

# **Annual report** 2017–18

All the right connections for local industry



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ACN 068571513

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During the year, ICN's efforts were rewarded with more than 5,000 new companies registering on ICN Gateway, giving them ready access to billions of dollars' worth of projects listed at any one time.

# Chairman's review



**The end of a financial year provides a good time to reflect on achievements and look to the future of the company and the services we provide to the Network.**

This year, our focus has been on developing the new technology systems to ensure we contribute positively to the development of the Australian Government's industry capability technology framework.

We ended the year in a strong position, and our state offices continue to have the technology systems they need to continue their important work finding and promoting contract opportunities at all levels of public and private projects.

In the 12 months to 30 June 2018, more than 2,350 work packages, worth \$1.156 billion, were awarded to Australian companies through ICN Gateway.

As in previous reporting periods, the Industry Capability Network Limited (ICNL) Board paid close attention to ongoing financial viability, including the ongoing sale of value added services to small and medium enterprises (SMEs) to raise additional revenue.

During the year, ICN's efforts were rewarded with more than 5,000 new companies registering on ICN Gateway, giving them ready access to billions of dollars' worth of projects listed at any one time.

Australian industry and the economy continues to evolve and ICN is ready to move with the changes and keep pace with Government policy implementation.

To that end, we have spent considerable time working with the Commonwealth Ministers

and the Department of Industry, Innovation and Science to implement new technology to support their strategic direction for Australian Industry Participation (AIP) Policy. We are confident the ICN is well-positioned to continue to provide Australian and New Zealand small businesses with opportunities to get involved in major projects.

ICN has been unwavering in support of Australian businesses for more than two decades, and our focus has always been to provide a valuable service to all Australian industries and sectors.

Our core objective is to introduce SMEs to a range of work projects and provide a more open and competitive environment. With more than 20,000 suppliers active on Gateway, it is safe to say these efforts have not gone unnoticed among the Australian business community.

I am pleased to report that in June this year, the Department of Industry, Innovation and Science provided ICNL with additional funding to support the transition of ICN Gateway. This funding will assist us to operate in a sustainable manner during Financial Year 2018/19 while transitioning to the new structure the ICNL members are actively considering.

I thank the Ministers and the Department for their continued support, financial and otherwise. I also thank my fellow board members for their strong governance and dedication to our business; our Executive Director, Mr Derek Lark for his stewardship of ICNL; and the staff at ICNL and the state ICN offices for their commitment to our vision.

**DAVID MCLACHLAN AO**  
Chairman

# Executive Director's report



**As we approach three years into our journey to commercialisation, I am pleased to report sales continued to grow above expectations, despite limited resources.**

With clear attention to financial performance and ongoing sustainability, along with close monitoring of income from value added product sales, sales were strong at \$1.4 million.

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

We also supported Commonwealth Ministers and the Department of Industry, Innovation and Science in developing new systems to help to drive Australian industry policies and initiatives and deliver strategic support for Australian Industry Participation (AIP) Policy. Our efforts helped ensure the long-term sustainability of Australian industry and saw \$1.156 billion of contracts awarded to Australian companies.

Towards the end of 2017, we welcomed a new Minister in the new Portfolio of Jobs and Innovation and a renewed commitment to strengthening economic growth and create more jobs for all Australians.

During 2017–18, our small team focused on delivering the new Customer Relationship Management (CRM) system to be rolled out across all state offices. This new CRM is funded by the Australian Government and is the first step to delivering a single integrated supplier and opportunity information system.

Our dedicated marketing unit concentrated on cleansing the data ready for migration to the new CRM, while our highly skilled IT department managed the implementation of the new CRM and reconfigured existing systems to link into a new Commonwealth owned supplier analytics portal.

ICN's social media presence has expanded, particularly on LinkedIn, where we have been sharing blogs and industry news to not only engage with current and potential customers, but also establish our leadership team as subject matter experts.

