

financial

STATEMENTS

for year ending 30 June 2006



Australian Government
Indigenous Land Corporation

ABN 59 912 679 254

Statement by Directors and General Manager


In our opinion, the attached financial statements for the year ended 30 June 2006 have been prepared based on properly maintained financial records and give a true and fair view of matters required by the Finance Minister's 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.

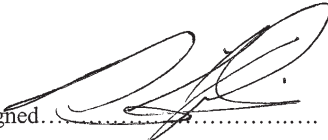
This statement is made in accordance with a resolution of the directors.

Signed.....


Shirley McPherson
Chairperson

Signed.....


William Jeffries
Deputy Chairperson

Signed.....


David Galvin
General Manager

Signed.....


Jodie Lindsay
Chief Financial Officer

28th August 2006

INCOME STATEMENT

for the year 30 ended June 2006

	Notes	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
INCOME					
Revenue					
Revenues from Government	6A	23,988,511	4,342,730	23,988,511	4,342,730
Interest	6B	739,724	529,334	733,840	524,023
Other revenues	6C	5,025,404	1,089,497	5,072,229	1,187,650
Total revenue		29,753,639	5,961,561	29,794,580	6,054,403
Gains					
Net gain (loss) in the net market value of Livestock	7A	5,260,576	7,808,417	4,865,680	7,566,051
Net gain (loss) in the net market value of other biological assets	7B	(78,613)	(138,366)	(78,613)	(138,366)
Net market value of agricultural produce	7C	723,983	732,821	596,190	538,344
Other gains	7D	28,696,079	31,788,741	28,636,231	31,788,741
Total gains		34,602,025	40,191,613	34,019,488	39,754,770
Total income		64,355,664	46,153,174	63,814,068	45,809,173
EXPENSE					
Property granted	8A	1,999,021	562,689	1,999,021	562,689
Provision for property grant	8B	11,196,022	18,929,318	11,196,022	18,929,318
Land management	8C	12,609,476	9,848,373	14,820,717	11,372,847
Employees	8D	10,521,834	8,354,073	8,227,625	6,844,881
Suppliers	8E	4,583,011	4,030,080	4,214,442	3,807,095
Depreciation and amortisation	8F	2,035,254	1,603,931	1,999,809	1,585,721
Net loss from disposal of assets	8G	423,544	79,852	424,483	80,390
Total expenses		43,368,162	43,408,316	42,882,119	43,182,941
Operating result		20,987,502	2,744,858	20,931,949	2,626,232

BALANCE SHEET

as at 30 June 2006

	Notes	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
ASSETS					
Financial assets					
Cash and cash equivalents	9A	542,652	254,436	483,197	208,999
Receivables	9B	680,713	970,044	673,342	977,369
Other investments	9C	268,477,461	251,037,956	268,477,494	251,038,001
Other	9D	568,938	458,520	568,938	458,520
Total financial assets		270,269,764	252,720,956	270,202,971	252,682,889
Non-financial assets					
Inventory – Property held for grant	10A	75,823,867	64,631,977	75,823,867	64,631,977
Inventory – other	10B	2,450	–	2,450	–
Property, plant & equipment	10C	9,857,083	7,778,134	9,753,045	7,652,590
Biological assets	10F	20,584,122	17,955,965	19,332,809	16,771,383
Intangibles	10G	184,120	282,977	184,120	282,977
Total non-financial assets		106,451,642	90,649,053	105,096,291	89,338,927
Total assets		376,721,406	343,370,009	375,299,262	342,021,816
LIABILITIES					
Payables					
Suppliers	11A	1,437,084	1,717,044	1,483,596	1,752,117
Other	11B	4,042	30,720	4,042	30,720
Total payables		1,441,126	1,747,764	1,487,638	1,782,837
Provisions					
Employees	12A	1,715,934	1,355,722	1,582,065	1,251,690
Provision for property held for grant	10A	75,811,756	64,615,734	75,811,756	64,615,734
Provision for makegood	12B	34,000	60,000	34,000	60,000
Total provisions		77,561,690	66,031,456	77,427,821	65,927,424
Total liabilities		79,002,816	67,779,220	78,915,459	67,710,261
NET ASSETS		297,718,590	275,590,789	296,383,803	274,311,555
EQUITY					
Parent entity interest					
Reserves		1,269,204	1,040,067	1,243,833	1,014,696
Retained surplus		296,449,386	274,550,722	295,139,970	273,296,859
Total parent entity interest		297,718,590	275,590,789	296,383,803	274,311,555
TOTAL EQUITY		297,718,590	275,590,789	296,383,803	274,311,555
Current assets		36,164,024	36,463,891	34,845,885	35,241,197
Non-current assets		340,557,382	306,906,118	340,453,377	306,780,619
Current liabilities		2,734,761	2,791,057	2,702,212	2,746,950
Non-current liabilities		76,267,955	64,988,163	76,213,247	64,963,311

STATEMENT OF CASH FLOWS

for the year ended 30 June 2006

	Notes	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
OPERATING ACTIVITIES					
Cash received					
Receipts from the Land Account		23,758,511	4,038,109	23,758,511	4,038,109
Receipts from Government		253,000	335,083	253,000	335,083
Goods and services		5,463,677	6,026,022	4,851,060	5,512,764
Interest		720,060	515,860	714,176	510,549
Repayments of grants made		–	102,306	–	102,306
Other		5,684,555	2,656,202	5,684,555	2,674,984
Net GST received from ATO		2,040,543	1,192,466	2,053,281	1,205,550
Total cash received		37,920,346	14,866,048	37,314,583	14,379,345
Cash used					
Employees		10,166,734	8,244,952	7,781,271	6,634,994
Direct land acquisition		10,494,949	6,034,377	10,494,949	6,034,377
Land management		13,985,506	10,947,008	16,188,456	12,427,433
Other suppliers		7,498,913	5,757,461	7,103,993	5,456,595
Repayable grants made		87,160	–	87,160	–
Total cash used		42,233,262	30,983,798	41,655,829	30,553,399
Net cash from operating activities	14	(4,312,916)	(16,117,750)	(4,341,246)	(16,174,054)
INVESTING ACTIVITIES					
Cash received					
Proceeds from the sale of assets		124,182	98,673	117,182	96,674
Proceeds from sale of investments, net		8,063,655	17,301,475	8,063,667	17,301,475
Total cash received		8,187,837	17,400,148	8,180,849	17,398,149
Cash used					
Purchase of assets		4,701,154	3,312,150	4,679,854	3,280,086
Purchase of intangibles		25,850	–	25,850	–
Total cash used		4,727,004	3,312,150	4,705,704	3,280,086
Net cash from investing activities		3,460,833	14,087,998	3,475,145	14,118,063

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

STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 30 June 2006

	Notes	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
FINANCING ACTIVITIES					
Cash Received					
Monies transferred from Regional Land Account		1,140,299	7,389,041	1,140,299	7,389,041
Total cash received		1,140,299	7,389,041	1,140,299	7,389,041
Cash used					
Repayment to Official Public Account		–	6,236,344	–	6,236,344
Total cash used		–	6,236,344	–	6,236,344
Net cash from financing Activities		1,140,299	1,152,697	1,140,299	1,152,697
Net increase (decrease) in cash held		288,216	(877,055)	274,198	(903,294)
Cash at the beginning of the reporting period		254,436	1,131,491	208,999	1,112,293
Cash at the end of the reporting period	15	542,652	254,436	483,197	208,999

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2006

Consolidated	Notes	Accumulated Results		Revaluation Reserve		Asset		Contributed Equity/Capital		Total Equity
		2006	2005	2006	2005	2006	2005	2006	2005	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance										
Balance carried forward from previous period		274,550,722	255,573,130	1,040,067	-	-	-	275,590,789	255,573,130	
Adjustment for changes in accounting policy		-	-	-	-	-	-	-	-	
Adjusted opening balance		<u>274,550,722</u>	<u>255,573,130</u>	<u>1,040,067</u>	-	-	-	<u>275,590,789</u>	<u>255,573,130</u>	
Income and expense										
Revaluation adjustment		-	-	229,137	1,040,067	-	-	229,137	1,040,067	
Amount transferred from revaluation reserve for property, plant and equipment disposed of		(229,137)	-	-	-	-	-	(229,137)	-	
Total income and expenses recognised directly in equity		<u>(229,137)</u>	-	<u>229,137</u>	<u>1,040,067</u>	-	-	-	<u>1,040,067</u>	
Net operating result		20,987,502	2,744,858	-	-	-	-	20,987,502	2,744,858	
Sub total income and expenses of which: Attributable to Australian Government		<u>20,758,365</u>	<u>2,744,858</u>	<u>229,137</u>	<u>1,040,067</u>	-	-	<u>20,987,502</u>	<u>3,784,925</u>	
Transactions with owners										
<i>Distribution to owners</i>										
Returns of Capital		-	(6,236,344)	-	-	-	-	-	(6,236,344)	
Other ¹										
<i>Contribution by owners</i>										
Other										
Restructuring ²	13A	1,140,299	22,469,078	-	-	-	-	1,140,299	22,469,078	

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

STATEMENT OF CHANGES IN EQUITY (cont.)

for the year ended 30 June 2006

Consolidated	Notes	Accumulated Results		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity 2005
		2006	2005	2006	2005	2006	2005	
Sub total transactions with owners		\$ 1,140,299	\$ 16,232,734	\$ -	\$ -	\$ -	\$ -	\$ 16,232,734
Closing balance attributable to the Australian Government		\$ 296,449,386	\$ 274,550,722	\$ 1,269,204	\$ 1,040,067	\$ -	\$ -	\$ 275,590,789

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another.

