

• (L-R) Colleen Carter and Raelene Johnson work in horticulture in Horne Valley's employment and training program



financial statements

for the year ending 30 June 2009



INDEPENDENT AUDITOR'S REPORT

To the Minister for Families, Housing, Community Services and Indigenous Affairs

Scope

I have audited the accompanying financial statements of the Indigenous Land Corporation and the consolidated entity for the year ended 30 June 2009, which comprise: a Statement by the Directors and the General Manager; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedules of Commitments and Contingencies; and Notes to and Forming Part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Responsibility of the Directors for the Financial Statements

The Directors of the Indigenous Land Corporation are responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Indigenous Land Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

GPO Box 707 CANBERRA ACT 2601
18 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

effectiveness of the Indigenous Land Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

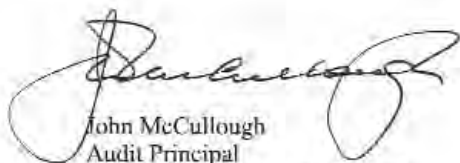
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Indigenous Land Corporation and the consolidated entity:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Indigenous Land Corporation and the consolidated entity's financial position as at 30 June 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John McCullough
Audit Principal
Delegate of the Auditor-General

Canberra
28 August 2009



Australian Government
Indigenous Land Corporation

ABN 59 912 679 254

Statement by the Directors and General Manager

In our opinion, the attached financial statements for the year ended 30 June 2009 are 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.....

Evonne Goolagong-Cawley
Director

Signed.....

David Galvin
General Manager

Signed.....

Jodie Lindsay
Chief Financial Officer

26 August 2009

Income Statement

for the year ended 30 June 2009

| | Notes | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|-------|----------------------|----------------------|-------------------|-------------------|
| INCOME | | | | | |
| Revenue | | | | | |
| Revenue from Government | 6A | 51,567,579 | 573,412 | 51,567,579 | 573,412 |
| Interest | 6B | 14,172,205 | 6,712,594 | 14,168,326 | 6,711,103 |
| Other revenue | 6C | 5,251,911 | 3,360,124 | 5,251,289 | 3,266,201 |
| Total revenue | | 70,991,695 | 10,646,130 | 70,987,194 | 10,550,716 |
| Gains | | | | | |
| Net gain in the net market value of livestock | 7A | 3,249,886 | 1,017,964 | 3,434,360 | 928,579 |
| Net market value of agricultural produce | 7C | 546,996 | 639,938 | 438,721 | 527,775 |
| Net gain (loss) in the net market value of other biological assets | 7B | 49,459 | (56,730) | 49,459 | (56,730) |
| Net gain from sale of assets | 7D | 10,694 | 57,881 | 9,582 | 57,881 |
| Net write (down) up of investments | 7E | (16,165) | 263,467 | (16,165) | 263,467 |
| Other net (loss) gain | 7F | (155,713) | 2,845,877 | 873,975 | 2,840,400 |
| Total gains | | 3,685,157 | 4,768,397 | 4,789,932 | 4,561,372 |
| Total Income | | 74,676,852 | 15,414,527 | 75,777,126 | 15,112,088 |
| EXPENSES | | | | | |
| Property granted | 8A | 15,028,486 | 1,443,317 | 15,028,486 | 1,443,317 |
| Provision for property held for grant | 8B | 2,840,212 | 16,067,968 | 2,840,212 | 16,067,968 |
| Land management | 8C | 33,387,653 | 25,472,468 | 38,388,147 | 30,093,108 |
| Employee benefits | 8D | 14,833,438 | 13,642,736 | 9,599,072 | 9,001,883 |
| Suppliers | 8E | 5,140,463 | 5,185,579 | 4,871,689 | 4,927,389 |
| Depreciation and amortisation | 8F | 5,466,573 | 2,952,650 | 5,384,671 | 2,930,961 |
| Total Expenses | | 76,696,825 | 64,764,718 | 76,112,277 | 64,464,626 |
| (Deficit) Surplus | | (2,019,973) | (49,350,191) | (335,151) | (49,352,538) |

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

Balance Sheet

as at 30 June 2009

| | Notes | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---------------------------------------|-------|----------------------|----------------------|--------------------|-------------------|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 9A | 55,531,001 | 34,562,964 | 55,530,237 | 34,579,691 |
| Trade and other receivables | 9B | 3,836,376 | 3,918,522 | 3,836,376 | 3,909,489 |
| Investments | 9C | 142,960,741 | 194,170,496 | 142,960,782 | 194,170,527 |
| Other financial assets | 9D | 934,355 | 1,163,157 | 976,005 | 1,163,157 |
| Total financial assets | | 203,262,473 | 233,815,139 | 203,303,400 | 233,822,864 |
| Non-financial assets | | | | | |
| Inventory - property held for grant | 10A | 127,985,993 | 125,048,100 | 127,985,993 | 125,048,100 |
| Held for sale assets | 10A | 463,404 | 1,393,501 | 463,404 | 1,393,501 |
| Inventory – other | 10B | 227,500 | 59,000 | 227,500 | 59,000 |
| Property, plant & equipment | 10C | 75,926,202 | 49,058,037 | 75,926,202 | 48,914,548 |
| Biological assets | 10H | 30,835,548 | 26,389,004 | 30,835,548 | 25,143,499 |
| Intangibles | 10I | 379,641 | 395,154 | 379,641 | 395,154 |
| Other non-financial assets | 10J | 6,682,071 | 5,224,126 | 6,682,071 | 5,224,126 |
| Total non-financial assets | | 242,500,359 | 207,566,922 | 242,500,359 | 206,177,928 |
| Total Assets | | 445,762,832 | 441,382,061 | 445,803,759 | 440,000,792 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 11A | 8,661,070 | 6,135,268 | 8,661,070 | 6,274,907 |
| Other payables | 11B | 484,849 | 2,530,475 | 484,849 | 2,530,475 |
| Total payables | | 9,145,919 | 8,665,743 | 9,145,919 | 8,805,382 |
| Provisions | | | | | |
| Employee provisions | 12A | 2,534,810 | 2,286,430 | 2,235,490 | 2,012,469 |
| Provision for property held for grant | 10A | 127,754,871 | 124,914,659 | 127,754,871 | 124,914,659 |
| Provision for make good | 12B | 290,000 | 62,000 | 290,000 | 62,000 |
| Total provisions | | 130,579,681 | 127,263,089 | 130,280,361 | 126,989,128 |
| Total Liabilities | | 139,725,600 | 135,928,832 | 139,426,280 | 135,794,510 |
| NET ASSETS | | 306,037,232 | 305,453,229 | 306,377,479 | 304,206,282 |
| EQUITY | | | | | |
| Parent entity interest | | | | | |
| Reserves | | 3,302,890 | 1,395,287 | 3,179,890 | 1,369,916 |
| Retained surplus | | 302,734,342 | 304,057,942 | 303,197,589 | 302,836,366 |
| Total Parent Entity Interest | | 306,037,232 | 305,453,229 | 306,377,479 | 304,206,282 |
| TOTAL EQUITY | | 306,037,232 | 305,453,229 | 306,377,479 | 304,206,282 |
| Current Assets | | 234,612,760 | 118,479,072 | 234,653,647 | 117,059,760 |
| Non-current Assets | | 211,150,072 | 322,902,989 | 211,150,112 | 322,941,032 |
| Current Liabilities | | 11,186,484 | 10,404,567 | 10,964,255 | 10,325,245 |
| Non-current Liabilities | | 128,539,116 | 125,524,265 | 128,462,025 | 125,469,265 |

