



Industry Capability Network

**ICN LIMITED  
STRIVES  
TOWARDS  
ONE GOAL:  
THE GROWTH OF  
AUSTRALIAN AND  
NEW ZEALAND  
COMPANIES**

**ANNUAL  
REPORT  
19-20**



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# CHAIRMAN'S REVIEW



**There is no doubt the final half of 2019–20 will be remembered for many years to come as the time when Australia and the world faced a highly contagious, life-threatening virus. It would be remiss of me not to mention that 2020 also marked our 25th year of service to industry. Our long history of supporting Australian businesses has held us in good stead for what was unfolding.**

As we reflect on our silver anniversary year, we can be proud that the ICN Network across the country continued to help local businesses facing unprecedented challenges.

This past financial year was the first full year of operation since it was agreed we would not wind up the company. Instead, with a new strategy in full swing, ICNL has delivered added value to our stakeholders, including extra programs during the COVID-19 pandemic.

We were able to quickly mobilise to assist in limiting the economic effects of the pandemic on supply chains and local suppliers. We developed a COVID-19 Response portal, as well as an app to help businesses efficiently manage health risk. This was made possible through our relationship with Ionyx and QMI Solutions.

The response portal allowed suppliers to access information on which products and services are in short supply and which regions need them the most. In developing this portal, we identified an ongoing need and ICN Connect was born. This B2B marketplace is designed to make it easier for buyers, who have urgent supply chain needs, to find a supplier who can meet those needs.

Of course, 2019–20 was not all about the pandemic.

During the year, the Board focused on supporting the company in developing powerful data intelligence tools such as the Business Capability Finder, developed in partnership with the Federal Government. Our IT capabilities led to being

acknowledged as a leader in business capability engines. Several third parties such as the Department of Defence, the South Australian Department of Health and the Centre for Defence Industry Capability engaged ICNL to help with their IT needs.

We also set up a Board Advisory Committee, with representatives from each state, to make key recommendations to the ICNL Board on matters of strategic importance.

Despite a somewhat unusual year, we enjoyed a strong financial performance on the back of our value-add offers. The Board continues to seek out new opportunities within our risk appetite.

On behalf of the Board, I sincerely thank former Executive Director, Mr Derek Lark, who retired this year after sixteen years of service. Derek has provided excellent leadership and support to both the company and the Network. He will remain with us in a strategic role, which means his corporate knowledge is not lost. We welcome Mr Warren Jansen as the new Executive Director. Thanks also to all the state and territory directors, and their staff across the country. During the pandemic especially, their dedication to our core objective of promoting Australian suppliers, and introducing SMEs to a range of work projects, was evident.

The Board thanks the Hon Karen Andrews MP, Minister for Industry, Science and Technology and the Department of Industry, Science, Energy and resources staff for their continuing support throughout the year.

The Board has taken the opportunity for some renewal this year, with the retirement of Mr Bruce Griffiths OAM and Mr Russell Kenery. I thank them both for their service to the company and welcome Ms Rebecca Woods to the fold. I sincerely appreciate the support of my fellow Board members for their guidance, insights and commitment to strong governance.

We are well-placed and ready to help the Federal, State and Territory Governments and the Network with post COVID-19 programs and strategies. We look forward to robust discussion around sovereign capabilities and boosting local manufacturing.



**DAVID MCLACHLAN AO AO(Mil)**  
Chairman



**ICNL HAS  
DELIVERED  
ADDED VALUE  
TO OUR  
STAKEHOLDERS**



# | 2019–20 HIGHLIGHTS



**\$2.95B**

CONTRACTS AWARDED  
TO AUSTRALIAN  
COMPANIES



**6,725**

NEW COMPANIES  
REGISTERED ON  
ICN GATEWAY



**\$260B**

VALUE OF NEW  
PROJECTS ON OFFER



**236**

NEW PROJECTS



**5,904**

CONTRACTS WON



**3,314**

WORK PACKAGES  
LISTED ONLINE

# EXECUTIVE DIRECTOR'S REPORT



**As the most unusual financial year in ICNL history draws to a close, it is a good time to reflect on how we as an organisation were able to draw on our knowledge of local supply chains to support Australian businesses during a global pandemic.**

It was through our Network, our road to commercialisation and our long history of delivering value-added services to Australian SMEs that we were able to withstand the many challenges of COVID-19, both for ourselves and our stakeholders.

We have enjoyed a successful year, driven by clear strategic direction from the Board and the support of the Department members and businesses.

We saw an excellent take-up of our products and services, reflected in growing subscription sales and other non-grant income. We are well on track to achieve our goal of increasing income through value-added products and services.

In the 12 months to 30 June 2020, 236 new projects involving more than 3,314 work packages were listed on ICN Gateway, with \$2.95 billion contracts awarded to Australian companies.

Our websites attracted over 3 million page views over the financial year, providing further proof that businesses value our services and products.

Our team expanded to meet demand, including an additional resource to our IT team.

During the year, we consolidated our reputation for IT platforms that delivered not only enhanced operations, such as online procurement integrations, but also business intelligence. Our new business intelligence tool, ICN Insights, allows us to garner dynamic enhanced analysis of industry data which offers a variety of insights to drive market intelligence to help businesses grow.

The Board and Executive also developed a new value proposition – the business data intelligence people – and we look forward to developing that vision to better inform as well as understand Australian and New Zealand industry capability and capacity.

As the new Executive Director of ICNL, my initiation was somewhat of a trial by fire, and I thank former Executive Director, Derek Lark, for his wisdom and support as I transitioned into the role. The solid work he and his team have done over the past 16 years allowed ICNL to weather the pandemic storm relatively unscathed.

I also thank the ICNL team, state Executive Directors, consultants and staff, not only for their commitment to our charter, but for the warm welcome I received.

Finally, I thank the Department of Industry, Science, Energy and Resources for its continued support; the ICNL Board and Chairman, Mr David McLachlan AO, for their loyalty and strategic guidance.

Without everyone working together, ICNL would not be the successful organisation it is today, ready to take its place in the post-COVID-19 manufacturing renaissance.

A handwritten signature in black ink, appearing to read 'W. Jansen'.

**WARREN JANSEN**  
Executive Director



**OVER \$260  
BILLION NEW  
CONTRACTS  
ON OFFER**



# FUNCTIONS & FOCUS

The primary functions of ICN Limited are to:

- ▶ 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.
- ▶ Bushfire relief to subscribers in affected areas.
- ▶ COVID-19 response portal.
- ▶ New product development: ICN Connect, Business Capability Finder, ICN Insights, ICN Project Plus.
- ▶ Increased social media presence.
- ▶ An integrated campaign outlining the benefits of ICN's products and services to new and existing customers and ICN offices.

## TECHNOLOGY

- ▶ Ongoing improvements to core systems ICN Gateway and ICN Toolbox.
- ▶ Microsoft Power BI solutions development for multiple end points.
- ▶ Complete database migration to improve geospatial mapping capability.
- ▶ Enhancements to NT Aboriginal Content Finder (ACF).
- ▶ Enhancements to NT Automated Enquiry System (AES).
- ▶ Web service functionality enhancements for Laing O'Rourke to manage NSW Bushfire Clean-up Program.
- ▶ Customised reporting enhancements for state members.

## ICN GATEWAY

- ▶ 236 new projects listed.
- ▶ 63,382 registrations of interest from local businesses.
- ▶ Over \$260 billion new contracts on offer.

## FINANCIAL

- ▶ Reinvest commercial income.

## STRATEGIC DIRECTION

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



## NATIONAL SUPPORT

### **ICNL continues to support six ICN offices across Australia by:**

- ▶ 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 on Australian industry.
- ▶ Fostering an open exchange of information between participating ICN offices.
- ▶ Enhancing the ICN collective database on industry capability.
- ▶ Encouraging best practice in operations across ICN.
- ▶ 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.



## ICNL PROMOTES AND FACILITATES NATIONAL ACTIVITIES ACROSS THE NETWORK AND MONITORS PERFORMANCE

ICN's Executive Directors met twice during 2019–20, with meetings held in Canberra and Sydney.

ICNL and the ICN Network met in February 2020 for a strategic planning workshop to develop a new strategic plan and accompanying milestones. Since that workshop, ICNL and the Network Executive Directors meet every 30 days to measure success against the new milestones.

# MARKETING & COMMUNICATIONS

The ICNL marketing team works closely with ICN offices as we continue to deliver products that support the growth of Australian and New Zealand SMEs.

During this period there has been a strong focus on upholding and reinforcing the ICN brand.

## COVID-19 RESPONSE

ICNL and ICN worked with Australian governments at all levels in response to COVID-19. We recognised the importance of having a strong supply chain to ensure that the community continues to receive key services and products.

We developed a portal aimed at allowing suppliers to register their interest to provide key goods and services, and to allow us to identify gaps in supply chains and how we can assist in filling those gaps.

This portal provided a mechanism to collate and address those needs, as well as linking suppliers with other forums that are seeking these capabilities, all in one place.

The response to the portal was extremely positive producing 1,000 expressions of interest and just under 22,000 page visits.

Additionally, ICNL partnered with QMI Solutions and Ionyx to develop the ICN COVID-19 Response application. The ICN COVID-19 Response application provides software that can protect workers from the threat of the virus through a simple questionnaire that screens anyone that interacts with your company for symptoms of coronavirus. The application is available for free to small businesses (50 employees or less), charity groups and not-for-profit organisations. For large companies, costs were scaled depending on the workforce size.

The application automates the screening process and allows for flags and alerts to be instantly sent back to a central web portal so management can isolate potentially infected individuals and minimise the risk of infection at job sites.

