



FINANCIAL STATEMENTS
FOR YEAR ENDING 30 JUNE 2003



INDEPENDENT AUDIT REPORT

To the Minister for Immigration and Multicultural and Indigenous Affairs

Matters relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of the Indigenous Land Corporation for the year ended 30 June 2003 included on the Indigenous Land Corporation's web site. The Indigenous Land Corporation's Board is responsible for the integrity of the Indigenous Land Corporation's web site.

The audit report refers only to the statements named below.* It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial report.

If the users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

I have audited the financial statements of Indigenous Land Corporation for the year ended 30 June 2003. The financial statements include the consolidated financial statements of the consolidated entity comprising the Indigenous Land Corporation and the entities it controlled at the year's end or from time to time during the financial year. The financial statements comprise:

- Statement by Directors;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements.

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The members of the Indigenous Land Corporation Board are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Indigenous Land Corporation's and the consolidated entity's financial position, their financial performance and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Indigenous Land Corporation and the consolidated entity as at 30 June 2003, and their financial performance and cash flows for the year then ended.

Australian National Audit Office



Mark A. Moloney
Senior Director

Delegate of the Auditor-General

Canberra
9 September 2003



INDIGENOUS LAND CORPORATION
ABN 59 912 679 254

Statement by Directors

In our opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of matters required by the Finance Ministers' Orders made under the Commonwealth Authorities and Companies Act 1997.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

Signed 

Shirley McPherson
Chairperson

Signed 

Clem Riley
Deputy Chairperson

4 September 2003

INDIGENOUS LAND CORPORATION
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 2003

	Notes	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
Revenue from ordinary activities					
Revenues from government	5	53,652,984	52,819,056	53,652,984	52,819,056
Sale of goods and services	6	-	16,424	-	-
Net increment in market value of livestock	7A	591,166	5,719,566	296,134	5,744,906
Net increment in market value of other SGARA assets		(103,018)	191,473	(103,018)	191,473
Net market value of goods extracted	7B	982,201	1,531,722	720,439	608,427
Interest	8A	843,813	1,759,055	804,071	1,737,687
Write-up of assets	8B	7,415,304	3,104,413	7,415,304	3,104,413
Revenue from sale of assets	8C	68,688	205,748	77,716	213,215
Other	8D	1,808,638	737,513	1,813,312	664,481
Revenues for ordinary activities		65,259,776	66,084,970	64,676,942	65,083,658
Expenses from ordinary activities (excluding borrowing costs expense)					
Land transfer	9A	3,543,773	12,022,433	3,390,149	11,876,132
Provision for land transfer	9B	8,281,665	2,706,752	8,281,665	2,706,752
Land management	10	8,376,223	8,885,403	9,414,025	9,959,522
Employees	11A	7,952,996	6,832,155	6,670,559	4,806,152
Suppliers	11B	4,478,220	5,696,372	4,477,236	5,515,969
Depreciation and amortisation	11C	854,362	1,039,944	829,893	874,740
Write-down of assets	11D	592,381	30,033	1,045,650	30,033
Value of investments sold		-	9,253	-	9,253
Expenses from ordinary activities (excluding borrowing costs expense)		34,079,620	37,222,345	34,109,177	37,778,553
Borrowing costs expense	11E	1,054	9,868	1,023	5,133
Total expenses from ordinary activities		34,080,674	37,232,213	34,110,200	35,783,686
Net surplus		31,179,102	28,852,757	30,566,742	29,299,972
Net debit to asset revaluation reserve		(285,182)	(38,613)	(213,000)	(32,292)
Total revenues, expenses and valuation adjustments recognised directly in equity		(285,182)	(38,613)	(213,000)	(32,292)
Total changes in equity other than those resulting from transactions with owners as owners		30,893,920	28,814,144	30,353,742	29,267,680

INDIGENOUS LAND CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Notes	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
ASSETS					
Financial assets					
Cash	12A	739,785	1,482,650	737,880	939,135
Receivables	12B	852,698	1,145,203	841,711	1,146,878
Investments	12C	181,196,259	147,305,214	181,196,311	147,305,266
Beneficiary loan	12D	-	-	401,428	506,000
Other	12E	612,490	638,552	631,812	2,520,021
Total financial assets		<u>183,401,232</u>	<u>150,571,619</u>	<u>183,809,142</u>	<u>152,417,300</u>
Non-financial assets					
Property held for divestment	13A	35,821	64,109	35,821	64,109
Infrastructure, plant & equipment	13B	4,285,410	3,735,756	4,209,909	3,352,253
Leased assets	13E	-	17,917	-	-
Inventory	13F	11,433,402	13,815,372	10,678,459	12,726,361
Intangibles	13G	438,617	350,962	438,617	350,962
Total non-financial assets		<u>16,193,250</u>	<u>17,984,116</u>	<u>15,362,806</u>	<u>16,493,685</u>
Total assets		<u>199,594,482</u>	<u>168,555,735</u>	<u>199,171,948</u>	<u>168,910,985</u>
LIABILITIES					
Interest bearing liabilities					
Leases	14	-	19,786	-	-
Total interest bearing liabilities		<u>-</u>	<u>19,786</u>	<u>-</u>	<u>-</u>
Provisions					
Employees	15A	1,899,784	1,325,715	1,848,791	1,152,154
Payables					
Suppliers	15B	1,563,386	2,025,418	1,563,739	2,391,581
Other	15C	174,217	121,641	156,147	117,721
Total provisions and payables		<u>3,637,387</u>	<u>3,472,774</u>	<u>3,568,677</u>	<u>3,661,456</u>
Total liabilities		<u>3,637,387</u>	<u>3,492,560</u>	<u>3,568,677</u>	<u>3,661,456</u>
NET ASSETS		<u>195,957,095</u>	<u>165,063,175</u>	<u>195,603,271</u>	<u>165,249,529</u>
EQUITY					
Parent entity interest					
Reserves	16	-	285,182	-	213,000
Accumulated surplus	16	195,957,095	164,777,993	195,603,271	165,036,529
Total parent entity interest		<u>195,957,095</u>	<u>165,063,175</u>	<u>195,603,271</u>	<u>165,249,529</u>
TOTAL EQUITY		<u>195,957,095</u>	<u>165,063,175</u>	<u>195,603,271</u>	<u>165,249,529</u>
Current assets		38,548,072	163,748,439	37,323,548	162,117,640
Non-current assets		161,046,410	4,807,296	161,848,400	6,793,345
Current liabilities		2,790,109	2,922,996	2,745,235	3,138,428
Non-current liabilities		847,278	569,654	823,442	523,028

The above statement should be read in conjunction with the accompanying notes.

INDIGENOUS LAND CORPORATION
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
OPERATING ACTIVITIES					
Cash received					
Receipts from the Land Fund		53,553,000	52,606,000	53,553,000	52,606,000
Receipts from Government		109,982	234,362	109,982	234,362
Sale of goods and services		4,979,928	7,661,271	3,990,638	5,291,384
Interest and bill discounts		878,768	1,686,702	839,026	1,638,057
Repayments of loans made		142,665	-	796,218	-
Other		2,062,334	1,525,124	2,053,582	1,442,078
GST recovered from ATO		1,241,370	1,408,245	1,295,006	1,369,090
Total cash received		62,968,047	65,121,704	62,637,452	62,580,971
Cash used					
Employees		7,457,927	6,429,657	6,052,922	4,493,223
Direct land acquisition		12,427,810	15,526,523	12,258,824	15,365,592
Land management		9,121,572	10,928,159	10,167,993	11,905,825
Other suppliers		5,547,113	7,838,875	4,980,171	7,050,135
Loans made		218,564	-	218,564	-
Total cash used		34,772,986	40,723,214	33,678,474	38,814,775
Net cash from operating activities	17	28,195,061	24,398,490	28,958,978	23,766,196
INVESTING ACTIVITIES					
Cash received					
Proceeds from the sale of assets		59,613	19,140	44,976	5,873
Proceeds of lease incentive		106,700	-	106,700	-
Total cash received		166,313	19,140	151,676	5,873
Cash used					
Purchase of assets		2,437,197	1,875,973	2,646,923	1,685,241
Purchase of intangibles		189,245	387,079	189,245	387,079
Purchases of investments, net		26,475,741	21,222,439	26,475,741	21,222,449
Total cash used		29,102,183	23,485,491	29,311,909	23,294,769
Net cash (used by) investing activities		(28,935,870)	(23,466,351)	(29,160,233)	(23,288,896)

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INDIGENOUS LAND CORPORATION
STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
FINANCING ACTIVITIES					
Cash used					
Lease payments		2,056	52,593	-	43,866
Loan payments		-	85,719	-	-
Net cash (used by) financing activities		(2,056)	(138,312)	-	(43,866)
Net increase in cash held		(742,865)	793,827	(201,255)	433,434
Cash at the beginning of the reporting period		1,482,650	688,823	939,135	505,701
Cash at the end of the reporting period	18	739,785	1,482,650	737,880	939,135

INDIGENOUS LAND CORPORATION
SCHEDULE OF COMMITMENTS AS AT 30 JUNE 2003

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
By Type				
CAPITAL COMMITMENTS				
Other ¹	-	128,591	-	-
Total capital commitments	-	128,591	-	-
OTHER COMMITMENTS				
Operating leases ²	1,487,214	1,868,257	1,487,214	1,814,749
Finance leases ³	-	20,721	-	-
Other ⁴	-	101,705	-	-
Total other commitments	1,487,214	1,990,683	1,487,214	1,814,749
COMMITMENTS RECEIVABLE				
Goods and services tax	(135,201)	(174,700)	(135,201)	(164,978)
Other ⁵	-	(963,746)	-	(963,746)
Net Commitments	1,352,013	980,828	1,352,013	686,025
BY MATURITY				
All net commitments				
One year or less	649,905	(132,305)	649,905	(421,539)
From one to five years	381,386	1,089,069	381,386	1,083,500
Over five years	320,722	24,064	320,722	24,064
Net commitments	1,352,013	980,828	1,352,013	686,025
Operating lease commitments				
One year or less	714,896	643,809	714,896	596,428
From one to five years	419,524	1,197,978	419,524	1,191,851
Over five years	352,794	26,470	352,794	26,470
Net operating lease commitments	1,487,214	1,868,257	1,487,214	1,814,749

The amounts reported as at 30 June 2003 as commitments payable include the GST where relevant. Recoveries of GST in relation to commitments payable is included in commitments receivable.

¹Capital commitments refers to:

- an amount committed for the Carnarvon Artesian Basin research project with the Waters and Rivers Commission.
- the ILC Board have approved in principle a grant of plant & equipment currently held by Mogila to the owners of the property being Ngurampaa Limited.