Notes

¹ An audit by ANAO in 2003–04 of the Financial Management of Special Appropriations, including the Land Account, identified a discrepancy in the indexation rate that was applied to determine the annual appropriation to the Land Account from inception, and consequently payments from the Land Account to the ILC. The amount of excess payment to the ILC was quantified and repaid to the Official Public Account during 2004–05.

² As a result of the Aboriginal and Torres Strait Islander Commission Amendment Act 2005 (ATSIC Amendment Act), the ILC inherited responsibility for the Regional Land Fund, including grants and interests in land acquired with Regional Land Fund monies upon the abolition of ATSIC. Additionally, 15 properties that were owned by the former Aboriginal and Torres Strait Islander Commission were transferred to the ILC under Ministerial Declaration (refer item 192(3) of Schedule 1 of the ATSIC Amendment Act and the Aboriginal and Torres Strait Islander Commission Amendment (ATSIC Abolition Day – Assets and Liabilities Declaration 2005) on 24 March 2005.

In 2005–06, the ILC received a refund of GST on transactions through the Regional Land Fund whilst administered by ATSIC.

Through the ILC's due diligence process on the transfer of assets from ATSIC, the ILC became aware of funds held in trust with Australian Government Solicitor that were distributed from the Regional Land Fund in June 2004 for the purposes of a grant to an Aboriginal corporation. The ILC was of the opinion that these funds formed part of the Regional Land Fund, and the funds were disclosed as a contingent asset in 2004–05. During 2005–06 those funds held in trust with AGS were paid to the ILC.

SCHEDULE OF COMMITMENTS

as at 30 June 2006

Notes	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
By Type				
CAPITAL COMMITMENTS				
Other	–	–	–	–
Total capital commitments	–	–	–	–
OTHER COMMITMENTS				
Operating leases ¹	3,047,245	1,823,124	3,047,245	1,823,124
Other ²	209,338	–	209,338	–
Total other commitments	3,256,583	1,823,124	3,256,583	1,823,124
COMMITMENTS RECEIVABLE				
Goods and services tax	(296,054)	(165,739)	(296,054)	(165,739)
Net commitments by type	2,960,529	1,657,385	2,960,529	1,657,385
BY MATURITY				
Operating lease commitments				
One year or less	792,564	632,027	792,564	632,027
From one to five years	1,974,130	1,025,358	1,974,130	1,025,358
Over five years	193,835	–	193,835	–
Net operating lease commitments	2,960,529	1,657,385	2,960,529	1,657,385
Net commitments by maturity	2,960,529	1,657,385	2,960,529	1,657,385

The amounts reported as at 30 June 2006 as commitments payable include the GST where relevant. Recoveries of GST in relation to commitments payable is included in commitments receivable.

¹ The operating leases included comprise:

- Leases for office accommodation – relate to tenancy of the ILC in its Adelaide, Perth, Brisbane and Canberra offices. Other than the Adelaide office, 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.

² The ILC has entered into a grazing licence with Banibi Pty Ltd for a portion of Elsey Station in the Northern Territory. The licence payments are fixed for the term of the licence which expires in December 2009.

SCHEDULE OF CONTINGENCIES

as at 30 June 2006

Consolidated	Notes	Guarantees		Claims for damages/costs		Other	Total
		2006	2005	2006	2005		
		\$	\$	\$	\$	\$	\$
CONTINGENT LIABILITIES							
Balance from previous period	16	30,000	30,000	-	-	-	30,000
New		-	-	-	-	-	-
Re measurement		-	-	-	-	-	-
Liabilities crystallised		-	-	-	-	-	-
Obligations expired		-	-	-	-	-	-
Total contingent liabilities		30,000	30,000	-	-	-	30,000
CONTINGENT ASSETS							
Balance from previous period		-	-	-	-	-	-
New		-	-	1,095,610	-	1,095,610	1,095,610
Re measurement		-	-	-	-	-	-
Assets crystallised		-	-	(1,095,610)	-	(1,095,610)	-
Obligations expired		-	-	-	-	-	-
Total contingent assets		-	-	-	-	1,095,610	1,095,610
Net contingent liabilities		30,000	30,000	-	-	(1,095,610)	(1,065,610)

Details of each class of contingent liabilities, including those not disclosed above because they cannot be quantified or considered remote, are shown in Note 16 and 17.

SCHEDULE OF CONTINGENCIES

as at 30 June 2006

ILC	Notes	Guarantees		Claims for damages/costs		Other 2005	2006	Total 2005
		2006	2005	2006	2005			
		\$	\$	\$	\$	\$	\$	\$
CONTINGENT LIABILITIES								
	16	30,000	30,000	-	-	-	30,000	30,000
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
CONTINGENT ASSETS								
		-	-	-	1,095,610	-	1,095,610	-
		-	-	-	-	1,095,610	-	1,095,610
		-	-	-	-	-	-	-
		-	-	-	(1,095,610)	-	(1,095,610)	-
		-	-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,095,610</u>	<u>-</u>	<u>1,095,610</u>
		30,000	30,000	-	-	(1,095,610)	30,000	(1,065,610)

Details of each class of contingent liabilities, including those not disclosed above because they cannot be quantified or considered remote, are shown in Note 16 and 17.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

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 have been prepared in accordance with:

- Finance Minister's Orders (being the *Financial Management and Accountability Orders (Financial Statements for the reporting periods ending on or after 1 July 2005)*);
- Australian Accounting Standards issued by the Australian Accounting Standards Board that apply for the reporting period; and
- Interpretations issued by the AASB and UIG that apply for the reporting period.

This is the first financial report to be prepared under Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

The Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which as noted, are at fair value. 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').

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the ILC and Consolidated Balance Sheet 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. However, assets and liabilities arising under agreements equally proportionately unperformed are 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 17).

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the ILC and Consolidated Income Statement when, and only when, the flow or consumption or loss of economic benefit has occurred and can be reliably measured.

1.2 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

1.3 Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require the Corporation to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year then number. For example, 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will come effective for the Corporation in the future. The nature of the impending change within the table has out of necessity been abbreviated and users should consult the full version available on the AASB's website to identify the full effect of the change. The expected impact on the financial report of adoption of these standards is based on the Corporation's initial assessment at this date, but may change. The Corporation intends to adopt all of the standards upon their application date.

1.3 Statement of compliance (cont.)

<i>Title</i>	<i>Standard affected</i>	<i>Application date*</i>	<i>Nature of impending change</i>	<i>Impact expected on financial report</i>
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact
2005-4	AASB139, AASB132, AASB1, AASB1023, AASB1038	1 Jan 2006	Amends AASB139, AASB1023 and AASB1038 to restrict the option to fair value through the Income Statement and makes consequential amendments to AASB1 and AASB132.	No expected impact
2005-5	AASB1, AASB139	1 Jan 2006	Amends AASB1 to allow an entity to determine whether an arrangement is, or contains, a lease. Amends AASB139 to scope out a contractual right to receive reimbursement (in accordance with AASB137) in the form of cash.	No expected impact
2005-6	AASB3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact
2005-9	AASB4, AASB1023, AASB139, AASB132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact
2005-10	AASB132, AASB101, AASB114, AASB117, AASB133, AASB139, AASB1, AASB4, AASB1023, AASB1038	1 Jan 2007	Amended requirements subsequent to issuing of AASB7.	No expected impact
2006-1	AASB121	31 Dec 2006	Changes in requirements for net investment in foreign subsidiaries depending on denominated currency.	No expected impact
	AASB7	1 Jan 2007	Revised the disclosure requirements of financial instruments from AASB132 requirements.	No expected impact

* Application date is for annual reporting periods beginning on or after the date shown.

1.4 Rounding

The financial report is presented in Australian dollars and values are rounded to the nearest dollar.

1.5 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 and program costs which are incurred by the Corporation in carrying out its statutory functions.

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.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

1.6 Principles of consolidation

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

- ILC (the parent entity)
- Land Enterprise Australia Pty Ltd ('LEA')
- 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') – deregistered 17 March 2006
- Myroodah and Luluigui Stations Pastoral Company Pty Ltd ('Myroodah Pastoral Co') – deregistered 17 March 2006
- Murrayfield Pastoral Company Pty Ltd ('Murrayfield Pastoral Co') – deregistered 17 March 2006
- Mount Dare Homestead Nominees Pty Ltd as trustee for Mt Dare Homestead Trust ('Mt Dare Nominees')
- National Indigenous Enterprises Pty Ltd ('NIPE').

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 2006.

1.7 Revenue

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

Receipts from the Aboriginal and Torres Strait Island Land Account (Land Account) are recognised at the time the Corporation becomes entitled to receive the revenue.

Interest is recognised using the effective interest rate method as set out in *AASB 139 Financial Instruments: Recognition and Measurement*.