Other communications included:

- ▶ Direct mail to all subscribers.
- ▶ COVID-19 Response page on ICN Gateway.
- ▶ A video.
- ▶ COVID-19 one-page overview.
- ▶ COVID-19 brochure.

## NEW MARKETING COMMUNICATIONS QUALITY STANDARDS

Early in the financial year, ICNL released the ICNL Marketing Communications Quality Standards to the Network. This new guide was developed to make it easier for Network members to undertake marketing communication activities in a consistent, effective and efficient way that is aligned with Network goals and agreements.

## NEW PRODUCT COMMUNICATIONS

ICNL released the following new products during the year:

### 1. ICN Business Capability Finder (Supplier Analytics Tool)

ICNL developed the ICN Business Capability Finder (ICN BCF) in partnership with the Department of Industry, Science Energy and Resources. ICN BCF is a search tool that provides accurate, up to date, verified data on supply capability in Australia. Developed for Australian governments to allow them to identify business capability gaps by region and to help inform policy and programme development.

### 2. ICN Project Plus (Super Client product)

ICNL developed ICN Project Plus in partnership with the Department of Industry, Science Energy and Resources. ICN Project Plus can be used by buyers, Government departments, agencies and authorities to list and promote projects on ICN Gateway.

### 3. ICN Connect (our B2B marketplace)

ICN Connect was developed following results of the COVID-19 pandemic. Developed in partnership with Ionyx, ICN Connect is a B2B marketplace that allows Buyers to connect with a network of trusted suppliers to solve supply chain shortages.

Other key outcomes for the period include:

- ▶ A quarterly newsletter which highlights the work that ICN does to support Australian SMEs.
- ▶ An integrated campaign outlining the benefits of ICN's products and services to new and existing customers.
- ▶ Further boosting the ICN national profile through social media.





## Business Capability Finder

Industry Capability Network (ICN) Limited has partnered with the Commonwealth Government, through the Department of Industry, Innovation and Science, to bring you the ICN Business Capability Finder (BCF).

### Why use BCF?

ICN is a leader in finding the best suppliers with the right capabilities and connecting suppliers with projects. With over 23,000 registered Australian and New Zealand (ANZ) BCF provides a solution to the challenges in supply chain analysis, monitoring and reporting. BCF is based on real time information from the ICN database, and all companies on our database have been through a rigorous verification process. Along with our automatic system checks (ABN, company address, email etc), all supplier details have been checked and verified by ICN's Industry Advisers, which means that the information provided is accurate and up to date.

### Who can use it?

At this stage, only governments and related bodies can use BCF. Contact us on 02 6396 2033 to make an appointment for a demonstration.

### How can BCF help you?

All Australian governments aim to maximise Australian industry development, capability and project opportunities. The BCF is a useful tool to assist these important activities.

### BCF can help you:

- ascertain the business capability nationally, or in state or regional areas, or by industry. What services are available in your area or sector/industry?
- identify business capability gaps in your region to help inform policy and programme development
- ascertain detailed verified business capability at the national, state and/or local level
- ascertain company turnover/employees, by area and/or sector/industry
- assess company certifications and accreditations by area and/or state
- identify indigenous businesses or number of employees, by area and/or sector/industry.

### How much does it cost?

There are no licensing fees for a 30 day trial period. Call us to discuss the cost and terms of a full licence. To request a licence please email [info@icn.org.au](mailto:info@icn.org.au) or call us on 02 6396 2033 for more information.



## ICN RESPONSE TO COVID-19

ICN recognises the importance of having a strong supply chain now more than ever to ensure that the community continues to receive key services and products.

### ICN COVID-19 Portal Results

Our new data analytics tool - PowerBI, allows for quick and easy analysis and insights to project performance.



### KEY FACTS COVID-19 RESPONSE PORTAL:

**LAUNCHED 23 MARCH 2020**

**OVER 600 EXPRESSIONS OF INTEREST SUBMITTED**

**OVER 12,900 PAGE VIEWS**

**OVER 600 NEW COMPANIES JOINED ICN GATEWAY IN RESPONSE TO OUR COVID-19 PORTAL**

- ICN COVID-19 Response App available FREE to select companies and NEP - 22 new companies joined already
- Industry Advisers on the ground assisting all levels of government
- Actively identifying suppliers with the capability and capacity to manufacture and/or supply PPE equipment
- Assisting governments to identify businesses with transferable technologies to extend their capability, reach and scale up to manufacture PPE and other priority health equipment.

**66** We are working hard to help small businesses become a part of the solution. ICN was created over 30 years ago to increase economic activity and employment opportunities for local industry. In that time, we have helped local suppliers find \$50 billion worth of contracts.

- Warren Jensen, ICN, Executive Director

For more info go to <https://gateway.icn.org.au/public/covid19> or email [info@icn.org.au](mailto:info@icn.org.au)



icnconnect

Home Search How it Works About Us Contact Us Login

## YOUR B2B MARKETPLACE

A powerful and easy way to connect with suppliers and manufacturers to solve your service and supply needs.

 Get Started



ICN

HOME ABOUT BENEFITS PRICING CONTACT

## COVID-19 Response App.

Ensure the health and wellbeing of your remote and mobile workforce with our pandemic risk assessment software.

 START NOW



## CASE STUDY

### ICN'S DEEP UNDERSTANDING HELPS QLD SME WIN BIG IN DEFENCE

B&R Enclosures is a family-owned and operated medium manufacturing business with more than 60 years' experience in the design and manufacture of enclosure and cabinet solutions, delivering protection of equipment and safety for people from a workforce of over 400 people.

With headquarters in Brisbane, Queensland on a purpose built (18,000sqm) state of the art manufacturing facility, B&R supports offices in all mainland states of Australia, with further manufacturing locations in Adelaide, Sydney as well as overseas.

The company offers an extensive range of products including domestic and commercial enclosures, data racks and cabinets, industrial and mining enclosures, switchboards and MCCs and hazardous area equipment.

Its four divisions - B&R Industrial, B&R Data ICT, B&R Hazardous Areas and B&R Residential Commercial - each focus on unique needs of different market segments with B&R's Defence prowess stemming from its leading position in these markets, demonstrated by their agility to effectively work across these segments.

B&R was awarded a contract to supply Communication Equipment Racks for the SEA1180 OPV (Offshore Patrol Vessel) program. This project originated from a trade mission led by Austrade and ICN.

"ICN has been particularly valuable for us," Julian Spencer, B&R's National Business Development Manager – Defence said.

"On the face of it, businesses can always use ICN's Gateway to find out about different projects. But because ICN has taken time to get to know B&R and understand our organisation and our capabilities, we have been able to take advantage of opportunities very effectively."

"The level of engagement has enabled us to be very targeted in what we have chosen to pursue, saving us a lot of time and effort by not wasting resource in investigating projects that aren't suitable."



**"ICN HAS BEEN  
PARTICULARLY  
VALUABLE FOR US"  
-JULIAN SPENCER**

Julian makes special mention of former ICN Consultant Jeremy Satchell, who worked closely with the Defence Industry, and identified B&R as a key enabler across many technology platforms as well as taking the time to visit B&R on site to learn more about the B&R business.

"We are very appreciative of the time ICN, and particularly Jeremy, has taken to guide us – thus allowing us to make the most of opportunities. This has been the key to the benefits for us."

Julian advises other organisations to give ICN the opportunity to know them beyond their capability statement, and to also take part in different industry events and workshops that ICN facilitates.

"Sometimes people don't see these things as relevant. They may feel they are too busy and don't see the value. But the opportunity to network and communicate your capabilities and strengths with relevance has been a big factor in our success."

Before ICN, B&R was just one of many businesses trying to "shop our wares" out to the Defence Industry, competing with a wide variety of suppliers.

"ICN has provided us the opportunity to show people what our strengths are. Potential customers can come to us and tell us their challenges and we can work with them to come up with a solution," Julian said. "Working with ICN has allowed us to strengthen our profile in Defence and expand dramatically."

"ICN is very much about the end game. They are very business focused and have helped us target worthwhile opportunities."

The Government focus on Defence has helped combat the decline in Australian manufacturing, that is due mainly to cost of manufacturing.

"They are supporting Australian manufacturers to not only provide goods and services within this country for Defence but also looking to build capacity here and promote our capabilities overseas."

ICN has also been instrumental in matching B&R's capabilities with other Australian SMEs for collaboration opportunities, allowing local industry to deliver turnkey solutions.

According to Julian, Australian companies are considered quality-focused and reliable, and pose a lower security risk than some other manufacturing countries. To take advantage of this situation, B&R is focusing internally on being more effective and efficient to keep manufacturing in this country.

"We are pursuing an Industry 4.0 approach, taking a data-driven manufacturing strategy. This makes us more efficient through using data to guide production activities."

The OPV contract has allowed B&R to grow and showcase its abilities, as well as use the technology and learnings to move into other markets. For example, ship-based data racking for industries other than Defence.

"It also gives us a lot of credibility across a range of markets here and internationally when we can demonstrate that we manufacture products for the Australian Defence industry."





## TECHNOLOGY SYSTEMS

**Over the years, Australian suppliers and ICN operational offices have come to rely on ICN Limited'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 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.
- ▶ 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.