²The operating leases included are effectively non-cancellable and comprise:

- Leases for office accommodation – relate to tenancy of the ILC in its Adelaide, Perth, Brisbane and Canberra offices. Lease payments are subject to annual increases in accordance with the lease contracts at either a fixed rate or to market. The initial periods of office lease are still current.
- Agreements for the provision of motor vehicles to senior executives – No contingent rentals exist. There are no renewal or purchase options available to the Corporation.

The above statement should be read in conjunction with the accompanying notes.

³Finance leases are effectively non-cancellable and comprise agreements for the provision of a motor vehicle to a senior executive where there is an option to purchase the vehicle at the end of the lease.

⁴Other commitments relate to a future grant of monies/goods to property owners from Mogila and Mt Clarence consistent with an ILC Board decision in May 2002.

⁵The ILC suffered a substantial loss as a result of a mud slide on one of its properties in WA. The ILC insurer has offered a settlement of \$963,746. The ILC have accepted the offer for settlement.

INDIGENOUS LAND CORPORATION
SCHEDULE OF CONTINGENCIES AS AT 30 JUNE 2003

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
CONTINGENT LIABILITIES				
Other guarantees	50,000	50,000	50,000	50,000
Other	562,500	582,500	562,500	582,500
Total contingent liabilities	<u>612,500</u>	<u>632,500</u>	<u>612,500</u>	<u>632,500</u>

Details of each class of contingent liabilities, including those not disclosed above because they can not be quantified or considered remote, are shown in Note 19: Contingent Liabilities.

INDIGENOUS LAND CORPORATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. Summary of Significant Accounting Policies

1.1 Basis of accounting

The financial statements are required by clause 1(b) of Schedule 1 to the Commonwealth Authorities and Companies Act 1997 and are a general purpose financial report.

The Indigenous Land Corporation (ILC) and Consolidated Statements of Financial Performance and Financial Position have been prepared in accordance with:

- Finance Minister's Orders (being the Commonwealth Authorities and Companies (Financial Statements for the periods ending on or after 30 June 2003) Orders);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board;
- Consensus Views of the Urgent Issues Group.

The statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or on the financial position of the ILC and the economic entity ("The Corporation").

Assets and liabilities are recognised in the ILC and Consolidated Statements of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets and liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Assets and liabilities that are unrecognised are reported in the Schedule of Commitments and the Schedule on Contingencies (other than unquantifiable or remote contingencies which are reported at Note 19).

Revenues and expenses are recognised in the ILC and Consolidated Statements of Financial Performance when and only when the flow or consumption or loss of economic benefit has occurred and can be reliably measured.

1.2 Rounding

The financial statements have been rounded to the nearest dollar.

1.3 Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2001-02, except in respect of:

- measurement of certain employee benefits at nominal amounts (refer Note 1.13);
- the initial revaluation of property plant and equipment on a fair value basis (refer Note 1.8); and
- the imposition of an impairment test for non-current assets carried at cost (refer Note 1.10).

1.4 Departmental and administered items

Departmental assets, liabilities, revenues and expenses in relation to the Corporation are those which are controlled by the Corporation. Departmental expenses include employee and supplier expenses and other administrative costs which are incurred by the Corporation in providing goods and services.

Administered items are revenues, expenses, assets and liabilities which are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

The Corporation does not have any Administered items.

1.5 Principles of consolidation

The consolidated financial statements are those of the Corporation, comprising:

- ILC (the parent entity)
- Land Enterprise Australia Pty Ltd ("LEA")
- Mogila Merino Stud Pty Limited as trustee for Mogila Merino Stud Trust
- Mogila Merino Stud Trust ("Mogila")
- Cardabia Pastoral Company Pty Ltd as trustee for Cardabia Pastoral Company Trust
- Cardabia Pastoral Company Trust ("Cardabia")
- Mt Clarence Pastoral Company Pty Ltd as trustee for Mt Clarence Pastoral Company Trust
- Mt Clarence Pastoral Company Trust ("Mt Clarence")
- Roebuck Plains Station Pastoral Company Pty Ltd ("Roebuck Pastoral Co")
- Myroodah and Luluigui Stations Pastoral Company Pty Ltd ("Myroodah Pastoral Co")
- Murrayfield Pastoral Company Pty Ltd ("Murrayfield Pastoral Co")
- Mount Dare Homestead Nominees Pty Ltd as trustee for Mt Dare Homestead Trust (from 1 May 2002) ("Mt Dare Nominees").

These entities have applied accounting policies consistent with those of the ILC. The effects of all transactions and balances between the entities are eliminated in full. The controlled entities of the ILC are not required to be separately audited as they are small companies for the year ended 30 June 2003.

1.6 Reporting by outcomes

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to the Corporation is presented in Note 2 and 27. Any intra-government costs included in the net figure 'net cost to Budget outcomes' are eliminated in calculating the actual budget outcome for the Government overall.

1.7 Taxation

In accordance with Section 193P of the Land Fund and Indigenous Land Corporation (ATSIC Amendment) Act 1995, the ILC is subject to all Commonwealth and State taxation except income tax and stamp duty (where land is divested to an Aboriginal Corporation within 12 months).

LEA is considered tax exempt by virtue of Section 50-40 of the Income Tax Assessment Act 1997.

Mogila, Cardabia and Mt Clarence are subject to taxation, however profits from operations may be distributed to the ILC as beneficiary of the trusts. The ILC is exempt from income tax. Accordingly, no provision for income tax payable is made.

Roebuck Pastoral Co, Myroodah Pastoral Co, Murrayfield Pastoral Co and Mt Dare Nominees are subject to taxation, however due to the nature of their income and expenses no tax is payable and no provision for tax is recognised.

Revenues and expenses and assets are recognised net of GST except where the GST is not recoverable. The amount of GST incurred by the Corporation that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of the item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO are included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis in accordance with AAS28 Statement of Cash Flows.

The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

All commitments are GST inclusive where relevant.

1.8 Plant and equipment

Asset Recognition Threshold

Purchases of infrastructure, plant and equipment (not held for transfer) are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Infrastructure, plant and equipment acquired free or for a nominal amount is recognised initially at fair value.

Revaluation

Land, buildings, infrastructure, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on deprival basis. All assets other than those disclosed separately were revalued to "fair value" as at 1 July 2002. Fences and waters on ILC's commercial properties which had significant development undertaken during the reporting period were revalued to fair value as at 30 June 2003. This change in accounting policy is required by Australian Account Standard *AASB 1041*

Revaluation of Non-Current Assets.

Fair and deprival values for each class of assets are determined as shown below:

Asset Class	Fair Value Measured at:	Deprival Value Measured at:
Leasehold improvements	Depreciated replacement cost	Depreciated replacement cost
Plant and equipment (general)	Market selling Price	Depreciated replacement cost
Fences and waters (under development)	Depreciated replacement cost	Depreciated replacement cost

Under both deprival and fair value, assets which are surplus to requirement are measured at their net realisable value. As at 30 June 2003 the ILC held no surplus assets.

The financial effect for 2002-03 of this change in policy relates to those assets to be recognised at fair value at 30 June 2003. The financial effect of the change is given by the difference between the carrying amount at 30 June 2002 of these assets and their fair values as at 1 July 2002. The financial effect by class is as follows:

Asset Class	Adjustment	Contra Account
Leasehold improvements	\$112,356	Write down of assets
Plant and Equipment (general)	(\$285,182)	Asset revaluation reserve
Plant and Equipment (general)	\$647,203	Write down of assets
Fences and waters (under development)	\$102,881	Write down of assets

Total financial effect was to a net debit to the asset revaluation reserve of \$285,182 and a debit to operating surplus results of \$862,440.

Accounting Standard AAS 6 Accounting Policies requires, where practicable, presentation of the information that would have been disclosed in the 2001-02 statements had the new accounting policy always applied. It is impracticable to present this information.

Frequency

The Corporation has not adopted the progressive revaluation method. All assets other than those disclosed separately were formally revalued to fair value as at 1 July 2002 and will be revalued at the end of each subsequent reporting period. Formal valuations will be undertaken for all classes of assets at least once every five years.

Conduct

The valuations undertaken during the reporting period were conducted by independent qualified valuers.

Recoverable Amount Test

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount testing AAS10 *Recoverable Amount of Non-Current Assets* to the assets of the Corporation when the primary purpose of the asset is not the generation of net cash inflows. No plant and equipment assets have been written to recoverable amount as per AAS10. Accordingly the change in policy has had no financial effect.

1.8 Plant and equipment (cont.)

Depreciation and Amortisation

Depreciable plant and equipment are written-off to their estimated residual values over their estimated useful lives to the Corporation using both the diminishing value and prime cost method of depreciation. Leasehold improvements are amortised over the lower of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation rates applying to each class of assets are as follows:

	Diminishing Value 2003	Diminishing Value 2002	Prime Cost 2003	Prime Cost 2002
Leasehold Improvements	20%	20%	-	-
Office Equipment	20-30%	20-30%	-	-
Computer Systems	25-40%	40%	-	-
Fixture and Fittings	20-30%	20%	-	-
Other Plant & Equipment	10-40%	5-50%	-	5-20%

1.9 Property held for divestment

Property held for divestment is land, plant and equipment and livestock held for divestment which represents properties purchased for the purpose of transfer to appropriate organisations in line with the objectives of the ILC. Land, plant and equipment and livestock held for divestment is initially recorded at cost. Land purchases (including the related plant, equipment and livestock, acquisition and holding costs) are capitalised on purchase. At this time a provision is raised against the Statement of Financial Performance for the full cost of the purchase representing the sacrifice of the future benefits embodied in the assets. On transfer, the assets and provision are offset against one another.

Livestock held for divestment is purchased incidental to the purchase of land and is not held for the specific purpose of sale. It is valued at the lower of cost (equivalent) or net realisable value. Net realisable value is determined with reference to the Net Market Value of the livestock as at reporting date. Where livestock is sold prior to transfer, AAS35 Self-generating and regenerating assets is not applied as any adjustment from cost to market value is not expected to be material.

Land and plant and equipment held for divestment acquired free or for a nominal amount is recognised initially at fair value.

Any revaluation is expensed to the Statement of Financial Performance.

1.10 Software

Internally developed and externally acquired software for internal use are initially recognised at cost, and where applicable, capitalised.

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS10 Recoverable Amount of Non-Current Assets to the assets of the Corporation when the primary purpose of the asset is not the generation of net cash inflows. However Schedule 1 now requires such assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of the impaired asset must be written down to the higher of its net market selling price or depreciated replacement cost.