During the year, we saw the wrap up of the Supplier Access to Major Projects (SAMP) initiative, with all SAMP projects reaching their respective end-dates. We are extremely proud to have been associated with the program and its ongoing success. Its achievements saw it receive continued funding from successive Australian Governments for 17 years.

My thanks to the committed team at ICN Limited – contractors, employees and service providers. Without them, my job would be far more difficult, and the journey far less satisfying.

Many thanks also to all the staff at the Department and Ministers' offices for their advice and assistance throughout the year.

Finally, thank you to our Chairman, Mr David McLachlan AO and the ICN Limited Board for their continued support, encouragement, counsel, as well as patience, perseverance and strong governance.

**DEREK LARK**  
Executive Director

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



# Highlights

- The network contributed to contracts worth \$1.156 billion awarded to Australian companies that may have otherwise gone offshore to overseas suppliers.
- More than 5,000 new companies registered on ICN Gateway.
- In the 12 months to 30 June 2018, 196 new projects involving more than 2,350 work packages were listed on ICN Gateway.
- ICN Gateway attracted over 1.324 million page views from major project owners and project managers.
- From 30 June 2017 to 30 June 2018 there were 254,401 unique visitors searching for local suppliers on ICN Gateway.
- Value of subscriptions sold was \$1.413 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.
- 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

- Quarterly newsletter.
- Enhanced marketing automation.
- Improved social media presence.

### ICN Gateway

- Improved system stability and reliability.
- Migrated platform to cloud services.
- 196 projects listed online during the year.
- More than 37,333 registrations of interest from local businesses.
- Over \$450 billion contracts on offer.

### Financial

- Reinvest commercial income.

### Strategic direction

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

## Strategic alliances

- Austrade
- Australian Industry Group (Ai Group)
- Australian Manufacturing Technology Institute Limited (AMTIL)
- Supply Nation



# 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 2017–18, with meetings held in Melbourne, Sydney and Canberra.



# Marketing and communications

The Marketing and Communications teams' focus this year has been on strengthening ICN's value proposition and brand.

Our quarterly newsletter highlights the great work that ICN does to support local industry and is distributed nationally. There was also a strong focus on strengthening our online presence.

Other key outcomes for the year were:

- migration to a new communications platform
- a data cleanse project in preparation for the migration to a new CRM; and
- various marketing campaigns which resulted in an increase of 5% in active companies.

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



**196 projects**  
listed online



**37,333 registrations**  
of interest from local  
businesses



**\$450 billion**  
contracts on offer



# Supplier Access to Major Projects (SAMP)

The SAMP program was an Australian Government initiative launched in 1997 to help Australian suppliers gain access to opportunities both within Australia and globally. All SAMP projects have now reached their respective end-dates.

The SAMP program did not fund companies themselves, but funded existing networks, predominantly the State/Territory ICN offices. The program's grant funding allowed specialist ICN consultants to work with project developers to identify supply opportunities for Australian industry in major projects within Australia and overseas.

The original program, which became known as SAMP Australia, targeted major projects within Australia. In 2006, the program was expanded to include international programs through SAMP Global. The program was further modified in 2008, with SAMP Australia being closed to new applications and SAMP Global being able to provide funding for both Australian and international projects. This last iteration of the program, and arguably the most successful – became known as AIP-SAMP.

By assisting project teams at the earliest stage of design and development, ICN, through the assistance of SAMP funded specialist consultants was able to introduce project procurement groups to credible and competitive Australian and New Zealand companies. This gave them the opportunity to compete for work against overseas suppliers. The program resulted in the recognition, that the assistance provided by ICN was a valuable component of their project management.

The outcomes and ongoing success of the program and what it achieved for Australian industry meant that it continued to be funded by successive Australian Governments for 17 years.