## 2019–2020 ACHIEVEMENTS

ICNL's IT Team have had a productive and extremely rewarding year:

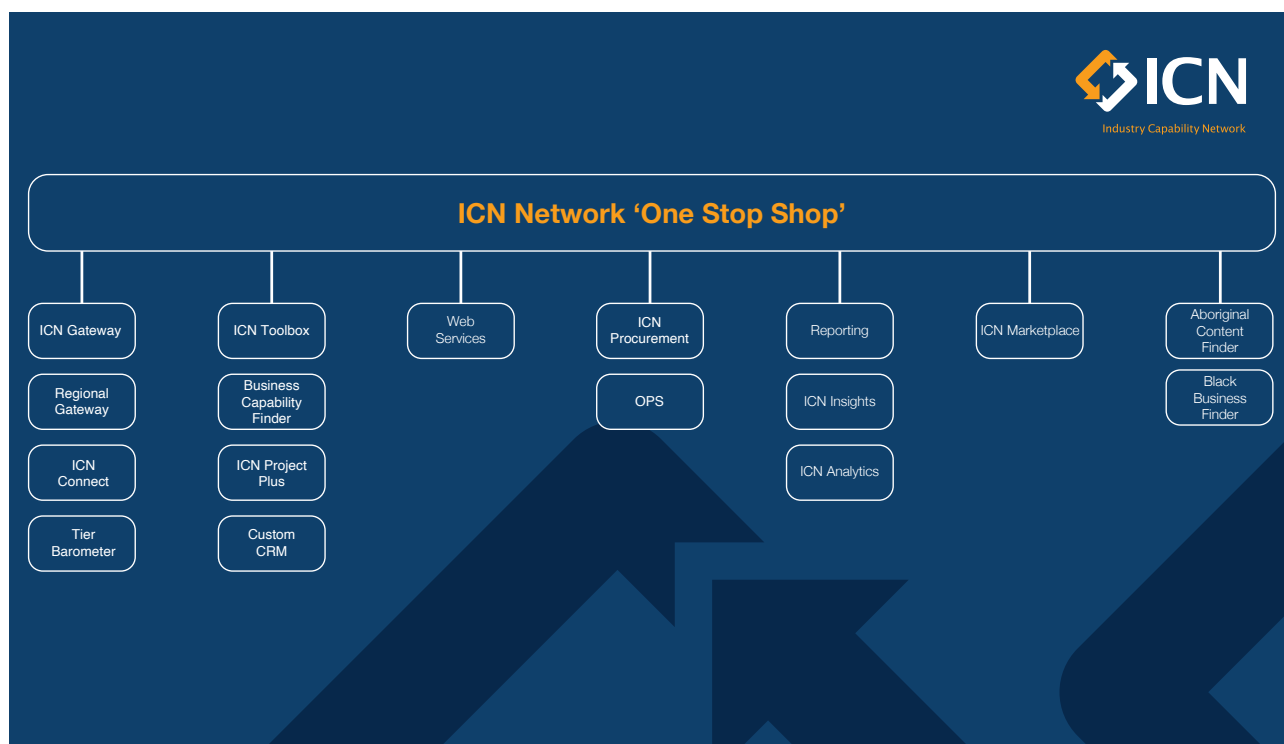
- ▶ Launched ICN Insights our national solution for business data intelligence.
- ▶ Covid19 Project portal launched to assist in working with Australian governments at all levels in response to COVID-19.
- ▶ Ongoing improvements to system security, stability and reliability.
- ▶ Further leverage of AWS cloud-based technology.
- ▶ Ongoing collaboration with Department of Defence to continue helping local companies better promote their capabilities in conjunction with Defence Capability.
- ▶ Australian Defence Exports Office (ADEO) collaboration to assist in managing Trade Show expressions of interest for Australian companies to showcase their capabilities worldwide.
- ▶ Assisting Melbourne University to establishing a National Snapshot of the Indigenous Business Sector in order to prepare for an Evaluation of Indigenous Preferential Procurement Policies.

## FUTURE DEVELOPMENTS

In 2020–21, our plans include:

- ▶ UX review for ICN Gateway and ICN Toolbox.
- ▶ Expansion of ICN Connect capabilities.
- ▶ Expanding ICN Insights business data intelligence offerings.
- ▶ Working with other organisations at a Federal, state and local level to develop customised solutions based on their needs (Australian Defence Exports Office, Department of Defence, SA Health, Melbourne University, PWC).
- ▶ Enhancing automated client communications around licences/insurances/certifications.
- ▶ Enhancements to client products:
  - ▶ NT Automated Enquiry System
  - ▶ Aboriginal Content Finder
  - ▶ ICN Procurement, powered by OPS.

## ICN SOLUTIONS



# STRATEGIC DIRECTION

**ICNL is committed to working on the delivery of programs, maximising the opportunities for Australian companies and creating economic benefit.**

In 2019-20, ICNL developed new strategic milestones. These were aligned with our overall objectives set for the 2019-24 planning horizon.

The strategic milestones were set in the backdrop of a long-term plan to renew ICNL's vision for the future. These milestones directly link to ICNL's overarching strategic plan of being positioned as the trusted,

pre-eminent integrated data solution, delivering value to suppliers and buyers through a sustainable business model.

The milestones were underpinned by investments in key areas such as collaboration, partnerships, personnel and systems development, data insights and effective marketing.

## 2019–2024 Strategic milestones.

### MILESTONES 2020

1. Identified and mapped stakeholders, advocates, partners and competitors to build priority relationships/project areas of focus
2. Advisory Committee operational and adding value
3. Board approved go forward new business model including personnel requirements
4. Three active key national collaborations in place
5. Beginnings of marketing content bank and leveraging it
6. Board approved Systems Development Plan
7. Reviewed and refreshed product set and relevant components agreed with the network
8. Licenses issued and half yearly KPI reporting in place
9. Reviewed current value proposition, aligned gaps and embedded
10. Aligned data with future market needs and found commercial opportunities and collaboration

### STRATEGIC INVESTMENTS

Share a compelling story

Collaboration

Integrated solutions that leverages partners

Selling

Personnel

Systems development

Delivering stakeholder needs

Data and insights

Sound business model

### OUTCOMES 2024

Highly trusted and valued by all stakeholders

Go to location for Australian Industry Capability and opportunities

Global integrated solution delivering value to suppliers & buyers

Inclusive integrator for SME & buyers utilising Network & ecosystem

Highly Efficient Operations

Partner with specialists

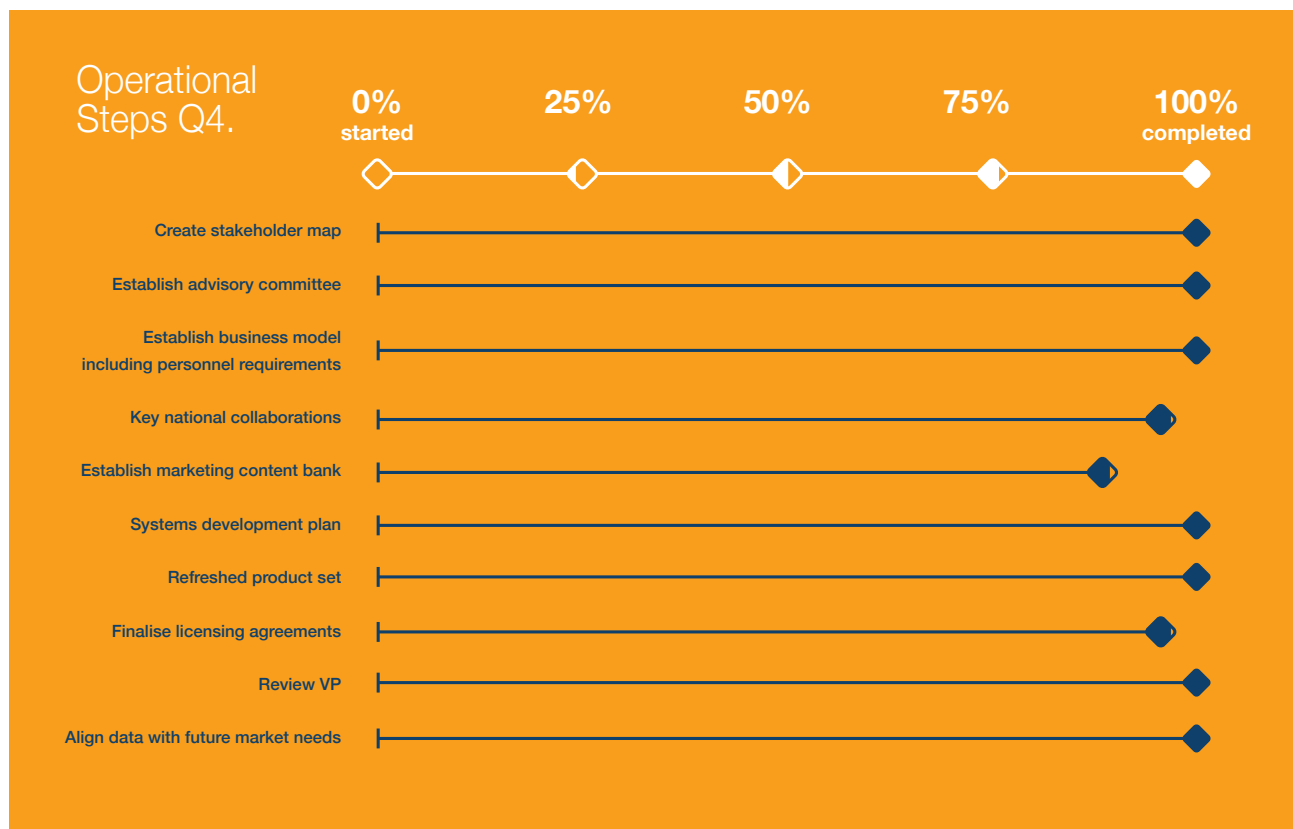
Commercial, articulate & insightful people

Long term sustainable business model

The investments made over the year have enabled ICNL to establish an effective business model focused on streamlining operations and commercialising value-added products.