All software assets were assessed for impairment as at 1 July 2002 and the end of the reporting period. None were found to be impaired.

Capitalised software is amortised on a straight-line basis over its estimated useful life. Software is classified as intangibles (see Note 13G).

1.10 Software (cont.)

Useful lives are:

	Consol 2003	Consol 2002	ILC 2003	ILC 2002
Internally developed software	5 years	5 years	5 years	5 years
Externally acquired software	5 years	5 years	5 years	5 years

1.11 Investments

Investments are initially recorded at cost and revalued to current market value as at reporting date. Increments (decrements) on valuation are recognised in the Statement of Financial Performance. The ILC continued to place some of its investment portfolio with fund managers during the year. The unrealised increment (decrement) in the market value of the portfolio held by the fund managers is recognised in the Statement of Financial Performance.

1.12 Cash

For the purpose of the Statement of Cash Flows, cash includes notes and coins held and deposits held at call with a bank.

1.13 Employee benefits

Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits) and annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of their reporting date are also to be measured at their nominal amounts.

The nominal amount is calculated with regards to the rates expected to be paid on settlement of the liability. This is a change in accounting policy utilised in 2001-02 required by initial application of a new Accounting Standard AASB 1028 Employee Benefits from 1 July 2002. As the ILC's certified agreement raises pay rates on 3 October each year, the financial effect on this is not material. All other employee benefits liabilities are measured at the present value of the estimated future cash outflows to be made up in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the ILC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave is recognised and measured at the estimated present value of future cash flows. In accordance with AASB1028 and Department of Finance Finance Brief 13 the short hand measurement technique has been utilised.

Separation and Redundancy

Provision is made for separation and redundancy payments. The ILC has developed a formal plan for the redundancies and has informed those employees affected that it will carry out the terminations.

Superannuation

The ILC contributes to the Commonwealth Superannuation Scheme (CSS) or Public Sector Scheme (PSS) which provide retirement, death and disability benefits to employees. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course. The ILC makes contributions to the Commonwealth at rates determined by the actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the ILC's employees. The liability for superannuation recognised as at 30 June represents outstanding contributions.

1.13 Employee benefits (cont.)

Employer contributions amounting to \$649,659 (2002: \$506,718) for the Corporation in relation to these schemes have been expensed in these financial statements.

1.14 Revenue

The revenue described in this Note are revenues relating to the core operating activities of the Corporation.

Receipts from the Land Fund are recognised at the time the Corporation becomes entitled to receive the revenue.

Interest and other investment revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the sale of goods is recognised upon the delivery of goods to customers. See Note 7 in relation to recognition of income from self-generating and regenerating assets.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Sundry income is recognised on an earned basis.

1.15 Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised at the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives taking the form of "free" leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expenses and the reduction of the liability.

1.16 Financial instruments

Accounting policies in relation to financial instruments are disclosed in Note 26.

1.17 Derivative Financial instruments

Forward Sale Contracts

The Corporation enters into forward sales contracts where it agrees to sell specified amounts of the wool clip in the future at predetermined rates. The objective is to match the contract with future cash flows from the anticipated sales to protect ILC against the possibility of loss from future wool price fluctuations. The forward contracts are usually for no longer than 18 months.

Forward contracts are recognised at the date the contract is entered into. Gains or losses on forward sales contracts are recognised in net profit except those relating to hedges of specific commitments that are deferred and included in the measurement of the sale.

1.18 Inventory

Inventory consists of Wool, Livestock and Plantings.

Inventories held for sale are valued at the lower of cost and net realisable value. Other than livestock and plantings, cost comprises the cost of purchase/extraction including costs of bringing inventory to location.

Livestock consists of that held for divestment and that held for trading purposes (inventory). Livestock held for trading purposes includes cattle and sheep. There are a small number of horses on two of the ILC's properties that are used as working beasts. Livestock which are considered to be self-generating and regenerating assets are accounted for in accordance with Australian Accounting Standard AAS35 and are measured at net market value with market value increments and decrements included in the Statement of Financial Performance.

Plantings consists of Citrus fruit trees that are part of a block of land purchased by the ILC during a previous reporting period. The Plantings are considered to be self-generating and regenerating assets and are accounted for in accordance with Australian Accounting Standard AAS35 and are measured at net market value with market value increments and decrements included in the Statement of Financial Performance.

1.19 Statement of Cash Flows

The Statement shows the sources of cash and how cash was applied during the financial year. Cash flows, including those relating to the GST component of a receipt and payment are included in the Statement on a gross basis. Cash flows also include those relating to payables and receivables of prior periods or in advance for future periods.

1.20 Transactions by the Government as owner

Amounts appropriated by the Parliament as equity injections are recognised as "contributed equity" in accordance with the Finance Ministers' Orders. The Corporation does not receive direct appropriations from Parliament.

1.21 Capital Use Charge

A capital use charge is imposed by the Commonwealth on the net assets of an authority. The Charge is accounted for as a dividend to the Government. In accordance with the recommendations of a review of Budget Estimates and Framework, the Government has decided that the Charge will not operate after 30 June 2003. The Department of Finance and Administration has exempted the Corporation from the Capital Use Charge for the year ended 30 June 2003.

1.22 Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

1.23 Insurance

The Corporation has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation for the ILC is insured through Comcare Australia. Workers compensation for the other entities making up the economic entity are insured through workers compensation providers in the state that the operations are located.

2. Reporting by outcomes

The Corporation's statutory prescribed outcome is to:
"Provide economic, environmental, social and cultural benefits for Aboriginal persons and Torres Strait Islanders by assisting in the acquisition and management of an indigenous land base." Only one output group is identified for the outcome. Disclosures of revenue, expenses, assets and liabilities by outcome are at Note 27.

3. Economic dependency

The Corporation was established by section 191A of the Indigenous Land Corporation (ATSIC Amendment) Act 1995 and is controlled by the Commonwealth of Australia. The Corporation is dependent on a standing annual appropriation from the Land Fund in accordance with Section 193A of the Indigenous Land Corporation (ATSIC Amendment) Act 1995. The Corporation received \$53,553,000 in the current financial year (2002: \$52,606,000).

4. Events occurring after reporting date

There are no events occurring after reporting date.

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
5. Revenues from Government				
Receipts from the Land Fund	53,553,000	52,606,000	53,553,000	52,606,000
Other revenues from Government	99,984	213,056	99,984	213,056
Total revenues from Government	53,652,984	52,819,056	53,652,984	52,819,056

Receipts from the Land Fund are considered to be revenue from independent sources as it is not a direct appropriation from the Commonwealth.

6. Sales of goods and services

Sales of Goods and Services relate to sale of fuel and refreshments on Mt Dare in the previous reporting period. Mt Dare only operated for a month during the previous reporting period before the business was subleased.

Sales	-	16,801	-	-
Less: cost of goods sold	-	-	-	-
Opening stock	-	-	-	-
Purchases	-	377	-	-
Rations	-	-	-	-
Less: closing stock	-	-	-	-
Net profit from trading	-	16,424	-	-
Provision of goods to:				
Related entities	-	-	-	-
External entities	-	16,424	-	-
Net profit from trading	-	16,424	-	-

7. Self-generating and regenerating assets

Livestock consists of that held for divestment and that held for trading purposes (inventory). Livestock held for trading purposes includes cattle and sheep. There are a small number of horses on two of the ILC's properties that are used as working beasts. Wild Goats were mustered and sold on Cardabia during the reporting period. Livestock which are considered to be self-generating and regenerating assets are accounted for in accordance with Australian Accounting Standard AAS35 and are measured at net market value with market value increments and decrements included in the Statement of Financial Performance.

As a result of shearing or sales, musters or counts are performed on each of the properties at least annually. Due to the nature of livestock these musters/counts are not expected to confirm definitively the actual quantities of livestock but are used to estimate the size of the herd/flock and breeding and death rates. Where the musters/counts do not coincide with the reporting period, the last muster/count numbers are used and natural increase and deaths are estimated to the end of the reporting period.

Where musters/counts are expected to coincide with reporting periods but are unable to be completed due to circumstances outside of the control of the Corporation, (eg weather), natural increase is recorded based on muster results completed as at reporting date.

Where estimates of natural increase cannot be reliably made, no natural increase since the last muster/count is recorded.

Paddock records are maintained on all properties.

The net market value is determined by independent valuations undertaken by industry experts. The valuation takes into account the general make up of the herd/flock as at reporting date. Increments/decrements on changes in the net market value of livestock are recognised in the Statement of Financial Performance.

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
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7. Self-generating and regenerating assets (cont.)

A provision for deaths is made at each reporting date equivalent to 5% of the value of livestock held at reporting date.

Non-living produce extracted from self-generating and regenerating assets are recognised as revenue in the reporting period that the produce is extracted. The non-living produce of a self-generating and regenerating asset is then accounted for in accordance with AAS2 Inventories.

7A. Net increment in market value of livestock

Net increment/decrement in net market value during the reporting period

Cattle	327,467	5,825,389	169,555	5,727,589
Sheep	126,475	(707)	11,718	180,027
Horses	12,800	(17,212)	12,800	(17,212)
Goats	13,854	9,537	-	-
	<u>480,596</u>	<u>5,817,007</u>	<u>194,073</u>	<u>5,890,404</u>
Movement in provision for deaths	110,570	(97,441)	102,061	(145,498)
Net increment in the net market value of livestock	<u>591,166</u>	<u>5,719,566</u>	<u>296,134</u>	<u>5,744,906</u>

7B. Net market value of goods extracted

Non-living produce extracted from self-generating and regenerating assets

Net market value of wool extracted during reporting period	833,287	1,485,752	571,525	562,457
Net market value of fruit extracted during reporting period	148,914	45,970	148,914	45,970
Net market value of goods extracted	<u>982,201</u>	<u>1,531,722</u>	<u>720,439</u>	<u>608,427</u>
Wool				
Revenue from sale of wool	1,011,427	1,307,612	577,265	556,717
Deemed cost of wool	1,011,427	1,307,612	577,265	556,717
Net revenue from sale of wool	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fruit				
Revenue from sale of fruit	148,914	45,970	148,914	45,970
Deemed cost of fruit	148,914	45,970	148,914	45,970
Net revenue from sale of fruit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

8. Other revenue from ordinary activities

8A. Interest

Interest on deposits	813,053	1,726,919	773,311	1,705,551
Interest on loans	30,760	32,136	30,760	32,136
Total interest revenue	<u>843,813</u>	<u>1,759,055</u>	<u>804,071</u>	<u>1,737,687</u>