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transactions costs can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

See Note 1.17 in relation to recognition of income from biological 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.

Collection of receivables is reviewed at balance date for impairment. An impairment loss is made when collectibility of the debt is judged to be less rather than more likely.

1.8 Taxation

In accordance with Section 193P of the *Aboriginal and Torres Strait Islander Act 2005*, 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*.

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, Mt Dare Nominees and NIPE 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, 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.

1.8 Taxation (cont.)

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

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

1.9 Derecognition of financial assets and liabilities

As prescribed in the Finance Minister's Orders, the Corporation has applied the option available under AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* of adopting AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005 rather than 1 July 2004.

Financial assets are derecognised when the contractual rights to the cash flow from the financial assets expire or the asset is transferred to another entity. In the case of transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or expires.

For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

1.10 Impairment of financial assets

As prescribed in the Finance Minister's Orders, the Corporation has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost

If there is objective evidence that an impairment loss has been incurred for repayable grants and receivables or held to maturity investments held at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

Available for sale financial assets

If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in the Income Statement, is transferred from equity to the Income Statement.

Comparative year

The above policies were not applied for the comparative year. For receivables, amounts were recognised and carried at original invoice amount less a provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

Other financial assets carried at cost, which were not held to generate cash inflows, were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the assets carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

1.11 Financial risk management

The Corporation's activities expose it to normal commercial financial risk. As a result of the nature of the Corporation's business, internal policies and Australian Government policies, dealing with the management of financial risk, the Corporation's exposure to market credit, liquidity and cash flow and fair-value interest rate risk is considered to be low.

1.12 Cash

Cash means notes and coins held, advances made and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

1.13 Investments

Investments are initially measured at their fair value at settlement date. After initial recognition, financial assets are measured at their fair value except for:

- a) Loans and receivables which are measured at amortised cost using the effective interest method,
- b) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

Investments held for trading are bank and other securities, term deposits, shares in listed companies, and managed funds.

The ILC continued to place most of its investment portfolio with fund managers during the year. The unrealised increment (decrement) in the fair value (market value) of the portfolio held by the fund managers is recognised in the Income Statement.

1.14 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.

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. There were no contracts outstanding at the reporting date.

1.15 Acquisition of assets

Assets are recorded at cost on acquisition, except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions from owners at the amounts at which they were recognised in the transferor authority's accounts immediately prior to the restructuring.

1.16 Property, plant and equipment

Asset Recognition Threshold

Purchases of property, plant and equipment (not held for grant) are recognised initially at cost in the Balance Sheet, 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 or are revalued during the reporting period).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to "makegood" provisions in property leases taken up by the ILC where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Corporation's leasehold improvements with a corresponding provision for the "makegood" taken up.

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

Revaluation

Following initial recognition at cost, property, plant and equipment are carried at fair value, being revalued with sufficient frequency such that the carrying amount of assets does not materially differ at reporting date from its fair value. Valuations undertaken in each year are as at 30 June. The valuations undertaken during the reporting period were conducted by independent professionals who are experts in the valuation of that class of asset.

1.16 Property, plant and equipment (cont.)

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

Asset Class	Fair Value Measured at:
Leasehold improvements (office fitout)	Depreciated replacement cost
Office equipment, furniture and fittings and computer systems	Market selling price
Property, plant and equipment on Commercial Properties, being buildings and infrastructure, plant and equipment, furniture and fittings and motor vehicles.	Market selling price or depreciated replacement cost

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Income Statement. Revaluation decrements for a class of assets are recognised directly through the Income Statement except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revaluation amount.

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 (office fitout) 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.

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

	Diminishing Value 2006	Diminishing Value 2005	Prime Cost 2006	Prime Cost 2005
Administration Assets				
Office equipment	20–40%	20–40%	–	–
Furniture and fittings	20%	20–40%	–	–
Computer equipment	25–40%	25–40%	–	–
Office fitouts	20%	20%	24–85%	–
Commercial Property Assets				
Buildings and infrastructure	5–34%	5–30%	–	–
Plant and equipment	10–40%	10–40%	–	–
Furniture and fitting	10–30%	10–30%	–	–
Motor Vehicles	20–30%	20–30%	–	–

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 8.

Impairment

All assets were assessed for impairment at 30 June 2006. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its *fair value less costs to sell and its value in use*. *Value in use* is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefits of an asset is not primarily dependent on an asset's ability to generate future cash flows, and the asset would be replaced if the Corporation was deprived of the asset, its *value in use* is taken to be the depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

1.17 Biological assets

Biological assets consists of wool, livestock and plantings and fruit.

Livestock consists of that held for grant (Inventory) and that held for trading purposes.

Livestock held for trading purposes includes cattle and sheep. There are a small number of horses on 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 biological assets are accounted for in accordance with Australian Accounting Standard *AASB 141 Agriculture* and are measured at fair value less estimated point-of-sale costs (net market value). Gains or losses on changes in the net market value of livestock are recognised in the Income Statement.

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 (e.g. 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 based on the value which could be expected to be received from the disposal of livestock in an active and liquid market after deducting costs expected to be incurred in realising the proceeds of such a disposal. The valuation takes into account the general makeup of the herd/flock as at reporting date and the use and productivity of the animals to be valued.

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

Non-living agricultural produce extracted from biological assets are recognised as revenue in the reporting period that the produce is extracted. Gains or losses on changes in the net market value are recognised in the Income Statement. The non-living agricultural produce of a biological asset is then accounted for in accordance with *AASB 102 Inventories*.

Plantings consists of citrus fruit trees that are part of two blocks of land purchased by the ILC for grant. The plantings are considered to be biological assets and are accounted for in accordance with Australian Accounting Standard *AASB 141* and are measured at fair value less estimated point-of-sale costs (net market value). Gains or losses on changes in the net market value are recognised in the Income Statement.

The net market value is determined by independent valuations undertaken by industry experts. The valuation takes into account the general makeup of the plantings as at reporting date. The net market value of the plantings is the amount which could be expected to be received from the disposal of the plantings in an active and liquid market, after deducting costs expected to be incurred in realising the proceeds of such a disposal, in the ordinary course of business, rather than the net proceeds from disposal expected from a distress sale.

1.18 Inventory – Property held for grant

Property held for grant is land, plant and equipment and livestock which represents properties purchased for the purpose of grant to appropriate organisations in line with the legislative function and objectives of the ILC. These assets are held for distribution at no consideration in the ordinary course of business of the ILC. Accordingly, these assets are classified as Inventory held for distribution in accordance with *AASB 102 Inventories*.

Land, plant and equipment and livestock held for grant are initially recorded at cost. Land, plant and equipment held for grant acquired free or for a nominal amount are recognised initially at current replacement cost at the date of acquisition. Ongoing, the assets are valued at the lower of cost and current replacement cost. Any revaluation is expensed to the Income Statement.

1.18 Inventory – Property held for grant (cont.)

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 Income Statement 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 grant 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 current replacement value.

1.19 Inventory – Other

Inventories held for sale are valued at the lower of cost and net realisable value.

1.20 Intangibles

The Corporation's intangibles comprise internally developed and externally acquired software for internal use. These assets are carried at cost.

All software assets were assessed for indications of impairment as at 30 June 2006. None was found to be impaired.

Capitalised software is amortised on a straight-line basis over its estimated useful life. Useful lives are:

	Consol 2006	Consol 2005	ILC 2006	ILC 2005
Internally developed software	5 years	5 years	5 years	5 years
Externally acquired software	5 years	5 years	5 years	5 years

1.21 Trade creditors

Trade 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 the goods and services have been received (and irrespective of having been invoiced).

1.22 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 (a lease that is not a finance lease), 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 either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the lease and a liability recognised at the same amount. The discount rate used is the interest rate implicit in the lease. 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.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

1.23 Borrowing costs

All borrowing costs are expensed as incurred.

1.24 Employee benefits

As required by the Finance Minister's Orders, the Corporation has early adopted *AASB 119 Employee Benefits* as issued in December 2004.

Benefits

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

Liabilities for "short-term employee-benefits" (as defined in AASB 119) and termination benefits due within twelve months are measured at their nominal amounts.

The nominal amount is calculated with regards to the rates expected to be paid on settlement of the liability.

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 Corporation'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 and non-current annual leave has been determined by reference to the work of an actuary as at 30 June 2006. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

Employees of the ILC are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Scheme (PSS) or the PSS Accumulation Plan (PPSap). The CSS and PSS are defined benefits scheme. The PPSap is a defined contribution scheme. The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The ILC makes contributions to the Australian Government at rates determined by the actuary to be sufficient to meet the cost to the Australian Government of the superannuation entitlements of the ILC's employees. From 1 July 2005, new employees are eligible to join the PPSap scheme.

Employer contributions amounting to \$958,380 (2005: \$839,161) for the ILC in relation to these schemes have been expensed in these financial statements.

Superannuation contributions on behalf of employees of the ILC's wholly-owned subsidiaries are made in accordance with their employment contracts, mainly to industry superannuation funds.

The liability for superannuation recognised as at 30 June represents outstanding contributions accrued as at the reporting date.