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

Statement of Changes in Equity

for the year ended 30 June 2009

| Consolidated | Notes | Retained Earnings | | Asset Revaluation Reserve | | Contributed Equity/Capital | | Total Equity | |
|---|-------|--------------------|--------------|---------------------------|-----------|----------------------------|------|--------------------|--------------|
| | | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening Balance | | | | | | | | | |
| Balance carried forward from previous period | | 304,057,942 | 353,403,257 | 1,395,287 | 1,400,163 | - | - | 305,453,229 | 354,803,420 |
| Adjusted opening balance | | 304,057,942 | 353,403,257 | 1,395,287 | 1,400,163 | - | - | 305,453,229 | 354,803,420 |
| Income and expense | | | | | | | | | |
| Revaluation adjustment | | - | - | 2,603,976 | - | - | - | 2,603,976 | - |
| Amount transferred from revaluation reserve for property, plant and equipment disposed of | | 696,373 | 4,876 | (696,373) | (4,876) | - | - | - | - |
| Sub-total income and expenses recognised directly in equity | | 696,373 | 4,876 | 1,907,603 | (4,876) | - | - | 2,603,976 | - |
| Surplus (deficit) for the period | | (2,019,973) | (49,350,191) | - | - | - | - | (2,019,973) | (49,350,191) |
| Total income and expenses | | (2,019,973) | (49,350,191) | - | - | - | - | (2,019,973) | (49,350,191) |
| Transactions with owners | | | | | | | | | |
| Contribution by owners | | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - |
| Restructuring | 13 | - | - | - | - | - | - | - | - |
| Sub-total transactions with owners | | - | - | - | - | - | - | - | - |
| Closing balance attributable to the Australian Government | | 302,734,342 | 304,057,942 | 3,302,890 | 1,395,287 | - | - | 306,037,232 | 305,453,229 |

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.

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

Cash Flow Statement

for the year ended 30 June 2009

| | Notes | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|-------|----------------------|----------------------|-------------------|-------------------|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Receipts from Government | | 51,567,579 | 556,272 | 51,567,579 | 556,272 |
| Goods and services | | 7,676,147 | 5,770,740 | 7,161,949 | 5,411,035 |
| Interest | | 14,225,429 | 6,630,017 | 14,221,552 | 6,628,526 |
| Other | | 7,333,595 | 5,452,780 | 7,295,234 | 5,344,857 |
| Net GST received from ATO | | 6,717,415 | 6,726,686 | 6,732,181 | 6,719,355 |
| Total cash received | | 87,520,165 | 25,136,495 | 86,978,495 | 24,660,045 |
| Cash used | | | | | |
| Employees | | 14,585,058 | 13,349,517 | 9,376,050 | 8,761,156 |
| Direct land acquisition | | 18,849,835 | 20,166,908 | 18,849,835 | 20,166,908 |
| Land management | | 39,978,346 | 30,833,323 | 45,179,008 | 35,462,231 |
| Other suppliers | | 10,663,548 | 9,642,347 | 10,321,863 | 9,116,280 |
| Total cash used | | 84,076,787 | 73,992,095 | 83,726,756 | 73,506,575 |
| Net cash from or (used by) operating activities | 14 | 3,443,378 | (48,855,600) | 3,251,739 | (48,846,530) |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from the sale of property, plant & equipment | | 483,701 | 38,305 | 463,571 | 38,305 |
| Proceeds from sale of investments, net | | 51,193,580 | 113,069,830 | 51,193,580 | 113,069,830 |
| Total cash received | | 51,677,281 | 113,108,135 | 51,657,151 | 113,108,135 |
| Cash used | | | | | |
| Purchase of property, plant & equipment | | 34,052,174 | 29,979,300 | 33,857,896 | 29,972,794 |
| Purchase of intangibles | | 100,448 | 271,117 | 100,448 | 271,117 |
| Total cash used | | 34,152,622 | 30,250,417 | 33,958,344 | 30,243,911 |
| Net cash from or (used by) investing activities | | 17,524,659 | 82,857,718 | 17,698,807 | 82,864,224 |
| Net increase (decrease) in cash held | | 20,968,037 | 34,002,118 | 20,950,546 | 34,017,694 |
| Cash at the beginning of the reporting period | | 34,562,964 | 560,846 | 34,579,691 | 561,997 |
| Cash at the end of the reporting period | 15 | 55,531,001 | 34,562,964 | 55,530,237 | 34,579,691 |

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

Schedule of Commitments

as at 30 June 2009

| Notes | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|----------------------|----------------------|--------------------|-------------------|
| BY TYPE | | | | |
| Capital commitments | | | | |
| Other ¹ | 8,793,923 | 1,964,509 | 8,793,923 | 1,964,509 |
| Total capital commitments | 8,793,923 | 1,964,509 | 8,793,923 | 1,964,509 |
| Other commitments | | | | |
| Operating leases ² | 14,318,189 | 8,280,405 | 14,318,189 | 8,280,405 |
| Total other commitments | 14,318,189 | 8,280,405 | 14,318,189 | 8,280,405 |
| Commitments receivable | | | | |
| Goods and services tax | (2,101,101) | (931,356) | (2,101,101) | (931,356) |
| Net commitments by type | 21,011,011 | 9,313,558 | 21,011,011 | 9,313,558 |
| BY MATURITY | | | | |
| Capital commitments | | | | |
| One year or less | 8,793,923 | 1,964,509 | 8,793,923 | 1,964,509 |
| Net capital commitments | 8,793,923 | 1,964,509 | 8,793,923 | 1,964,509 |
| Operating lease commitments | | | | |
| One year or less | 6,169,060 | 3,183,706 | 6,169,060 | 3,183,706 |
| From one to 5 years | 3,692,606 | 3,971,565 | 3,692,606 | 3,971,565 |
| Over 5 years | 4,456,523 | 1,125,134 | 4,456,523 | 1,125,134 |
| Net operating lease commitments | 14,318,189 | 8,280,405 | 14,318,189 | 8,280,405 |
| Goods and services tax receivable | | | | |
| One year or less | 1,360,271 | 468,020 | 1,360,271 | 468,020 |
| From one to 5 years | 335,690 | 361,051 | 335,690 | 361,051 |
| Over 5 years | 405,140 | 102,285 | 405,140 | 102,285 |
| Net goods and services tax receivable | 2,101,101 | 931,356 | 2,101,101 | 931,356 |

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

Schedule of Commitments (cont..)

as at 30 June 2009

The amounts reported as at 30 June 2009 as commitments payable include the GST where relevant. Recoveries of GST in relation to commitments payable is included in commitments receivable.

¹ The capital commitments included comprise:

- Remaining commitments on two construction contracts. During the reporting period the ILC entered into 2 major construction contracts. Practical completion on both projects will occur in the next reporting period.
- The ILC has entered into a deed to purchase a parcel of land in NSW. The purchase is subject to a number of conditions precedent. It is expected that if the conditions precedent are met by both parties settlement will occur in 2009–10.

² The operating leases commitments included comprise:

- Leases for office accommodation relate to tenancy of the ILC in its Adelaide, Perth, Brisbane and Canberra offices. Lease payments are subject to annual increases in accordance with the lease contracts at either a fixed rate or to market. The initial periods of the office leases are still current. The ILC has the option to renew for an additional term on expiry of the current term on 3 of the 4 leases. There are no purchase options available to the ILC.
- 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.
- Leases and Grazing licences entered into by the ILC for the purposes of running a commercial enterprise. The commitment equals the total consideration paid by the ILC over the term of the lease, being a cash payment, which is subject to an annual index adjustment, and an agreed amount of capital development to the undertaken by the Corporation. The initial periods of the licences are still current. The ILC has the option to renew for an additional term on expiry of the current term on 4 of the 5 licences. There are no purchase options available to the ILC.