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
8B. Write-up of assets				
Investments (held in-house)	55,065	(197,585)	55,065	(197,585)
Investments (out-sourced)	7,360,239	3,301,998	7,360,239	3,301,998
Write-up of assets	<u>7,415,304</u>	<u>3,104,413</u>	<u>7,415,304</u>	<u>3,104,413</u>
8C. Revenue from sale of assets				
Infrastructure, plant and equipment				
Proceeds from disposal	54,194	11,282	40,887	4,332
Net book value of assets disposed	(49,664)	(22,627)	(27,329)	(8,210)
Net gain (loss) from sale of infrastructure, plant and equipment	<u>4,530</u>	<u>(11,345)</u>	<u>13,558</u>	<u>(3,878)</u>
Livestock held for divestment				
Proceeds from disposal	68,231	288,134	68,231	288,134
Net book value of assets disposed	(14,665)	(72,591)	(14,665)	(72,591)
Net gain (loss) from sale of Livestock held for divestment	<u>53,566</u>	<u>215,543</u>	<u>53,566</u>	<u>215,543</u>
Plant and equipment held for divestment				
Proceeds from disposal	10,592	1,550	10,592	1,550
Net book value of assets disposed	-	-	-	-
Net gain (loss) from sale of plant and equipment held for divestment	<u>10,592</u>	<u>1,550</u>	<u>10,592</u>	<u>1,550</u>
Total proceeds from disposal	133,017	300,966	119,710	294,016
Total value of assets disposed	(64,329)	(95,218)	(41,994)	(80,801)
Revenue from sale of assets	<u>68,688</u>	<u>205,748</u>	<u>77,716</u>	<u>213,215</u>
8D. Other revenue				
Income from properties held for divestment	604,654	560,206	604,654	560,206
Insurance proceeds	1,075,407	90,904	1,065,711	44,519
Other	128,577	86,403	127,851	59,756
Trust distribution	-	-	15,096	-
Total other revenue	<u>1,808,638</u>	<u>737,513</u>	<u>1,813,312</u>	<u>664,481</u>

		Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
9. Land transfer					
9A. Land transfer					
Land Grants					
Kippa Ring	QLD	1,151,391	-	1,151,391	-
Mogila Pastoral Company	NSW	153,624	-	-	-
Mt View Station	WA	1,538,489	-	1,538,489	-
Port Victoria Fish Farm #2	SA	142,226	-	142,226	-
Boole Poole	VIC	-	361,857	-	361,857
Dawnvale	QLD	-	140,201	-	140,201
Emu Creek	QLD	-	107,038	-	107,038
Geikie Station	QLD	-	158,135	-	158,135
Illaroo Farm	NSW	-	1,532,931	-	1,532,931
Jarwonga	NSW	-	1,551,828	-	1,551,828
Jonelia/Tambellup	WA	-	1,259,201	-	1,259,201
Martang	VIC	-	469,238	-	469,238
Millers Farm	SA	-	371,230	-	371,230
Mouth House	SA	-	122,068	-	122,068
Mount Clarence Pastoral Company	SA	-	146,301	-	-
Myrtle Springs	SA	-	1,171,483	-	1,171,483
Nioka	WA	-	1,224,791	-	1,224,791
Poolamacca	NSW	-	849,190	-	849,190
Port Victoria Fish Farm #1	SA	-	113,363	-	113,363
Quindanning	WA	-	1,394,589	-	1,394,589
Twin Rivers	NT	-	647,741	-	647,741
Associated land acquisition and holding expenses		558,043	401,248	558,043	401,248
Total land transfer		3,543,773	12,022,433	3,390,149	11,876,132

Expenses relate to the cost of land transferred to appropriate Aboriginal organisations in line with the objectives of the ILC. Costs incurred in unsuccessful acquisitions or projects considered unlikely to proceed at reporting date are also included in this expense.

Land transfer expense					
Related entities		111,004	128,093	111,004	128,093
External entities		3,432,769	11,894,340	3,279,145	11,748,039
Total land management expenses		3,543,773	12,022,433	3,390,149	11,876,132

9B. Provision for land transfer

A provision is raised in the Statement of Financial Performance for the full cost of land purchases representing the sacrifice of future benefits embodied in the assets. The following represents the net movement in the provision for the reporting period.

Provision for land held for divestment		7,370,123	2,855,066	7,370,123	2,855,066
Provision for plant and equipment held for divestment		911,542	(148,314)	911,542	(148,314)
Total provision for land transfer		8,281,665	2,706,752	8,281,665	2,706,752

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
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10. Land management

The ILC negotiates with the Aboriginal corporations and develops a package of support in the form of agreed solutions to land management problems identified by the land owners.

Some of the forms of support include entering into services and funding agreements. These agreements carry over a number of years with the land owners or supporting bodies being required to demonstrate both expenditure and performance objectives prior to release of agreed funding.

Land Management expenses are recorded as expenses in the Statement of Financial Performance in the period in which they are incurred.

Land Management expenses also include land management on land held by the ILC and includes the cost of caretaking, use, maintenance and improvement of that land.

Land management expense				
Related entities	307,645	510,131	307,645	510,131
External entities	8,068,578	8,375,272	9,106,380	9,449,391
Total land management expenses	<u>8,376,223</u>	<u>8,885,403</u>	<u>9,414,025</u>	<u>9,959,522</u>

11. Other expenses from ordinary activities

11A. Employee expenses

Basic remuneration for services provided	7,078,516	6,242,958	5,873,001	4,336,151
Superannuation	726,581	581,947	649,659	462,751
Separation and redundancy	147,899	7,250	147,899	7,250
Total employee expenses	<u>7,952,996</u>	<u>6,832,155</u>	<u>6,670,559</u>	<u>4,806,152</u>

This comprises salary costs, superannuation costs, employee leave provisions and staff recruitment costs.

Number of employees as at 30 June (full time equivalents)	116.8	106.9	88.8	76.9
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11B. Suppliers expenses

Supply of goods and services:				
Related entities	533,040	433,387	510,478	347,114
External entities	3,301,427	4,677,860	3,323,005	3,757,488
Appropriations to subsidiaries	-	-	-	900,000
Operating lease rentals	643,753	585,125	643,753	511,367
Total supplier expenses	<u>4,478,220</u>	<u>5,696,372</u>	<u>4,477,236</u>	<u>5,515,969</u>

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
11C. Depreciation and amortisation				
Depreciation of property, plant and equipment	764,468	1,003,113	739,999	844,545
Amortisation of leased assets	5,509	35,903	5,509	29,267
Amortisation of software	84,385	928	84,385	928
Total depreciation and amortisation	854,362	1,039,944	829,893	874,740
The aggregate amounts of depreciation or amortisation expense during the reporting period for each class of depreciable assets are as follows:				
Office equipment	39,469	46,578	39,469	40,029
Furniture and fittings	17,225	21,084	17,225	11,405
Computer equipments	218,128	251,348	218,128	225,478
Office fit-outs	145,693	113,481	145,693	105,997
Plant and equipment	343,953	570,622	319,484	461,635
Amortisation of leased assets	5,509	35,903	5,509	29,268
Amortisation of software	84,385	928	84,385	928
Total depreciation and amortisation	854,362	1,039,944	829,893	874,740
11D. Write-down of assets				
Inventory held for divestment	15,123	18,582	15,123	18,582
Infrastructure plant & equipment revalued	577,258	11,451	578,902	11,451
Forgiveness of loans	-	-	451,625	-
Total write-down of assets	592,381	30,033	1,045,650	30,033
11E. Borrowing costs expense				
Finance charges on leased assets	935	5,408	935	3,905
Other	119	4,460	88	1,228
Total borrowing costs expense	1,054	9,868	1,023	5,133
12. Financial assets				
12A. Cash				
Cash at bank and on hand	727,785	1,472,650	725,880	929,135
Cash advances	12,000	10,000	12,000	10,000
Total cash	739,785	1,482,650	737,880	939,135
12B. Receivables				
Interest receivable	96,115	155,352	96,115	155,352
Other debtors	627,000	615,406	620,057	585,849
Cash with agent	61,397	290,500	61,397	290,500
GST recoverable	68,186	83,945	64,142	115,177
Total receivables (net)	852,698	1,145,203	841,711	1,146,878

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
12B. Receivables (cont.)				
Receivables (gross) are aged as follows:				
Not overdue	740,072	1,141,279	731,085	1,145,975
Overdue by				
- less than 30 days	15,463	-	15,463	-
- 30 to 60 days	85,257	203	85,257	-
- more than 60 days	11,906	3,721	9,906	903
	<u>112,626</u>	<u>3,924</u>	<u>110,626</u>	<u>903</u>
	<u>852,698</u>	<u>1,145,203</u>	<u>841,711</u>	<u>1,146,878</u>

12C. Investments

Bank and other securities	3,193,988	13,336,572	3,193,988	13,336,572
Term deposits	3,275,749	3,205,911	3,275,749	3,205,911
Interest rate securities	2,709,498	2,698,731	2,709,498	2,698,731
Managed funds (at market value)	172,017,024	128,064,000	172,017,024	128,064,000
Shares in subsidiary companies	-	-	52	52
Total investments	<u>181,196,259</u>	<u>147,305,214</u>	<u>181,196,311</u>	<u>147,305,266</u>
Investments are categorised as follows:				
Current	25,049,934	147,305,214	25,049,934	147,305,214
Non-current	156,146,325	-	156,146,377	52
Total investments	<u>181,196,259</u>	<u>147,305,214</u>	<u>181,196,311</u>	<u>147,305,266</u>

The ILC holds shares in each of its 100% owned subsidiaries.

