

INCOLINK GROUP

COMBINED SPECIAL PURPOSE ACCOUNTS

for the year ended 30 June 2024

INCOLINK GROUP
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For the year ended 30 June 2024



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The Directors of Redundancy Payment Central Fund Ltd trading as Incolink (the Company) present their report together with the Combined Special Purpose Accounts of the Incolink Group of Entities (the Group) for the financial year ended 30 June 2024 and the independent auditor's report thereon.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated (all Directors are non-executive):

Mr Giovanni Abelardo
 Mr Peter Daly
 Mr Adam Darby
 Ms Elizabeth Doidge
 Mr Robert Graauwmans
 Ms Michaela Lihou
 Mr Earle Setches
 Mr John Setka
 Ms Claire Filson (non-voting) (ceased 31 August 2024)
 Ms Jill Hennessy (non-voting) (appointed 23 July 2024)

President

Ms Jill Hennessy (acting) (appointed 23 July 2024)
 Ms Rebecca Casson (ceased 3 June 2024)

Meetings of Directors

The number of Board meetings held during the financial year ended 30 June 2024, and the number of meetings attended by each Director were:

Director	Board Meetings	
	Held	Attended
Mr Giovanni Abelardo	7	7
Mr Peter Daly	7	7
Mr Adam Darby	7	7
Ms Elizabeth Doidge	7	7
Ms Claire Filson	7	6
Mr Robert Graauwmans	7	7
Ms Michaela Lihou	7	7
Mr Earle Setches	7	7
Mr John Setka	7	7

Held: represents the number of meetings held during the time the Director held office.

Principal activities and objectives

The principal activity of the Company during the course of the financial year was to act as trustee for the following trusts:

- Redundancy Payment Central Fund
- Redundancy Payment Central Fund No. 2
- Redundancy Payment Approved Worker Entitlement Fund 1
- Redundancy Payment Approved Worker Entitlement Fund 2
- Construction Industry Complying Portable Sick Leave Pay Scheme

The Company's objective is to act as Trustee and administer those industry funds that provide a range of benefits and services to members of the above trusts.

The Company was also the ultimate holding company of the following companies:

- Red (4) Investments Pty Ltd
- Red (5) Investments Pty Ltd
- IPT Agency Co. Ltd
- Incolink Foundation Ltd

Operating results

The net profit of the Group for the financial year after providing for income tax was \$81,511,433 (2023: \$53,879,076). The Company generated a net profit after tax of \$Nil (2023: \$Nil).

Distributions/Dividends

Distributions have been disbursed by Redundancy Payment Central Fund and Redundancy Payment Central Fund No. 2 in line with the appropriate Trust Deeds. No dividends were declared or paid during the year ended 30 June 2024 and the Directors do not recommend that a dividend should be paid.

Likely developments

There are no likely developments to report affecting the Company's future operations.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all current and former Directors and Officers of the Company, including the President, against all liabilities to another person that may arise from their position as Directors or Officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses

The Company has agreed to indemnify all senior executives for all liabilities to another person that may arise from their position in the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal fees.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young Australia. No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Events after the reporting date

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

There were no matters or circumstances arising since the end of the financial year that have significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company or Group in future financial years.

INCOLINK GROUP
DIRECTORS' REPORT
For the year ended 30 June 2024



This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors.

Earle Setches
Director

18 September 2024
Melbourne

Michaela Lihou
Director

INCOLINK GROUP
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2024



	Note	2024 \$	2023 \$
Investment income	2	103,785,463	83,748,193
Other income	3	22,026,596	17,730,412
Operating expenses	4	<u>(22,084,961)</u>	<u>(19,311,422)</u>
Operating profit for the year		103,727,098	82,167,183
Non-operating expenses	5	<u>(6,062,992)</u>	<u>(11,548,497)</u>
		<u>(6,062,992)</u>	<u>(11,548,497)</u>
Profit before income tax expense		97,664,106	70,618,686
Income tax expense	21	<u>(16,152,673)</u>	<u>(16,739,610)</u>
Profit after income tax expense for the year		81,511,433	53,879,076
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>81,511,433</u></u>	<u><u>53,879,076</u></u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