This approach facilitated the creation of a new value proposition “The Business Data Intelligence People”, built on the depth and power of the ICN database which is not only unique, but verified, and our Industry Consultants and Advisers, who set us apart from others in the market.

The greater part of the strategic milestones were completed in the year, whilst some remain relevant and extend into the new year. The significant progress made means that ICNL is well positioned to expand its traditional role beyond a business matchmaker to delivering strategic market intelligence for Australian businesses to thrive.



# APPENDIX 1 COMPANY MEMBERSHIP

The members of ICNL (2019–20) are:

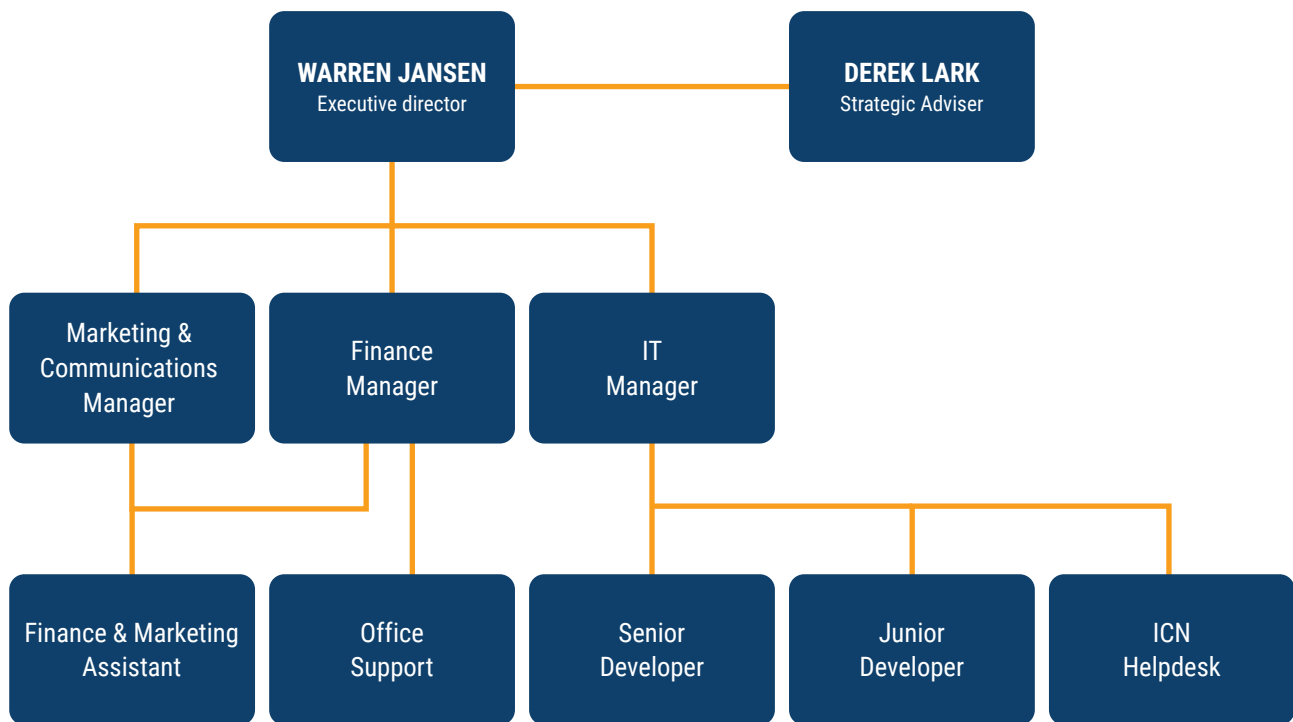
- ▶ Department of Industry, Science Energy and Resources
- ▶ Australian Council of Trade Unions
- ▶ Industry Capability Network (VIC)
- ▶ Industry Capability Network (NSW)
- ▶ QMI Solutions (QLD) Limited
- ▶ Business Promotions (NT) Pty Ltd
- ▶ The Chamber of Commerce and Industry of Western Australia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





# APPENDIX 2 EMPLOYEE DETAILS

AT 30 JUNE 2020



# APPENDIX 3 BOARD COMPOSITION

The Board of Directors consists of seven people elected by the members.  
The full composition of the Board of Directors at 30 June 2020 was:



**Chairman**  
**Mr David McLachlan**  
**AO AO (Mil)**

Industry Capability Network Limited  
PO Box 130  
Deakin West ACT 2600



**Secretary**  
**Mr Warren Jansen**

Executive Director  
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 Stuart Kenny**

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



**Director**  
**Mr Derek Lark**

Industry Capability Network Limited  
PO Box 6267  
Conder ACT 2906  
(Term commenced 22/05/2020)



**Director**  
**Dr Tim Turner**

Senior Manager  
Apis, part of Accenture  
PO Box 386  
Civic Square ACT 2608



**Director**  
**Ms Rebecca Woods**

Director, Strategic Capability  
Access Care Network Australia  
Level 9, 2 Phillip Law Street  
Canberra ACT 2600  
(Term commenced 22/05/2020)



**Director**  
**Mr Bruce Griffiths OAM**

Managing Director  
Monoduo Pty Ltd  
8 Monomeath Avenue  
Toorak VIC 3142  
(Term ended 25/02/2020)



**Director**  
**Mr Russell Kenery**

Principal  
Kenery & Associates  
PO Box 47 Red Hill VIC 3937  
(Term ended 21/02/2020)

# APPENDIX 4 BOARD COMMITTEES

## IT COMMITTEE

**The IT Committee provides strategic guidance for, and oversight of the IT activities and operations to ICNL on behalf of the Board.**

The full composition of the IT Committee at 30 June 2020 was:

### Chair

**Mr Russell Kenery**

Principal, Kenery & Associates

### Members

- ▶ Dr Tim Turner  
Senior Manager, Apis, part of Accenture
- ▶ Mr Warren Jansen  
Executive Director, ICNL
- ▶ Mr Mike Swart Chair  
ICN Executive Directors
- ▶ Department Representative  
Department of Industry, Science Energy  
and Resources

## ADVISORY COMMITTEE

**The Advisory Committee acts in an advisory capacity to the Board. Their role is to identify, investigate, discuss and make recommendations to the Board in relation to the strategic direction of current and future services of ICNL.**

The full composition of the Advisory Committee at 30 June 2020 was:

### Chair

**Ms Chris Bridges-Taylor**

Chairperson, QMI Solutions

### Members

- ▶ Mr Mark Goodsell, ICN NSW
- ▶ Ms Katherine Hoar, ICN WA
- ▶ Mr Warren Jansen, ICNL
- ▶ Mr Stuart Kenny, ICNL Board
- ▶ Mr Steve Ludlam, ICN SA
- ▶ Mr Kevin Peters, ICN NT
- ▶ Mr Tim Piper, ICN Vic
- ▶ Mr Mike Swart, ICN Qld

# APPENDIX 5

## 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.**

### ICNL

37 Geils Court, Deakin ACT 2600  
PO Box 130, Deakin West ACT 2600  
**P** 02 6285 2033  
**E** [info@icn.org.au](mailto:info@icn.org.au)

### NEW SOUTH WALES

Suite 1, Century Plaza 80 Berry Street,  
North Sydney NSW 2060  
PO Box 2013, North Sydney NSW 2059  
**P** 02 9927 3100  
**F** 02 8920 1856  
**E** [info@icnns.org.au](mailto:info@icnns.org.au)

### NORTHERN TERRITORY

101/12 Salonika Street, Parap NT 0820  
GPO Box 1882, Darwin NT 0801  
**P** 08 8922 9422  
**F** 08 8922 9430  
**E** [info@icnnt.org.au](mailto:info@icnnt.org.au)

### QUEENSLAND

7 Clunies Ross Court, Eight Mile Plains QLD 4113  
PO Box 4037, Eight Mile Plains QLD 4113  
**P** 07 3364 0670  
**F** 07 3364 0786  
**E** [info@icnqld.org.au](mailto:info@icnqld.org.au)

### SOUTH AUSTRALIA

Level 9, 131–139 Grenfell Street, Adelaide SA 5000  
GPO Box 320, Adelaide SA 5001  
**P** 1300 553 309  
**E** [info@icnsa.org.au](mailto:info@icnsa.org.au)

### VICTORIA

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

### WESTERN AUSTRALIA

Level 5, 235 St Georges Terrace, Perth WA 6000  
PO Box 7298, Cloisters Square WA 6850  
**P** 08 9365 7623  
**F** 08 9365 7550  
**E** [info@icnwa.org.au](mailto:info@icnwa.org.au)





# APPENDIX 6 INDEPENDENT AUDIT REPORT AND DECLARATION



**Auditors Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Industry Capability Network Limited**

I declare that, to the best of my knowledge and belief, during the 12 months ended 30 June 2020 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Vincent's Assurance & Risk Advisory**

A handwritten signature in blue ink, appearing to read "Phillip Miller".

**Phillip Miller**  
Director  
Canberra, ACT

**Dated: 18 September 2020**

## INDEPENDENT AUDIT 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 statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, 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 directors' declaration.

In our opinion, because of the existence of the limitation on our assurance over the comparative figures, and the effect of such adjustments, if any, as might have been determined necessary had the limitation not existed, we are unable and do not express an opinion as to whether the comparatives for 2019 and the results of the Company for the year ended 2019 are presented fairly in accordance with applicable Accounting Standards and the requirements of the *Corporations Act 2001*.

In our opinion, the accompanying financial report of Industry Capability Network Limited is in accordance with the *Corporations Act 2001*, including:

- a) gives a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with the Australian Accounting Standards – Reduced Disclosure Requirements and *Corporations Regulations 2001*.

