of the directors in office at anytime during or since the end of the year are:

David John McLachlan	
Andrew Keith Dettmer	
Bruce Atkin Griffiths	
Robert Norman Herbert	(Retired 31 December 2016)
Russell Allan Kenery	
Stuart Kenny	
Innes Alexander Willox	(Retired 31 December 2016)

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

**Review of operations**

The net profit of the company for the financial year amounted to \$300,637.

A review of the operations of the company during the financial year and the results of those operations are as follows:

ICNL's contract with the Department of Industry, Innovation and Science was extended through until August 2018.

**Objectives**

The company's objectives are to:

- Support our markets, partners and key customers
- Manage a range of supplier commercial offerings across the Network
- Ensure the financial viability of ICNL through to August 2018
- Develop a new customer relationship management IT System
- Work closely with aligned third party organisations

**Strategy for achieving the objectives**

ICNL continues to provide coordination of the network of six ICN offices across Australia.

The strategy was to continue to build upon the foundations for ICN's overall service offering whilst at the same time enhancing our value proposition through a suite of value adding products and services, improved quality and consistency of service delivery and leveraging our key relationships.



**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Principal activities**

The principal activities of the company during the financial year were:

To maximise Australian and New Zealand industry participation in investment projects and global supply chains. This will be achieved through facilitating the use of the Industry Capability Network by procurement agencies and project managers in both the public and private sectors, with the objective of giving Australian industry a greater share of domestic and international business opportunities.

To manage the SAMP AIP program.

These programs and ICNLs operations are part of the Federal Governments Australian Industry Participation Policies and Programs (AIP). ICNL operational funding is in place until the end of August 2018.

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

**Key performance measures**

The company measures its own performance through the use of both quantitative and qualitative benchmarks including customer satisfaction, financial viability and members collaborating in the interest of the national economic benefit. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's objectives are being achieved.

**Events subsequent to 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 company, the results of those operations, or the state of affairs of the company in future financial years.

**Likely developments and expected results of operations**

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

**Environmental regulation**

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

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Information on directors**

**Mr David John McLachlan AO**

Qualifications

Experience

- Chairman
- Fellow Australian Institute of Company Directors (Dip)
- Appointed Chairman on inauguration of the company
- Retired from the Australian Army with the rank of Major General in March 1994 after 37 years' service
- State President, RSL (Victorian Branch) 2002 to February 2017
- Director, RSL National 2002 - 2017
- Trustee, Shine of Remembrance, Melbourne since 2002
- Member, Court of Directors, Royal Humane Society of Australasia since 1998
- Vet Employment Advocate, Victorian Government 2017 -

**Mr Andrew Keith Dettmer**

Experience

- Director
- National President, The Australian Manufacturing Workers Union
- Previous Board Member, QMI Solutions
- Previous Member, ICN Queensland, the Queensland Training and Employment Recognition Council and Construction Skills Queensland
- Represents the ACTU on SafeWork Australia
- Previous Board Member, Australian Workforce and Productivity Agency
- Board Member, The Australia Institute
- Committee Member, APHEDA
- Board Member, Carbon Nexus

**Mr Bruce Atkin Griffiths OAM**

Experience

- Director
- Director, Quickstep Holdings Limited
- Director, Carbon Revolution Pty Ltd
- Rail Advocate Rolling Stock Development Division, (DEDJTR) Department of Economic Development, Jobs, Transport and Resources

**Mr Robert Norman Herbert AM**

Qualifications

Experience

- Deputy Chairman, Director
- Bachelor of Commerce (Industrial Relations), UNSW
- Company Director and Consultant
- Chairman, MCG Trust to May 2017
- Chairman, TrackSAFE Foundation Ltd
- Chairman, Australasian Railway Association

**Mr Russell Allan Kenery**

Qualifications

Experience

- Director
- Fellow - Illuminating Engineering Society (Aus & NZ)
- Engineers Registration Board CEI (London)
- Advanced Management Program (RMIT)
- Director, Kenery & Associates



**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Information on directors**

**Mr Stuart Kenny**

Qualifications

Experience

- Director
- MAICD
- Agriculture, Defence, Manufacturing and Government
- Managing Director, Utopia NT Pty Ltd
- Vice President and Director, Chamber of Commerce NT
- Board Member, Manufacturers Council NT

**Mr Innes Alexander Willox**

Qualifications

Experience

- Director
- BA History and Politics
- Director, Australian Super
- Board Member, Migration Council of Australia
- Board Member, Innovative Manufacturing CRC
- Member, International Trade Remedies Forum
- Chair, Ministerial Advisory Council on Skilled Migration

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Meetings of directors**

During the financial year, four meetings of directors were held. Attendances by each director were as follows:

Director	Number eligible to attend	Number attended
Mr David John McLachlan AO	4	4
Mr Andrew Keith Dettmer	4	3
Mr Bruce Atkin Griffiths OAM	4	4
Mr Robert Norman Herbert AM	2	2
Mr Russell Allan Kenery	4	4
Mr Stuart Kenny	4	3
Mr Innes Alexander Willox	2	1

**Indemnification of officers**

The entity has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the entity, other than conduct involving a wilful breach of duty in relation to the entity.