INCOLINK GROUP
STATEMENT OF FINANCIAL POSITION
As at 30 June 2024



	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	6	108,242,641	62,586,534
Trade receivable and other assets	7	2,443,679	2,077,544
Financial assets measured at amortised cost	8	97,207,168	106,121,763
Financial assets measured at fair value through profit and loss	9	793,577,385	722,303,982
Total current assets		<u>1,001,470,873</u>	<u>893,089,823</u>
Non-current assets			
Financial assets measured at amortised cost	10	36,233,090	-
Financial assets measured at fair value through profit and loss	11	146,414,422	149,212,861
Intangible assets	12	1,653,703	978,010
Right-of-use assets	13	643,639	338,564
Property, plant and equipment	14	29,612,021	29,657,681
Total non-current assets		<u>214,556,875</u>	<u>180,187,116</u>
Total Assets		<u>1,216,027,748</u>	<u>1,073,276,939</u>
Liabilities			
Current liabilities			
Trade and other payables	15	28,996,815	29,570,652
Lease liabilities	16	259,225	104,857
Income taxes payable		6,133,331	1,375,761
Employee benefits	17	1,500,592	1,308,501
Worker member liability balances	18	195,332,637	175,545,309
Total current liabilities		<u>232,222,600</u>	<u>207,905,080</u>
Non-current liabilities			
Lease liabilities	16	479,548	245,871
Deferred tax liability		6,735,194	95,659
Employee benefits	17	158,123	161,937
Worker member liability balances	18	786,740,362	715,672,338
Apprentice member liability provision	19	15,414,760	14,656,838
Total non-current liabilities		<u>809,527,987</u>	<u>730,832,643</u>
Total Liabilities		<u>1,041,750,587</u>	<u>938,737,723</u>
Net Assets		<u>174,277,161</u>	<u>134,539,216</u>

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

INCOLINK GROUP
STATEMENT OF FINANCIAL POSITION
As at 30 June 2024



	Note	2024 \$	2023 \$
Equity			
Capital reserve		34,583,613	46,674,307
Distributable capital		3,806,551	642,018
Asset revaluation reserve	20	17,302,954	17,302,954
Retained profits		<u>118,584,043</u>	<u>69,919,937</u>
Total Equity		<u>174,277,161</u>	<u>134,539,216</u>

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

1. Material accounting policy information

Basis of preparation

The Combined Special Purpose Accounts cover Redundancy Payment Central Fund Ltd ("the Company") and the Other Entities listed below (collectively referred to as the "Incolink Group"). In the opinion of the Directors of the Company, the accounts are special purpose accounts as it is unlikely that there are users of these accounts who are not in a position to require the preparation of reports tailored to their information needs. The Combined Special Purpose Accounts have been prepared to satisfy the information needs of the Directors.

The Combined Special Purpose Accounts have been prepared in accordance with the accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of the users. Such accounting policies are consistent with the previous period unless stated otherwise.

The Combined Special Purpose Accounts have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes.

Principles of combination

The Combined Special Purpose Accounts are that of the Incolink Group, comprising the Company and the following entities (the "Other Entities"):

- Redundancy Payment Central Fund
- Redundancy Payment Central Fund No. 2
- Redundancy Payment Approved Worker Entitlement Fund 1
- Redundancy Payment Approved Worker Entitlement Fund 2
- Red (4) Investments Pty Ltd
- Red (5) Investments Pty Ltd
- Construction Industry Complying Portable Sick Leave Scheme
- IPT Agency Co. Ltd
- Incolink Foundation Ltd

The entities combined to form the Incolink Group do not represent a single economic entity and therefore the principles of consolidation do not apply. These Combined Special Purpose Accounts are an aggregation of the financial information of the above entities. The financial information of the combined entities is prepared for the same reporting period and using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist. All inter-group balances and transactions, including any unrealised profits or losses have been eliminated.

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

The Combined Special Purpose Accounts are presented in Australian dollars which is the Group's functional and presentation currency.

In determining the appropriate basis of preparation of the Combined Special Purpose Accounts, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Directors have considered budgeted plans, forecasts and all available information. Whilst significant estimates and judgements including the effects of the wider economic environment are always required, in the opinion of the Directors the going concern assumption is appropriate in the preparation of the Combined Special Purpose Accounts.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

1. Material accounting policy information (continued)

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and the income can be reliably measured.