1.25 Contingent liabilities and contingent assets

Contingent liabilities and assets are not recognised in the balance sheet. They arise from the uncertainty as to the existence of a liability or an asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured (remote or unqualifiable contingencies) (Refer Note 16 and 17).

Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

1.26 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.

1.27 Transactions by the Government as owner

Amounts appropriated as “equity injections” for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Non-reciprocal transfers of assets, and liabilities between wholly-owned Australian Government entities that are a transfer of obligations as a result of an Act of Parliament, are treated as contributions by, or distribution to owners and are recognised as direct adjustments to Contributed Equity at their net book value immediately prior to transfer.

Contributions by, or distribution to, owners are disclosed at Note 13.

1.28 Comparative figures

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

1.29 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.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Consol 2005 \$	Consol 2004 \$	ILC 2005 \$	ILC 2004 \$
2. The impact of the transition to AIFRS from previous AGAAP				
Reconciliation of total equity as presented under previous AGAAP to that under AIFRS				
Total Equity under AGAAP	275,611,546	255,554,853	274,333,004	254,420,548
Adjustments to retained earnings				
Employee entitlements ¹	15,723	18,277	15,031	17,345
'makegood' assets ²	23,520	–	23,520	–
'makegood' provision ³	(60,000)	–	(60,000)	–
Adjustments to other reserves	–	–	–	–
Total Equity translated to AIFRS	275,590,789	255,573,130	274,311,555	254,437,893
Reconciliation of profit or loss as presented under previous AGAAP to AIFRS				
Prior year profit as previously reported	2,783,892		2,665,026	
Adjustments				
Employees ¹	(2,554)		(2,314)	
Amortisation of Makegood ²	(36,480)		(36,480)	
Prior year profit translated to AIFRS	2,744,858		2,626,232	

¹ AIFRS requires the long-term benefits including, annual leave expected to be taken after 12 months, to be measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

² AIFRS requires the recording of assets reflecting future estimated restoration costs. Amounts for 'makegood' provisions in existing accommodation leases (operating) have been taken up and depreciated accordingly.

³ A provision for the amount of 'makegood' expected to be paid for existing accommodation leases (operating) has been taken up.

3. Reporting by outcomes

The Corporation's 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 25.

4. 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. Until 2003–04, the Corporation was dependent on a standing annual appropriation from the Land Account in accordance with Section 193A of the *Aboriginal and Torres Strait Islander Act 2005* ('ATSI Act'). From 2004–05, the ILC is dependent on the 'realised real return' on the investments of the Land Account in accordance with Section 193C of the ATSI Act.

5. Events occurring after the balance sheet date

There are no events occurring after reporting date.

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
6. Revenues				
6A. Revenues from Government				
Receipts from the Land Account	23,758,511	4,038,109	23,758,511	4,038,109
Other revenues from Government	230,000	304,621	230,000	304,621
Total revenues from Government	<u>23,988,511</u>	<u>4,342,730</u>	<u>23,988,511</u>	<u>4,342,730</u>
Receipts from the Land Account are the 'realised real return on the investments of the Land Account' in accordance with Section 193C of the ATSI Act (refer Note 4). The Land Account is administered by the Department of Families, Community Services and Indigenous Affairs (formerly administered by the Department of Immigration and Multicultural and Indigenous Affairs) and the amount received is the respective department's calculation of the 'realised real return'.				
Receipts from the Land Account are considered to be revenue from independent sources as it is not a direct appropriation from the Commonwealth.				
6B. Interest				
Interest on bank and other securities	712,468	498,307	706,584	492,996
Interest on repayable grants	27,256	31,027	27,256	31,027
Total interest revenue	<u>739,724</u>	<u>529,334</u>	<u>733,840</u>	<u>524,023</u>
6C. Other revenue				
Income from properties held for grant				
Goods	325,515	333,576	325,515	333,576
Services	1,263,667	597,681	1,263,667	597,681
Insurance proceeds	98,449	120,666	85,426	120,666
Other	3,337,773	37,574	3,337,773	37,432
Trust distribution	–	–	59,848	98,295
Total other revenue	<u>5,025,404</u>	<u>1,089,497</u>	<u>5,072,229</u>	<u>1,187,650</u>
Other revenue from				
Related Entities	–	–	–	–
External Entities	5,025,404	1,089,497	5,072,229	1,187,650
Total other revenue	<u>5,025,404</u>	<u>1,089,497</u>	<u>5,072,229</u>	<u>1,187,650</u>

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
7. Gains				
7A. Net gain (loss) in the net market value¹ of livestock				
Net gain (loss) in net market value during the reporting period				
Cattle	5,410,140	8,216,868	5,034,092	7,906,083
Sheep	(32,654)	(168,979)	(24,556)	(98,222)
Horses	(13,285)	(15,132)	(13,285)	(15,132)
Goats	30,449	9,884	-	-
	<u>5,394,650</u>	<u>8,042,641</u>	<u>4,996,251</u>	<u>7,792,729</u>
Movement in provision for deaths	(134,074)	(234,224)	(130,571)	(226,678)
	<u>5,260,576</u>	<u>7,808,417</u>	<u>4,865,680</u>	<u>7,566,051</u>
7B. Net gain (loss) in the net market value¹ of other biological assets				
Net gain (loss) in net market value during the reporting period				
Fruit trees	(78,613)	(138,366)	(78,613)	(138,366)
	<u>(78,613)</u>	<u>(138,366)</u>	<u>(78,613)</u>	<u>(138,366)</u>
7C. Net market value¹ of agricultural produce				
Non-living agricultural produce extracted from biological assets				
Net market value of wool extracted during reporting period	550,329	648,455	422,536	453,978
Net market value of fruit extracted during reporting period	173,654	84,366	173,654	84,366
	<u>723,983</u>	<u>732,821</u>	<u>596,190</u>	<u>538,344</u>
Wool				
Revenue from sale of wool	607,916	656,536	580,123	462,059
Deemed cost of wool	607,916	656,536	580,123	462,059
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net revenue from sale of wool	-	-	-	-
Fruit				
Revenue from sale of fruit	173,654	84,366	173,654	84,366
Deemed cost of fruit	173,654	84,366	173,654	84,366
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net revenue from sale of fruit	-	-	-	-

During the reporting period the Corporation sold 484 bales of wool and 11,034 crates of citrus fruit.

¹ Net market value is fair value less estimated point-of-sale costs.

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
7D. Other gains				
Net gain (loss) arising from the change in fair value of:				
Investments (held inhouse)	(367,200)	19,000	(367,200)	19,000
Investments (outsourced)	25,870,360	31,845,409	25,870,360	31,845,409
Property, plant and equipment – revalued	(150,764)	(75,668)	(150,764)	(75,668)
Land Acquisition assets received for no or nominal consideration	3,330,331	–	3,330,331	–
Writedown in the value of Inventory – property held for grant	(4,132)	–	(4,132)	–
Net impairment of receivables	17,484	–	(42,364)	–
Writeup of assets	28,696,079	31,788,741	28,636,231	31,788,741

8. Expenses

8A. Property granted

The expense relates to the value of land granted (at cost) to appropriate aboriginal organisations in line with the objectives of the ILC. Costs incurred in transferring land, unsuccessful acquisitions or projects considered unlikely to proceed at reporting date are also included in this expense.

Value of property granted	1,851,678	361,261	1,851,678	361,261
Associated costs	147,343	201,428	147,343	201,428
Total property granted expenses	1,999,021	562,689	1,999,021	562,689
Property granted expense				
Related entities	2,264	1,223	2,264	1,223
External entities	1,996,757	561,466	1,996,757	561,466
Total property granted expenses	1,999,021	562,689	1,999,021	562,689

8B. Provision for property grant

A provision is raised in the Income Statement 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.

Movement in the provision for land held for grant	9,141,420	16,790,760	9,141,420	16,790,760
Movement in the provision for plant and equipment held for grant	2,054,602	2,138,558	2,054,602	2,138,558
Total movement in the provision for land transfer	11,196,022	18,929,318	11,196,022	18,929,318

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
8C. Land management				
The ILC works 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 Income Statement 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	452,109	621,780	452,109	621,780
External entities	12,157,367	9,226,593	14,368,608	10,751,067
Total land management expenses	12,609,476	9,848,373	14,820,717	11,372,847
8D. Employee expenses				
Wages and salaries	9,107,991	7,330,693	7,046,183	5,940,720
Superannuation	1,288,019	958,380	1,055,618	839,161
Separation and redundancy	125,824	65,000	125,824	65,000
Total employee expenses	10,521,834	8,354,073	8,227,625	6,844,881
This comprises salary costs, superannuation costs, employee leave provisions and staff recruitment costs.				
Number of employees as at 30 June (full time equivalents)	166.2	130.3	94.2	92.4
The staffing profile of the ILC has remained constant over the past three financial years. The consolidated amount includes employees of NIPE and other ILC subsidiaries employed in the commercial businesses as at 30 June 2006. This number has increased as the number of commercial businesses being operated by the ILC has increased.				
8E. Suppliers expenses				
Supply of goods and services:				
Related entities	331,293	339,059	329,419	336,867
External entities	3,345,720	2,818,180	3,105,921	2,726,636
Operating lease rentals ¹	738,439	695,159	738,439	695,159
Workers Compensation Premiums	167,559	177,682	40,663	48,433
Total supplier expenses	4,583,011	4,030,080	4,214,442	3,807,095
¹ These comprise minimum lease payments only				
8F. Depreciation and amortisation				
Depreciation of property, plant and equipment	1,892,000	1,448,226	1,856,555	1,430,016
Amortisation of 'makegood' asset	20,896	36,480	20,896	36,480
Amortisation of software	122,358	119,225	122,358	119,225
Total depreciation and amortisation	2,035,254	1,603,931	1,999,809	1,585,721