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

Schedule of Contingencies

as at 30 June 2009

| Consolidated | Notes | Guarantees | | Claims for damages/costs | | Other | | Total |
|-------------------------------------|-------|----------------|----------------|--------------------------|----------|----------|----------|----------------|
| | | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| CONTINGENT LIABILITIES | | | | | | | | |
| Balance from previous period | 16 | 792,556 | 730,000 | - | - | - | - | 730,000 |
| New | | - | 62,556 | - | - | - | - | 62,556 |
| Remeasurement | | - | - | - | - | - | - | - |
| Liabilities crystallised | | - | - | - | - | - | - | - |
| Obligations expired | | (30,000) | - | - | - | - | - | (30,000) |
| Total contingent liabilities | | 762,556 | 792,556 | - | - | - | - | 792,556 |
| CONTINGENT ASSETS | | | | | | | | |
| Balance from previous period | | - | - | - | - | - | - | - |
| New | | - | - | - | - | - | - | - |
| Remeasurement | | - | - | - | - | - | - | - |
| Assets crystallised | | - | - | - | - | - | - | - |
| Obligations expired | | - | - | - | - | - | - | - |
| Total contingent assets | | - | - | - | - | - | - | - |
| Net contingent liabilities | | 762,556 | 792,556 | - | - | - | - | 792,556 |

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.

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

Schedule of Contingencies

as at 30 June 2009

| ILC | Notes | Guarantees | | Claims for damages/costs | | Other | | Total | | |
|-------------------------------|-------|----------------|----------------|--------------------------|----------|----------|----------|----------------|----------------|--|
| | | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| CONTINGENT LIABILITIES | | | | | | | | | | |
| | 16 | 792,556 | 730,000 | - | - | - | - | 792,556 | 730,000 | |
| | | - | 62,556 | - | - | - | - | - | 62,556 | |
| | | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | |
| | | (30,000) | - | - | - | - | - | (30,000) | - | |
| | | 762,556 | 792,556 | - | - | - | - | 762,556 | 792,556 | |
| CONTINGENT ASSETS | | | | | | | | | | |
| | | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | |
| | | - | - | - | - | - | - | - | - | |
| | | 762,556 | 792,556 | - | - | - | - | 762,556 | 792,556 | |

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.

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

Notes to and forming part of the financial statements for the year ended 30 June 2009

1. Summary of Significant Accounting Policies

1.1 Basis of accounting

The Financial Statements and notes 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 financial statements have been prepared in accordance with:

- Finance Minister’s Orders (FMOs) for reporting periods ending on or after 1 July 2008; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets 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”).

The Financial Report is presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, 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.

Unless alternative treatment is specifically required by an Accounting Standard, income and expenses are recognised in the ILC and Consolidated Income Statement when, and only when, the flow, 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 New accounting standards

Adoption of new Australian Accounting Standards requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards and amendments to standards are applicable to the current reporting period but have no material impact on the Corporation.

- AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting*
- AASB 3 *Business Combinations*
- AASB 5 *Non-current Assets Held for Sale or Discontinued Operations*
- AASB 7 *Financial Instruments: Disclosures*
- AASB 101 *Presentation of Financial Statements*

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.3 New accounting standards (cont..)

- AASB 114 *Segment Reporting*
- AASB 116 *Property, Plant and Equipment*
- AASB 127 *Consolidated and Separate Financial Statements*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 1004 *Contributions*
- AASB 1048 *Interpretation and Application of Standards*
- AASB 1049 *Whole of Government and General Government Sector Financial Reporting*
- AASB 1050 *Administered Items*
- AASB 1051 *Land Under Roads*
- AASB 1052 *Disaggregated Disclosures*
- AASB 2007-2 *Amendments to Australian Accounting Standards arising from Interpretation 12* [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 and AASB 139]
- AASB 2007-9 *Amendments to Australian Accounting Standards arising from the review of AASs 7, 29 and 31* [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 and AASB 137]
- AASB 2008-10 *Amendments to Australian Accounting Standards – Reclassification of Financial Assets*
- AASB 2008-12 *Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition* [AASB 7, AASB 139 and AASB 200-10]
- AASB 2009-3 *Amendments to Australian Accounting Standards – Embedded Derivatives* [AASB 139 and Interpretation 9]
- AASB Interpretation 4 *Determining Whether an Arrangement Contains a Lease*
- AASB Interpretation 12 *Service Concession Arrangements*
- AASB Interpretation 13 *Customer Loyalty Programmes*
- AASB Interpretation 14 *AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*
- AASB Interpretation 129 *Service Concession Arrangement Disclosures*
- AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

- AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*
- AASB 3 *Business Combinations*
- AASB 8 *Operating Segments*
- AASB 101 *Presentation of Financial Statements*
- AASB 123 *Borrowing Costs*
- AASB 127 *Consolidated and Separate Financial Statements*
- AASB 1039 *Concise Financial Reports*
- AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.3 New accounting standards (cont..)

- AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]
- AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 & 12]
- AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*
- AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*
- AASB 2008-1 *Amendments to Australian Accounting Standards- Share-based Payments: Vesting Conditions and Cancellations* [AASB 2]
- AASB 2008-2 *Amendments to Australian Accounting Standards- Puttable Financial Instruments and Obligations arising on Liquidation* [AASB 7, AASB 101, AASB 132, AASB 139 and Interpretation 2]
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]
- AASB 2008-5 *Amendments to Australian Accounting Standard arising from Annual Improvements Project* [AASB 5, AASB 7, AASB 101, AASB 102, AASB 107, AASB 108, AASB 110, AASB 116, AASB 118, AASB 119, AASB 120, AASB 123, AASB 127, AASB 128, AASB 129, AASB 131, AASB 132, AASB 134, AASB 136, AASB 138, AASB 139, AASB 140, AASB 141, AASB 1023 and AASB 1038]
- AASB 2008-6 *Further Amendments to Australian Accounting Standard arising from Annual Improvements Project* [AASB 1 and AASB 5]
- AASB 2008-7 *Amendments to Australian Accounting Standard – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136]
- AASB 2008-8 *Amendments to Australian Accounting Standard –Eligible Hedged Items* [AASB 139]
- AASB 2008-9 *Amendments to AASB 1049 for Consistency with AASB 101*
- AASB 2008-11 *Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities* [AASB 3]
- AASB 2008-13 *Amendments to Australian Accounting Standard arising from AASB Interpretation 17 – Distribution of Non-cash Assets to Owners* [AASB 5 and AASB 110]
- AASB 2009-1 *Amendments to Australian Accounting Standard – Borrowing Costs of Not-for-profit Public Sector Entities* [AASB 1, AASB 111 and AASB 123]
- AASB 2009-2 *Amendments to Australian Accounting Standard – Improving Disclosures about Financial Instruments* [AASB 4, AASB 7, AASB 1023 and AASB 1038]
- AASB 2009-4 *Amendments to Australian Accounting Standard arising from the Annual Improvements Project* [AASB 2, AASB 138 and AASB Interpretations 9 and 16]
- AASB 2009-5 *Further Amendments to Australian Accounting Standard arising from the Annual Improvements Project* [AASB 5, AASB 8, AASB 101, AASB 107, AASB 117, AASB 118, AASB 136 and AASB 139]
- AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- AASB Interpretation 12 *Service Concession Arrangements*
- AASB Interpretation 15 *Agreements for the Construction of Real Estate*
- AASB Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- AASB Interpretation 17 *Distribution of Non-cash Assets to Owners*
- AASB Interpretation 18 *Transfer of Assets from Customers*

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.4 Departmental and administered items

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

1.5 Principles of consolidation

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

- ILC (the parent entity) and its subsidiaries
- Land Enterprise Australia Pty Ltd ("LEA")
- Cardabia Pastoral Company Pty Ltd as trustee for Cardabia Pastoral Company Trust
- Cardabia Pastoral Company Trust ("Cardabia") (wound up on 30 June 2009)
- Mt Clarence Pastoral Company Pty Ltd as trustee for Mt Clarence Pastoral Company Trust
- Mt Clarence Pastoral Company Trust ("Mt Clarence")
- National Indigenous Pastoral Enterprises Pty Ltd ("NIPE")
- National Centre of Indigenous Excellence Ltd ("NCIE") incorporated 9 October 2008

The ILC Board and the Cardabia Board resolved to wind up Cardabia Pastoral Company Trust and transfer the direct control of the business and business assets to the ILC. The assets and liabilities were transferred on 30 June 2009.