Revenue is measured at the value of the consideration received or receivable.

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

Investment income

Interest revenue

Interest earned on financial assets classified as at amortised cost or fair value through profit and loss, is recorded in interest revenue according to the terms of the applicable contract.

Investment income

Investment income is derived by obtaining the movement in market value of the investments from period to period, using the closing exit unit price provided by all applicable investment fund managers. Distributions from investments are recognised in the period in which they are received or, if applicable, when the units are reinvested in the relevant fund.

Other income

Training levy contributions retained

Training fund contributions are collected from employers on behalf of their workers at a rate stipulated in an Enterprise Bargaining Agreement (EBA). Contributions are recognised as they are collected. The Group retains contributions in order to facilitate grants towards ongoing training in the building industry with an aim to improving employee work skills.

Occupational health & safety grant income

Funding is received from the State Government of Victoria in order to jointly support occupational health and safety (OH&S) projects in the Victorian commercial building and civil construction industry. OH&S grant income is recognised as the grant is accrued over the period of the agreement. This funding is then forwarded to approved grantees to facilitate the above mentioned purpose.

1. Material accounting policy information (continued)

Revenue from contracts with customers

Under AASB 15 *Revenue from Contracts with Customers*, revenue received as part of a contract is required to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has identified a single revenue stream which incorporates investment income, and which is not linked to a contract with a customer. An assessment performed of the applicable aspects under the relevant standard has determined that they are not applicable to investment income.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, to the extent that GST incurred is recoverable from the Australian Taxation Office. Where GST is not recoverable, the GST is recognised as a separate operating expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Financial instruments

Financial assets

Initial recognition and classification

Financial assets are classified, at initial recognition, as either subsequently measured at amortised cost, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The classification of a financial asset is determined on an instrument by instrument level after assessing the individual characteristics of each new asset.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

1. Material accounting policy information (continued)

Financial assets at amortised cost (debt instruments)

The Trust measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

Impairment on financial assets is recognised on an expected credit loss (ECL) model at the time the financial asset is first recognised. A simplified approach is used to determine impairment of financial assets which include cash and bank balances, trade receivables and sundry debtors.

The general approach is applied to trade receivables and sundry debtors. This requires an ECL to be recognised in two stages: 1) For those credit exposures with no significant increase in credit risk since initial recognition, entities are required to provide for default events that are possible in the next 12 months and 2) for those with a significant increase in exposure since initial recognition, a loss allowance is also required for credit losses expected over the remaining life of the exposure.

The Group has applied the expected credit loss model and considered the relevant judgement in relation to the requirements of impairment. Based on all available factors the Group has assessed an expected credit loss as close to zero and, being immaterial, no amount is taken up for impairment of receivables.

When measuring the expected credit loss allowance for debt securities at amortised cost, the Group considers the level of credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group assesses the reputation, credibility and financial health of borrowers/developers, residual loan/valuation ratios (LVR) and other relevant risk factors inherent in each investment. This assessment provides a basis for the probability of default (PD) which is then applied to an estimate of the loss that would arise on default (loss given default/LGD) to arrive at the expected credit loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

At initial recognition, financial liabilities are measured at fair value less any directly attributable transaction costs. The Company's financial liabilities comprise trade and other payables.

Subsequent measurement

All financial liabilities are classified by the Group as subsequently measured at amortised cost using the effective interest method.

1. Material accounting policy information (continued)

Any gain or loss on a financial liability that is measured at amortised cost shall be recognised in profit or loss when the liability is derecognised and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Cash and cash equivalents

Cash in the statement of financial position comprises cash held with banks.

Intangible assets

The Group recognises internally developed software and software purchases as intangible assets.

Intangible assets are measured on initial recognition at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for intangible assets with a finite useful life is reviewed at the end of each reporting period or more frequently if necessary.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is included in the statement of comprehensive income.

Software development costs

Internally generated software development costs are capitalised until such time as the project is complete. Thereon the software is considered available for use and amortisation begins to be applied.