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
8F. Depreciation and amortisation (cont.)				
The aggregate amounts of depreciation or amortisation expense during the reporting period for each class of depreciable assets are as follows:				
Administration Assets				
Office equipment	34,636	70,023	34,636	70,023
Furniture and fittings	28,479	14,625	28,479	14,625
Computer equipment	181,465	197,140	181,465	197,140
Office fitouts	266,634	218,668	266,634	218,668
Commercial Property Assets				
Buildings and infrastructure	885,757	579,540	876,197	577,887
Plant and equipment	277,941	239,883	264,925	230,319
Furniture and fitting	32,024	22,675	30,874	22,187
Motor Vehicles	185,064	105,672	173,345	99,167
Amortisation of 'makegood' asset	20,896	36,480	20,896	36,480
Amortisation of software	122,358	119,225	122,358	119,225
Total depreciation and amortisation	2,035,254	1,603,931	1,999,809	1,585,721
8G. Net loss from disposal of assets				
Property, plant and equipment				
Proceeds from disposal	112,893	89,703	106,529	87,885
Net book value of assets disposed	(131,170)	(143,504)	(125,745)	(142,224)
Net gain (loss) from disposal of property, plant and equipment	(18,277)	(53,801)	(19,216)	(54,339)
Livestock held for grant				
Proceeds from disposal	–	9,296	–	9,296
Net book value of assets disposed	–	(4,988)	–	(4,988)
Net gain from disposal of livestock held for grant	–	4,308	–	4,308
Plant and equipment held for grant				
Proceeds from disposal	8,432	21,935	8,432	21,935
Net book value of assets disposed	–	(52,294)	–	(52,294)
Net gain from disposal of plant and equipment held for grant	8,432	(30,359)	8,432	(30,359)
Land previously held for grant disposed in the current year				
Proceeds from disposal	70,043	–	70,043	–
Net book value of assets disposed	(483,742)	–	(483,742)	–
Net gain (loss) from disposal of land previously held for grant sold in the current year	(413,699)	–	(413,699)	–
Total proceeds from disposal	191,368	120,934	185,004	119,116
Total value of assets disposed	(614,912)	(200,786)	(609,487)	(199,506)
Total net gain (loss) from disposal of assets	(423,544)	(79,852)	(424,483)	(80,390)

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
9. Financial assets				
9A. Cash and cash equivalents				
Cash at bank and on hand	526,652	244,734	467,197	199,297
Cash advances	16,000	9,702	16,000	9,702
Total cash	542,652	254,436	483,197	208,999
9B. Receivables				
Interest receivable	7,452	15,044	7,452	15,044
Other debtors	475,516	644,390	470,333	657,657
Cash with agent	–	93,717	–	93,717
GST recoverable	203,521	216,893	201,333	210,951
Total receivables (net)	686,489	970,044	679,118	977,369
Less: Allowance for impairment loss	(5,776)	–	(5,776)	–
Total receivables (net)	680,713	970,044	673,342	977,369
Receivables are represented by:				
Current	680,713	970,044	673,342	977,369
Non current	–	–	–	–
Total receivables (net)	680,713	970,044	673,342	977,369
Receivables (gross) are aged as follows:				
Current	658,231	919,594	650,964	926,919
Overdue by				
- less than 30 days	8,578	49,917	8,578	49,917
- 30 to 60 days	2,524	100	2,524	100
- 60 to 90 days	17,052	433	17,052	433
- more than 90 days	104	–	–	–
	28,258	50,450	28,154	50,450
	686,489	970,044	679,118	977,369
Allowance for impairment loss is aged as follows:				
Current	–	–	–	–
Overdue by				
– less than 30 days	–	–	–	–
– 60 to 90 days	5,776	–	5,776	–
– more than 90 days	–	–	–	–
	5,776	–	5,776	–
	5,776	–	5,776	–

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
9C. Investments				
Bank and other securities	14,144,563	12,958,082	14,144,563	12,958,082
Term deposits	–	1,205,327	–	1,205,327
Shares in listed companies (at market value)	100,811	468,001	100,811	468,001
Managed funds (at market value)	254,232,087	236,406,546	254,232,087	236,406,546
Shares in subsidiary companies ¹	–	–	33	45
Total investments	268,477,461	251,037,956	268,477,494	251,038,001
Investments are categorised as follows:				
Current	14,245,374	17,155,278	14,245,374	17,155,278
Non current	254,232,087	233,882,678	254,232,120	233,882,723
Total investments	268,477,461	251,037,956	268,477,494	251,038,001
¹ 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	251,037,956	236,475,022	251,038,001	236,475,067
Revenue from Land Account	23,758,511	4,038,109	23,758,511	4,038,109
Funds transferred from the former Regional Land Fund	1,140,299	7,389,041	1,140,299	7,389,041
Increment in market value to 30 June	25,503,160	31,864,409	25,503,160	31,864,409
	301,439,926	279,766,581	301,439,971	279,766,626
Less: investments liquidated	32,962,465	28,728,625	32,962,477	28,728,625
Closing balance 30 June	268,477,461	251,037,956	268,477,494	251,038,001
9D. Other financial assets				
Advances to subsidiaries				
Cardabia Pastoral Company Pty Ltd	–	–	1,091,999	1,032,151
Repayable grants to aboriginal corporations	851,473	764,313	851,473	764,313
Total	851,473	764,313	1,943,472	1,796,464
Less: provision for impairment	(282,535)	(305,793)	(1,374,534)	(1,337,944)
Total other financial assets	568,938	458,520	568,938	458,520
Other financial assets are categorised as follows:				
Current	111,163	128,168	111,163	128,168
Non current	457,775	330,352	457,775	330,352
Total other financial assets	568,938	458,520	568,938	458,520

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

10. Non-financial assets

10A. Inventory – Property held for grant, and Provision for property held for grant (consolidated)

Asset detail	Land & Incidentals	Plant & Equipment	Livestock	Total
Property held for grant	68,932,131	6,879,625	12,111	75,823,867
Less: provision for grant	68,932,131	6,879,625	–	75,811,756
Carrying amount 30 June	–	–	12,111	12,111
A summary of the movement in property held for grant is as follows:				
Opening balance 1 July	59,790,711	4,825,023	16,243	64,631,977
Opening provision 1 July	(59,790,711)	(4,825,023)	–	(64,615,734)
Carrying amount 1 July	–	–	16,243	16,243
Additions to 30 June	7,934,024	2,267,044	–	10,201,068
Sales to 30 June	(323,021)	(160,678)	–	(483,699)
Grant to 30 June	(1,799,914)	(51,764)	–	(1,851,678)
Writedown of asset to 30 June	–	–	(4,132)	(4,132)
Revalue assets received for no or nominal consideration to 30 June	3,330,331	–	–	3,330,331
Net movement	9,141,420	2,054,602	(4,132)	11,191,890
Movement in provision to 30 June	9,141,420	2,054,602	–	11,196,022
Carrying amount 30 June	–	–	12,111	12,111

The ILC holds the title for all the above properties. The land is held for the intention of granting 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.

10B. Inventory – other

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
Inventory held for resale	2,450	–	2,450	–

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
10C. Property, plant and equipment				
Commercial Business Assets¹				
Buildings and infrastructure improvements²,				
at fair value	7,637,007	5,122,395	7,600,295	5,085,683
Less: Accumulated depreciation	(1,164,845)	(279,088)	(1,154,767)	(278,570)
	<u>6,472,162</u>	<u>4,843,307</u>	<u>6,445,528</u>	<u>4,807,113</u>
Plant and equipment,				
at fair value	1,599,976	995,271	1,535,976	946,271
Less: Accumulated depreciation	(346,324)	(68,718)	(333,308)	(68,718)
	<u>1,253,652</u>	<u>926,553</u>	<u>1,202,668</u>	<u>877,553</u>
Furniture and fittings,				
at fair value	94,057	71,241	91,307	68,491
Less: Accumulated depreciation	(27,409)	(12,783)	(26,259)	(12,783)
	<u>66,648</u>	<u>58,458</u>	<u>65,048</u>	<u>55,708</u>
Motor vehicles,				
at fair value	871,467	586,081	836,503	548,481
Less: Accumulated depreciation	(11,144)	–	(1,000)	–
	<u>860,323</u>	<u>586,081</u>	<u>835,503</u>	<u>548,481</u>
Administration Assets				
Office equipment, at fair value				
Less: Accumulated depreciation	137,800	98,760	137,800	98,760
	(33,809)	–	(33,809)	–
	<u>103,991</u>	<u>98,760</u>	<u>103,991</u>	<u>98,760</u>
Furniture and fittings, at fair value				
Less: Accumulated depreciation	90,923	72,625	90,923	72,625
	(18,285)	–	(18,285)	–
	<u>72,638</u>	<u>72,625</u>	<u>72,638</u>	<u>72,625</u>
Computer systems, at fair value				
Less: Accumulated depreciation	511,665	313,330	511,665	313,330
	(171,160)	–	(171,160)	–
	<u>340,505</u>	<u>313,330</u>	<u>340,505</u>	<u>313,330</u>
Office fitout, at fair value				
Less: Accumulated depreciation	969,875	915,500	969,875	915,500
	(282,711)	(36,480)	(282,711)	(36,480)
	<u>687,164</u>	<u>879,020</u>	<u>687,164</u>	<u>879,020</u>
Total property, plant & equipment	<u>9,857,083</u>	<u>7,778,134</u>	<u>9,753,045</u>	<u>7,652,590</u>