A summary of the movement in investments is as follows:

Opening balance 1 July	147,305,214	122,987,625	147,305,266	122,987,667
Revenue from Land Fund	53,553,000	52,606,000	53,553,000	52,606,000
Increment in market value to 30 June	7,415,304	3,104,413	7,415,304	3,104,413
	<u>208,273,518</u>	<u>178,698,038</u>	<u>208,273,570</u>	<u>178,698,080</u>
Less: investments liquidated	27,077,259	31,392,824	27,077,259	31,392,814
Closing balance 30 June	<u>181,196,259</u>	<u>147,305,214</u>	<u>181,196,311</u>	<u>147,305,266</u>

12D. Beneficiary loans

Trust distributions receivable				
Mt Clarence Pastoral Company Pty Ltd	-	-	-	104,572
Cardabia Pastoral Company Pty Ltd	-	-	401,428	401,428
Total beneficiary loans	<u>-</u>	<u>-</u>	<u>401,428</u>	<u>506,000</u>

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
12E. Other assets				
Loans to subsidiaries				
Mt Clarence Pastoral Company Pty Ltd	-	-	-	654,115
Cardabia Pastoral Company Pty Ltd	-	-	453,916	421,277
Mogila Merino Stud Pty Ltd	-	-	-	806,077
	<u>-</u>	<u>-</u>	<u>453,916</u>	<u>1,881,469</u>
Loans to Aboriginal corporations	714,451	638,552	714,451	638,552
	<u>714,451</u>	<u>638,552</u>	<u>1,168,367</u>	<u>2,520,021</u>
Total other loans	714,451	638,552	1,168,367	2,520,021
Less: provision for loans	(135,596)	-	(552,120)	-
	<u>578,855</u>	<u>638,552</u>	<u>616,247</u>	<u>2,520,021</u>
Net Loans to Aboriginal corporations	578,855	638,552	616,247	2,520,021
Deferred forward sale gain	33,635	-	15,565	-
	<u>612,490</u>	<u>638,552</u>	<u>631,812</u>	<u>2,520,021</u>
Total other assets	612,490	638,552	631,812	2,520,021

13. Non-financial assets

13A. Property held for divestment

Asset detail		Land & Incidentals	Plant & equipment	Livestock	Total
211 Balo St, Moree	NSW	244,260	-	-	244,260
Alice Springs Railway Yard	NT	637,030	13,434	-	650,464
Bollanolla Farm	NSW	480,597	25,275	3,015	508,887
Boundary Bend	VIC	583,502	321,018	-	904,520
Cangai Creek Station	NSW	1,639,390	68,547	-	1,707,937
Cape Elizabeth	SA	455,894	6,010	-	461,904
Clarke Island	TAS	440,428	61,244	7,001	508,673
Crocodile Station	QLD	1,281,801	67,026	-	1,348,827
Culpra Station	NSW	1,340,119	12,986	-	1,353,105
Dowrene Farm	WA	885,924	-	-	885,924
Edmund Station	WA	232,410	70,371	-	302,781
Eurool Station	NSW	659,322	27,450	-	686,772
Falbala Farm	VIC	1,030,923	-	-	1,030,923
Former Pumphouse	SA	273,683	-	-	273,683
Gaythorne	QLD	2,774,893	-	-	2,774,893
Gwambygine Estate	WA	925,213	-	-	925,213
Hillgrove Station	QLD	1,816,749	83,552	-	1,900,301
Home Valley/Durrack River	WA	1,295,332	559,997	1	1,855,330
Jinchilla Gardens	NSW	549,272	-	-	549,272
Karnte Block	NT	72,978	-	-	72,978
Kywong	NSW	649,432	76,919	-	726,351
Maidenwell	QLD	84,780	-	-	84,780
Menera Station	NSW	2,288,908	7,470	-	2,296,378
Mimosa	QLD	1,384,478	17,675	18,692	1,420,845
Modder River	TAS	503,920	1,000	-	504,920
Mount Dare Homestead	SA	322,814	160,678	-	483,492
Mount Tabor	QLD	1,288,548	40,934	-	1,329,482
Mount William Quarry	VIC	56,863	4,090	-	60,953
Mulgul Station	WA	479,490	146,792	45	626,327
Murrayfield	TAS	3,801,631	-	-	3,801,631
Myroodah	WA	799,790	-	-	799,790
Nenen Station	NT	859,428	137,422	-	996,851
Old Home Bush Road	QLD	197,791	1,220	-	199,011
Old Pooncarie Mission	NSW	211,156	-	-	211,156
Paddys Plain	NSW	330,000	-	-	330,000
Randwick Farm	NT	408,813	23,237	-	432,050
River Road	SA	546,063	-	-	546,063
Roebuck Plains	WA	3,542,300	-	-	3,542,300
Sunbury Earthern Rings	VIC	682,623	-	-	682,623
Swanport	SA	83,577	-	-	83,577
Thule	TAS	878,933	29,774	-	908,707
Udialla Springs	WA	416,840	44,906	-	461,746
Wanerie Pastoral Station	WA	297,896	93,513	7,067	398,476
Warriparinga	SA	2,165,421	-	-	2,165,421
Waterview	QLD	547,032	10,000	-	557,032
Weilmoringle & Orana	NSW	1,239,743	37,511	-	1,277,254
Welcome Station	QLD	971,321	239,146	-	1,210,467
Wiridjil Road	VIC	1,326,068	1,750	-	1,327,818
Wittenburra / Turn Turn	QLD	1,873,439	134,030	-	2,007,469
Women's Place	WA	361,118	-	-	361,118
Wurdi Young	VIC	685,708	13,610	-	699,318
		46,905,644	2,538,587	35,821	49,480,052

13A. Property held for divestment (cont.)

Asset detail	Land & Incidentals	Plant & equipment	Livestock	Total
Acquisitions in Progress	89,505	-	-	89,505
Total assets held for divestment	46,995,149	2,538,587	35,821	49,569,557
Less: provision for land transfer	(46,995,149)	(2,538,587)	-	(49,533,736)
Net assets held for divestment	-	-	35,821	35,821

A summary of the movement in property held for divestment is as follows:

Opening balance 1 July	39,625,026	1,627,045	64,109	41,316,180
Opening provision 1 July	(39,625,026)	(1,627,045)	-	(41,252,071)
Carrying amount 1 July	-	-	64,109	64,109
Additions to 30 June	10,548,238	1,123,576	(28,288)	11,643,526
Divestments to 30 June	(3,178,115)	(212,034)	-	(3,390,149)
Net movement	7,370,123	911,542	(28,288)	8,253,377
Movement in provision to 30 June	(7,370,123)	(911,542)	-	(8,281,665)
Carrying amount 30 June	-	-	35,821	35,821

The ILC holds the title for all the above properties. The land is held for the intention of divesting it to the relevant indigenous group within a reasonable timeframe. The above figures represent the consolidated position, which does not differ from the ILC position.

The Corporation maintains asset registers for the properties. A stocktake to verify plant and equipment and livestock is undertaken annually.

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
13B. Infrastructure, plant and equipment				
Office equipment, revalued 1999 (deprival)	-	152,799	-	116,231
Less: Accumulated depreciation	-	(90,693)	-	(72,276)
	-	62,106	-	43,955
Office equipment, at cost	-	183,894	-	165,168
Less: Accumulated depreciation	-	(35,389)	-	(33,027)
	-	148,505	-	132,141
Office equipment, revalued 2003 (fair value)	143,309	-	143,309	-
Less: Accumulated depreciation	(35,339)	-	(35,339)	-
	107,970	-	107,970	-
Office equipment, additions post revaluation	36,952	-	36,952	-
Less: Accumulated depreciation	(4,152)	-	(4,152)	-
	32,800	-	32,800	-
Total office equipment, net	140,770	210,611	140,770	176,096
Furniture and fittings, revalued 1999 (deprival)	-	214,863	-	129,934
Less: Accumulated depreciation	-	(127,281)	-	(85,396)
	-	87,582	-	44,438
Furniture and fittings, at cost	-	19,110	-	19,110
Less: Accumulated depreciation	-	(3,886)	-	(3,886)
	-	15,224	-	15,224
Furniture and fittings, revalued 2003 (fair value)	85,230	-	85,230	-
Less: Accumulated depreciation	(15,962)	-	(15,962)	-
	69,268	-	69,268	-
Furniture and fittings, additions post revaluation	26,795	-	26,795	-
Less: Accumulated depreciation	(1,321)	-	(1,321)	-
	25,474	-	25,474	-
Furniture and fittings, net	94,742	102,806	94,742	59,662
Computer systems, revalued 1999 (deprival)	-	511,435	-	437,916
Less: Accumulated depreciation	-	(423,440)	-	(360,198)
	-	87,995	-	77,718
Computer systems, at cost	-	734,585	234,050	667,249
Less: Accumulated depreciation	-	(294,952)	-	(272,749)
	-	439,633	-	394,500

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
13B. Infrastructure, plant and equipment (cont.)				
Computer systems, revalued 2003				
(fair value)	382,151	-	382,151	-
Less: Accumulated depreciation	(152,068)	-	(152,068)	-
	<u>230,083</u>	<u>-</u>	<u>230,083</u>	<u>-</u>
Computer systems, additions post revaluation				
	275,502	-	275,502	-
Less: Accumulated depreciation	(67,864)	-	(67,864)	-
	<u>207,638</u>	<u>-</u>	<u>207,638</u>	<u>-</u>
Computer systems, net	<u>437,721</u>	<u>527,628</u>	<u>437,721</u>	<u>472,218</u>
Office fitout, revalued 1999 (deprival)				
	-	116,018	-	54,757
Less: Accumulated depreciation	-	(61,750)	-	(30,421)
	<u>-</u>	<u>54,268</u>	<u>-</u>	<u>24,336</u>
Office fitout, at cost				
	-	708,898	-	708,898
Less: Accumulated depreciation	-	(280,281)	-	(280,281)
	<u>-</u>	<u>428,617</u>	<u>-</u>	<u>428,617</u>
Office fitout, revalued 2003 (fair value)				
	636,826	-	636,826	-
Less: Accumulated depreciation	(127,015)	-	(127,015)	-
	<u>509,811</u>	<u>-</u>	<u>509,811</u>	<u>-</u>
Office fitout, additions post revaluation				
	309,484	-	309,484	-
Less: Accumulated depreciation	(18,677)	-	(18,677)	-
	<u>290,807</u>	<u>-</u>	<u>290,807</u>	<u>-</u>
Office fitout, net	<u>800,618</u>	<u>482,885</u>	<u>800,618</u>	<u>452,953</u>
Other plant and equipment, revalued 1999 (deprival)				
	-	792,646	-	534,566
Less: Accumulated depreciation	-	(454,150)	-	(270,073)
	<u>-</u>	<u>338,496</u>	<u>-</u>	<u>264,493</u>
Other plant and equipment, at Directors Valuation (1)				
	-	127,099	-	-
Less: Accumulated depreciation	-	(85,926)	-	-
	<u>-</u>	<u>41,173</u>	<u>-</u>	<u>-</u>
Other plant and equipment, at cost				
	-	2,530,586	-	2,390,969
Less: Accumulated depreciation	-	(498,429)	-	(464,138)
	<u>-</u>	<u>2,032,157</u>	<u>-</u>	<u>1,926,831</u>

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
13B. Infrastructure, plant and equipment (cont.)				
Other plant and equipment,				
Revalued 2003 (fair value)	1,670,086	-	1,566,307	-
Less: Accumulated depreciation	(343,955)	-	(315,677)	-
	<u>1,326,131</u>	<u>-</u>	<u>1,250,630</u>	<u>-</u>
Fences and Waters (under development),				
Revalued 30 June 2003 (fair value)	1,485,428	-	1,485,428	-
Less: Accumulated depreciation	-	-	-	-
	<u>1,485,428</u>	<u>-</u>	<u>1,485,428</u>	<u>-</u>
Other plant and equipment, net	<u>2,811,559</u>	<u>2,411,826</u>	<u>2,736,058</u>	<u>2,191,324</u>
Total infrastructure, plant & equipment	<u>4,285,410</u>	<u>3,735,756</u>	<u>4,209,909</u>	<u>3,352,253</u>

Revaluations undertaken up to 30 June 2002 were done on deprival basis. All assets other than those disclosed separately were revalued to "fair value" as at 1 July 2002. Fences and waters on ILC's commercial properties which had significant development undertaken during the reporting period were revalued to fair value as at 30 June 2003. Additions since 1 July 2002, which have not been revalued, are carried at cost.