### Basis for Opinion

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

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

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

### Other Information

The directors 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 2020, but does not include the financial report and our auditor's report thereon.

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

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

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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 the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*.

The director's responsibility also includes such internal control as the directors determines is necessary to enable to preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The directors 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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, misrepresentations, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Vincent's Assurance & Risk Advisory**

**Phillip Miller**  
**Director**  
**Canberra, ACT**

**Dated: 18 September 2020**



# APPENDIX 7 FINANCIAL STATEMENTS

**For the year ended 30 June 2020**

Industry Capability Network Limited  
ABN 85 068 571 513

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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 2020

**Directors**

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

|                 |                             |
|-----------------|-----------------------------|
| David McLachlan |                             |
| Andrew Dettmer  |                             |
| Stuart Kenny    |                             |
| Timothy Turner  |                             |
| Derek Lark      | (Term commenced 22/05/2020) |
| Rebecca Woods   | (Term commenced 22/05/2020) |
| Russell Kenery  | (Term ended 22/02/2020)     |
| Bruce Griffiths | (Term ended 22/02/2020)     |

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 \$434,843.

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, Science, Energy and Resources was extended through until June 2021.

**Strategic Objectives**

The company's short-term objectives are to:

- Identify and map stakeholders, advocates, partners and competitors to build priority relationships/project areas of focus
- Have an Advisory Committee operational and adding value
- Board approved go forward new business model including personnel requirements
- Have three active key national collaborations in place
- Have the beginnings of a marketing content bank and leveraging it
- Have a Board approved Systems Development Plan
- Review and refresh existing product set and relevant components agreed by the Network
- Have licenses issued and half yearly KPI reporting in place
- Review current value proposition, aligned gaps and embedded
- Aligned data with future market needs and found commercial opportunities and collaboration.

The company's long-term objectives are to:

- Be highly trusted and valued by all stakeholders
- The go-to location for Australian Industry Capability and opportunities
- A global integration solution delivering value to suppliers and buyers
- An inclusive integrator for SME and buyers utilising Network and ecosystem
- Partnered with Industry specialists
- Employ commercial, articulate and insightful people
- Have a long-term sustainable business model.



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

**DIRECTORS' REPORT**

**Strategy for achieving the objectives**

ICNL continues to provide coordination of IT infrastructure and support services that assists the coordination of the network of six ICN offices across Australia.

The strategy is 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.

**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 was 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.
- ICNL's operations are part of the Federal Government's Australian Industry Participation (AIP) Policies and Programs. ICNL operational funding is in place until the end of June 2021.

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**

|  |  |
|--|--|
| <b>Mr David John McLachlan AO AO (Mil)</b><br><br><b>Qualifications &amp; experience</b> | <ul style="list-style-type: none"> <li>- Chairman</li> <li>- Fellow Australian Institute of Company Directors (Dip)</li> <li>- Appointed Chairman on inauguration of the company</li> <li>- Retired from the Australian Army with the rank of Major General in March 1994 after 37 years' service</li> <li>- Member, Court of Directors, Royal Humane Society of Australasia since 1998</li> <li>- Vet Employment Advocate, Victorian Government</li> </ul>  |
| <b>Mr Andrew Keith Dettmer</b><br><br><b>Qualifications &amp; experience</b>             | <ul style="list-style-type: none"> <li>- Director</li> <li>- National President, The Australian Manufacturing Workers Union</li> <li>- Previous Board Member, QMI Solutions</li> <li>- Previous Member, ICN Queensland, the Queensland Training and Employment Recognition Council and Construction Skills Queensland</li> <li>- Represents the ACTU on SafeWork Australia</li> <li>- Previous Board Member, Australian Workforce and Productivity Agency</li> <li>- Board Member, The Australia Institute</li> <li>- Committee Member, APHEDA</li> <li>- Board Member, Carbon Nexus</li> </ul>  |
| <b>Mr Bruce Atkin Griffiths OAM</b><br><br><b>Qualifications &amp; experience</b>        | <ul style="list-style-type: none"> <li>- Director</li> <li>- Director, Quickstep Holdings Limited</li> <li>- Director, Carbon Revolution Limited</li> </ul>  |
| <b>Dr Timothy Leonard Turner</b><br><br><b>Qualifications &amp; experience</b>           | <ul style="list-style-type: none"> <li>- Director</li> <li>- Graduate of Australian Institute of Company Directors</li> <li>- Fellow, Australian Computer Society, Past Branch Chair</li> <li>- Sole Director, Electric Spells Pty Ltd</li> </ul>  |
| <b>Mr Derek Lark</b><br><br><b>Qualifications &amp; experience</b>                       | <ul style="list-style-type: none"> <li>- Director</li> <li>- Master of Business Administration</li> <li>- Bachelor of Engineering (Elec)</li> <li>- Fellow Australian Institute of Company Directors (Order of Merit)</li> <li>- Executive Director ICNL 16 years to March 2020</li> <li>- Director, CEO, Company Secretary, and senior executive</li> <li>- Strategy consultant</li> <li>- Board Member and Finance Committee member, Cerebral Palsy Education Centre, Melbourne</li> <li>- Chairman, Kinloch Court Owners Corporation</li> <li>- Director, Alembec Pty Ltd</li> <li>- Past Director, Progressing Business Institute Ltd</li> </ul> |

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

**DIRECTORS' REPORT**

|  |   |
|--|---|
| <b>Ms Rebecca Woods</b><br><br><b>Qualifications &amp; experience</b>        | <ul style="list-style-type: none"><li>- Director</li><li>- Fellow, Australian HR Institute</li><li>- Member, UNSW Canberra School of Business Advisory Board</li><li>- Member, Australian Institute of Company Directors</li><li>- Former State Council member: Australian HR Institute</li><li>- 20+ Years; Workforce skills development and Vocational Education and Training</li><li>- Communications and organisational culture</li></ul> |
| <b>Mr Russell Allan Kenery</b><br><br><b>Qualifications &amp; experience</b> | <ul style="list-style-type: none"><li>- Director</li><li>- Fellow - Illuminating Engineering Society (Aus &amp; NZ)</li><li>- Engineers Registration Board CEI (London)</li><li>- Advanced Management Program (RMIT)</li><li>- Director, Kenery &amp; Associates</li></ul>  |
| <b>Mr Stuart Kenny</b><br><br><b>Qualifications &amp; experience</b>         | <ul style="list-style-type: none"><li>- Director</li><li>- Member, Australian Institute of Company Directors</li><li>- Agriculture, Defence, Manufacturing and Government Relations</li><li>- Managing Director, Utopia NT Pty Ltd</li><li>- Vice President and Director, Chamber of Commerce NT</li><li>- Board Member, Manufacturers Council NT</li></ul>   |

**Meetings of directors**

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

| Director                            | Number eligible to attend | Number attended |
|-------------------------------------|---------------------------|-----------------|
| Mr David John McLachlan AO AO (Mil) | 4                         | 4               |
| Mr Andrew Keith Dettmer             | 4                         | 1               |
| Mr Stuart Kenny                     | 4                         | 4               |
| Dr Timothy Leonard Turner           | 4                         | 4               |
| Mr Derek Lark                       | 1                         | 1               |
| Ms Rebecca Woods                    | 1                         | 1               |
| Mr Bruce Atkin Griffiths OAM        | 3                         | 2               |
| Mr Russell Allan Kenery             | 3                         | 3               |

**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 willful 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 2020, the total amount that members of the company are liable to contribute if the company is wound up is \$400 (2019: \$400).

**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:**



**David McLachlan AO AO (Mil)**

**Dated:** 18 September 2020



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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

|   | Note       | 2020<br>\$                | 2019<br>\$                |
|---|------------|---------------------------|---------------------------|
| <b>Revenue</b>                              | <b>4</b>   | 3,026,038                 | 2,224,203                 |
| <b>Expense</b>                              |            |                           |                           |
| Salaries and employee benefits              |            | (928,592)                 | (443,314)                 |
| Depreciation                                | <b>10a</b> | (10,500)                  | (18,815)                  |
| IT and network costs                        |            | (75,975)                  | (39,604)                  |
| Marketing and promotion                     |            | (129,962)                 | (42,632)                  |
| Rent and utilities                          |            | (115,652)                 | (108,074)                 |
| Administration expenses                     |            | (263,029)                 | (128,820)                 |
| Travel costs                                |            | (105,478)                 | (42,729)                  |
| Gateway                                     |            | (676,242)                 | (590,921)                 |
| Other expenses                              |            | (266,064)                 | (278,190)                 |
| Net loss on disposal of assets              |            | <u>(19,701)</u>           | <u>(11,780)</u>           |
| <b>Surplus before income tax</b>            |            | 434,843                   | 519,324                   |
| Income tax expense                          |            | <u>-</u>                  | <u>-</u>                  |
| <b>Surplus for the year</b>                 |            | <u><b>434,843</b></u>     | <u><b>519,324</b></u>     |
| <br>Total comprehensive income for the year |            | <br><u><u>434,843</u></u> | <br><u><u>519,324</u></u> |