The National Indigenous Development Centre Ltd was incorporated on 9 October 2008 to manage the National Centre of Indigenous Excellence in Redfern NSW on behalf of the ILC. The National Indigenous Development Centre Ltd formally changed its name to National Centre of Indigenous Excellence Ltd on 1 July 2009. No income or property of NCIE may be paid or transferred, directly to any member of NCIE whether by way of dividend, bonus or otherwise. The ILC is the sole member of NCIE.

All subsidiaries are 100% owned by the parent entity and are all incorporated in Australia.

Subsidiaries are all those entities (including special purpose entities) over which the ILC has the power to govern the financial and operating policies, so as to obtain benefits from their activities.

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 financial statements of the subsidiaries are prepared for the same reporting period as the parent entity.

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.6 Revenue from Government

The ILC is not budget funded and therefore does not receive appropriations directly from the Government.

Receipts from the Aboriginal and Torres Strait Islander Land Account (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 6A). The Land Account is administered by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and the amount received is FaHCSIA’s calculation of the “realised real return”.

Receipts from the Land Account are recognised at the time the ILC becomes entitled to receive the revenue.

Financial Management and Accountability Determination 2007/21 established the Northern Territory Flexible Funding Pool Special Account (NTFFP Special Account) under section 20(1) of the *Financial Management and Accountability Act 1997* to develop, promote, assist or implement employment creation initiatives in relation to the Northern Territory Emergency Response. The NTFFP Special Account is managed by the FaHCSIA.

Subsequent to *Appropriation Act (No.3) 2007-08* and *Appropriation Act (No.3) 2007-08- Section 12 Determination 2008/01 Flexible Funding Pool Receipts 2008*, amounts are paid by FaHCSIA from the NTFFP Special Account to agencies for payment to third parties.

The ILC received payments from the NTFFP Special Account under the subsequent arrangements. The amounts received by the ILC are for the support of up to 150 jobs in the Northern Territory in land management and pastoral activities. The income is recognised on receipt and corresponding payments are recognised as expenses when incurred or when paid to third parties.

The ILC also receives small amounts from Government departments as contributions to some of its land management projects. The income is recognised on an earned basis.

Revenue from Government is disclosed in Note 6A.

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.7 Other revenue

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

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 rendering of services is recognised by reference to the stage of completion of rendering of service at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits from the transaction will flow to the Entity.

Sundry income is recognised on an earned basis.

1.8 Gains

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

Contribution of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

1.9 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.

1.10 Cash

Cash and cash equivalents includes notes and coins held, advances made and any deposits with a bank or financial institution held at call or with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Cash is recognised at its nominal amount.

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.11 Trade and other receivables

Trade receivables, which generally have 28-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Corporation will not be able to collect the receivable.

1.12 Investments and other financial assets

Investments and financial assets are categorised as either financial assets at fair value through profit and loss, loans and receivables, or held to maturity investments. The classification depends on the purpose for which the financial asset was acquired.

Financial assets are recognised and derecognised upon trade date. When financial assets are recognised initially, they are measured at fair value. In the case of assets not at fair value through profit and loss, directly attributable transaction costs are taken into account.

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 assets at fair value through profit and loss

Investments designated as fair value through profit and loss are shares in listed companies.

Investments designated as fair value through profit and loss are initially measured at their fair value at settlement date. After initial recognition, financial assets at fair value through profit and loss are measured at their fair value except for 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. The unrealised increment (decrement) in the fair value (market value) of the portfolio is recognised in the Income Statement.

Held-to-maturity investments

Investments designated as held-to-maturity investments are fixed rate amortising notes placed with major banks.

Investments with fixed and determinable payments and fixed maturity are designated as held-to-maturity when the Corporation has the positive intention and ability to hold to maturity.

Investments that are intended to be held-to maturity are subsequently measured at amortised cost using the effective interest rate method. For investments carried at amortised costs, gains and losses are recognised in the profit and loss, including when the investments are derecognised or impaired.

Loans and receivables

Financial instruments designated as loans and receivables are bank and other securities, short term deposits with major banks, trade and other receivables and repayable grants.

Repayable grants are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit and loss when the repayable grant is impaired.

Additional disclosures in relation to financial instruments are provided at Note 24.

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.13 Derivative financial instruments

Forward Sale Contracts

Forward sales contracts are recognised at fair value at the date the contract is entered into and subsequently remeasured to fair value. The fair value of the contracts are calculated by reference to wool sales contracts. Gains or losses on forward sales contracts are recognised in net profit except those relating to hedges of specific commitments that are deferred and included in the measurement of the sale.

Forward sales contracts are carried as assets when the fair value is positive and liabilities when their fair value is negative.

1.14 Impairment of financial assets

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 financial assets 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.

1.15 Interest in joint ventures

The ILC's interest in a joint venture is through the joint ownership of a property that is classified as Inventory – property held for grant (see Note 10A). This joint venture does not involve the establishment of a corporation, partnership or other entity to a financial structure that is separate from the parties. Each party has control over its share of future economic benefits through its share of the jointly controlled asset.

In respect of the controlled asset the ILC recognises its share in the jointly controlled asset, classified according to the nature of the assets in accordance with AASB 131 *Interests in Joint Ventures*. As at reporting date, there was no income, expenditure, liability, or any contingent asset or liability arising from the joint venture arrangement.

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 \$1,000, 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).

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.16 Property, plant and equipment (cont..)

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 ILC’s leasehold improvements with a corresponding provision for the “makegood” recognised.

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 less accumulated depreciation and accumulated impairment losses. Valuations are conducted 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. Buildings and infrastructure on properties that are under construction or significant redevelopment have not been revalued as at 30 June as the fair value of the construction or redevelopment is difficult to estimate. Buildings and infrastructure on properties that have completed significant construction projects during the reporting period have not been revalued as at 30 June, as the cost of the construction represents the fair value of the construction.

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 revalued amount.

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.16 Property, plant and equipment (cont..)

Depreciation and Amortisation

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

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

| | Diminishing Value 2009 | Diminishing Value 2008 | Prime Cost 2009 | Prime Cost 2008 |
|-----------------------------------|---------------------------------------|------------------------------|--------------------------------|-----------------------|
| Administration Assets | | | | |
| Office equipment | 20-40% | 20-40% | - | - |
| Furniture and fittings | 20-30% | 20-30% | - | - |
| Computer equipment | 25-40% | 25-40% | - | - |
| Office fitouts | - | - | 19-53% | 19-85% |
| Commercial Property Assets | | | | |
| Buildings and infrastructure | 2-67% | 5-35% | - | - |
| Plant and equipment | 10-67% | 10-75% | - | - |
| Furniture and fitting | 10-67% | 10-40% | - | - |
| Motor Vehicles | 20-67% | 20-50% | - | - |

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

Impairment

All assets were assessed for impairment at 30 June 2009. 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 and forming part of the financial statements for the year ended 30 June 2009

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, buffalo 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.

Musters or counts are performed on each of the properties at least annually which are used to estimate the size of the herd/flock and breeding and death rates in accordance with standard industry practice. 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 make up 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, wool, extracted from livestock is 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 wool is then accounted for in accordance with *AASB 102 Inventories*.