The Corporation maintains asset registers for infrastructure plant and equipment. A stocktake to verify infrastructure, plant and equipment is undertaken at least annually.

(1) These valuations relate to the assets of Cardabia which are at Director's valuation based on their estimated market value.

<i>Movement in asset revaluation reserve</i>				
Decrement	285,182	38,613	213,000	32,292

Item	Other Plant & Equip \$	Office Equip \$	Furniture & Fittings \$	Computer Systems \$	Office Fitout \$	Total \$
13C. Analysis of plant and equipment (consolidated)						
As at 1 July 2002						
Gross value	3,450,331	336,693	233,973	1,246,020	824,915	6,091,932
Accumulated depreciation/ amortisation	(1,038,505)	(126,082)	(131,167)	(718,392)	(342,030)	(2,356,176)
Net book value	<u>2,411,826</u>	<u>210,611</u>	<u>102,806</u>	<u>527,628</u>	<u>482,885</u>	<u>3,735,756</u>
Additions	1,717,724	56,876	56,983	294,198	339,422	2,466,831
Net revaluation increment/ decrement	(846,289)	(59,586)	(8,753)	(101,874)	153,939	(862,563)
Depreciation/ amortisation expense	(343,954)	(39,469)	(17,225)	(218,128)	(145,693)	(764,469)
Recoverable amount write downs	-	-	-	-	-	-
Disposals	(127,747)	(27,663)	(39,069)	(64,103)	(29,934)	(288,517)
As at 30 June 2003						
Gross value	3,155,514	180,261	112,025	657,653	946,310	5,051,763
Accumulated depreciation/ amortisation	(343,955)	(39,491)	(17,283)	(219,932)	(145,692)	(766,353)
Net book value	<u>2,811,559</u>	<u>140,770</u>	<u>94,742</u>	<u>437,721</u>	<u>800,618</u>	<u>4,285,410</u>
13D. Analysis of plant and equipment (ILC)						
As at 1 July 2002						
Gross value	2,925,535	281,399	148,944	1,105,165	763,655	5,224,698
Accumulated depreciation/ amortisation	734,211	105,303	89,282	632,947	310,702	1,872,445
Net book value	<u>2,191,324</u>	<u>176,096</u>	<u>59,662</u>	<u>472,218</u>	<u>452,953</u>	<u>3,352,253</u>
Additions	1,673,104	63,728	61,378	291,444	339,419	2,429,073
Net revaluation increment/ decrement	(787,652)	(59,586)	(8,753)	(101,874)	153,939	(803,926)
Depreciation/ amortisation expense	(319,485)	(39,469)	(17,225)	(218,128)	(145,693)	(740,000)
Recoverable amount write downs	-	-	-	-	-	-
Disposals	(21,233)	-	(320)	(5,939)	-	(27,492)
As at 30 June 2003						
Gross value	3,051,735	180,261	112,025	657,653	946,310	4,947,984
Accumulated depreciation/ amortisation	(315,677)	(39,491)	(17,283)	(219,932)	(145,692)	(738,075)
Net book value	<u>2,736,058</u>	<u>140,770</u>	<u>94,742</u>	<u>437,721</u>	<u>800,618</u>	<u>4,209,909</u>

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
13E. Leased assets				
Leased assets, at cost	-	38,963	-	-
Less: Accumulated amortisation	-	(21,046)	-	-
Total leased assets, net	-	17,917	-	-
13F. Inventory				
Livestock	11,805,582	14,016,964	11,010,905	13,052,110
Provision for deaths	(590,279)	(700,849)	(550,545)	(652,606)
	11,215,303	13,316,115	10,460,360	12,399,504
Wool	-	178,140	-	5,740
Citrus trees	218,099	321,117	218,099	321,117
Total inventory	11,433,402	13,815,372	10,678,459	12,726,361

All inventory is current inventory.

The Corporations holding of livestock as inventory is measured at market values at reporting date in accordance with Australian Accounting Standard AAS35 *Self-generating and regenerating assets*.

Wool is valued at reporting date in accordance with AAS2 *Inventories*.

The Corporation's holding of Citrus Trees as inventory is measured at market values at reporting date in accordance with Australian Accounting Standard AAS35 *Self-generating and regenerating assets*.

Below is a summary of each class of livestock on hand at the beginning of the reporting period and at the end of the reporting period at market value.

Class	Consol Number	Consol \$	ILC Number	ILC \$
Livestock on hand at the beginning of the reporting period at net market value				
Cattle	32,809	12,600,271	31,464	12,204,318
Sheep	48,523	1,364,493	22,933	795,592
Horses	78	52,200	78	52,200
		14,016,964		13,052,110
Livestock on hand at the end of the reporting period at net market value				
Cattle	36,136	10,732,989	34,565	10,274,312
Sheep	25,021	1,007,593	16,681	671,593
Horses	70	65,000	70	65,000
		11,805,582		11,010,905

	2003 \$ Internal	2003 \$ External	2003 \$ Total
13G. Intangibles			
CONSOLIDATED			
As at 1 July 2002			
Gross value	151,954	199,936	351,890
Accumulated amortisation	-	(928)	(928)
Net book value	<u>151,954</u>	<u>199,008</u>	<u>350,962</u>
Additions	<u>76,978</u>	<u>95,062</u>	<u>172,040</u>
Net revaluation increment/ decrement	-	-	-
Amortisation expense	(38,944)	(45,441)	(84,385)
Recoverable amount write downs	-	-	-
Disposals	-	-	-
As at 30 June 2003			
Gross value	228,932	294,998	523,930
Accumulated amortisation	(38,944)	(46,369)	(85,313)
Net book value	<u>189,988</u>	<u>248,629</u>	<u>438,617</u>
ILC			
Gross value	151,954	199,936	351,890
Accumulated amortisation	-	(928)	(928)
Net book value	<u>151,954</u>	<u>199,008</u>	<u>350,962</u>
Additions	<u>76,978</u>	<u>95,062</u>	<u>172,040</u>
Net revaluation increment/ decrement	-	-	-
Amortisation expense	(38,944)	(45,441)	(84,385)
Recoverable amount write downs	-	-	-
Disposals	-	-	-
As at 30 June 2003			
Gross value	228,932	294,998	523,930
Accumulated amortisation	(38,944)	(46,369)	(85,313)
Net book value	<u>189,988</u>	<u>248,629</u>	<u>438,617</u>

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
14. Leases				
Finance lease liabilities	-	19,786	-	-
Total leases	-	19,786	-	-
Lease liability is recognised as follows:				
Current	-	19,786	-	-
Non-current	-	-	-	-
Total lease liability	-	19,786	-	-
Finance lease commitments:				
- within one year	-	20,721	-	-
- within one to two years	-	-	-	-
- within two to five years	-	-	-	-
Minimum lease payments	-	20,721	-	-
Deduct: Future finance charges	-	(935)	-	-
Total lease liability	-	19,786	-	-
15. Provisions and payables				
15A. Employee provisions				
Salaries and wages	207,538	255,441	201,458	215,078
Annual leave	805,985	564,410	776,257	477,838
Long service leave	709,775	505,864	698,195	459,238
Superannuation	28,587	-	24,982	-
Separation and redundancy	147,899	-	147,899	-
Aggregate employee benefits liability	1,899,784	1,325,715	1,848,791	1,152,154
Employee provisions are categorised as follows:				
Current	1,205,344	819,851	1,165,931	692,916
Non-current	694,440	505,864	682,860	459,238
	1,899,784	1,325,715	1,848,791	1,152,154

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
15B. Supplier payables				
Amounts owing to suppliers	1,563,386	2,025,418	1,563,739	2,391,581
Total supplier payables	<u>1,563,386</u>	<u>2,025,418</u>	<u>1,563,739</u>	<u>2,391,581</u>

All supplier payables are current.

Amounts owing to suppliers for land acquisition, land management and administrative goods and services as at reporting date include invoices received by suppliers for goods and services supplied prior to reporting date but unpaid as at reporting date and accruals for goods and services supplied prior to reporting date but for which invoices have yet to be received and where the Corporation was under a legal liability to pay. All supplier payables are current.

15C. Other Payables

Deferred benefit from lease incentive	140,582	113,760	140,582	113,760
Deferred revenue from wool futures	33,635	-	15,565	-
Other -	7,881	-	3,961	-
Total other payables	<u>174,217</u>	<u>121,641</u>	<u>156,147</u>	<u>117,721</u>
The lease incentive benefit is as follows:				
- within one year	74,220	49,970	74,220	49,970
- within one to two years	35,641	49,970	35,641	49,970
- within two to five years	30,721	13,820	30,721	13,820
Total lease incentive	<u>140,582</u>	<u>113,760</u>	<u>140,582</u>	<u>113,760</u>

Item	Asset Revaluation Reserve \$	Accumulated Results \$	Total Equity \$
16. Equity			
16A. Analysis of equity			
CONSOLIDATED			
Balance at 1 July	285,182	164,777,993	165,063,175
Net surplus (deficit)	-	31,179,102	31,179,102
Net revaluation increment (decrement)	(285,182)	-	(285,182)
Transactions with owner:			
Distributions to owner:			
Returns on capital			
Dividends	-	-	-
Capital use charge	-	-	-
Returns of capital			
Restructuring	-	-	-
Returns of contributed equity	-	-	-
Contributions by owner:			
Appropriations (equity injections)	-	-	-
Restructuring	-	-	-
Transfers to/ (from)/ between reserves			
-	-	-	-
Closing balance as at 30 June	-	195,957,095	195,957,095
Less: outside equity interests	-	-	-
Total equity attributable to the Commonwealth	-	195,957,095	195,957,095
ILC			
Balance at 1 July	213,000	165,036,529	165,249,529
Net surplus (deficit)	-	30,566,742	30,566,742
Net revaluation increment (decrement)	(213,000)	-	(213,000)
Transactions with owner:			
Distributions to owner:			
Returns on capital			
Dividends	-	-	-
Capital use charge	-	-	-
Returns of capital			
Restructuring	-	-	-
Returns of contributed equity	-	-	-
Contributions by owner:			
Appropriations (equity injections)	-	-	-
Restructuring	-	-	-
Transfers to/ (from)/ between reserves			
-	-	-	-
Closing balance as at 30 June	-	195,603,271	195,603,271
Less: outside equity interests	-	-	-
Total equity attributable to the Commonwealth	-	195,603,271	195,603,271