## Some project highlights and summaries

Program	State	Project	Grant	WINS	WIN \$	ROI
SAMP Aus	NSW	Port Waratah Coal Loader	\$60,000	70	218,523,000	3642.1:1
SAMP Aus	NT	Alcan Gove 3	\$66,000	203	285,060,000	4319.1:1
SAMP Aus	NT	ENI Blacktip LNG2	\$60,000	547	545,730,000	9095.5:1
SAMP Aus	Qld	Yarwun Alumina #2	\$90,000	57	279,102,000	3101.1:1
SAMP AIP	Vic	PCCC	\$137,950	29	442,290,000	3206.1:1
SAMP AIP	Qld	SW Major Hospital Construction	\$120,000	470	1,150,000,000	9583.3:1
SAMP AIP	WA	Oil & Gas O&M Brownfields	\$717,000	110	814,000,000	1135.6:1
SAMP AIP	WA	Wheatstone (2 Grants)	\$631,402	188	1,667,260,000	2640.1:1
SAMP AIP	WA	Roy Hill (2 Grants)	\$316,117	106	652,600,000	2064.4:1
SAMP AIP	NT	Inpex (4 Grants)	\$1,296,209	1688	10,153,120,000	2832.9:1

### Ichthys brings growth to local Aussie company

The Ichthys project is a world-class LNG project to develop the gas and condensate field discovered in the Browse Basin, approximately 220 kilometres off the north-west coast of Western Australia. The Ichthys Field contains resource estimates of more than 12 trillion cubic feet of gas and approximately 500 million barrels of condensate.

The expected operational life of the project is at least 40 years. The onshore LNG facilities are under construction at Blaydin Point, near Darwin in the Northern Territory.

The project is being developed by a Joint Venture between INPEX group companies (the Operator), major partner TOTAL group companies and the Australian subsidiaries of Tokyo Gas, Osaka Gas, Chubu Electric Power and Toho Gas. It is the first LNG project to be operated by a Japanese company.

As with other large resource and infrastructure projects, the Ichthys project has agreed with the Northern Territory Government and Australian Government on an Australian Industry Participation (AIP) plan. Firms interested in work opportunities on the project are directed to the ICN Gateway, rather than engaging directly with INPEX.

To support ICN, the Australian Government has provided funding through its Supplier Access to Major Projects (SAMP) program which enables ICN to allocate sufficient resources to engage appropriately and service the AIP requirements for the project.

Through its profile on ICN Gateway, Ahrens has been nominated more than 20 times for work on the project, where they have successfully won a contract to construct 10 buildings for its accommodation village at the Howard Springs site in Darwin.

Ahrens is a diverse construction company that offers complete project solution for the design and construction of industrial and commercial buildings, mining and material handling works and a supplier of fabricated structural steel for a range of industries.

Kevin Peters, CEO, ICN Northern Territory, explains how ICN value added to the vendor identification process conducted for the project. 'We directly researched, sourced and assessed manufacturers and service providers for this work and put forward companies with proven capability to the project's major contractors.

Through this process, Ahrens was successful in winning this work'.

The 10 buildings make up the central facilities of the accommodation village. They include the indoor sports centre, central kitchen diner, and the indoor/outdoor (licensed) tavern. Other minor buildings include baggage storage, waste handling, first aid and a maintenance workshop. Ahrens also provided steel to the recreation building, security gatehouse and the administration building.

With offices in Adelaide, Brisbane, Darwin and Perth, working on the Ichthys project has allowed Ahrens to expand their business even further.

'We saw the value with registering with ICN when we saw, and later won, a major building project via ICN for the 2000 Olympics', says Stefan Ahrens, Ahrens Managing Director.

'Being registered with ICN has opened up new opportunities for Ahrens. As a result of the work we have won for the Ichthys project we will be expanding our business to include an engineering workshop in Darwin – something that wasn't even a possibility before'.

*Published June 2013*

# 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 2018–19 the IT focus will be to continue to work with the Commonwealth on both the development and the migration to the new IT systems.