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
10C. Property, plant and equipment (cont.)				
¹ The Corporation accounts for land and infrastructure on ILC held land as property held for grant (refer Note 1.20). Plant and equipment and improvements made to the infrastructure on properties utilised for commercial operations are accounted for as property, plant and equipment (refer note 1.18).				
² Buildings and infrastructure on properties that the corporation conducts commercial businesses include the following:				
Improvements to building and infrastructure	2,225,459	1,617,936	2,225,459	1,617,936
Improvement to civil works	281,884	18,454	281,884	18,454
Improvements to water points and water supply	1,894,996	1,987,368	1,878,996	1,962,368
Improvements to fences and yards.	2,069,823	1,219,549	2,059,189	1,208,355
	<u>6,472,162</u>	<u>4,843,307</u>	<u>6,445,528</u>	<u>4,807,113</u>

Valuations for all asset classes were undertaken at 30 June 2006. Only commercial business furniture and fittings and motor vehicle classes valuations were considered materially different from the carrying amount at reporting date and were revalued accordingly. All other assets classes valuations did not differ materially from their carrying amount.

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

The Corporation does not hold infrastructure plant and equipment under construction or finance lease.

Movement in asset revaluation reserve

Administration assets

Increment for furniture and fittings	(6,012)	20,311	(6,012)	20,311
Increment for office fitout	182,659	438,741	182,659	438,741

Commercial property assets

Increment for buildings and infrastructure improvements	34	563,391	34	545,222
Increment for plant and equipment	(762)	63,067	(762)	63,640
Increment for furniture and fittings (commercial)	55,697	(56,914)	55,697	(55,697)
Increment for motor vehicles	(2,479)	11,471	(2,479)	2,479

	<u>229,137</u>	<u>1,040,067</u>	<u>229,137</u>	<u>1,014,696</u>
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10D. Reconciliation of the opening and closing balances of Property, plant and equipment (consolidated)

Item	Commercial Business Assets				Administration Assets				Total
	Building & Infrastructure Improvements	Plant and Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment	Furniture & Fittings	Computer Systems	Leasehold Improvements	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2005									
Gross book value	5,122,395	995,271	71,241	586,081	98,760	72,625	313,330	915,500	8,175,203
Accumulated depreciation	(279,088)	(68,718)	(12,783)	-	-	-	-	(36,480)	(397,069)
Opening net book value	4,843,307	926,553	58,458	586,081	98,760	72,625	313,330	879,020	7,778,134
Additions:									
By purchase	2,514,612	609,555	50,331	699,823	41,070	41,401	228,981	95,675	4,281,448
From acquisitions including Restructures	-	-	-	-	-	-	-	-	-
Net revaluation increment (decrement)	-	-	(10,117)	(148,315)	-	-	-	-	(158,432)
Depreciation/amortisation	(885,757)	(277,941)	(32,024)	(185,064)	(34,636)	(28,479)	(181,465)	(287,531)	(1,912,897)
Impairments recognised in the operating results	-	-	-	-	-	-	-	-	-
Disposals:									
From disposal of operations	-	-	-	-	-	-	-	-	-
Other	-	(4,515)	-	(92,202)	(1,203)	(12,909)	(20,341)	-	(131,170)
As at 30 June 2006									
Gross book value	7,637,007	1,599,976	94,057	871,467	137,800	90,923	511,665	969,875	11,912,770
Accumulated depreciation	(1,164,845)	(346,324)	(27,409)	(11,144)	(33,809)	(18,285)	(171,160)	(282,711)	(2,055,687)
Closing net book value	6,472,162	1,253,652	66,648	860,323	103,991	72,638	340,505	687,164	9,857,083

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

10E. Reconciliation of the opening and closing balances of Property, plant and equipment (ILC)

Item	Commercial Business Assets				Administration Assets				Total
	Building & Infrastructure Improvements	Plant and Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment	Furniture & Fittings	Computer Systems	Leasehold Improvements	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2005									
Gross book value	5,085,683	946,271	68,491	548,481	98,760	72,625	313,330	915,500	8,049,141
Accumulated depreciation	(278,570)	(68,718)	(12,783)	–	–	–	–	(36,480)	(396,551)
Opening net book value	4,807,113	877,553	55,708	548,481	98,760	72,625	313,330	879,020	7,652,590
Additions:									
By purchase	2,514,612	594,555	50,331	695,459	41,070	41,401	228,981	95,675	4,262,084
From acquisitions including Restructures	–	–	–	–	–	–	–	–	–
Net revaluation increment (decrement)	–	–	(10,117)	(148,315)	–	–	–	–	(158,432)
Depreciation/amortisation	(876,197)	(264,925)	(30,874)	(173,345)	(34,636)	(28,479)	(181,465)	(287,531)	(1,877,452)
Impairments recognised in the operating results	–	–	–	–	–	–	–	–	–
Disposals:									
From disposal of operations	–	–	–	–	–	–	–	–	–
Other	–	(4,515)	–	(86,777)	(1,203)	(12,909)	(20,341)	–	(125,745)
As at 30 June 2006									
Gross book value	7,600,295	1,535,976	91,307	836,503	137,800	90,923	511,665	969,875	11,774,344
Accumulated depreciation	(1,154,767)	(333,308)	(26,259)	(1,000)	(33,809)	(18,285)	(171,160)	(282,711)	(2,021,299)
Closing net book value	6,445,528	1,202,668	65,048	835,503	103,991	72,638	340,505	687,164	9,753,045

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
10F. Biological Assets				
Livestock	21,335,024	18,653,372	20,017,852	17,406,443
Provision for deaths	(1,066,752)	(932,669)	(1,000,893)	(870,322)
	<u>20,268,272</u>	<u>17,720,703</u>	<u>19,016,959</u>	<u>16,536,121</u>
Wool	198,942	41,354	198,942	41,354
Citrus trees	116,908	193,908	116,908	193,908
	<u>20,584,122</u>	<u>17,955,965</u>	<u>19,332,809</u>	<u>16,771,383</u>
Total inventory				
All inventory is current inventory.				
<i>Movement in livestock:</i>				
Opening on hand (at net market value)	18,653,372	13,968,881	17,406,443	12,872,881
Less provision	(932,669)	(698,444)	(870,322)	(643,644)
	<u>17,720,703</u>	<u>13,270,437</u>	<u>16,536,121</u>	<u>12,229,237</u>
Sales	(4,248,479)	(3,963,281)	(3,889,574)	(3,820,260)
Purchases	1,535,472	605,130	1,504,732	561,093
Net gain from change in net market value	5,260,576	7,808,417	4,865,680	7,566,051
	<u>20,268,272</u>	<u>17,720,703</u>	<u>19,016,959</u>	<u>16,536,121</u>
Closing on hand (at net market value)				

Summary of each class of livestock on hand at the beginning of the reporting period and at the end of the reporting period at fair value less estimated point-of-sale costs (net market value).

	Consol 2006 Number	Consol 2006 \$	ILC 2006 Number	ILC 2006 \$
Livestock on hand at the beginning of the reporting period at net market value				
Cattle	40,291	17,823,090	37,947	16,903,981
Sheep	25,192	793,994	15,549	466,174
Horses	57	36,288	57	36,288
		<u>18,653,372</u>		<u>17,406,443</u>
Livestock on hand at the end of the reporting period at net market value				
Cattle	43,685	20,713,077	41,233	19,667,541
Sheep	21,299	559,967	11,599	288,331
Horses	83	61,980	83	61,980
		<u>21,335,024</u>		<u>20,017,852</u>

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
10G. Intangibles				
Computer software				
Internally developed – in use	286,019	286,019	286,019	286,019
Externally purchased	323,803	300,303	323,803	300,303
	<u>609,822</u>	<u>586,322</u>	<u>609,822</u>	<u>586,322</u>
Accumulated amortisation	(425,702)	(303,345)	(425,702)	(303,345)
Total intangibles (non current)	<u>184,120</u>	<u>282,977</u>	<u>184,120</u>	<u>282,977</u>

Reconciliation of opening and closing balances of intangibles (consolidated)