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
17. Cash flow reconciliation				
Reconciliation of operating surplus to net cash from operating activities:				
Operating surplus (deficit)	31,179,102	28,852,757	30,566,743	29,299,972
Non cash items				
Depreciation and amortisation of property, plant and equipment	848,853	1,039,944	824,384	874,740
Revaluation of assets	577,258	157,752	578,902	11,451
Loss on sale of investments	-	9,253	-	9,253
Write down (up) of investments	(7,415,304)	(3,104,413)	(7,415,304)	(3,104,413)
Net loss on sale of assets	(15,122)	(10,195)	(24,150)	(2,328)
Movement in lease incentive	(70,178)	(46,148)	(70,178)	(46,148)
GST recovered on non-operating cash flows	223,835	215,841	244,045	191,674
Provision for land transfer	8,281,665	2,709,762	8,281,665	2,709,762
Change in assets and liabilities				
(Increase)/decrease in receivables	292,505	(9,491)	305,168	(44,471)
Increase/(decrease) in employee liabilities	574,069	402,498	696,637	312,928
(Increase)/decrease in assets held for transfer	(8,253,377)	(2,623,673)	(8,253,377)	(2,623,673)
(Increase)/decrease in other current assets	2,348,335	(1,227,354)	4,040,673	(3,082,935)
Increase/(decrease) in creditors	(376,580)	(1,968,043)	(816,230)	(739,616)
Net cash from operating activities	28,195,061	24,398,490	28,958,978	23,766,196
18. Reconciliation of cash				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at bank. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:				
Cash balances comprises:				
Cash on hand	3,060	3,030	3,000	2,500
Cash on advance	12,000	10,000	12,000	10,000
Cash at bank	724,725	1,469,620	722,880	926,635
Total cash	739,785	1,482,650	737,880	939,135
Balance of cash as at 30 June shown in the Statement of Cash Flows	739,785	1,482,650	737,880	939,135
19. Contingent Liabilities				
CONTINGENT LIABILITIES				
Other guarantees ¹	50,000	50,000	50,000	50,000
Other ²	562,500	582,500	562,500	582,500
Total contingent liabilities	612,500	632,500	612,500	632,500

¹The ILC has agreed to provide bank guarantees to NSW State Forests for security of wood cutting royalties, and Bank of Melbourne as loan security for Bampi Mi Aboriginal Corporation.

²The ILC has undertaken to grant monies for a property called Silver Plains in Queensland for Kulla Aboriginal Land Trust. The grant is contingent on the grant of title by Queensland Government. The commitment is for the balance of funds required for the acquisition of the property by the proponent group.

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
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19. Contingent Liabilities (cont.)

A contingency was recognised in the previous reporting period for a former agistee on a property formerly owned by the ILC who commenced action against the ILC and the current land-owners for financial loss. No further action was taken during the reporting period. It is not expected that the action will be taken further. Therefore the contingency is not recognised in the current reporting period.

All contingencies are GST inclusive where relevant.

Unquantifiable Contingencies

In May 2002, as a result of the independent inquiry into the purchase and management of Roebuck Plains Station and Cardabia Station, conducted by Mr Andrew Rogers QC, the Board agreed to indemnify the directors and officers of the ILC at the date of delivery of the report to the Board of the ILC, or at the date of publication or distribution of the report by the Board of the ILC in respect of the provision of information to Mr Andrew Rogers QC (or his lawyers) in the course of the inquiry and the publication or distribution of the report.

The ILC held an investment in Wisdom (FAI) No 2 Trust that is affected by the provisional liquidation of the HIH Group. The recoverability of this investment is unknown at reporting date. However, the investment has no market value. The Corporation has notified the external advisor that it intends to take legal action in relation to this investment.

20. Remuneration of Directors

Remuneration received or due and receivable by directors	270,709	320,023	270,709	267,443
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The number of Directors of the ILC included in these figures are shown below in the relevant remuneration bands.

Nil - \$9,999	2	1	2	1
\$20,000 - \$29,999	2	1	2	2
\$30,000 - \$39,999	1	1	1	2
\$40,000 - \$49,999	1	2	1	1
\$50,000 - \$59,999	-	1	-	-
\$60,000 - \$69,999	-	-	-	-
\$110,000 - \$119,999	-	1	-	1
\$140,000 - \$149,999	1	-	1	-
Total number of Directors of the Corporation	7	7	7	7

Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
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21. Related party disclosure Directors of ILC

The Directors of ILC in office during or since the end of the financial year are:

Shirley McPherson (Chairperson) – appointed 9 August 2001
 Clem Riley (Deputy Chairperson) – appointed 9 August 1999
 Geoff Clark (Chairman ATSiC) – from December 1999
 Steve Gordon (ATSiC Nominee) – from 1 June 1995
 Norma Ingram – appointed 9 August 2001
 Kevin Driscoll – appointed 10 February 1998
 David Baffsky – appointed 9 August 1999

The aggregate remuneration of Directors is disclosed in Note 20.

The Commonwealth Government employees and representatives did not receive any fees.

The amount of aggregate superannuation contributions paid on behalf of Directors for 2003 was \$22,972 (2002: \$20,018)

No Director has received or became entitled to receive during or since the end of the financial year, a benefit due to any contract or contracts made by the ILC or its subsidiaries.

22. Other transactions with director or director related entities

David Baffsky is the Chairman of AAPC Pty Ltd (a subsidiary of Accor S.A.), which has a major ownership interest in Davidson Trahaire Pty Ltd. The Corporation procured counselling services from Davidson Trahaire Pty Ltd of \$1,001 (2002:nil) during the reporting period. The services were procured under normal commercial terms and conditions. Mr Baffsky has no interest in Davidson Trahaire Pty Ltd.

The Corporation procured charter flight services from National Homes Pty Ltd for \$32,806 (2002:nil) of which Kevin Driscoll is a director. The services were procured under normal commercial terms and conditions.

23. Transactions with wholly owned entity

The ILC is the ultimate chief entity in the wholly owned group comprising itself and its wholly owned subsidiaries LEA, Mogila, Cardabia, Mt Clarence, Roebuck Pastoral Co, Myroodah Pastoral Co and Murrayfield Pastoral Co.

The ILC provided appropriation funding to its subsidiaries as follows:

LEA - \$nil (2002: \$900,000)
 Roebuck Pastoral Company - \$551,968 (2002: \$718,624)
 Myroodah Pastoral Company - \$344,789 (2002: \$287,877)
 Murrayfield Pastoral Company - \$121,662 (2002: \$57,618)

	Consol 2003 \$	Consol 2002 \$	ILC 2003 \$	ILC 2002 \$
24. Remuneration of officers				
The number of officers of the ILC included in these figures are shown below in the relevant remuneration bands.				
Less than \$100,000	-	3	-	4
\$100,000 - \$109,999	1	1	1	1
\$110,000 - \$119,999	1	-	1	-
\$120,000 - \$129,999	3	2	3	2
\$130,000 - \$139,999	-	1	-	1
\$140,000 - \$149,999	-	2	-	1
\$160,000 - \$169,999	-	1	-	-
\$180,000 - \$189,999	1	-	1	-
\$200,000 - \$209,999	1	-	1	-
\$270,000 - \$279,999	1	-	1	-
Total	<u>8</u>	<u>10</u>	<u>8</u>	<u>9</u>
Income received or due and receivable by the officers:				
Performance pay	1,274,579	1,162,678	1,274,579	934,036
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Aggregate amount of total remuneration of officers shown above	<u>1,274,579</u>	<u>1,162,678</u>	<u>1,274,579</u>	<u>934,036</u>

Performance pay has been excluded from the above calculation of officer remuneration. The aggregate amount of performance pay received, or due and receivable by officers was \$Nil (2002: \$Nil).

Aggregate amount of separation and redundancy/termination benefit payments during the year to officers shown above	77,213	-	77,213	-
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25. Remuneration of auditors

Auditors remuneration for auditing the ILC's financial statements for this reporting period was \$44,060 (2002: \$47,355). No other services were provided by the external auditor.

26 FINANCIAL INSTRUMENTS

26A. TERMS, CONDITIONS AND ACCOUNTING POLICIES

Financial Instrument	Note	Accounting Policy and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	12A	Deposits at call are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	
Receivables	12B	Receivables are recognised at nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are generally 28 days. (2002:28 days)
Term Deposits	12C	Deposits are recognised at cost. Interest is brought to account as earned.	Fixed term and fixed interest deposits with financial institutions.
Floating Rate Notes (FRN)	12C	Notes held are initially recorded at cost and revalued to lower of cost or net realisable value at reporting date. Interest recorded as accrued.	The FRN are readily convertible into cash with minimal transaction costs but are held for the purpose of investment and not cash management. The interest rate accrued on floating rate investments is based on the 30-180 day BBSW rate plus 50 to 225 basis points.
Other Deposits	12C	Deposits are recognised at their nominal amounts. Interest is brought to account as earned.	Temporarily surplus funds are placed on deposit with the Corporations banker. Interest is earned on a daily basis at the prevailing daily rate. Rate at 30/6/03 of 4.70%.
Cash Enhanced Units	12C	Units in cash enhanced funds are carried at their quoted market-buying price. Movements in these values between reporting dates is recognised in the statement of Financial Performance.	Distributions accrue monthly and are reinvested back into units in the cash enhanced fund. Units are held with Westpac Banking Corporation and Commonwealth Bank.
Equities	12C	Equities are carried at their quoted market-buying price. Movements in these values between reporting dates is recognised in the statement of Financial Performance.	The shares held are ordinary shares.
Interest Rate Securities	12C	Interest Rate Securities are carried at their quoted market-buying price. Movements in these values between reporting dates is recognised in the statement of Financial Performance. Dividend income is recognised when declared by the company.	The Corporation holds units in issuer sponsored mandatory converting secured notes with Austrim. Interest on the notes is at 9.5% payable quarterly. Conversion is due to occur in 2004. The Corporation also holds Income Securities with AMP, Macquarie and National Australia bank. Interest is paid quarterly.