# Appendices

# Appendix 1

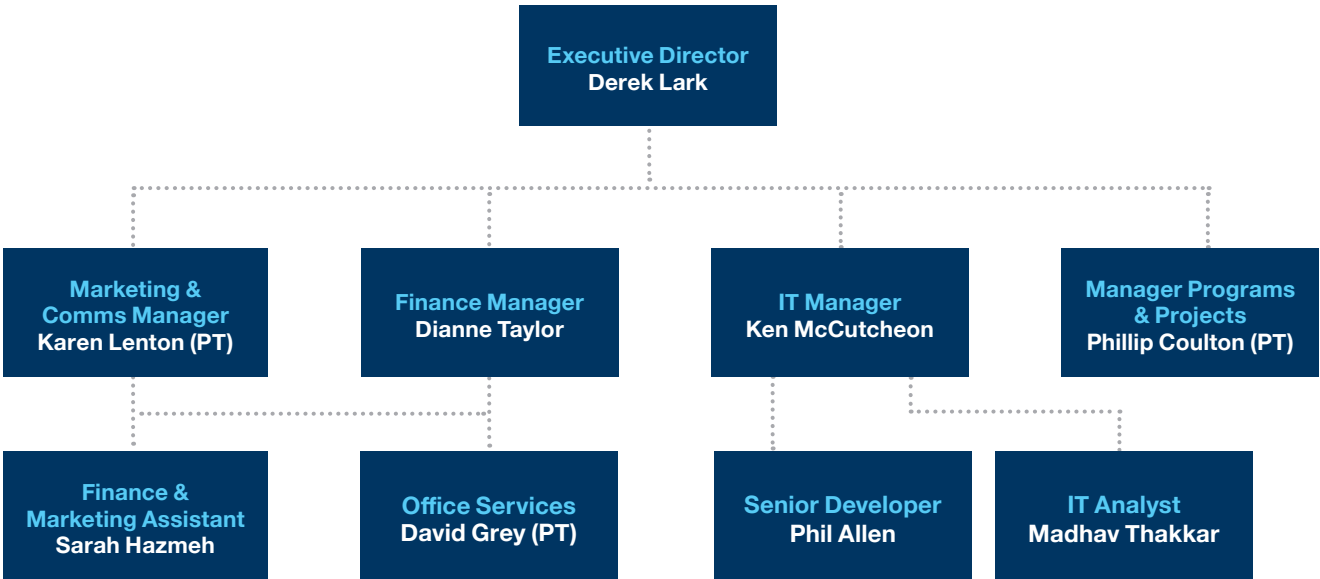
## Company membership

**The members of ICNL (2017–18) 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 2018



## 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 2018 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  
1/251 Queensberry Street  
Carlton South VIC 3053



**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 also 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  
Email [info@icnsa.org.au](mailto:info@icnsa.org.au)

### NEW SOUTH WALES

Suite 1, 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

7 Clunies Ross Court  
Eight Mile Plains QLD 4113  
PO Box 4037  
Eight Mile Plains QLD 4113  
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 Entity), which comprises the balance sheet as at 30 June 2018, and the income statement, statement of changes in equity and cash flow statement 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 Entity is prepared, in all material respects, in accordance with Corporations Act 2001.

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2018 and of its financial performance for the year ended that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 Entity 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 Entity's annual report for the year ended 30 June 2018, 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.

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

#### **Responsibilities of 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 – (Reduced Disclosure Requirement) 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 entity'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 entity'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 entity'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 entity 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

A handwritten signature in black ink, appearing to read "J. Thompson", written over the printed name.

**John Thompson**  
Audit Partner  
Registered Company Auditor: 302046

**Dated: 6th day of September 2018**

## Appendix 6

# Financial statements

## Industry Capability Network Limited

ABN 85 068 571 513

### Financial Report

For the year ended 30 June 2018

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**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 2018.