A summary of the policies applied to the Group's intangible assets is as follows:

	<i>Internally Developed Software</i>	<i>IT Software</i>
<i>Useful lives</i>	Finite (7 years)	Finite (4 years)
<i>Amortisation method used</i>	Straight-line basis over the period of use	Straight-line basis over the period of use
<i>Internally generated or acquired</i>	Internally generated	Acquired

Property, plant and equipment

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

Property

The Group applies the revaluation model to its property class, whereby freehold land and buildings are revaluated with sufficient regularity that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Independent property valuations are performed at least every three years by a certified property valuer, or more often if the market is assessed as having changed materially.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the related revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is restated to the revalued amount of the asset.

1. Material accounting policy information (continued)

Plant and equipment

Plant and equipment and other fixed assets are measured at cost less depreciation and impairment losses.

Depreciation

The depreciable amount of all property, plant and equipment including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leased assets and leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

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

<i>Class of property, plant & equipment</i>	<i>Depreciation rate</i>	<i>Useful life</i>
Plant and equipment	20.00%	5 years
Furniture and fittings	10.00%	10 years
Motor vehicles	22.50%	4.4 years
IT/communications equipment	14% to 33%	3 years to 7 years
Buildings	4.00%	25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Trade and other payables

Trade and other payables are measured at amortised cost and represent liabilities for goods and services provided to the Group during the financial year that remain unpaid at year end. The Company is obligated to make future payments in respect of the purchase of these goods and services.

Provisions are recognised when the Group 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 are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

Grants payable are recognised when a Grant Finance Agreement (GFA) has been duly executed and the Group (as Grantor) is legally required to fulfil its obligations under the contract to the Grantee. The liability for GFAs executed between the Group and a beneficiary is first drawn against the beneficiaries account and any excess against capital reserve. All other GFAs are taken to the statement of comprehensive income as non-beneficiary industry grants. The liability for grants payable is extinguished as each reporting milestone is met by the relevant grant recipient and instalments are paid.

Employee Benefits

Short-term employee benefits

Short-term employee benefits, other than termination benefits, are benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related services. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

1. Material accounting policy information (continued)

Long-term employee benefits

Employee benefits expected to be settled more than twelve months after the end of the reporting period 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 satisfy vesting requirements.

Member liabilities

Worker member liability balances

This liability represents the balance of redundancy contributions held in trust on behalf of worker members of the Fund.

Apprentice member liability provision

This liability represents a provision for financial redundancy obligations to apprentice workers based on Trust Deed provisions. Every three years an independent external actuary evaluates the methodology and assumptions underpinning this liability valuation, unless there has been a material change in the administration of the apprentice scheme which would indicate an updated evaluation may be necessary.

Leases

The Group assesses at contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Company applies a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying assets is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are amortised on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Right to use premises (office leases)	3 to 5 years
- Equipment lease	7.6 years

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. These lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the Commonwealth government bond yield rate applicable to the average lease terms for the group of assets. The interest rate implicit in the lease is not readily determinable and the Group is unable to use an incremental borrowing rate as the Group does not have any such borrowings to which it can refer.

1. Material accounting policy information (continued)

After the commencement date, subsequent payments for the lease are separated into principal and interest components. The liability is extinguished as payments are made and the interest component on the lease is taken to the statement of comprehensive income. In addition, the carrying amount of the lease liability is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases i.e. those leases that have a lease term of 12 months or less from commencement date that do not contain a purchase option.

The Group applies the low value lease recognition exemption to leases determined to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgements and estimates – valuation of land and building

As outlined in the accounting policies, the land and building are measured initially at cost, including transaction costs. Subsequent to initial recognition, the land and building are stated at the revalued carrying amount, which reflects market conditions at the reporting date. Adjustments to the revalued carrying amount arising from changes in the valuation of the land and building are included in the revaluation reserve in the period in which the revaluation is undertaken.

Revalued amounts are determined based on the valuation performed by a qualified external independent valuer. The independent property valuation is performed at least every three years, or more often if the market is assessed as having changed materially. This valuation was performed for three years consecutively from 2020 - 2022. No valuation has been undertaken in 2024.

The Group is not aware at balance date of any indicators that might cause a material movement in the valuation of the property in 2024. However, due to general market movements of factors the Group was not aware of at balance date, the property value may change significantly or unexpectedly over a relatively short period of time. The decision not to revalue the property is in line with the Group's policy and based upon the information that was available at 30 June 2024.