26A. TERMS, CONDITIONS AND ACCOUNTING POLICIES (CONT)

Financial Instrument	Note	Accounting Policy and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Funds with Fund Managers	12C	Funds transferred to fund managers are initially recorded at the value of the funds transferred. The funds are re-valued to net market value on a monthly basis. The carrying amount of investments are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of an investment exceeds the recoverable amount, the asset is written down to the lower amount. Income is recognised when earned by the ILC.	The ILC has delegated the investment of the ILC's assets to investment managers. It is in the interest of efficient running of the ILC to appoint external investment managers to undertake daily investment processes. Investment managers are with a body corporate or licensed dealer. All investments are way of approved pooled investment vehicles.
Loans	12D	Loans are recognised at amounts lent. The loans are secured by a charge over the assets of the borrower. Provision is made for bad and doubtful loans when collection of the loan or part thereof is judged to be less rather than more likely. Interest is credited to revenue as it accrues.	Loans are either interest free, or interest only for a defined period. Requirements for principal repayments are set out in the lending instrument.
Financial Liabilities		Financial liabilities are recognised when the present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Finance Lease Liabilities	14	Liabilities are recognised at the present value of minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date the Corporation had no finance leases. In the previous reporting period, the Corporation had 1 finance lease with less than 1 year remaining. The interest rate implicit in the lease is 6.9%. The lease liability is secured by the leased asset.
Trade Creditors	15B	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that goods and services have been received (and irrespective of having being invoiced).	Settlement is usually made in 30 days.
Unrecognised Financial Liabilities			
Forward Sales Contract		Forward contracts are recognised at the date the contract is entered into. Gains or losses on forward sales contracts are recognised in net profit except those relating to hedges of specific commitments that are deferred and included in the measurement of the sale.	Forward contracts entered into are to provide some protection against the variance in wool futures. During the reporting period forward contracts were entered into with Macquarie and Westfamers for the 2003/04 and 2004/05 wool clips.

26A. TERMS, CONDITIONS AND ACCOUNTING POLICIES (CONT)

Financial Instrument	Note	Accounting Policy and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Other Guarantees		The amounts guaranteed by the Corporation have been disclosed in the Schedule of Contingencies. At the time of completion of the financial statements, there was no reason to believe that the guarantee would be called upon, and recognition of the liability was therefore not required.	Refer Schedule of Contingencies.
Indemnities	19	Details of the indemnity are disclosed in note 19. At the time of completion of the financial statements, there was no reason to believe that the indemnity would be called upon, and recognition of the liability was therefore not required.	Refer Remote Contingencies.

26B. Interest Rate Risk (consolidated only)

Financial Instrument	Note	Floating Interest Rate		Fixed Interest Rate Maturing In			Non Interest Bearing		Total		Weight Average Effective Interest Rate	
		1 Year or Less 2003 \$000	2002 \$000	1 to 5 Years 2003 \$000	2002 \$000	> 5 Years 2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2003 %	2002 %
Financial Assets												
Cash	12A	725	1,470				15	13	740	1,483	3.7	4.4
Receivables	12B						853	1,145	853	1,145	N/a	N/a
Term Deposit	12C			3,276	3,206				3,276	3,206	5.6	5.3
Other Deposits	12C	3,194	6,116						3,194	6,116	4.7	5.1
Cash												
Enhanced Units	12C	-	7,220						-	7,220	N/a	5.1
Interest Rate Securities	12C			320	194	2,389	2,505		2,709	2,699	6.5	5.4
Funds with Fund Managers	12C	172,017	128,064						172,017	128,064	3.1	2.7
Loans	12D			579	639				579	639	4.5	4.5
Deferred forward sale gain	12E							33	33	-	N/a	N/a
Total									183,401	150,572		
Total Assets									199,594	168,556		
Financial Liabilities												
Finance Lease Liabilities	14				20					20	N/a	6.9
Trade Creditors	15B						1,564	2,025	1,564	2,025	N/a	N/a
Other	15C						140	114	140	114	N/a	N/a
Total									1,704	2,159		
Total Liabilities									3,637	3,492		
Unrecognised Financial Liabilities												
Forward Sales Contracts							650	-	650	-	N/a	N/a
Other Guarantees							50	50	50	50	N/a	N/a
Total							700	50	700	50		

26C. Net fair value of financial assets and liabilities (consolidated)

	Total Carrying Amount 2003 \$	Aggregate Net Fair Value 2003 \$	Total Carrying Amount 2002 \$	Aggregate Net Value 2002 \$
Financial Assets				
<i>Funds managed in-house</i>				
Cash	739,785	739,785	1,482,650	1,482,650
Receivables	852,698	852,698	1,145,203	1,145,203
Term deposits	3,275,749	3,275,749	3,205,911	3,205,911
Other deposits	3,193,988	3,193,988	6,116,144	6,116,144
Cash enhanced funds	-	-	7,220,428	7,220,428
Interest rate securities	2,709,498	2,709,498	2,698,731	2,698,731
Managed funds	172,017,024	172,017,024	128,064,000	128,064,000
Loans	578,855	578,855	638,552	638,552
Forward sales contracts	33,635	33,635	-	-
Total financial assets	183,401,232	183,401,232	150,571,619	150,571,619
Financial Liabilities				
Forward Sales Contracts	33,635	-	-	-
Finance lease liabilities	-	-	19,786	19,786
Lease liabilities	140,582	140,582	113,760	113,760
Trade creditors	1,563,386	1,563,386	2,025,418	2,025,418
Total financial liabilities	1,737,603	1,703,968	2,158,964	2,158,964
Financial Liabilities (Unrecognised)				
Other guarantees	-	50,000	-	50,000
Total financial liabilities (unrecognised)	-	50,000	-	50,000

The net fair values of cash, deposits on call and non-interest bearing monetary financial assets approximate their carrying amount.

The net fair values of loans receivable and term deposits are based on discounted cash flows using current interest rates.

The net fair value for investments is their quoted market price at reporting date, adjusted for transaction costs necessary for realisation.

Loans receivable are carried at cost, which estimates their net fair value, because it is intended to hold them to maturity.

The net fair value of loans payable, finance leases, lease incentives and guarantees are based on discounted cash flows using current interest rates for the liabilities.

The net fair value for trade creditors are approximated by their carrying amounts.

26D. Credit risk exposures

The Corporation's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets indicated in the Statement of Financial Position. The Corporation has no exposures to any concentration of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

26E. Hedges of specific commitments

The Corporation has entered into forward sales contracts for wool as at 30 June 2003 designed as a hedge of anticipated future receipts from sales to be generated during the next 15 months.

This hedge has been treated as specific, in accordance with UIG 33, as the approximate value and quantity of the sale can be reliably measured. Under these contracts, ILC has agreed to sell 32,500 kg's at various rates variable to the wool clip quality.

The amount of the deferred gain recognised in receivables as at 30 June 2003 was \$33,635. The settlement dates of these contracts range from 19 August 2003 to 30 September 2004.

27. Reporting of outcomes

27A. Total cost/contribution of outcomes

	Outcome 1 Actual	Outcome 1 Budget	Total Actual	Total Budget
	\$	\$	\$	\$
Net cost of departmental outputs	-	-	-	-
Net cost to Budget outcome	-	-	-	-

27B. Major departmental revenues and expenses by Output Group

	Output Group 1 2003 \$	Output Group1 2002 \$	Total 2003 \$	Total 2002 \$
Operating revenues				
Revenues from Land Fund	53,553,000	52,606,000	53,553,000	52,606,000
Other revenue from government	99,984	213,056	99,984	213,056
Sale of goods and services	-	16,424	-	16,424
Net increment in market value of livestock	591,166	5,719,566	591,166	5,719,566
Net increment in market value of other	(103,018)	191,473	(103,018)	191,473
Net market value of goods extracted	982,201	1,531,722	982,201	1,531,722
Interest	843,813	1,759,055	843,813	1,759,055
Net write up of assets	7,415,304	3,104,413	7,415,304	3,104,413
Net gains from sale of assets	68,688	205,748	68,688	205,748
Other	1,808,638	737,513	1,808,638	737,513
Total operating revenues	65,259,776	66,084,970	65,259,776	66,084,970

27B. Major departmental revenues and expenses by Output Group (cont.)

	Output Group 1 2003 \$	Output Group1 2002 \$	Total 2003 \$	Total 2002 \$
<i>Operating expenses</i>				
Land transfer	3,543,773	12,022,433	3,543,773	12,022,433
Provision for land transfer	8,281,665	2,706,752	8,281,665	2,706,752
Land management	8,376,223	8,885,403	8,376,223	8,885,403
Employees	7,952,996	6,832,155	7,952,996	6,832,155
Suppliers	4,478,220	5,696,372	4,478,220	5,696,372
Depreciation and amortisation	854,362	1,039,944	854,362	1,039,944
Write down of assets	592,381	30,033	592,381	30,033
Net loss from the sale of investments	-	9,253	-	9,253
Interest	1,054	9,868	1,054	9,868
Total operating expenses	34,080,674	37,222,345	34,080,674	37,222,345

27C. Major departmental assets and liabilities by Output Group

	Output Group 1 2003 \$	Output Group1 2002 \$	Total 2003 \$	Total 2002 \$
<i>Departmental assets</i>				
Cash	739,785	1,482,650	739,785	1,482,650
Receivables	852,698	1,145,203	852,698	1,145,203
Investments	181,196,259	147,305,214	181,196,259	147,305,214
Other	612,490	638,552	612,490	638,552
Livestock held for divestment	35,821	64,109	35,821	64,109
Infrastructure, plant & equipment	4,285,410	3,735,756	4,285,410	3,735,756
Leased assets	-	17,917	-	17,917
Inventory	11,433,402	13,815,372	11,433,402	13,815,372
Intangibles	438,617	350,962	438,617	350,962
Total departmental assets	199,594,482	168,555,735	199,594,482	168,555,735
<i>Departmental liabilities</i>				
Leases	-	19,786	-	19,786
Employees	1,899,784	1,325,715	1,899,784	1,325,715
Suppliers	1,563,386	2,025,418	1,563,386	2,025,418
Other	174,217	121,641	174,217	121,641
Total departmental liabilities	3,637,387	3,492,560	3,637,387	3,492,560

When the ILC acquires land it is recorded as an asset on the Statement of Financial Position. At this time, a provision is raised against the Statement of Financial Position for the full cost of the purchase representing the sacrifice of future benefits embodied in the assets. When that land is then granted to an Aboriginal Corporation the asset and the provision are offset against each other. Budgeted outcomes assumed a higher spend on Land Acquisition and thus a higher expense for Land Transferred. Budgeted outcomes also assumed higher expenditure on Land Management. The lower expenditure on both Land Acquisition and Land Management was due to less than expected projects and acquisitions being submitted to and approved by the Board.