**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  
Russell Allan Kenery  
Stuart Kenny

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 surplus of the company for the financial year amounted to \$541,674.

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 June 2019.

**Objectives**

The company's objectives are to:

- Research our markets, partners and key customers
- Assist the Commonwealth in the transition to a new on-line platform
- Work closely with aligned third party organisations
- Upskill our staff to consistently sell our value proposition.

The company's long-term objectives are to:

- Develop strategic partnerships
- Provide a full service offering
- Financial sustainability
- Be valued in the market
- Be embedded into government programs
- Consistent customer experience across all offices
- Collaborator with Federal Government Departments
- Adaptable technology that meets the needs of the Network operations.

**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 wider suite of 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 finalise the SAMP AIP program.
- These programs and ICNLs operations are part of the Federal Governments Australian Participation (AIP) Policies and Programs. ICNL operational funding is in place until the end of June 2019.

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
- Member, Court of Directors, Royal Humane Society of Australasia since 1998
- Vet Employment Advocate, Victorian Government

**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

**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

**Mr Stuart Kenny**

Qualifications

Experience

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



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

**DIRECTORS' REPORT**

**Meetings of directors**

During the financial year, five Directors' meetings were held. Attendances by each director were as follows:

Director	Number eligible to attend	Number attended
Mr David John McLachlan AO	5	5
Mr Andrew Keith Dettmer	5	4
Mr Bruce Atkin Griffiths OAM	5	4
Mr Russell Allan Kenery	5	4
Mr Stuart Kenny	5	5

**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.

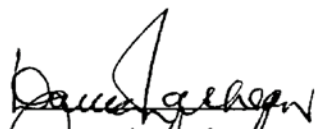
The company is incorporated under Corporations Act and is a company limited by guarantee. If the company is wound up the constitution states that each member is required to contribute a maximum of \$50 towards any outstanding liabilities. At 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$400 (2017: \$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:

6 September 2018

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Revenue</b>	<b>3</b>	2,964,349	3,811,695
<b>Expense</b>			
Salaries and employee benefits		(621,881)	(839,985)
Depreciation		(16,660)	(14,230)
IT and network costs		(18,144)	(23,409)
Marketing and promotion		(24,362)	(47,635)
Rent and utilities		(104,994)	(104,192)
Administration expenses		(119,039)	(141,295)
Travel costs		(69,215)	(47,990)
Gateway		(1,051,751)	(450,354)
SAMP		(68,206)	(1,500,765)
Other expenses		(316,485)	(326,738)
Net loss on disposal of assets		(11,938)	(14,465)
<b>Surplus/(Loss) before income tax</b>		541,674	300,637
Income Tax Expense		-	-
<b>Surplus/(Loss) for the year</b>		<b>541,674</b>	<b>300,637</b>
Surplus/(Loss) attributable to members of the company		541,674	300,637

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 2018**

	Note	2018 \$	2017 \$
<b>Surplus/(Loss) for the year</b>		541,674	300,637
<b>Other comprehensive income:</b>			
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>541,674</b>	<b>300,637</b>
Total comprehensive income attributable to members of the company		541,674	300,637

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 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,009,944	1,684,516
Trade and other receivables	6	8,443	487,353
Financial assets	7	2,674,000	1,626,000
Other current assets	8	9,706	28,422
<b>TOTAL CURRENT ASSETS</b>		<b>3,702,093</b>	<b>3,826,291</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	65,205	70,167
Intangibles	10	3,276	3,276
<b>TOTAL NON-CURRENT ASSETS</b>		<b>68,481</b>	<b>73,443</b>
<b>TOTAL ASSETS</b>		<b>3,770,574</b>	<b>3,899,734</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	302,942	220,887
Provisions	12	160,997	108,941
Other	13	1,260,059	2,018,621
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,723,998</b>	<b>2,348,449</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	14	471,923	518,306
<b>NON-CURRENT LIABILITIES</b>		<b>471,923</b>	<b>518,306</b>
<b>TOTAL LIABILITIES</b>		<b>2,195,921</b>	<b>2,866,755</b>
<b>NET ASSETS</b>		<b>1,574,653</b>	<b>1,032,979</b>
<b>EQUITY</b>			
Retained surplus		1,574,653	1,032,979
<b>TOTAL EQUITY</b>		<b>1,574,653</b>	<b>1,032,979</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 2018**