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

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 2020**

|                                  | Note | 2020<br>\$       | 2019<br>\$       |
|----------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                    |      |                  |                  |
| <b>CURRENT ASSETS</b>            |      |                  |                  |
| Cash and cash equivalents        | 6    | 888,671          | 548,806          |
| Trade and other receivables      | 7    | 20,766           | 18,326           |
| Financial assets                 | 8    | 3,279,079        | 3,464,000        |
| Other current assets             | 9    | 18,308           | 32,178           |
| <b>TOTAL CURRENT ASSETS</b>      |      | <b>4,206,824</b> | <b>4,063,310</b> |
| <b>NON-CURRENT ASSETS</b>        |      |                  |                  |
| Property, plant and equipment    | 10   | 27,083           | 68,937           |
| Intangibles                      | 11   | 3,276            | 3,276            |
| <b>TOTAL NON-CURRENT ASSETS</b>  |      | <b>30,359</b>    | <b>72,213</b>    |
| <b>TOTAL ASSETS</b>              |      | <b>4,237,183</b> | <b>4,135,523</b> |
| <b>LIABILITIES</b>               |      |                  |                  |
| <b>CURRENT LIABILITIES</b>       |      |                  |                  |
| Trade and other payables         | 12   | 567,208          | 406,481          |
| Provisions                       | 13   | 144,275          | 123,437          |
| Contract liabilities             | 14   | 996,879          | 1,403,508        |
| <b>TOTAL CURRENT LIABILITIES</b> |      | <b>1,708,362</b> | <b>1,933,426</b> |
| <b>NON-CURRENT LIABILITIES</b>   |      |                  |                  |
| Provisions                       | 15   | -                | 108,120          |
| <b>NON-CURRENT LIABILITIES</b>   |      | <b>-</b>         | <b>108,120</b>   |
| <b>TOTAL LIABILITIES</b>         |      | <b>1,708,362</b> | <b>2,041,546</b> |
| <b>NET ASSETS</b>                |      | <b>2,528,821</b> | <b>2,093,977</b> |
| <b>EQUITY</b>                    |      |                  |                  |
| Retained earnings                |      | 2,528,820        | 2,093,977        |
| <b>TOTAL EQUITY</b>              |      | <b>2,528,820</b> | <b>2,093,977</b> |

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

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

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

|  | Retained<br>Earnings<br>\$ | Total<br>\$      |
|--|----------------------------|------------------|
| <b>Balance at 1 July 2018</b>                  | 1,574,653                  | 1,574,653        |
| <b>Comprehensive income</b>                    |                            |                  |
| Result for the year                            | 519,324                    | 519,324          |
| <b>Total comprehensive income for the year</b> | <u>519,324</u>             | <u>519,324</u>   |
| <b>Balance at 30 June 2019</b>                 | <u>2,093,977</u>           | <u>2,093,977</u> |
| <b>Balance at 1 July 2019</b>                  | 2,093,977                  | 2,093,977        |
| <b>Comprehensive income</b>                    |                            |                  |
| Result for the year                            | 434,843                    | 434,843          |
| <b>Total comprehensive income for the year</b> | <u>434,843</u>             | <u>434,843</u>   |
| <b>Balance at 30 June 2020</b>                 | <u>2,528,820</u>           | <u>2,528,820</u> |

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

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 2020**

|  | Note      | 2020<br>\$     | 2019<br>\$       |
|--|-----------|----------------|------------------|
| <b>Cash flows from operating activities</b>                |           |                |                  |
| Receipts - Grants  |           | 363,500        | 963,500          |
| Receipts - Other   |           | 2,777,213      | 1,550,725        |
| Interest received  |           | 64,661         | 72,477           |
| Payments   |           | (3,062,084)    | (2,223,514)      |
| <b>Net cash provided by (used in) operating activities</b> | <b>18</b> | <b>143,290</b> | <b>363,188</b>   |
| <b>Cash flows from investing activities</b>                |           |                |                  |
| Purchases of plant & equipment                             |           | (11,491)       | (60,703)         |
| Sale of plant & equipment                                  |           | 23,145         | 26,377           |
| Changes in investments                                     |           | 184,921        | (790,000)        |
| <b>Net cash provided by (used in) investing activities</b> |           | <b>196,575</b> | <b>(824,326)</b> |
| <b>Cash flows from financing activities</b>                |           |                |                  |
| <b>Net cash provided by (used in) financing activities</b> |           | <b>-</b>       | <b>-</b>         |
| Net increase (decrease) in cash and cash equivalents held  |           | 339,865        | (461,138)        |
| Cash and cash equivalents at beginning of financial year   |           | 548,806        | 1,009,944        |
| Cash and cash equivalents at end of financial year         | <b>6</b>  | <b>888,671</b> | <b>548,806</b>   |

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

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 2020**

The financial report covers Industry Capability Network Limited as an individual entity. Industry Capability Network Limited is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2020 were the provision of coordination of the network of six ICN offices across Australia.

The functional report and presentation currency of Industry Capability Network Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 18 September 2020.

Comparatives are consistent with prior years, unless otherwise stated.

**1. Significant accounting policies**

**Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001.

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.

**(a) Income tax**

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

**(b) 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.

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

**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    | 5 - 50%           |
| Motor vehicles         | 12.5%             |
| Software development   | 20%               |
| Furniture and fittings | 5 - 20%           |

**(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) Financial instruments**

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**Financial instruments (continued)**

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification*

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

*Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cashflows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

*Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

*Trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**Financial instruments (continued)**

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

*Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

**Financial liabilities**

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and other financial liabilities.

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

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

**(i) Revenue and other income**

**Revenue from contracts with customers**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

**Specific revenue streams**

The revenue recognition policies for the principal revenue streams of the Company are:

**Jurisdictional payments and subscriptions**

Revenue from the Jurisdictional payments and subscriptions is recognised over the period in which the services are rendered. Contracts for these services are fixed price contracts.

These contracts include an enforceable right for the Company to receive payment for work performed to date based on the percentage of time spent including recovering of cost to prepare given the tailored nature of the services and therefore the criteria for recognition of revenue over time is met.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**Revenue and other income (continued)**

The Company recognises revenue based on actual services provided to the end of the reporting period as a proportion of the total services to be provided under the contract. The Company's performance is measured based on actual time incurred in providing services when compared to the total committed time in accordance with the terms of the contract as this is deemed to provide the most faithful depiction of the provision of the services. If required, estimates of progress towards completion are revised if circumstances change and any changes are reflected in the profit or loss in the period in which the change occurs. The nature of the Company's contracts are such that they include only one deliverable and the Company have therefore determined that there is only one performance obligation to be satisfied over time.

The terms of the Company's fixed price contracts either require that the customer pay the fixed amount in instalments over the contract duration or in some cases the Company requires payment in full upfront.

Where payment is required upfront, a contract liability is recognised on receipt of the payment and recognised as revenue as the services are provided.

Where payment is required in instalments, at the end of the reporting period, if the services rendered by the Company exceed the payments received, the Company recognises a contract asset. If the payments received exceed the services rendered, the Company recognises a contract liability.

**Grant income**

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but may include researches, providing an on-line platform for the ICN offices.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

*Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058).*

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**Revenue and other income (continued)**

**Grant income**

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The company considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

**Statement of financial position balances relating to revenue recognition**

**Contract assets and liabilities**

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

**Statement of financial position balances relating to revenue recognition**

**Contract cost assets**

The Company recognises assets relating to the costs of obtaining a contract and the costs incurred to fulfil a contract or set up/mobilisation costs that are directly related to the contract provided they will be recovered through performance of the contract.

*Costs to obtain a contract*

Costs to obtain a contract are only capitalised when they are directly related to a contract and it is probable that they will be recovered in the future. Costs incurred that would have been incurred regardless of whether the contract was won are expensed, unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is won).

The capitalised costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

*Set-up / mobilisation costs*

Costs required to set up the contract, including mobilisation costs, are capitalised provided that it is probable that they will be recovered in the future and that they do not include expenses that would normally have been incurred by the Company if the contract had not been obtained. They are recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. If the above conditions are not met, these costs are taken directly to profit or loss as incurred.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**Revenue and other income (continued)**

*Costs to fulfil a contract*

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard (if appropriate), otherwise if the costs relate directly to a contract, the costs generate or enhance resources of the Company that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to the profit or loss on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

**Other income**

Other income is recognised on an accruals basis when the Company is entitled to it.

**(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.

Trade and other receivables are recognised as an amortised cost, less any allowance for expected losses.

**(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) Leases**

For comparative year

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**Leases (continued)**

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The estimated life of the right-of-use assets is based on those of property, plant and equipment. The right-of-use asset is subject to the impairment requirements and is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



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

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

**Leases (continued)**

*Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**(n) Economic dependence**

The company is dependent on the grant funding and subscription income for the majority of the revenue used to operate the business.

**2. Change in Accounting Policy**

**Revenue from Contracts with Customers - Adoption of AASB 15**

The Company has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 July, 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July, 2019.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

**Costs incurred in fulfilling customer contracts**

Prior to adopting AASB 15 the entity would recognise direct costs associated with fulfilling customer contracts, as expenses when incurred as they did not qualify for recognition as assets under any other accounting standards.

Under AASB 15, as these costs relate directly to the contracts, generate resources used in satisfying the contracts and are expected to be recovered, they are capitalised as "costs to fulfil a contract" asset and released through profit and loss on the same basis as the revenue. These costs include costs to set up resources to provide services.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. Change in Accounting Policy (continued)**

**Revenue from Contracts with Customers - Adoption of AASB 15 continued**

**Principal v agent**

Prior to adoption of AASB 15, the Association had assessed that they were a principal in transactions where another party was involved in providing the services particularly where monies were received with the intention of passing them through to another entity.

Under AASB 15, the indicators of a principal have changed and there are now a number of performance obligations within grant agreements where the Association is acting as an agent, these include services which are facilitated by external providers at their location using their resources. The result is that Association can only recognise the commission to which they are entitled for arranging the services rather than the gross revenue and expenses, there is no change to reported profit.

**Grants – operating**

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 1058 and AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer.