**Proceedings on behalf of company**

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

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

The company is incorporated under Corporations Act and is a company limited by guarantee. If the company is wound up the constitution states that each member is required to contribute a maximum of \$50 towards any outstanding liabilities. At 30 June 2017, the total amount that members of the company are liable to contribute if the company is wound up is \$500 (2016: \$500).

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

Signed in accordance with a resolution of the board of directors:

Director



Director



Dated:

18 August 2017



**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
Revenue	2	<u>3,797,230</u>	<u>4,175,631</u>
<b>Gross surplus</b>		3,797,230	4,175,631
Salaries and employee benefits		(839,985)	(857,686)
Depreciation		(14,230)	(16,930)
IT and Network Costs		(23,409)	(21,941)
Marketing and Promotion		(47,635)	(148,332)
Rent and Utilities		(104,192)	(130,695)
Administration expenses		(141,295)	(180,032)
Travel costs		(47,990)	(98,887)
Gateway		(450,354)	(423,419)
SAMP		(1,500,765)	(1,972,836)
Other expenses		<u>(326,738)</u>	<u>(350,015)</u>
<b>Surplus/(Loss) before income tax</b>		300,637	(25,142)
Income tax expense		<u>-</u>	<u>-</u>
<b>Surplus/(Loss) for the year</b>		<u><b>300,637</b></u>	<u><b>(25,142)</b></u>
Surplus/(Loss) attributable to members of the company		<u><u>300,637</u></u>	<u><u>(25,142)</u></u>

The accompanying notes form part of these financial statements.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Surplus/(Loss) for the year</b>		300,637	(25,142)
<b>Other comprehensive income:</b>		<u>                    </u>	<u>                    </u>
<b>Other comprehensive income for the year, net of tax</b>		<u>                    -</u>	<u>                    -</u>
<b>Total comprehensive income for the year</b>		<u><u>300,637</u></u>	<u><u>(25,142)</u></u>
Total comprehensive income attributable to members of the company		<u><u>300,637</u></u>	<u><u>(25,142)</u></u>

The accompanying notes form part of these financial statements.



**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,684,516	2,826,522
Trade and other receivables	5	487,353	7,911
Financial assets	6	1,626,000	410,000
Other current assets	7	28,422	18,152
<b>TOTAL CURRENT ASSETS</b>		<b>3,826,291</b>	<b>3,262,585</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	70,167	69,895
Intangibles	9	3,276	1,800
<b>TOTAL NON-CURRENT ASSETS</b>		<b>73,443</b>	<b>71,695</b>
<b>TOTAL ASSETS</b>		<b>3,899,734</b>	<b>3,334,280</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	220,887	149,192
Provisions	11	627,247	295,853
Other	12	2,018,621	2,156,893
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,866,755</b>	<b>2,601,938</b>
<b>TOTAL LIABILITIES</b>		<b>2,866,755</b>	<b>2,601,938</b>
<b>NET ASSETS</b>		<b>1,032,979</b>	<b>732,342</b>
<b>EQUITY</b>			
Retained Surplus		1,032,979	732,342
<b>TOTAL EQUITY</b>		<b>1,032,979</b>	<b>732,342</b>

The accompanying notes form part of these financial statements.

**INDUSTRY CAPABILITY NETWORK LIMITED**

**ABN 85 068 571 513**

**STATEMENT OF CHANGES IN EQUITY**

**AS AT 30 JUNE 2017**

	<b>Retained Earnings \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2015</b>	757,484	757,484
<b>Comprehensive income</b>		
Loss attributable to the members of the company	<u>(25,142)</u>	<u>(25,142)</u>
<b>Total comprehensive income for the year</b>	<u>(25,142)</u>	<u>(25,142)</u>
<b>Balance at 30 June 2016</b>	<u>732,342</u>	<u>732,342</u>
<b>Balance at 1 July 2016</b>	732,342	732,342
<b>Comprehensive income</b>		
Profit attributable to the members of the company	<u>300,637</u>	<u>300,637</u>
<b>Total comprehensive income for the year</b>	<u>300,637</u>	<u>300,637</u>
<b>Balance at 30 June 2017</b>	<u>1,032,979</u>	<u>1,032,979</u>

The accompanying notes form part of these financial statements.