	Retained Earnings \$	Total \$
<b>Balance at 1 July 2016</b>	732,342	732,342
<b>Comprehensive income</b>		
Profit attributable to the members of the company	300,637	300,637
<b>Total comprehensive income for the year</b>	<u>300,637</u>	<u>300,637</u>
<b>Balance at 30 June 2016</b>	<u>1,032,979</u>	<u>1,032,979</u>
<b>Balance at 1 July 2017</b>	1,032,979	1,032,979
<b>Comprehensive income</b>		
Profit attributable to the members of the company	541,674	541,674
<b>Total comprehensive income for the year</b>	<u>541,674</u>	<u>541,674</u>
<b>Balance at 30 June 2018</b>	<u>1,574,653</u>	<u>1,574,653</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 2018**

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts - Grants		549,000	1,505,661
Receipts - Other		3,222,587	1,688,462
Interest received		53,511	33,354
Payments		<u>(3,428,035)</u>	<u>(3,124,503)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>17</b>	<u>397,063</u>	<u>102,974</u>
<b>Cash flows from investing activities</b>			
Purchases of plant & equipment		(51,359)	(52,504)
Sale of plant & equipment		27,724	25,000
Purchases of trademarks		-	(3,276)
Sale of trademarks		-	1,800
Changes in investments		<u>(1,048,000)</u>	<u>(1,216,000)</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(1,071,635)</u>	<u>(1,244,980)</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		(674,572)	(1,142,006)
Cash and cash equivalents at beginning of financial year		<u>1,684,516</u>	<u>2,826,522</u>
Cash and cash equivalents at end of financial year	<b>5</b>	<u><u>1,009,944</u></u>	<u><u>1,684,516</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 2018**

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 have been prepared as a going concern. The continued existence of the Industry Capability Network (ICNL) in its present form, undertaking its current activities, is dependent on Government policy and on continuing funding by the Department of Industry, Innovation and Science for the ICNL's administration and activities.

The financial statements were authorised for issue on 6 September 2018 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 2018**

**1. Significant accounting policies (continued)**

**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
Leasehold 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 2018**

**1. Significant accounting policies (continued)**

*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 of financial instruments**

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. Significant accounting policies (continued)**

**(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) 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.

**(g) 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.

**(h) 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. Significant accounting policies (continued)**

**(i) 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).

**(j) 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.

**(k) 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.

**(l) 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.

**(m) Economic dependence**

The company is dependent on the grant funding and subscription income for the majority of the revenue used to operate the business. At the date of this report the board of directors understand that the funding is only guaranteed until 30 June 2019.

**(n) Comparatives**

Comparatives have been adjusted to correct the disclosure of the net loss on disposal of non-current assets.

**(o) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2018. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out on the following page.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. Significant accounting policies (continued)**

*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (OCI). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The company will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the company.

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. Significant accounting policies (continued)**

*AASB 15 Revenue from Contracts with Customers (continued)*

Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The company will adopt this standard from 1 July 2019, but the impact of its adoption is yet to be assessed by the company.

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (including in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

**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 judgments 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 on the following page.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

*Estimation of useful lives of assets*

The company 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.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Employee benefits provision and make good cost provision*

As discussed in Note 1, the liability for employee benefits and make good costs 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 and make good costs 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.