Having reviewed the terms and conditions of grants received by the Association, some of them are within the scope of AASB 1058 and others within AASB 15 which has resulted in deferral of revenue for these monies.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Change in Accounting Policy (continued)**

**Comparison of financial statement line items under AASB 15 compared to previous standards for the current**

The following tables show the impact of adopting AASB 15 on the Company's financial statements for the year ended 30 June 2020.

**Statement of Profit or Loss and Other Comprehensive Income**

The table below shows for comparability purposes the statement of profit or loss and other comprehensive income for the year ended 30 June 2020 under AASB 15 / AASB 1058 and the 'old' standards, as if AASB 15 and AASB 1058 had not been adopted.

|   | Note | AASB 15 /<br>AASB 1058<br>balance per<br>Statement of<br>Profit or Loss<br>and OCI<br>under AASB<br>15 and AASB<br>1058<br>\$ | Re-<br>measurement | Balance prior<br>to adoption of<br>AASB 15 and<br>AASB 1058<br>\$ |
|---|------|---|--------------------|---|
| Revenue                                 | (a)  | 3,026,038   | 363,500            | 2,662,538   |
| Salaries and employee benefits          |      | (928,592)   |                    | (928,592)   |
| Depreciation                            |      | (10,500)  |                    | (10,500)  |
| IT and network costs                    |      | (75,975)  |                    | (75,975)  |
| Marketing and promotion                 |      | (129,962)   |                    | (129,962)   |
| Rent and utilities                      |      | (115,652)   |                    | (115,652)   |
| Administration expenses                 |      | (263,029)   |                    | (263,029)   |
| Travel costs                            |      | (105,478)   |                    | (105,478)   |
| Gateway                                 |      | (676,242)   |                    | (676,242)   |
| Other expenses                          |      | (266,064)   |                    | (266,064)   |
| Net loss on disposal of assets          |      | (19,701)  |                    | (19,701)  |
| <b>Surplus/(Loss) before income tax</b> |      | <b>434,843</b>  | <b>363,500</b>     | <b>71,343</b>   |
| Income Tax Expense                      |      | -   |                    | -   |
| <b>Surplus/(Loss) for the year</b>      |      | <b>434,843</b>  | <b>363,500</b>     | <b>71,343</b>   |

(a) The remeasurement is due to revenue being recognised upfront since there are no clear performance obligations therefore no contract liability is recognised under AASB 15.

No deferred costs of services has occurred where costs have been incurred prior to revenue being received, therefore, no contract cost asset has been capitalised on the statement of financial position under AASB 15.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. Change in Accounting Policy (continued)**

**Statement of Financial Position**

The table below shows for comparability purposes the statement of financial position as at 30 June 2020 under AASB 15 / AASB 1058 and the 'old' standards, as if AASB 15 and AASB 1058 had not been adopted.

|                                  | Note | AASB 15 /<br>AASB 1058<br>balance per<br>Statement of<br>Profit or Loss<br>and OCI<br>under AASB<br>15 and AASB<br>1058<br>\$ | Re-<br>measurement | Balance prior<br>to adoption of<br>AASB 15 and<br>AASB 1058<br>\$ |
|----------------------------------|------|---|--------------------|---|
| <b>ASSETS</b>                    |      |   |                    |   |
| <b>CURRENT ASSETS</b>            |      |   |                    |   |
| Cash and cash equivalents        |      | 888,671   |                    | 888,671   |
| Trade and other receivables      |      | 20,766  |                    | 20,766  |
| Financial assets                 |      | 3,279,079   |                    | 3,279,079   |
| Other current assets             |      | 18,308  |                    | 18,308  |
| <b>TOTAL CURRENT ASSETS</b>      |      | <u>4,206,824</u>  |                    | <u>4,206,824</u>  |
| <b>NON-CURRENT ASSETS</b>        |      |   |                    |   |
| Property, plant and equipment    |      | 27,083  |                    | 27,083  |
| Intangibles                      |      | 3,276   |                    | 3,276   |
| <b>TOTAL NON-CURRENT ASSETS</b>  |      | <u>30,359</u>   |                    | <u>30,359</u>   |
| <b>TOTAL ASSETS</b>              |      | <u>4,237,183</u>  |                    | <u>4,237,183</u>  |
| <b>LIABILITIES</b>               |      |   |                    |   |
| <b>CURRENT LIABILITIES</b>       |      |   |                    |   |
| Trade and other payables         |      | 567,208   |                    | 567,208   |
| Provisions                       |      | 144,275   |                    | 144,275   |
| Contract liabilities             | (a)  | 996,879   | 363,500            | 1,360,379   |
| <b>TOTAL CURRENT LIABILITIES</b> |      | <u>1,708,362</u>  |                    | <u>2,071,862</u>  |
| <b>NON-CURRENT LIABILITIES</b>   |      |   |                    |   |
| Provisions                       |      | -   |                    | -   |
| <b>NON-CURRENT LIABILITIES</b>   |      | <u>-</u>  |                    | <u>-</u>  |
| <b>TOTAL LIABILITIES</b>         |      | <u>1,708,362</u>  |                    | <u>2,071,862</u>  |
| <b>NET ASSETS</b>                |      | <u>2,528,821</u>  |                    | <u>2,165,321</u>  |
| <b>EQUITY</b>                    |      |   |                    |   |
| Retained surplus                 |      | 2,528,820   |                    | 2,165,320   |
| <b>TOTAL EQUITY</b>              |      | <u>2,528,820</u>  |                    | <u>2,165,320</u>  |

(a) The remeasurement is due to the revenue being recognised upfront since there are no clear performance obligations therefore no contract liability is recognised under AASB 15.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. Change in Accounting Policy (continued)**

**Statement of Cash Flows**

The statement of cash flows is not materially different under AASB 15 / AASB 1058 from that which presented under the previous revenue standards.

**Leases - Adoption of AASB 16**

The Company has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July, 2019 and therefore the comparative information for the year ended 30 June 2020 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

**Impact of adoption of AASB 16**

The impact of adopting AASB 16 is described below:

**Company as a lessee**

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

*Practical expedients used on transition*

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term is the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.



**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. Change in Accounting Policy (continued)**

**Financial statement impact of adoption of AASB 16**

The Company has elected to use the practical expedient on short term lease since the existing lease agreement has remaining term of 12 months at the end of last financial year. The Company has not recognised any right-of-use assets and lease liabilities in its Statement of Financial Position as at 1 July 2019 and measured the lease expenses on a straight line basis in the Statement of Profit or Loss and Other Comprehensive Income.

|  |                 |
|--|-----------------|
|  | \$              |
| Operating lease commitments at 30 June 2019 financial statements | <u>79,860</u>   |
| Recognition exemptions:  |                 |
| - Leases with remaining term of 12 months or less                | <u>(79,860)</u> |
| Operating lease for discounting                                  | -               |
| Discounted using the incremental borrowing rate at 1 July 2019   | -               |
| Lease liabilities recognised at 1 July 2019                      | <u><u>-</u></u> |

**3. 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.

*Key judgments - grant income*

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with a number of parties at the company, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in these financial statements.

*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.

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

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

*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.

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

**4. Revenue and other income**

| Revenue from continuing operations              | 2020<br>\$              | 2019<br>\$              |
|---|-------------------------|-------------------------|
| Revenue from contracts with customers (AASB 15) |                         |                         |
| Grant income                                    | 4(a) <u>963,500</u>     | <u>590,000</u>          |
|   | <u>963,500</u>          | <u>590,000</u>          |
| Jurisdictional payments                         | 150,000                 | 150,000                 |
| Interest received                               | 4(b) 56,182             | 76,283                  |
| Cost recoveries                                 | 13,469                  | 37,595                  |
| Project revenue                                 | 57,775                  | 34,255                  |
| Other revenue                                   | <u>1,785,112</u>        | <u>1,336,070</u>        |
|   | <u>2,062,538</u>        | <u>1,634,203</u>        |
| <b>Total revenue</b>                            | <u><u>3,026,038</u></u> | <u><u>2,224,203</u></u> |

**(a) Disaggregation of revenue**  
**Regions of service**

**2020  
\$**

|   |                       |
|---|-----------------------|
| Department of Industry, Innovation and Science. | <u>963,500</u>        |
| <b>Revenue from contracts with customers</b>    | <u><u>963,500</u></u> |

**Unsatisfied performance obligations**

The following table shows the aggregate amount of the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations resulting from jurisdictional payments and advance subscriptions.

|                           | 2020<br>\$     | 2019<br>\$       |
|---------------------------|----------------|------------------|
| Subscriptions             | 971,379        | 803,508          |
| Jurisdictional payments   | 25,500         | -                |
| Operating grant           | -              | 600,000          |
|                           | <u>996,879</u> | <u>1,403,508</u> |
| <b>(b) Finance income</b> |                |                  |
| Interest received from:   |                |                  |
| Other corporations        | <u>56,182</u>  | <u>76,283</u>    |

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

**5. Expenses**

|  | 2020      | 2019   |
|--|-----------|--------|
|  | \$        | \$     |
| Surplus from continuing operations includes the following specific expenses: |           |        |
| <b>Expenses:</b>   |           |        |
| Depreciation and amortisation  | 10,500    | 18,815 |
| Net loss on disposal of non-current assets:                                  |           |        |
| Property, plant and equipment  | 19,701    | 11,780 |
| Auditor remuneration   | 14,830    | 21,750 |
| Lease expense  | 19 72,234 | 68,600 |

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

|              | 2020           | 2019           |
|--------------|----------------|----------------|
|              | \$             | \$             |
| Cash at bank | 888,671        | 548,806        |
|              | <u>888,671</u> | <u>548,806</u> |