Plantings consists of citrus fruit trees and grape vines that are part of 2 blocks of land purchased by the ILC. The plantings are considered to be biological assets and are accounted for in accordance with *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 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 make up 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.

Non-living agricultural produce, fruit, extracted from plantings 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 fruit produce of plantings is then accounted for in accordance with *AASB 102 Inventories*.

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.18 Inventory - Property held for grant

Property held for grant is land, plant and equipment and livestock held for grant 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*.

Property held for grant is initially recorded at cost. Property held for grant acquired free or for a nominal amount is recognised initially at current replacement cost at the date of acquisition. Ongoing the assets are valued at cost, adjusted when applicable for any loss of service potential. Any adjustment is expensed to the Income Statement.

Loss of service potential of property held for grant is identified and measured based on loss of operating capacity due to obsolescence.

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 cost, adjusted when applicable for any loss of service potential.

Loss of service potential of livestock held for grant is identified and measured based on current replacement cost.

Where the infrastructure and plant and equipment are used in the production or supply of goods or services on an ongoing and commercial basis the corresponding asset is classified as Property, plant and equipment, in accordance with *AASB 116 Property, Plant and Equipment*.

1.19 Held for sale assets

Non-financial assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sales transaction. They are not depreciated or amortised. For an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

1.20 Inventory - Other

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

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.21 Intangibles

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

All software assets were assessed for indications of impairment as at 30 June 2009 and adjustments made for those determined to be impaired.

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

| | Consol 2009 | Consol 2008 | ILC 2009 | ILC 2008 |
|-------------------------------|------------------------|----------------|---------------------|-------------|
| Internally developed software | 5 years | 5 years | 5 years | 5 years |
| Externally acquired software | 3-5 years | 5 years | 3-5 years | 5 years |

1.22 Trade and other payables

Trade creditors and other payables are carried at amortised cost. Due to their short-term nature, they are not discounted. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced). The amounts are unsecured and usually paid within 30 days of recognition.

1.23 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets. In operating leases (a lease that is not a finance lease), 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.

Where the ILC has a lease or a grazing licence over a property, the lease is classified as an operating lease. The total consideration paid by the ILC over the term of the lease, being cash payments and/or capital development, is expensed on a straight line basis over the term of the lease.

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 and forming part of the financial statements for the year ended 30 June 2009

1.24 Financial liabilities

Financial liabilities are classified as either financial liabilities “at fair value through profit and loss” or other financial liabilities. Financial liabilities are recognised and derecognised upon trade date.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are initially measured at fair value. Subsequent fair value adjustments are recognised on profit or loss. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of any transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

1.25 Borrowing costs

All borrowing costs are expensed as incurred.

1.26 Employee benefits

Benefits

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

Liabilities for “short-term employee benefits” (as defined in AASB 119) and termination benefits due within 12 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 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 2009. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Corporation recognises a provision for termination when it has developed a detailed formal plan for the termination and has informed those employees affected that it will carry out the terminations.

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.26 Employee benefits (cont..)

Superannuation

Employees of the ILC are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Scheme (PSS) or the PSS Accumulation Plan (PSSap). The CSS and PSS are defined benefits scheme for the Australian Government. 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. This liability is reported by the Department of Finance and Deregulation as an administered item.

The ILC makes employer contributions to the employee superannuation scheme 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. The ILC accounts for the contribution as if they were contributions to defined contributions plans.

Employer contributions amounting to \$849,724 (2008: \$1,075,982) 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 which are defined contribution schemes.

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

1.27 Contingent liabilities and contingent assets

Contingent liabilities and assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured.

Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote (Refer Note 16 and 17).

1.28 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.

1.29 Transactions by the Government as owner

Amounts appropriated which are designated as "equity injections" for a year (less any formal reductions) are recognised directly in Contributed Equity in that year. Net assets received from or relinquished to another Australian Government Authority or Agency under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. Contributions by, or distribution to, owners are disclosed at Note 13.

Notes to and forming part of the financial statements for the year ended 30 June 2009

1.30 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.

NIPE is subject to taxation, however, due to the nature of its income and expenses, no tax is payable and no provision for tax is recognised.

NCIE has sought and has been granted exemption from taxation as a result of being recognised as a Public Benevolent Institution.

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.

The net amount of GST recoverable from, or payable to, the ATO are 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.

1.31 Comparative figures

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

Notes to and forming part of the financial statements for the year ended 30 June 2009

2. 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.

3. Reporting by outcomes

The Corporation's outcome is:

"Enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through land acquisition and management." Only one program 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. The ILC is dependent on the "realised real return" on the investments of the Aboriginal and Torres Strait Islander Land Account in accordance with Section 193C of the *Aboriginal and Torres Strait Islander Act 2005* ("ATSI Act").

5. Events occurring after the balance sheet date

There are no events occurring after reporting date.

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|-------------------------------------|----------------------|----------------------|-------------------|-------------------|
| 6. Revenues | | | | |
| 6A. Revenues from Government | | | | |
| Receipts from the Land Account | 44,789,220 | - | 44,789,220 | - |
| Other revenues from Government | 6,778,359 | 573,412 | 6,778,359 | 573,412 |
| Total revenues from Government | 51,567,579 | 573,412 | 51,567,579 | 573,412 |

The "realised real return" on the Land Account for distribution in 2008-09 was \$44,789,220 (2008: \$0). Funding from NTFFP Special Account is \$4,952,895 (2008: \$210,004). Amount distributed to third parties \$4,035,827 (2008: \$0). Amount utilised by NIPE \$240,516 (2008: \$37,659)

6B. Interest

| | | | | |
|---|-------------------|-----------|-------------------|-----------|
| Held-held to maturity investments | | | | |
| Interest on amortising notes with major banks | 13,189,573 | 3,153,136 | 13,189,573 | 3,153,136 |
| Loans and receivables | | | | |
| Interest on bank and other securities | 953,100 | 3,542,787 | 949,221 | 3,541,296 |
| Interest on repayable grants | 29,532 | 16,671 | 29,532 | 16,671 |
| Total interest revenue | 14,172,205 | 6,712,594 | 14,168,326 | 6,711,103 |

6C. Other revenue

| | | | | |
|---------------------------------------|------------------|-----------|------------------|-----------|
| Income from properties held for grant | | | | |
| Goods | 261,217 | 14,424 | 261,217 | 14,424 |
| Other | 3,956,929 | 2,850,608 | 3,956,929 | 2,850,608 |
| Insurance proceeds | 1,033,143 | 438,342 | 1,033,143 | 338,942 |
| Other | 622 | 56,750 | - | 56,750 |
| Trust distribution | - | - | - | 5,477 |
| Total other revenue | 5,251,911 | 3,360,124 | 5,251,289 | 3,266,201 |
| Other Revenue from | | | | |
| Related Entities | 3,652 | 667,673 | 3,652 | 667,673 |
| External Entities | 5,248,259 | 2,692,451 | 5,247,637 | 2,598,528 |
| Total other revenue | 5,251,911 | 3,360,124 | 5,251,289 | 3,266,201 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|-------------------|-------------------|
| 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 | 3,351,961 | 873,650 | 3,573,376 | 797,293 |
| Sheep | 130,034 | 253,906 | 186,397 | 253,942 |
| Horses | (27,212) | (24,846) | (27,212) | (24,846) |
| Buffalo | - | - | - | - |
| Goats | 27,751 | 10,278 | - | - |
| | 3,482,534 | 1,112,988 | 3,732,561 | 1,026,389 |
| Movement in provision for deaths | (232,648) | (95,024) | (298,201) | (97,810) |
| Net gain in the net market value of livestock | 3,249,886 | 1,017,964 | 3,434,360 | 928,579 |
| 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 | 49,459 | (56,730) | 49,459 | (56,730) |
| Net loss in the net market value of other biological assets | 49,459 | (56,730) | 49,459 | (56,730) |
| 7C. Net market value¹ of agricultural produce | | | | |
| Non-living agricultural produce extracted from biological assets | | | | |
| Net market value of wool extracted during reporting period | 280,206 | 454,685 | 171,931 | 342,522 |
| Net market value of fruit extracted during reporting period | 266,790 | 185,253 | 266,790 | 185,253 |
| Net market value of agricultural produce | 546,996 | 639,938 | 438,721 | 527,775 |
| Wool | | | | |
| Revenue from sale of wool | 332,552 | 377,074 | 224,277 | 264,911 |
| Deemed cost of wool | (332,552) | (377,074) | (224,277) | (264,911) |
| Net revenue from sale of wool | - | - | - | - |
| Fruit | | | | |
| Revenue from sale of fruit | 266,790 | 185,253 | 266,790 | 185,253 |
| Deemed cost of fruit | (266,790) | (185,253) | (266,790) | (185,253) |
| Net revenue from sale of fruit | - | - | - | - |