**3. Revenue and other income**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Revenue		
Grant income		
Operating	700,000	1,000,000
SAMP	757,731	1,495,936
	<u>1,457,731</u>	<u>2,495,936</u>
Jurisdictional payments	150,000	150,000
Interest received	55,793	34,773
Cost recoveries	16,251	8,861
Project revenue	24,561	-
Other revenue	1,260,013	1,122,125
	<u>1,506,618</u>	<u>1,315,759</u>
<b>Total revenue</b>	<u>2,964,349</u>	<u>3,811,695</u>
<b>(a) Interest received from:</b>		
Other corporations	<u>55,793</u>	<u>34,773</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

<b>4. Expenses</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Surplus from continuing operations includes the following specific expenses:		
<b>Expenses:</b>		
Depreciation and amortisation expense	16,660	14,230
Net loss on disposal of non-current assets:		
Property, plant and equipment	11,937	14,465
Auditor remuneration	21,110	20,500
Rental expense	<u>70,560</u>	<u>71,025</u>
<b>5. Current assets - cash and cash equivalents</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	1,009,944	1,322,294
Cash at bank - SAMP funds repurposed	-	167,205
Cash at bank - SAMP funds	-	195,017
	<u>1,009,944</u>	<u>1,684,516</u>
<b>6. Current assets - trade and other receivables</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	681	2,959
Trade receivables - SAMP funds repurposed	-	478,931
Other debtors	17	-
Accrued interest	7,745	5,463
	<u>8,443</u>	<u>487,353</u>
<b>7. Current assets - financial assets</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Held-to-maturity investments	(a) <u>2,674,000</u>	<u>1,626,000</u>
<b>(a) Held-to-maturity investments:</b>		
Term deposit - provisions	2,674,000	1,626,000
<b>8. Current assets - other assets</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Prepayments	<u>9,706</u>	<u>28,422</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

	2018 \$	2017 \$
Leasehold improvements	14,834	14,834
Less accumulated depreciation	(3,694)	(3,323)
Total land and buildings	<u>11,140</u>	<u>11,511</u>
Plant and equipment	67,800	64,877
Less accumulated depreciation	(57,273)	(50,660)
	<u>10,527</u>	<u>14,217</u>
Motor vehicles	47,191	45,727
Less accumulated depreciation	(5,107)	(3,411)
	<u>42,084</u>	<u>42,316</u>
Software	5,082	5,082
Less accumulated depreciation	(5,082)	(4,789)
	<u>-</u>	<u>293</u>
Furniture and fittings	53,260	53,260
Less accumulated depreciation	(51,806)	(51,430)
	<u>1,454</u>	<u>1,830</u>
<b>Total property, plant and equipment</b>	<u><u>65,205</u></u>	<u><u>70,167</u></u>

**(a) Movement in carrying amounts**

For disclosure on movement in carrying amounts please refer to Note 22(a) in the end of this financial report.

**10. Non-current assets - intangible assets**

	2018 \$	2017 \$
Patents and trademarks	3,276	3,276
Accumulated amortisation and impairment losses	-	-
	<u>3,276</u>	<u>3,276</u>
<b>Reconciliation of patents and trademarks</b>		
Balance at beginning of year	3,276	1,800
Additions	-	3,276
Disposals	-	(1,800)
Closing carrying value at end of year	<u><u>3,276</u></u>	<u><u>3,276</u></u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Accrued costs	182,575	47,790
Provision for GST	67,501	109,426
Trade creditors	39,204	53,153
Withholding taxes payable	13,662	10,518
	<u>302,942</u>	<u>220,887</u>