2. Investment income

	2024	2023
	\$	\$
Net mark to market movement in fair value	54,244,844	37,145,006
Distributions received	25,832,340	26,747,293
Interest revenue	20,928,737	16,639,645
Net other investment income	2,779,542	3,216,249
	<u>103,785,463</u>	<u>83,748,193</u>

INCOLINK GROUP
NOTES TO THE COMBINED SPECIAL PURPOSE ACCOUNTS
For the year ended 30 June 2024



3. Other income

	2024	2023
	\$	\$
Training contribution income	17,662,890	13,215,829
Occupational Health & Safety grant income	2,000,000	2,000,002
Late payment fees	641,861	485,747
Management fee income	724,725	674,422
Project grant income	406,982	855,563
Other	590,138	498,849
	<u>22,026,596</u>	<u>17,730,412</u>

4. Operating expenses

	2024	2023
	\$	\$
Audit, tax and accounting fees	506,569	445,711
Staff and related expenses	11,437,837	10,574,656
Depreciation and amortisation	1,146,360	1,176,900
Occupancy expenses	1,352,957	1,333,555
Member wellbeing programs	1,974,645	1,280,338
IT expenses	1,162,530	1,023,201
Industry sponsorships & donations	924,978	728,364
Marketing expenses	746,178	570,635
Consultancy fees	580,295	446,384
Corporate insurances	287,021	230,929
Depreciation of right-of-use assets	102,628	102,628
Interest on lease liabilities	867	4,356
Printing, stationery & postage	41,019	15,427
Bank fees	54,137	62,099
Legal fees	298,703	53,169
GST expense	575,424	564,279
Other administrative expenses	892,813	698,791
	<u>22,084,961</u>	<u>19,311,422</u>

INCOLINK GROUP
NOTES TO THE COMBINED SPECIAL PURPOSE ACCOUNTS
For the year ended 30 June 2024



5. Non-operating expenses

	2024	2023
	\$	\$
Non-beneficiary industry grants	2,686,346	6,086,426
Scheme insurances	5,481,722	5,353,026
Net forfeiture reinstatements	528,461	258,508
Apprentice liability movement credit	(2,604,780)	(557,444)
Member balance adjustments	-	31,717
Other	(28,757)	376,264
	<u>6,062,992</u>	<u>11,548,497</u>

6. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank	<u>108,242,641</u>	<u>62,586,534</u>

7. Trade receivable and other assets

	2024	2023
	\$	\$
Trade receivables	740,099	510,424
Sundry Debtors	1,364,745	1,246,428
Prepayments	338,835	319,592
Related entity receivables	-	1,100
	<u>2,443,679</u>	<u>2,077,544</u>

8. Current financial assets at amortised cost

	2024	2023
	\$	\$
Interest receivable on unlisted property	12,697,291	10,256,017
Unlisted property	85,254,565	96,381,092
Less: allowance for expected credit loss	(744,688)	(515,346)
	<u>97,207,168</u>	<u>106,121,763</u>

9. Current financial assets at fair value through profit or loss

	2024	2023
	\$	\$
Cash and fixed interest	262,680,876	211,473,596
Alternative credit	83,018,624	75,990,062
Diversifying alternatives	65,984,858	103,614,255
Australian and international equities	377,356,749	322,770,020
Unlisted property	4,536,278	8,456,049
	<u>793,577,385</u>	<u>722,303,982</u>

10. Non-current financial assets measured at amortised cost

	2024	2023
	\$	\$
Unlisted property	36,412,669	-
Less: allowance for expected credit loss	(179,579)	-
	<u>36,233,090</u>	<u>-</u>

11. Non-current financial assets at fair value through profit and loss

	2024	2023
	\$	\$
Infrastructure	110,798,635	114,809,884
Unlisted property	35,615,787	34,402,977
	<u>146,414,422</u>	<u>149,212,861</u>

12. Intangible assets

	2024	2023
	\$	\$
IT Software and development costs	3,033,716	5,169,010
Less: Accumulated amortisation	(1,380,013)	(4,191,000)
	<u>1,653,703</u>	<u>978,010</u>

13. Right-of-use assets

Set out below are the carrying amounts of right-of-use assets and the movements during the year:

	Property leases \$	Equipment leases \$	Total \$
Balance at 1 July 2022	22,594	418,598	441,192
Depreciation expense	(11,298)	(91,330)	(102,628)
Balance at 30 June 2023	11,296	327,268	338,564
Additions	422,760	-	422,760
Depreciation expense	(26,355)	(91,330)	(117,685)
Balance at 30 June 2024	407,701	235,938	643,639

14. Property, plant and equipment

	2024 \$	2023 \$
Land and buildings - at revalued amount	30,000,000	30,000,000
Less: Accumulated depreciation	(1,442,956)	(721,973)
	<u>28,557,044</u>	<u>29,278,027</u>
Plant and equipment - at cost	193,043	139,695
Less: Accumulated depreciation	(55,114)	(27,656)
	<u>137,929</u>	<u>112,039</u>
Fixtures and fittings - at cost	457,401	592,275
Less: Accumulated depreciation	(49,352)	(504,617)
	<u>408,049</u>	<u>87,658</u>
Motor vehicles - at cost	326,094	280,054
Less: Accumulated depreciation	(35,627)	(279,472)
	<u>290,467</u>	<u>582</u>
IT equipment - at cost	249,198	719,113
Less: Accumulated depreciation	(30,666)	(539,738)
	<u>218,532</u>	<u>179,375</u>
	<u><u>29,612,021</u></u>	<u><u>29,657,681</u></u>

15. Trade and other payables

	2024	2023
	\$	\$
Accounts payable	1,790,958	955,597
Sundry creditors and accrued expenses	9,655,606	8,291,752
Industry grants payable	17,550,251	20,323,303
	<u>28,996,815</u>	<u>29,570,652</u>

16. Lease liabilities

	2024	2023
	\$	\$
Lease liability - current - property	94,634	11,315
Lease liability - current - equipment	164,591	93,542
Lease liability - non-current - equipment	479,547	245,871
	<u>738,772</u>	<u>350,728</u>

Future undiscounted lease payments

Future lease payments are due as follows:

Within one year	298,969	108,269
One to five years	490,767	250,404
	<u>789,736</u>	<u>358,673</u>

The amount of expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the year ended 30 June 2024 was \$103,909 (30 June 2023: \$114,800)

17. Employee benefits

	2024	2023
	\$	\$
Annual leave	619,713	528,275
Personal leave	536,458	460,038
Long service leave - current	344,421	320,188
	<u>1,500,592</u>	<u>1,308,501</u>

17. Employee benefits (continued)

	2024	2023
	\$	\$
Long service leave - non-current	<u>158,123</u>	<u>161,937</u>

18. Worker member liability balances

	2024	2023
	\$	\$
Opening balance	891,217,646	810,140,754
Employer redundancy contributions	275,961,381	223,575,935
Forfeited balances	-	(239,054)
Forfeited balances reinstated	528,461	497,562
Apprentice credits rolled over	4,089,728	3,501,012
Member balance adjustments	-	31,717
Benefit payments and transfers	<u>(189,724,217)</u>	<u>(146,290,280)</u>
Closing balance	<u>982,072,999</u>	<u>891,217,646</u>

19. Apprentice member liability provision

	2024	2023
	\$	\$
Opening balance	14,656,838	13,291,811
Apprentice levy collected	7,452,429	5,423,483
Apprentice liability movement credit	(2,604,779)	(557,444)
Apprentice credits rolled over	<u>(4,089,728)</u>	<u>(3,501,012)</u>
Closing balance	<u>15,414,760</u>	<u>14,656,838</u>

In line with the policy outlined in Note 1, the Group engaged Finity Actuarial & Insurance Consultants to perform an actuarial assessment of the assumptions and methodologies underpinning the apprentice member liability provision as at 30 June 2024. Following that valuation, the rollover rates for members in some cohorts were increased to more accurately reflect the current data. These probabilities of apprentice members rolling over their balances into worker member status in the future are applied to the raw apprentice credit values. The resulting provision is discounted based on the implied Commonwealth government bond yield for a weighted average term of 21 months until rollover. In order to provide the highest level of confidence that the provision is large enough to cover all future rollovers, the valuation is recognised to the 95% percentile.

There were no material changes to the administration of the apprenticeship scheme during the year. The Group determined that there was no need for a full actuarial valuation in 2024.