**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Receipts - Grants		1,505,661	1,569,172
Receipts - Other		1,688,462	1,286,701
Interest received		33,354	45,023
Payments		<u>(3,124,503)</u>	<u>(2,523,845)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>15</b>	<u>102,974</u>	<u>377,051</u>
<b>Cash flows from investing activities</b>			
Purchases of plant & equipment		(52,504)	(53,457)
Sale of plant & equipment		25,000	29,739
Purchases of Trademarks		(3,276)	-
Sale of Trademarks		1,800	-
Changes in investments		<u>(1,216,000)</u>	<u>(325,000)</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(1,244,980)</u>	<u>(348,718)</u>
<b>Cash flows from financing activities</b>			
<b>Net cash provided by (used in) financing activities</b>		<u>-</u>	<u>-</u>
Net increase (decrease) in cash held		(1,142,006)	28,333
Cash and cash equivalents at beginning of financial year		<u>2,826,522</u>	<u>2,798,189</u>
Cash and cash equivalents at end of financial year	<b>15</b>	<u><u>1,684,516</u></u>	<u><u>2,826,522</u></u>

The accompanying notes form part of these financial statements.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

The financial statements cover Industry Capability Network Limited as an individual entity. Industry Capability Network Limited is a company limited by guarantee, incorporated and domiciled in Australia. The company is a not for profit entity for financial reporting purposes under the Australian Accounting Standards.

**1. Significant accounting policies**

**Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 18 August 2017 by the directors of the company.

**(a) Income tax**

The company is exempt from income tax under section 50-40 of the Income Tax Assessment Act 1997.

**(b) Property, plant and equipment**

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

**Plant and equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in Surplus or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.



**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Depreciation**

The depreciable amount of all fixed assets are depreciated on a prime cost (PC) basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset:	Depreciation Rate
Property improvements	2.5%
Plant and equipment	20 - 50%
Motor vehicles	12.5%
Software development	20%
Furniture and fittings	20%

**(c) Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, where the instrument is classified 'at fair value through surplus or loss' in which case transactions costs are expensed to surplus or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) any reduction of impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction cost and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

*Fair value* is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

*(ii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

*(iii) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to surplus or loss at this point.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities is recognised in surplus or loss.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**(d) Impairment of assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition surpluses. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in surplus or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

**(e) Intangibles**

**Patents and trademarks**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

**(f) Foreign currency transactions and balances**

**Functional and presentation currency**

The functional currency of the company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars.

**(g) Employee provisions**

Provision is made for the company'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. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

**(h) Other Provisions**

Other provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.



**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**(i) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(j) Revenue and other income**

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Revenue from the provision of subscriptions is recognised on a straight line basis over the financial year. Subscriptions received which relate to the following financial year are recorded as income in advance at balance date.

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

**(k) Trade and other receivables**

Accounts receivable and other receivables include amounts due from members as well as amounts receivable from customers that remain unpaid at the end of the reporting period. The balance is recognised as a current asset with the amounts normally paid within 30 days of recognition of the asset.

**(l) Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(m) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

**(n) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**(o) Critical accounting estimates and adjustments**

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

**(p) Economic dependence**

The company is dependent on the grant funding for the majority of its revenue used to operate the business. At the date of this report the board of directors understand that the funding is only guaranteed until 31 August 2018.

**2. Revenue and other income**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Revenue		
Grant Income		
Operating	1,000,000	1,000,000
SAMP	1,495,936	1,915,996
NSM	-	-
	<u>2,495,936</u>	<u>2,915,996</u>
Jurisdictional Payments	150,000	120,000
ICS V2 income	-	17,727
Interest received	2(a) 34,773	44,472
Cost recoveries	8,861	54,890
Other revenue	1,107,660	921,437
Total revenue	<u>3,797,230</u>	<u>4,074,522</u>
<b>(a) Interest received from:</b>		
Other corporations	<u>34,773</u>	<u>44,472</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**3. Expenses**

	2017 \$	2016 \$
Surplus from continuing operations includes the following specific expenses:		
<b>Expenses:</b>		
Depreciation and amortisation expense	14,230	16,930
Net loss on disposal of non-current assets:		
Property, plant and equipment	-	-
Auditor remuneration	20,500	19,750
Rental expense	71,025	81,699
	<u>71,025</u>	<u>81,699</u>