**12. Current liabilities - provisions**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Provision for holiday pay:</b>		
Opening balance	55,934	9,314
Additional provisions raised	7,331	46,620
Provision reductions	(9,270)	-
Closing balance	<u>53,995</u>	<u>55,934</u>
<b>Provision for long service leave:</b>		
Opening balance	53,007	47,557
Additional provisions raised	4,995	5,450
Closing balance	<u>58,002</u>	<u>53,007</u>
<b>Total provisions</b>		
Opening balance	108,941	56,871
Additional provisions raised	12,326	52,070
Provision reductions	(9,270)	-
Closing balance	<u>111,997</u>	<u>108,941</u>
<b>Add:</b>		
Provision for contractor bonus	49,000	-
	<u>49,000</u>	<u>-</u>
	<u>160,997</u>	<u>108,941</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**13. Current liabilities - other**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Income in advance		
SAMP grant funds on hand at end of year	-	757,731
Subscriptions in advance	670,059	560,890
Operating grant in advance	590,000	700,000
	<u>1,260,059</u>	<u>2,018,621</u>

**14. Non-Current liabilities - provisions**

**Provision for redundancy pay**

Opening balance	223,306	103,982
Additional provisions raised	2,708	119,324
Provision reductions	(14,091)	-
Closing balance	<u>211,923</u>	<u>223,306</u>

**Add:**

Provision for contingent liabilities	260,000	295,000
	<u>260,000</u>	<u>295,000</u>
	<u>471,923</u>	<u>518,306</u>

**15. 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:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<u>398,065</u>	<u>391,329</u>

**16. 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.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**17. Cash flow information**

	2018 \$	2017 \$
<b>(a) Reconciliation of cash flow from operations</b>		
Surplus/(loss) after income tax	543,577	300,637
Non-cash flows in surplus:		
Depreciation and amortisation	16,660	14,230
Loss on disposal of assets	11,937	13,001
Changes in assets & liabilities:		
(Increase) / decrease in trade and other receivables	478,910	(479,442)
Increase / (decrease) in trade and other payables	82,055	71,696
Increase / (decrease) in deferred revenue	(758,562)	(138,272)
Increase / (decrease) in provisions	3,770	331,394
(Increase) / decrease in prepayments	18,716	(10,270)
<b>Net cash provided by (used in) operating</b>	<u>397,063</u>	<u>102,974</u>

**18. Capital and leasing commitments**

**(a) Operating lease commitments**

	2018 \$	2017 \$
Payable - minimum lease payments		
- not later than 12 months	70,560	72,912
- Later than 12 months but not later than 5 years	-	-
	<u>70,560</u>	<u>72,912</u>

**19. 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	2018 \$	2017 \$
<b>Financial assets</b>			
Cash and cash equivalents	4	1,009,944	1,684,516
Trade and other receivables	5	8,443	487,353
Financial assets			
Held-to-maturity investments			
- fixed interest securities	6	2,674,000	1,626,000
<b>Total financial assets</b>		<u>3,692,387</u>	<u>3,797,869</u>
<b>Financial liabilities</b>			
Trade and other payables	10	302,942	220,887
<b>Total financial liabilities</b>		<u>302,942</u>	<u>220,887</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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.

**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 exposures (continued)**

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.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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.

**20. 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

**21. 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  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

22. (a) MOVEMENT IN CARRYING AMOUNTS

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

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Software development \$	Furniture and fittings \$	Total \$
<b>Balance at 1 July 2016</b>	11,882	15,151	38,704	1,504	2,654	69,895
Additions	-	6,776	45,727	-	-	52,503
Disposals	(371)	(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>
Additions	-	4,168	47,191	-	-	51,359
Disposals	(371)	(602)	(39,059)	-	-	(39,661)
Depreciation expense	(371)	(7,256)	(8,364)	(293)	(376)	(16,660)
<b>Carrying amount at 30 June 2018</b>	<b>11,140</b>	<b>10,527</b>	<b>42,084</b>	<b>-</b>	<b>1,454</b>	<b>65,205</b>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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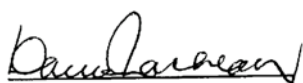
**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, which comprise the statement of financial position as at 30 June 2018, 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 2018 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:

6 September 2018











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