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

|                   | 2020          | 2019          |
|-------------------|---------------|---------------|
|                   | \$            | \$            |
| Trade receivables | 17,520        | 6,662         |
| Other debtors     | 174           | 113           |
| Accrued interest  | 3,072         | 11,551        |
|                   | <u>20,766</u> | <u>18,326</u> |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

**8. Other Financial Assets**

| <b>Financial assets at fair value</b>    | 2020                 | 2019             |
|--|----------------------|------------------|
|  | \$                   | \$               |
| <b>CURRENT</b>                           |                      |                  |
| Held-to-maturity investments             | (a) <u>3,279,079</u> | <u>3,464,000</u> |
| <b>(a) Held-to-maturity investments:</b> |                      |                  |
| Term deposit - provisions                | 3,279,079            | 3,464,000        |

**9. Current assets - other assets**

|             | 2020          | 2019          |
|-------------|---------------|---------------|
|             | \$            | \$            |
| Prepayments | <u>18,308</u> | <u>32,178</u> |

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

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

|                                  | 2020<br>\$           | 2019<br>\$           |
|----------------------------------|----------------------|----------------------|
| Leasehold improvements           | 14,834               | 14,834               |
| Less accumulated depreciation    | <u>(4,438)</u>       | <u>(4,065)</u>       |
| Total land and buildings         | <u>10,396</u>        | <u>10,769</u>        |
| Plant and equipment              | 82,908               | 73,040               |
| Less accumulated depreciation    | <u>(66,943)</u>      | <u>(63,401)</u>      |
|                                  | <u>15,965</u>        | <u>9,639</u>         |
| Motor vehicles                   | -                    | 49,538               |
| Less accumulated depreciation    | <u>-</u>             | <u>(2,087)</u>       |
|                                  | <u>-</u>             | <u>47,451</u>        |
| Software                         | 11,007               | 11,007               |
| Less accumulated depreciation    | <u>(11,007)</u>      | <u>(11,007)</u>      |
|                                  | <u>-</u>             | <u>-</u>             |
| Furniture and fittings           | 53,260               | 53,260               |
| Less accumulated depreciation    | <u>(52,538)</u>      | <u>(52,182)</u>      |
|                                  | <u>722</u>           | <u>1,078</u>         |
| <b>Total property, plant and</b> | <u><b>27,083</b></u> | <u><b>68,937</b></u> |

**(a) Movement in carrying amounts**

For disclosure on movement in carrying amounts please refer to Note 10(a) in the end of this financial report.



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

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

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

|  | Leasehold improvements<br>\$ | Plant and equipment<br>\$ | Motor vehicles<br>\$ | Software development<br>\$ | Furniture and fittings<br>\$ | Total<br>\$   |
|--|------------------------------|---------------------------|----------------------|----------------------------|------------------------------|---------------|
| <b>Balance at 1 July 2018</b>          | 11,140                       | 10,527                    | 42,084               | -                          | 1,454                        | 65,205        |
| Additions                              | -                            | 5,240                     | 49,538               | 5,925                      | -                            | 60,703        |
| Disposals                              | (371)                        | -                         | (38,157)             | -                          | -                            | (38,157)      |
| Depreciation expense                   |                              | (6,128)                   | (6,014)              | (5,925)                    | (376)                        | (18,814)      |
| <b>Carrying amount at 30 June 2019</b> | <b>10,769</b>                | <b>9,639</b>              | <b>47,451</b>        | <b>-</b>                   | <b>1,078</b>                 | <b>68,937</b> |
| Additions                              | -                            | 11,491                    | -                    | -                          | -                            | 11,491        |
| Disposals                              | -                            | (297)                     | (42,548)             | -                          | -                            | (42,845)      |
| Depreciation expense                   | (373)                        | (4,868)                   | (4,903)              | -                          | (356)                        | (10,500)      |
| <b>Carrying amount at 30 June 2020</b> | <b>10,396</b>                | <b>15,965</b>             | <b>-</b>             | <b>-</b>                   | <b>722</b>                   | <b>27,083</b> |

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**11. Non-current assets - intangible assets**

|   | 2020<br>\$   | 2019<br>\$   |
|---|--------------|--------------|
| 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        | 3,276        |
| Additions                                       | -            | -            |
| Disposals                                       | -            | -            |
| Closing carrying value at end of year           | <u>3,276</u> | <u>3,276</u> |

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

|                                 | 2020<br>\$     | 2019<br>\$     |
|---------------------------------|----------------|----------------|
| Accrued costs                   | 442,024        | 263,920        |
| Provision for GST               | 59,369         | 86,581         |
| Trade creditors                 | 49,141         | 41,487         |
| Withholding taxes payable       | 18,721         | 14,493         |
| Fringe benefit payable/(refund) | (2,047)        | -              |
|                                 | <u>567,208</u> | <u>406,481</u> |

**13. Current liabilities - provisions**

|  | 2020<br>\$     | 2019<br>\$     |
|--|----------------|----------------|
| <b>Provision for holiday pay:</b>        |                |                |
| Opening balance                          | 59,617         | 53,995         |
| Additional provisions raised             | 16,829         | 6,521          |
| Provision reductions                     | -              | (899)          |
| Closing balance                          | <u>76,446</u>  | <u>59,617</u>  |
| <b>Provision for long service leave:</b> |                |                |
| Opening balance                          | 63,820         | 58,002         |
| Additional provisions raised             | 4,009          | 5,818          |
| Closing balance                          | <u>67,829</u>  | <u>63,820</u>  |
| <b>Total provisions</b>                  |                |                |
| Opening balance                          | 123,437        | 111,997        |
| Additional provisions raised             | 20,838         | 12,339         |
| Provision reductions                     | -              | (899)          |
| Closing balance                          | <u>144,275</u> | <u>123,437</u> |
| <b>Add:</b>                              |                |                |
| Provision for contractor bonus           | -              | -              |
|  | <u>144,275</u> | <u>123,437</u> |

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

**14. Contract liabilities**

|                            | 2020<br>\$     | 2019<br>\$       |
|----------------------------|----------------|------------------|
| <b>Deferred revenue</b>    |                |                  |
| Subscriptions in advance   | 971,379        | 803,508          |
| Jurisdictional payments    | 25,500         | -                |
| Operating grant in advance | -              | 600,000          |
|                            | <u>996,879</u> | <u>1,403,508</u> |

**15. Non-Current liabilities - provisions**

|                                      |          |                |
|--------------------------------------|----------|----------------|
| <b>Provision for redundancy pay</b>  |          |                |
| Opening balance                      | -        | 211,923        |
| Additional provisions raised         | -        | -              |
| Provision reductions                 | -        | (211,923)      |
| Closing balance                      | <u>-</u> | <u>-</u>       |
| <b>Add:</b>                          |          |                |
| Provision for contingent liabilities | -        | 108,120        |
|                                      | -        | 108,120        |
|                                      | <u>-</u> | <u>108,120</u> |

**16. 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:

|                              | 2020<br>\$     | 2019<br>\$     |
|------------------------------|----------------|----------------|
| Short-term employee benefits | <u>543,996</u> | <u>399,617</u> |

**17. 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 2020**

**18. Cash flow information**

|  | 2020<br>\$     | 2019<br>\$     |
|--|----------------|----------------|
| <b>Reconciliation of cash flow from operations with profit</b> |                |                |
| Surplus/(loss) after income tax                                | 434,843        | 519,324        |
| Non-cash flows in surplus:                                     |                |                |
| Depreciation and amortisation                                  | 10,500         | 18,815         |
| Loss on disposal of assets                                     | 19,701         | 11,780         |
| Changes in assets & liabilities:                               |                |                |
| (Increase) / decrease in trade and other receivables           | (2,440)        | (9,883)        |
| Increase / (decrease) in trade and other payables              | 160,727        | 103,539        |
| Increase / (decrease) in deferred                              | (406,629)      | 143,449        |
| Increase / (decrease) in provisions                            | (87,282)       | (401,363)      |
| (Increase) / decrease in prepayments                           | 13,870         | (22,473)       |
| <b>Net cash provided by (used in) operating activities</b>     | <u>143,290</u> | <u>363,188</u> |

**19. Leases**

The existing lease agreement for the office building ended in 30 June 2020, thus classified as short term lease for this financial year.

A new lease agreement covering the period from 1 July 2020 to 30 June 2023 has been executed and will be reflected in following year financial statements in line with AASB 16.

**20. 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 | 2020<br>\$       | 2019<br>\$       |
|------------------------------------|------|------------------|------------------|
| <b>Financial assets</b>            |      |                  |                  |
| Cash and cash equivalents          | 6    | 888,671          | 548,806          |
| Trade and other receivables        | 7    | 20,766           | 18,326           |
| Financial assets                   |      |                  |                  |
| Held-to-maturity investments       |      |                  |                  |
| - fixed interest securities        | 8    | 3,279,079        | 3,464,000        |
| <b>Total financial assets</b>      |      | <u>4,188,516</u> | <u>4,031,132</u> |
| <b>Financial liabilities</b>       |      |                  |                  |
| Trade and other payables           | 12   | 567,208          | 406,481          |
| <b>Total financial liabilities</b> |      | <u>567,208</u>   | <u>406,481</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.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**20. Financial risk management (continued)**

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
- managing credit risk related to
- 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.

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

**20. Financial risk management (continued)**

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

**21. 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

**22. 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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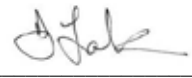
**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, which comprise the statement of financial position as at 30 June 2020, 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 2020 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.

Chair 

Director 

**Dated:** 18 September 2020

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CHLORINE FREE



MANAGEMENT SYSTEMS



FOREST MANAGEMENT



CERTIFICATION



RENEWABLE ENERGY



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