20. Asset revaluation reserve

Property revaluations are based upon reports prepared by m3property (Vic) Pty Ltd, an independent, certified property valuer, of the market value of the property at 151 Rathdowne Street as at 30 June in the relevant year. Valuations are performed at least every three years, or more often if the market is assessed as having changed materially. The land and buildings were last revalued as at 30 June 2022. The Directors do not believe that there has been a material movement in market value since the last revaluation.

21. Income tax expense

	2024	2023
	\$	\$
Current income tax expense	6,507,198	6,722,730
Adjustment in respect of current income tax of previous year	609,091	11,468
Deferred tax relating to origination and reversal of temporary differences	9,036,384	10,005,412
	<u>16,152,673</u>	<u>16,739,610</u>

22. Contingent liabilities

Forfeited balances reinstated

The trusts within the Group reinstate forfeited member balances on an ad-hoc basis upon application by the member. The Trustee is under no obligation, under the trust deed or otherwise, to reverse a previously forfeited amount. Typically, applications to reverse forfeited balances have not been denied.

These reinstatements are subject to the receipt of an application from the member and are not within the control of the trust fund. Therefore, it is not practicable to determine or state the timing or amount of any potential payment. Accordingly, no provision for any liability has been made in these Combined Special Purpose Accounts.

INCOLINK GROUP
DIRECTOR'S DECLARATION
For the year ended 30 June 2024



Directors' declaration for the year ended 30 June 2024

The Directors of the entities with the combined Group declare that:

- (a) In the Directors' opinion, the attached Combined Special Purpose Accounts and notes are in accordance with the accounting policies outlined in Note 1 to the Combined Special Purpose Accounts and present fairly the financial position and performance of the combined Group as at 30 June 2024; and
- (b) In the Directors' opinion, there are reasonable grounds to believe that each entity within the combined Group as at 30 June 2024 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 Directors.

On behalf of the Board

Earle Setches
Director

18 September 2024
Melbourne

Michaela Lihou
Director

Independent Auditor's Report to the Directors of Redundancy Payment Central Fund Ltd

Opinion

We have audited the accompanying combined special purpose accounts of Redundancy Payment Central Fund Ltd and the Other Entities as disclosed in Note 1 (collectively the "Incolink Group"), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income for the year then ended and notes to the combined special purpose accounts, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying combined special purpose accounts have been prepared, in all material respects, in accordance with the accounting policies described in Note 1 to the combined special purpose accounts.

Basis for Opinion

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

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

Emphasis of matter - basis of accounting and restriction on distribution and Reliance

We draw attention to Note 1 to the combined special purpose accounts which describes the basis of accounting. The combined special purpose accounts are prepared to assist the Company to meet the information requirements of the Directors. As a result the combined special purpose accounts may not be suitable for another purpose. Our report is intended solely for the Directors of the Company (collectively the Recipients) and should not be distributed to parties other than the Recipients. A party other than the Recipients accessing this report does so at their own risk and Ernst & Young expressly disclaims all liability to a party other than the Recipients for any costs, loss, damage, injury or other consequence which may arise directly or indirectly from their use of, or reliance on the report. Our opinion is not modified in respect of this matter.

Information Other than the Combined Special Purpose Accounts and Auditor's Report Thereon

The directors are responsible for the other information. The other information are the Directors' Report and the Annual Report accompanying the combined special purpose accounts.

Our opinion on the combined special purpose accounts 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 combined special purpose accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the combined special purpose accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors of the Combined Special Purpose Accounts

The Directors are responsible for the preparation of the combined special purpose accounts in accordance with accounting policies described in Note 1 to the combined special purpose accounts and for such internal control as the directors determine is necessary to enable the preparation of the combined special purpose accounts that is free from material misstatement, whether due to fraud or error.

In preparing the combined special purpose accounts, the directors are responsible for assessing the Group'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 intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

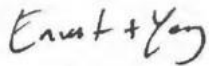
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

As part of an audit in accordance with the 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 Funds' internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- ▶ Conclude on the appropriateness of the director'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 Funds ability to continue as a going concern. 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 Fund to cease to continue as a going concern.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined special purpose accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.



Ernst & Young
Melbourne
18 September 2024