**4. Current assets - cash and cash equivalents**

	2017 \$	2016 \$
Cash at bank	1,322,294	2,826,522
Cash at bank - SAMP Funds repurposed	167,205	
Cash at bank - SAMP Funds	195,017	
	<u>1,684,516</u>	<u>2,826,522</u>

**5. Current assets - trade and other receivables**

	2017 \$	2016 \$
Trade receivables	2,959	3,611
Trade receivables - SAMP Funds repurposed	478,931	-
Other debtors	-	256
Accrued interest	5,463	4,044
	<u>487,353</u>	<u>7,911</u>

**6. Current assets - financial assets**

	2017 \$	2016 \$
Held-to-maturity investments	(a) <u>1,626,000</u>	<u>410,000</u>
<b>(a) Held-to-maturity investments:</b>		
Term deposit - provisions	<u>1,626,000</u>	<u>410,000</u>



**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**7. Current assets - other assets**

	2017 \$	2016 \$
Prepayments	<u>28,422</u>	<u>18,152</u>

**8. Non-current assets - property, plant and equipment**

	2017 \$	2016 \$
Property improvements	14,834	14,834
Less accumulated depreciation	<u>(3,323)</u>	<u>(2,952)</u>
Total land and buildings	<u>11,511</u>	<u>11,882</u>
Plant and equipment	64,877	131,278
Less accumulated depreciation	<u>(50,660)</u>	<u>(116,127)</u>
	<u>14,217</u>	<u>15,151</u>
Motor vehicles	45,727	43,889
Less accumulated depreciation	<u>(3,411)</u>	<u>(5,185)</u>
	<u>42,316</u>	<u>38,704</u>
Software	5,082	14,947
Less accumulated depreciation	<u>(4,789)</u>	<u>(13,443)</u>
	<u>293</u>	<u>1,504</u>
Furniture and fittings	53,260	54,105
Less accumulated depreciation	<u>(51,430)</u>	<u>(51,451)</u>
	<u>1,830</u>	<u>2,654</u>
<b>Total property, plant and equipment</b>	<u><u>70,167</u></u>	<u><u>69,895</u></u>

**(a) Movement in carrying amounts**

For disclosure on movement in carrying amounts please refer to note 20(a) in the end of this financial report.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**9. Non-current assets - intangible assets**

	2017 \$	2016 \$
Patents and trademarks	3,276	1,800
Accumulated amortisation and impairment losses	-	-
	<u>3,276</u>	<u>1,800</u>
<b>Reconciliation of patents and trademarks</b>		
Balance at beginning of year	1,800	1,800
Additions	3,276	-
Disposals	<u>(1,800)</u>	<u>-</u>
Closing carrying value at end of year	<u>3,276</u>	<u>1,800</u>

**10. Current liabilities - trade and other payables**

	2017 \$	2016 \$
Accrued costs	47,790	41,024
Provision for GST	109,426	66,922
Trade creditors	53,153	26,720
Withholding taxes payable	<u>10,518</u>	<u>14,526</u>
	<u>220,887</u>	<u>149,192</u>

**11. Current liabilities - employee provisions**

	2017 \$	2016 \$
<b>Provision for holiday pay:</b>		
Opening balance	9,314	19,940
Additional provisions raised	46,620	-
Provision reductions	-	<u>(10,626)</u>
Closing Balance	<u>55,934</u>	<u>9,314</u>
	<b>2017 \$</b>	<b>2016 \$</b>
<b>Provision for long service leave:</b>		
Opening balance	47,557	42,778
Additional provisions raised	5,450	4,779
Closing Balance	<u>53,007</u>	<u>47,557</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**11. Current liabilities - employee provisions - Cont...**

	2017	2016
	\$	\$
<b>Provision for redundancy pay</b>		
Opening balance	103,982	93,844
Additional provisions raised	119,324	10,138
Closing Balance	<u>223,306</u>	<u>103,982</u>
	2017	2016
	\$	\$
<b>Total provisions</b>		
Opening balance	160,853	156,562
Additional provisions raised	171,394	14,917
Provision reductions	-	(10,626)
Closing Balance	<u>332,247</u>	<u>160,853</u>
Add: Provision for Contingent Liabilities	295,000	135,000
	<u>627,247</u>	<u>295,853</u>