During the reporting period the Corporation sold 435 (2008: 323) bales of wool and 27,328 (2008: 14,097) crates of citrus fruit.

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

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|----------------------|----------------------|--------------------|-------------------|
| 7D. Net gain (loss) from sale of assets | | | | |
| Property, plant and equipment | | | | |
| Proceeds from sale | 420,545 | 34,823 | 411,456 | 34,823 |
| Carrying value of assets sold | (554,390) | (66,633) | (546,413) | (66,633) |
| Net gain (loss) from sale of property, plant and equipment | (133,845) | (31,810) | (134,957) | (31,810) |
| Plant and equipment held for grant | | | | |
| Proceeds from sale | 367,953 | 18,997 | 367,953 | 18,997 |
| Carrying value of assets sold | (248,589) | - | (248,589) | - |
| Net gain from sale of plant and equipment held for grant | 119,364 | 18,997 | 119,364 | 18,997 |
| Held for sale assets disposed in the current year | | | | |
| Proceeds from sale | 1,418,676 | 412,501 | 1,418,676 | 412,501 |
| Carrying value of assets sold | (1,393,501) | (341,807) | (1,393,501) | (341,807) |
| Net gain from sale held for sale assets | 25,175 | 18,997 | 25,175 | 18,997 |
| Land previously held for grant disposed in the current year | | | | |
| Proceeds from sale | - | 412,501 | - | 412,501 |
| Carrying value of assets sold | - | (341,807) | - | (341,807) |
| Net gain (loss) from sale of land previously held for grant sold in the current year | - | 70,694 | - | 70,694 |
| Total proceeds from sale | 2,207,174 | 466,321 | 2,198,085 | 466,321 |
| Total value of assets sold | (2,196,480) | (408,440) | (2,188,503) | (408,440) |
| Total net gain (loss) from sale of assets | 10,694 | 57,881 | 9,582 | 57,881 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|----------------------|----------------------|-------------------|-------------------|
| 7E. Net write (down) up of investments | | | | |
| Net gain (loss) arising from the change in value of assets designated at fair value through profit and loss: | | | | |
| Investments (held in-house) | (16,200) | (41,850) | (16,200) | (41,850) |
| Investments (outsourced) | 35 | 305,317 | 35 | 305,317 |
| Net write (down) up of investments | (16,165) | 263,467 | (16,165) | 263,467 |

The unrealised write (down) up in the fair value of investments is recognised in the Income Statement.

7F. Other net (loss) gain

Net gain (loss) arising from the change in fair value of:

| | | | | |
|--|------------------|-----------|-----------------|-----------|
| Hedging instruments | - | 14,500 | - | 14,500 |
| Property, plant and equipment – revalued | (6,646) | - | (6,646) | - |
| Land Acquisition assets received for no or nominal consideration | - | 2,840,000 | - | 2,840,000 |
| Net impairment | | | | |
| Receivables | (67,626) | (35,277) | (67,626) | (35,277) |
| Repayable grants | (81,441) | 26,654 | 948,247 | 21,177 |
| Other net (loss) gain | (155,713) | 2,845,877 | 873,975 | 2,840,400 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|----------------------|----------------------|-------------------|-------------------|
|--|----------------------|----------------------|-------------------|-------------------|

8. Expenses

8A. Property granted

The expense relates to the value of land granted (at cost) to appropriate Indigenous 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 | 11,982,679 | 1,382,041 | 11,982,679 | 1,382,041 |
| Associated costs | 3,045,807 | 61,276 | 3,045,807 | 61,276 |
| Total property granted expenses | 15,028,486 | 1,443,317 | 15,028,486 | 1,443,317 |
| Property granted expense | | | | |
| Related entities | - | - | - | - |
| External entities | 15,028,486 | 1,443,317 | 15,028,486 | 1,443,317 |
| Total property granted expenses | 15,028,486 | 1,443,317 | 15,028,486 | 1,443,317 |

8B. Provision for property grant

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

| | | | | |
|--|------------------|------------|------------------|------------|
| Total movement in the provision for Property held for grant | 2,840,212 | 16,067,968 | 2,840,212 | 16,067,968 |
|--|------------------|------------|------------------|------------|

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 | 4,984,983 | 3,333,545 | 4,984,983 | 3,333,545 |
| External entities | 28,402,670 | 22,138,923 | 33,403,164 | 26,759,563 |
| Total land management expenses | 33,387,653 | 25,472,468 | 38,388,147 | 30,093,108 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|------------------------------|----------------------|----------------------|-------------------|-------------------|
| 8D. Employee expenses | | | | |
| Wages and salaries | 13,172,782 | 11,937,212 | 8,342,906 | 7,651,287 |
| Superannuation | 1,643,878 | 1,460,452 | 1,239,388 | 1,105,524 |
| Separation and redundancy | 16,778 | 245,072 | 16,778 | 245,072 |
| Total employee expenses | 14,833,438 | 13,642,736 | 9,599,072 | 9,001,883 |

This comprises salary costs, superannuation costs, employee leave provisions and staff recruitment costs. All superannuation contributions are considered to be to defined contribution plans (refer Note 1).

| | | | | |
|---------------------------------|--------------|-------|-----------|-------|
| Number of employees as at | | | | |
| 30 June (full time equivalents) | 230.5 | 195.5 | 95 | 100.1 |

The consolidated amount includes employees of NIPE and other ILC subsidiaries who are employed in the commercial businesses as at 30 June.

8E. Suppliers expenses

| | | | | |
|--------------------------------------|------------------|-----------|------------------|-----------|
| Supply of goods and services: | | | | |
| Related entities | 29,050 | 329,100 | 26,396 | 326,806 |
| External entities | 3,621,853 | 3,212,809 | 3,366,096 | 3,106,317 |
| Operating lease rentals ¹ | 1,436,890 | 1,445,941 | 1,436,890 | 1,445,941 |
| Workers compensation premiums | 52,670 | 197,729 | 42,307 | 48,325 |
| Total supplier expenses | 5,140,463 | 5,185,579 | 4,871,689 | 4,927,389 |

¹ These comprise minimum lease payments only

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|-------------------|-------------------|
| 8F. Depreciation and amortisation | | | | |
| Depreciation of property, plant and equipment | 5,348,941 | 2,866,867 | 5,267,039 | 2,845,178 |
| Amortisation of "makegood" asset | 10,803 | 9,334 | 10,803 | 9,334 |
| Amortisation of software | 106,829 | 76,449 | 106,829 | 76,449 |
| Total depreciation and amortisation | 5,466,573 | 2,952,650 | 5,384,671 | 2,930,961 |