Item	Computer software internally developed \$	Computer software purchased \$
As at 1 July 2005		
Gross book value	286,019	300,303
Accumulated depreciation	(147,886)	(155,459)
Opening net book value	<u>138,133</u>	<u>144,844</u>
Additions:		
Purchase/ internally developed	–	23,500
Movements:		
Depreciation/Amortisation	(60,580)	(61,777)
Disposals		
From disposal of entities or operations including restructuring	–	–
As at 30 June 2006		
Gross book value	286,019	323,803
Accumulated depreciation	(208,466)	(217,236)
Closing net book value	<u>77,553</u>	<u>106,567</u>

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
11. Payables				
11A. Suppliers payables				
Amounts owing to suppliers	1,437,084	1,717,044	1,483,596	1,752,117
Total supplier payables	1,437,084	1,717,044	1,483,596	1,752,117
All supplier payables are current.				
Settlement is usually made net 30 days.				
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 not yet been received and where the Corporation was under a legal liability to pay.				
11B. Other Payables				
Deferred benefit from lease incentive	4,042	30,720	4,042	30,720
Total other payables	4,042	30,720	4,042	30,720
The lease incentive benefit is as follows:				
– within one year	4,042	26,678	4,042	26,678
– within one to two years	–	4,042	–	4,042
Total lease incentive	4,042	30,720	4,042	30,720
12. Provisions				
12A. Employee provisions				
Salaries and wages	135,618	45,732	132,769	42,992
Annual leave	763,234	670,208	686,922	604,068
Long service leave	801,711	623,854	747,003	599,002
Superannuation	15,371	15,928	15,371	5,628
Aggregate employee benefits liability	1,715,934	1,355,722	1,582,065	1,251,690
Employee provisions are categorised as follows:				
Current	1,259,735	1,021,335	1,180,574	942,155
Non current	456,199	334,387	401,491	309,535
	1,715,934	1,355,722	1,582,065	1,251,690

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
12B. Provision for makegood				
Opening provision	60,000	60,000	60,000	60,000
Makegood liability extinguished by payment	(26,000)	–	(26,000)	–
	<hr/>	<hr/>	<hr/>	<hr/>
Closing provision for makegood on leasehold improvements	34,000	60,000	34,000	60,000
	<hr/>	<hr/>	<hr/>	<hr/>
Makegood provision is categorised as follows:				
Current	34,000	26,000	34,000	26,000
Non current	–	34,000	–	34,000
	<hr/>	<hr/>	<hr/>	<hr/>
	34,000	60,000	34,000	60,000
	<hr/>	<hr/>	<hr/>	<hr/>

AEIFRS requires the recording of assets reflecting future estimated costs restoration costs. Amounts for “makegood” provisions in existing accommodation leases (operating) have been taken up and depreciated accordingly. A provision for the amount of “makegood” expected to be paid for existing accommodation leases (operating) has been taken up.

13. Restructuring

13A. Departmental restructuring

As a result of the *Aboriginal and Torres Strait Islander Commission Amendment Act 2005* (ATSIC Amendment Act), in 2004–05, the ILC inherited responsibility for the Regional Land Fund, including grants and interests in land acquired with Regional Land Fund monies upon the abolition of ATSIC. Additionally, 15 properties that were owned by the former Aboriginal and Torres Strait Islander Commission were transferred to the ILC under Ministerial Declaration (refer item 192(3) of Part 3 of Schedule 1 of the ATSIC Amendment Act and the Aboriginal and Torres Strait Islander Commission Amendment (ATSIC Abolition Day – Assets and Liabilities Declaration 2005) on 24 March 2005.

In 2005–06 the ILC received a refund of GST on transactions through the Regional Land Fund whilst administered by ATSIC.

Through the ILC's due-diligence process on the transfer of assets from ATSIC, the ILC became aware of funds held in trust with AGS that were distributed from the Regional Land Fund in June 2004 for the purposes of a grant to an Aboriginal corporation. The ILC was of the opinion that these funds formed part of the Regional Land Fund, and the funds were disclosed as a contingent asset in 2004–05. During 2005–06, those funds held in trust with AGS were paid to the ILC.

Total assets recognised	1,140,299	22,469,078	1,140,299	22,469,078
	<hr/>	<hr/>	<hr/>	<hr/>

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
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14. Cash flow reconciliation

Reconciliation of operating result to net cash from operating activities:

Operating result	20,987,502	2,744,858	20,931,949	2,626,232
Non cash items				
Depreciation and amortisation of property, plant and equipment	2,035,254	1,567,451	1,999,809	1,549,241
Property held for grant reclassified as property, plant and equipment	–	(1,142,475)	–	(1,142,475)
Assets transferred from ATSIC	–	15,080,037	–	15,080,037
Revaluation of assets	150,764	75,668	150,764	75,668
Net profit (loss) on sale of assets	18,277	53,801	19,216	54,338
Writedown (up) of investments	(25,503,160)	(31,864,409)	(25,503,160)	(31,864,409)
Movement in lease incentive	(26,678)	(35,641)	(26,678)	(35,641)
GST recovered on non-operating cash flows	418,431	292,134	417,133	289,401
Provision for land transfer, net movement	11,196,022	18,929,318	11,196,022	18,929,318
Change in assets and liabilities				
(Increase)/decrease in receivables	289,331	1,162,128	304,027	1,143,441
Increase/(decrease) in employee liabilities	360,212	(38,717)	330,375	(67,202)
(Increase)/decrease in assets held for transfer	(11,194,340)	(18,905,638)	(11,194,340)	(18,905,638)
(Increase)/decrease in other current assets	(2,738,575)	(4,452,866)	(2,671,844)	(4,188,628)
Increase/(decrease) in creditors	(279,956)	356,601	(268,519)	222,263
Increase/(decrease) in provision for makegood	(26,000)	60,000	(26,000)	60,000
Net cash from operating activities	(4,312,916)	(16,117,750)	(4,341,246)	(16,174,054)

15. 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 Balance Sheet as follows:

Cash balances comprises:

Cash on hand	3,033	3,035	3,000	3,000
Cash on advance	16,000	9,702	16,000	9,702
Cash at bank	523,619	241,699	464,197	196,297
Total cash	542,652	254,436	483,197	208,999
Balance of cash as at 30 June shown in the Statement of Cash Flows	542,652	254,436	483,197	208,999

16. Contingent liabilities and assets

The ILC has agreed to provide a bank guarantee to the Bank of Melbourne as loan security for Bampi Mi Aboriginal Corporation.

17. Unquantifiable Contingencies

The Corporation had no unquantifiable contingencies as at the reporting date.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
18. Remuneration of Directors				
Remuneration received or due and receivable by Directors	367,867	271,222	365,867	271,222

The number of Directors of the ILC included in these figures are shown below in the relevant remuneration bands.

\$Nil – \$14,999	–	4	–	4
\$15,000 – \$29,999	3	2	3	2
\$30,000 – \$44,999	2	1	2	1
\$60,000 – \$74,999	1	–	1	–
\$165,000 – \$179,999	1	1	1	1
Total number of Directors of the Corporation	7	8	7	8

19. Related party disclosure

For the purposes of related party disclosures, the following were Directors of ILC during or since the end of the financial year:

Ms Shirley McPherson (Chairperson) – appointed 9 August 2001
 Mr William Jeffries (Deputy Chairperson) – appointed 31 August 2004
 Ms Norma Ingram – appointed 9 August 2001
 Mr Kevin Driscoll – appointed 10 February 1998
 Mr David Baffsky – appointed 9 August 1999
 Mr Ian Trust – appointed 17 October 2005
 Mr Maxwell Gorringe – appointed 17 October 2005

The aggregate remuneration of Directors is disclosed in Note 18.

The amount of aggregate superannuation contributions paid on behalf of Directors for 2006 was \$43,655 (2005: \$25,025).

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.

20. Other transactions with director or director-related entities

David Baffsky is the Chairman of AAPC Pty Ltd (a wholly-owned subsidiary of Accor S.A.), which has a major ownership interest in Davidson Trahaire Pty Ltd. The Corporation procured Employee Assistance Program counselling services from Davidson Trahaire Pty Ltd of \$10,813 (2005: \$2,502) during the reporting period. The services were procured under normal commercial terms and conditions. Mr Baffsky has no interest in Davidson Trahaire Pty Ltd or AAPC Pty Ltd and had no part in the consideration of their employment or in the decision to employ them.

The Corporation procured charter flight services from National Homes Pty Ltd for \$Nil (2005: \$1,650) of which Kevin Driscoll is a director, for the purposes of the Business Enterprise Committee of the ILC Board inspecting ILC properties. The services were procured under normal commercial terms and conditions and were no more than equivalent charter cost.

Mr Maxwell Gorringe, appointed to the ILC's Board on 17 October 2005, is a Director of Banibi Pty Ltd. Mr Ian Trust, appointed to the ILC's Board on 17 October 2005, is a Director of Wunan Foundation Inc.

	Consol 2006 \$	Consol 2005 \$	ILC 2006 \$	ILC 2005 \$
Banibi Pty Ltd	359,018	–	359,018	–

20. Other transactions with director or director-related entities (cont.)

Repayable grants were made to the following director-related entity in 2005-06. They were approved under the ILC's Land Management program. The Director involved took no part in the relevant decisions of the Board.

Land management grants were made to the following director-related entity. They were approved under the ILC's Land Management program. The Director involved took no part in the relevant decisions of the Board.