**12. Current liabilities - other**

	2017	2016
	\$	\$
Income in advance		
SAMP grant funds on hand at end of year	757,731	940,275
Subscriptions in Advance	560,890	466,618
Operating grant in advance	700,000	750,000
	<u>2,018,621</u>	<u>2,156,893</u>

**13. Key management personnel disclosures**

*Compensation*

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

	2017	2016
	\$	\$
Short-term employee benefits	<u>391,329</u>	<u>402,152</u>

**14. Related party transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no related party transactions during the year.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**15. Cash flow information**

	2017 \$	2016 \$
<b>(a) Reconciliation of cash</b>		
Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	1,684,516	2,826,522
	<u>1,684,516</u>	<u>2,826,522</u>
<b>(b) Reconciliation of cash flow from operations with profit</b>		
Surplus/(loss) after income tax	300,637	(25,142)
Non-cash flows in surplus:		
Depreciation and amortisation	14,230	16,930
Loss on disposal of assets	13,001	
Changes in assets & liabilities:		
(Increase) / decrease in trade and other receivables	(479,442)	141,205
Increase / (decrease) in trade and other payables	71,696	24,557
Increase / (decrease) in deferred revenue	(138,272)	60,069
Increase / (decrease) in provisions	331,394	139,291
(Increase) / decrease in prepayments	(10,270)	20,141
<b>Net cash provided by (used in) operating activities</b>	<u>102,974</u>	<u>377,051</u>

**16. Capital and leasing commitments**

**(a) Operating lease commitments**

	2017 \$	2016 \$
Payable - minimum lease payments		
- not later than 12 months	72,912	77,734
- Later than 12 months but not later than 5 years	-	-
	<u>72,912</u>	<u>77,734</u>



**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**17. Financial risk management**

The company's financial instruments consist mainly of deposits with banks, short-term and long-term investments, receivables and payables, and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017 \$	2016 \$
<b>Financial assets</b>			
Cash and cash equivalents	4	1,684,516	2,826,522
Trade and other receivables	5	487,353	7,911
Financial assets			
Held-to-maturity investments			
- investments in government and fixed interest securities	6	1,626,000	410,000
<b>Total financial assets</b>		<u>3,797,869</u>	<u>3,244,433</u>
<b>Financial liabilities</b>			
Trade and other payables	10	220,887	149,192
<b>Total financial liabilities</b>		<u>220,887</u>	<u>149,192</u>

**Specific financial risk exposures and management**

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period.

**a. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as over 90% of the grants being received from Commonwealth, state and local governments are in accordance with funding agreements which ensure regular funding.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Credit risk exposures**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality.

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties.

Credit risk related to balances with banks and other financial institutions is managed and approved by the Board.

**b. Liquidity risk**

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions.

**c. Market risk**

**(i) Interest rate risk**

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the company to interest rate risk are limited to fixed interest securities and cash on hand.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

**18. Company details**

The registered office and principal place of business of the company is:  
Industry Capability Network Limited  
Ground Floor, 37 Geils Court  
Deakin ACT 2600

**19. Events subsequent to 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 company, the results of those operations, or the state of affairs of the company in future financial years.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
ABN 85 068 571 513

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**20. (a) MOVEMENT IN CARRYING AMOUNTS**

Movements in carrying amounts for each class of property, plant and equipment.

	Property improvements \$	Plant and equipment \$	Motor vehicles \$	Software development \$	Furniture and fittings \$	Total \$
Balance at 1 July 2015	12,255	12,274	27,743	7,773	3,062	63,107
Additions	-	9,568	43,889	-	-	53,457
Disposals	-	-	(27,230)	(2,509)	-	(29,739)
Depreciation expense	(373)	(6,691)	(5,698)	(3,760)	(408)	(16,930)
<b>Carrying amount at 30 June 2016</b>	<b>11,882</b>	<b>15,151</b>	<b>38,704</b>	<b>1,504</b>	<b>2,654</b>	<b>69,895</b>
Additions	-	6,776	45,727	-	-	52,503
Disposals	-	(993)	(36,480)	(80)	(448)	(38,001)
Depreciation expense	(371)	(6,717)	(5,635)	(1,131)	(376)	(14,230)
<b>Carrying amount at 30 June 2017</b>	<b>11,511</b>	<b>14,217</b>	<b>42,316</b>	<b>293</b>	<b>1,830</b>	<b>70,167</b>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, which comprise the statement of financial position as at 30 June 2017, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes are in accordance with the Corporations Act 2001, and
  - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company.
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director



Dated:

18 August 2017





**All the right  
connections  
for local  
industry**