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 | 52,500 | 11,423 | 52,500 | 11,423 |
| Furniture and fittings | 36,444 | 25,102 | 36,444 | 25,102 |
| Computer equipment | 202,126 | 177,349 | 202,126 | 177,349 |
| Office fitouts | 299,813 | 290,560 | 299,813 | 290,560 |

Commercial Property Assets

| | | | | |
|-------------------------------------|------------------|-----------|------------------|-----------|
| Buildings and infrastructure | 1,998,537 | 1,251,551 | 1,989,595 | 1,246,234 |
| Plant and equipment | 1,699,399 | 536,340 | 1,651,385 | 531,195 |
| Furniture and fitting | 152,363 | 76,506 | 151,851 | 76,249 |
| Motor Vehicles | 907,759 | 498,036 | 883,325 | 487,066 |
| Amortisation of "makegood" asset | 10,803 | 9,334 | 10,803 | 9,334 |
| Amortisation of software | 106,829 | 76,449 | 106,829 | 76,449 |
| Total depreciation and amortisation | 5,466,573 | 2,952,650 | 5,384,671 | 2,930,961 |

9. Financial assets

9A. Cash and cash equivalents

| | | | | |
|--|-------------------|------------|-------------------|------------|
| Cash at bank and on hand | 5,348,542 | 507,864 | 5,347,778 | 524,591 |
| Deposits at call | 15,160,282 | 34,032,260 | 15,160,282 | 34,032,260 |
| Deposit with maturity less than 3 months | 35,000,000 | - | 35,000,000 | - |
| Cash advances | 22,177 | 22,840 | 22,177 | 22,840 |
| Total cash and cash equivalents | 55,531,001 | 34,562,964 | 55,530,237 | 34,579,691 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|-------------------|-------------------|
| 9B. Receivables | | | | |
| Interest receivable | 39,991 | 122,748 | 39,991 | 122,748 |
| Other debtors | 2,496,795 | 2,207,170 | 2,496,795 | 2,201,915 |
| Cash with agent | - | 508,000 | - | 508,000 |
| Receivable from ATO | 1,428,893 | 1,142,281 | 1,428,893 | 1,138,503 |
| Total receivables | 3,965,679 | 3,980,199 | 3,965,679 | 3,971,166 |
| Less: Allowance for impairment loss | (129,303) | (61,677) | (129,303) | (61,677) |
| Total receivables (net) | 3,836,376 | 3,918,522 | 3,836,376 | 3,909,489 |
| All receivables are current. | | | | |
| Receivables (gross) are aged as follows: | | | | |
| Not overdue | 3,768,448 | 3,579,088 | 3,768,448 | 3,570,055 |
| Overdue by | | | | |
| - less than 30 days | 34,753 | 134,886 | 34,753 | 134,886 |
| - 30 to 60 days | 33,579 | 199,208 | 33,579 | 199,208 |
| - 60 to 90 days | 13,385 | 2,383 | 13,385 | 2,383 |
| - more than 90 days | 115,514 | 64,634 | 115,514 | 64,634 |
| | 197,231 | 401,111 | 197,231 | 401,111 |
| | 3,965,679 | 3,980,199 | 3,965,679 | 3,971,166 |
| Allowance for impairment loss is aged as follows: | | | | |
| Not overdue | 12,538 | - | 12,538 | - |
| Overdue by | | | | |
| - less than 30 days | 8,211 | 2,383 | 8,211 | 2,383 |
| - 30 to 60 days | 4,027 | 2,383 | 4,027 | 2,383 |
| - 60 to 90 days | 6,348 | 2,383 | 6,348 | 2,383 |
| - more than 90 days | 98,179 | 54,528 | 98,179 | 54,528 |
| | 116,765 | 61,677 | 116,765 | 61,677 |
| | 129,303 | 61,677 | 129,303 | 61,677 |
| Reconciliation of provision for impairment | | | | |
| Opening balance | 61,677 | 26,400 | 61,677 | 26,400 |
| Amounts written off | - | (26,400) | - | (26,400) |
| Amounts recovered or reversed | - | - | - | - |
| Increase/ decrease recognised in net surplus | 67,626 | 61,677 | 67,626 | 61,677 |
| Closing balance | 129,303 | 61,677 | 129,303 | 61,677 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|---------------------|-------------------|
| 9C. Investments | | | | |
| Bank and other securities | 142,960,280 | 194,153,835 | 142,960,280 | 194,153,835 |
| Shares in listed companies (at market value) | 461 | 16,661 | 461 | 16,661 |
| Shares in subsidiary companies ¹ | - | - | 41 | 31 |
| Total investments | 142,960,741 | 194,170,496 | 142,960,782 | 194,170,527 |
| Investments are categorised as follows: | | | | |
| Current | 142,960,280 | 51,193,555 | 142,960,280 | 51,193,555 |
| Non-current | 461 | 142,976,941 | 502 | 142,976,972 |
| Total investments | 142,960,741 | 194,170,496 | 142,960,782 | 194,170,527 |
| ¹ The ILC owns 100% of shares in each of its subsidiaries. | | | | |
| A summary of the movement in investments is as follows: | | | | |
| Opening balance 1 July | 194,170,496 | 306,976,859 | 194,170,527 | 306,976,890 |
| Increment (decline) in market value to 30 June | (16,165) | 263,467 | (16,165) | 263,467 |
| Investment in NCIE | - | - | 10 | - |
| | 194,154,331 | 307,240,326 | 194,154,372 | 307,240,357 |
| Less: investments liquidated | (51,193,590) | (113,069,830) | (51,193,590) | (113,069,830) |
| Closing balance 30 June | 142,960,741 | 194,170,496 | 142,960,782 | 194,170,527 |
| 9D. Other financial assets | | | | |
| Advances to subsidiaries | | | | |
| Cardabia Pastoral Company Pty Ltd | - | - | - | 1,097,475 |
| National Centre of Indigenous Excellence Ltd | - | - | 41,650 | - |
| Repayable grants to Indigenous corporations | 1,134,148 | 1,325,737 | 1,134,148 | 1,325,737 |
| Total | 1,134,148 | 1,325,737 | 1,175,798 | 2,423,212 |
| Less: provision for impairment | (199,793) | (162,580) | (199,793) | (1,260,055) |
| Total other financial assets | 934,355 | 1,163,157 | 976,005 | 1,163,157 |
| Other financial assets are categorised as follows: | | | | |
| Current | 139,675 | 153,240 | 181,325 | 153,240 |
| Non-current | 794,680 | 1,009,917 | 794,680 | 1,009,917 |
| Total other financial assets | 934,355 | 1,163,157 | 976,005 | 1,163,157 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|--------------------|-------------------|
| 9D. Other financial assets (cont..) | | | | |
| Other financial assets (gross) are aged as follows: | | | | |
| Not overdue | 1,109,275 | 1,296,624 | 1,150,925 | 1,302,101 |
| Overdue by | | | | |
| - one year or less | 24,873 | 14,000 | 24,873 | 14,000 |
| - from one to 5 years | - | 15,113 | - | 690,587 |
| - over 5 years | - | - | - | 416,524 |
| | 24,873 | 29,113 | 24,873 | 1,121,111 |
| | 1,134,148 | 1,325,737 | 1,175,798 | 2,423,212 |
| Allowance for impairment loss is aged as follows: | | | | |
| Not overdue | 175,610 | 133,467 | 175,610 | 138,944 |
| Overdue by | | | | |
| - one year or less | 24,183 | 14,000 | 24,183 | 14,000 |
| - from one to 5 years | - | 15,113 | - | 690,587 |
| - over 5 years | - | - | - | 416,524 |
| | 24,183 | 29,113 | 24,183 | 1,121,111 |
| | 199,793 | 162,580 | 199,793 | 1,260,055 |
| Reconciliation of provision for impairment | | | | |
| Opening balance | 162,580 | 189,234 | 1,260,055 | 1,281,233 |
| Amounts written off | (44,228) | - | (112,015) | - |
| Amounts recovered or reversed | (31,560) | (26,654) | (1,061,248) | (21,178) |
| Increase recognised in net surplus | 113,001 | - | 113,001 | - |
| Closing balance | 199,793 | 162,580 | 199,793 | 1,260,055 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