Banibi Pty Ltd (since 17 October 2005)	54,252	–	54,252	–
Wunan Foundation Inc. (since 17 October 2005)	38,747	–	38,747	–

The Corporation agisted cattle on a property leased by Banibi Pty Ltd during the reporting period, \$126,660 has been paid in agistment fees since 17 October 2005

21. 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, Cardabia, Mt Clarence, Mt Dare and NIPE.

The ILC provided appropriation funding to its subsidiaries as follows:

NIPE – \$2,211,241 (2005: \$1,524,474)

22. Remuneration of officers

The number of officers of the ILC included in these figures are shown below in the relevant remuneration bands.

Less than \$129,999	–	2	–	2
\$130,000 – \$144,999	2	4	2	4
\$145,000 – \$159,999	3	1	3	1
\$160,000 – \$174,999	3	–	3	–
\$175,000 – \$189,999	–	–	–	–
\$190,000 – \$204,999	–	–	–	–
\$205,000 – \$219,999	–	–	–	–
\$220,000 – \$234,999	1	1	1	1
Total	9	8	9	8

Income received or due and receivable by the officers	1,448,965	1,189,353	1,448,965	1,189,353
Performance pay	–	–	–	–
Aggregate amount of total remuneration of officers shown above	1,448,965	1,189,353	1,448,965	1,189,353

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 (2005: \$Nil).

Aggregate amount of separation and redundancy/ termination benefit payments during the year to officers shown above	–	–	–	–
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NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

23. Remuneration of auditors

Auditors remuneration for auditing the ILC's financial statements for this reporting period was \$62,600 (2005: \$50,313). No other services were provided by the external auditor.

Included in the amount disclosed above, there is an amount of auditor remuneration totalling \$6,200 relating to the 2005–06 financial statement audit, arising from the work to be done on the opening balance sheet required to be prepared under AEIFRS.

24. Financial instruments

24A. 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	9A	Deposits at call are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Cash includes cash on hand, cash advances and cash held in bank accounts.
Receivables	9B	Receivables are measured at amortised cost using the effective interest method. If there is objective evidence that an impairment loss has been incurred, the carrying amount is reduced by way of an allowance account.	Credit terms are generally 28 days. (2005:28 days)
Other Deposits	9C	Deposits are recognised at their nominal amounts. Interest is brought to account as earned.	Temporarily surplus funds are placed on deposit with the Corporation's banker. Interest is earned on a daily basis at the prevailing daily rate. Rate at 30 June 2006 of 5.7% (2005: 5.45%).
Equities	9C	Equities are carried at their quoted market-buying price. Movements in these values between reporting dates is recognised in the Income Statement. Dividend income is recognised when declared by the company.	The shares held are ordinary shares.

24A. 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	9C	Funds transferred to fund managers are initially recorded at the value of the funds transferred. The funds are revalued 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 engaged external investment managers to manage some of its funds available for investment. It is in the interest of the 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. The ILC also retains an independent investment advisor to report on the performance of the external investment managers and the funds under management.
Repayable grants/ advances	9D	Repayable grants/advances are measured at fair value. If there is objective evidence that an impairment loss has been incurred, the carrying amount is reduced by way of an allowance account.	Repayable grants/ advances 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.	
Trade Creditors	11A	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 been invoiced).	Settlement is usually made in 30 days.
Unrecognised Financial Liabilities			
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.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

24B. Interest Rate Risk (consolidated only)

Financial Instrument	Note	Floating Interest Rate		Fixed Interest Rate Maturing In						Non Interest Bearing		Total		Weighted Average Effective Interest Rate		
				1 Year or Less		1 to 5 Years		> 5 Years								
		2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000
<i>Financial Assets</i>																
Cash	9A	524	242							19	12	543	254	4.8	4.6	
Receivables	9B									681	970	681	970	N/a	N/a	
Term Deposit	9C			-	1,205							-	1,205	N/a	6.0	
Other Deposits	9C	14,144	12,958									14,144	12,958	5.65	5.45	
Equities	9C									101	468	101	468	N/a	N/a	
Funds with Fund Managers	9C	254,232	236,407									254,232	236,407	11.9 ¹	13.6 ¹	
Repayable grants/advances	9D			92	115	306	267	144	-	27	76	569	458	4.5	4.5	
Total												270,270	252,720			
Total Assets												376,721	343,370			
<i>Financial Liabilities</i>																
Trade Creditors	11A									1,437	1,717	1,437	1,717	N/a	N/a	
Other	11B									4	31	4	31	N/a	N/a	
Total												1,441	1,748			
Total Liabilities												79,003	67,779			
<i>Unrecognised Financial Liabilities</i>																
Other Guarantees										30	30	30	30	N/a	N/a	
Total										30	30	30	30			

¹ Represents annual rate of return on investments.

	Total Carrying Amount 2006 \$	Aggregate Net Fair Value 2006 \$	Total Carrying Amount 2005 \$	Aggregate Net Fair Value 2005 \$
24C. Net fair value of financial assets and liabilities (consolidated)				
Financial Assets				
Cash	542,652	542,652	254,436	254,436
Receivables	680,713	680,713	970,044	970,044
Term deposits	–	–	1,205,327	1,205,327
Other deposits	14,144,563	14,144,563	12,958,082	12,958,082
Equities	100,811	100,811	468,001	468,001
Managed funds	254,232,087	254,232,087	236,406,546	236,406,546
Repayable grants/ advances	568,938	568,938	458,520	458,520
Total financial assets	270,269,764	270,269,764	252,720,956	252,720,956
Financial Liabilities				
Trade creditors	1,437,084	1,437,084	1,717,044	1,717,044
Other liabilities	4,042	4,042	30,720	30,720
Total financial liabilities	1,441,126	1,441,126	1,747,764	1,747,764
Financial Liabilities (Unrecognised)				
Other guarantees	–	30,000	–	30,000
Total financial liabilities (unrecognised)	–	30,000	–	30,000

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 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.

Repayable grants/ advances are carried at cost, which estimates their net fair value, because it is intended to hold them to maturity.

The net fair value of 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.

24D. 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 Balance Sheet. 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.

25. Reporting of outcomes

The Corporation is structured to meet one outcome as described in Note 3.

Only one output is defined for the outcome.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Outcome 1 2006 \$	Outcome 1 2005 \$	Total 2006 \$	Total 2005 \$
25A. Net cost of outcome delivery				
Expenses				
Administered	–	–	–	–
Departmental	43,368,162	43,408,316	43,368,162	43,408,316
Total expenses	43,368,162	43,408,316	43,368,162	43,408,316
Costs recovered from the provision of goods and services to the non-government sector				
Administered	–	–	–	–
Departmental	–	–	–	–
Total expenses	–	–	–	–
Other external revenues				
Departmental				
Revenues from Government	23,988,511	4,342,730	23,988,511	4,342,730
Interest	739,724	529,334	739,724	529,334
Other revenues	5,025,404	1,089,497	5,025,404	1,089,497
Net gain (loss) in the market value of livestock	5,260,576	7,808,417	5,260,576	7,808,417
Net gain (loss) in the net market value of other biological assets	(78,613)	(138,366)	(78,613)	(138,366)
Net market value of agricultural produce	723,983	732,821	723,983	732,821
Other gains	28,696,079	31,788,741	28,696,079	31,788,741
Total Departmental	64,355,664	46,153,174	64,355,664	46,153,174
Total other external revenues	64,355,664	46,153,174	64,355,664	46,153,174
Net cost (contribution) of outcome	(20,987,502)	(2,744,858)	(20,987,502)	(2,744,858)

	Output Group 1 2006 \$	Output Group 1 2005 \$	Total 2006 \$	Total 2005 \$
25B. Departmental revenues and expenses by Output Group				
<i>Operating expenses</i>				
Property granted	1,999,021	562,689	1,999,021	562,689
Provision for property grant	11,196,022	18,929,318	11,196,022	18,929,318
Land management	12,609,476	9,848,373	12,609,476	9,848,373
Employees	10,521,834	8,354,073	10,521,834	8,354,073
Suppliers	4,582,910	4,030,080	4,582,910	4,030,080
Depreciation and amortisation	2,035,254	1,603,931	2,035,254	1,603,931
Net loss on disposal of assets	423,544	79,852	423,544	79,852
Interest	101	–	101	–
Total departmental expenses	<u>43,368,162</u>	<u>43,408,316</u>	<u>43,368,162</u>	<u>43,408,316</u>
<i>Funded by:</i>				
Revenues from Government	23,988,511	4,342,730	23,988,511	4,342,730
Interest	739,724	529,334	739,724	529,334
Other revenues	5,025,404	1,089,497	5,025,404	1,089,497
Net gain (loss) in the market value of livestock	5,260,576	7,808,417	5,260,576	7,808,417
Net gain (loss) in the net market value of other biological assets	(78,613)	(138,366)	(78,613)	(138,366)
Net market value of agricultural produce	723,983	732,821	723,983	732,821
Other gains	28,696,079	31,788,741	28,696,079	31,788,741
Total other external revenues	<u>64,355,664</u>	<u>46,153,174</u>	<u>64,355,664</u>	<u>46,153,174</u>