10. Non-financial assets

10A. Inventory - Property held for grant, Held for sales Assets and Provision for property held for grant (consolidated)

| Asset detail | Land & Incidentals | Plant & equipment | Livestock | Total |
|---|--------------------|-------------------|----------------|----------------|
| Property held for grant | 115,262,384 | 12,492,487 | 231,122 | 127,985,993 |
| Less: provision for grant | (115,262,384) | (12,492,487) | - | (127,754,871) |
| Carrying amount 30 June | - | - | 231,122 | 231,122 |
| A summary of the movement in property held for grant is as follows: | | | | |
| Opening balance 1 July | 115,421,747 | 9,492,912 | 133,441 | 125,048,100 |
| Opening provision 1 July | (115,421,747) | (9,492,912) | - | (124,914,659) |
| Carrying amount 1 July | - | - | 133,441 | 133,441 |
| Additions to 30 June | 12,093,180 | 2,204,095 | 97,681 | 14,394,956 |
| Grant to 30 June | (11,789,139) | (193,538) | - | (11,982,677) |
| Reclassified as property held for sale | (463,404) | - | - | (463,404) |
| Reclassified from property, plant and equipment | - | 989,018 | - | 989,018 |
| Net movement | (159,363) | 2,999,575 | 97,681 | 2,937,893 |
| Movement in provision to 30 June | 159,363 | (2,999,575) | - | (2,840,212) |
| Carrying amount 30 June | - | - | 231,122 | 231,122 |

The above amount includes a property that is jointly controlled by the ILC and Housing Authority of Western Australia. The holding is as follows:

| | |
|--|----------------|
| ILC – 47.1% | 167,205 |
| Housing Authority of Western Australia – 52.9% | 187,795 |
| | <u>355,000</u> |

The ILC holds the title for all other 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.

Inventory – Property held for grant, and provision for property held for grant are non current.

Held for sale assets

In accordance with its governing legislation, the Corporation has considered that it no longer needs to hold the interest in one property held for grant for the purpose of making a grant of the interest to an Aboriginal or Torres Strait Islander corporation. The property is available for immediate sale and local property agents have been appointed to market the property. The Corporation sold the 2 properties in the reporting period that were designated Held for sale assets at 30 June 2008.

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|----------------------|----------------------|----------------------|-------------------|-------------------|
| Held for sale assets | 463,404 | 1,393,501 | 463,404 | 1,393,501 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|--------------------|-------------------|
| 10B. Inventory - other | | | | |
| Inventory held for resale | 227,500 | 59,000 | 227,500 | 59,000 |
| Inventory held for resale is a current asset. | | | | |
| 10C. Property, plant and equipment | | | | |
| Commercial Business Assets¹ | | | | |
| Buildings and infrastructure improvements², | | | | |
| at fair value | 70,358,516 | 44,432,055 | 70,358,516 | 44,343,518 |
| Less: Accumulated depreciation | (5,150,366) | (3,587,839) | (5,150,366) | (3,568,141) |
| | 65,208,150 | 40,844,216 | 65,208,150 | 40,775,377 |
| Plant and equipment, | | | | |
| at fair value | 5,726,182 | 5,687,610 | 5,726,182 | 5,623,611 |
| Less: Accumulated depreciation | (169,527) | (1,187,928) | (169,527) | (1,161,481) |
| | 5,556,655 | 4,499,682 | 5,556,655 | 4,462,130 |
| Furniture and fittings, | | | | |
| at fair value | 494,217 | 382,437 | 494,217 | 379,687 |
| Less: Accumulated depreciation | (289,955) | (148,176) | (289,955) | (146,449) |
| | 204,262 | 234,261 | 204,262 | 233,238 |
| Motor vehicles, | | | | |
| at fair value | 2,687,297 | 3,260,071 | 2,687,297 | 3,196,752 |
| Less: Accumulated depreciation | (59,048) | (851,523) | (59,048) | (824,279) |
| | 2,628,249 | 2,408,548 | 2,628,249 | 2,372,473 |
| Administration Assets | | | | |
| Office equipment, at fair value | 248,606 | 186,745 | 248,606 | 186,745 |
| Less: Accumulated depreciation | (115,801) | (97,523) | (115,801) | (97,523) |
| | 132,805 | 89,222 | 132,805 | 89,222 |
| Furniture and fittings, at fair value | 119,645 | 98,271 | 119,645 | 98,271 |
| Less: Accumulated depreciation | (78,153) | (46,480) | (78,153) | (46,480) |
| | 41,492 | 51,791 | 41,492 | 51,791 |
| Computer systems, at fair value | 772,075 | 852,813 | 772,075 | 852,813 |
| Less: Accumulated depreciation | (443,193) | (442,633) | (443,193) | (442,633) |
| | 328,882 | 410,180 | 328,882 | 410,180 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|----------------------|----------------------|-------------------|-------------------|
| 10C. Property, plant and equipment (cont..) | | | | |
| Leasehold improvements , at fair value | 1,570,300 | 766,590 | 1,570,300 | 766,590 |
| Less: Accumulated depreciation | (5,901) | (290,563) | (5,901) | (290,563) |
| | 1,564,399 | 476,027 | 1,564,399 | 476,027 |
| Sub total property, plant & equipment | 75,664,894 | 49,013,927 | 75,664,894 | 48,870,438 |
| Makegood , at fair value | 290,000 | 62,000 | 290,000 | 62,000 |
| Less: Accumulated depreciation | (28,692) | (17,890) | (28,692) | (17,890) |
| | 261,308 | 44,110 | 261,308 | 44,110 |
| Total property, plant & equipment | 75,926,202 | 49,058,037 | 75,926,202 | 48,914,548 |

¹ The Corporation accounts for land and infrastructure on ILC held land as property held for grant (refer Note 1.18). 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 1.16).

² Buildings and infrastructure on properties that the corporation conducts commercial businesses include the following:

| | | | | |
|---|-------------------|------------|-------------------|------------|
| Improvements to building and infrastructure | 52,558,335 | 31,148,522 | 52,558,335 | 31,148,522 |
| Improvement to civil works | 767,188 | 863,220 | 767,188 | 863,220 |
| Improvements to water points and water supply | 4,430,658 | 3,594,358 | 4,430,658 | 3,538,432 |
| Improvements to fences and yards. | 7,451,969 | 5,238,116 | 7,451,969 | 5,225,203 |
| | 65,208,150 | 40,844,216 | 65,208,150 | 40,775,377 |

The ILC redesignated property held for grant to a commercial property during the previous reporting period. The applicable property, plant and equipment was reclassified as Property, plant and equipment.

| | | | | |
|--|---|-----------|---|-----------|
| Building and infrastructure improvements | - | 1,781,737 | - | 1,781,737 |
| Plant and equipment | - | 4,760 | - | 4,760 |
| Furniture and fittings | - | 1,421 | - | 1,421 |
| | - | 1,787,918 | - | 1,787,918 |

The ILC ceased operations of one of its businesses during the reporting period and consequently redesignated Property, plant and equipment on this property to property held for grant. The written-down value of the property, plant and equipment identified on the property at the end of the previous reporting period was:

| | | | | |
|--|----------------|---|----------------|---|
| Building and infrastructure improvements | 884,439 | - | 884,439 | - |
| Plant and equipment | 92,011 | - | 92,011 | - |
| Furniture and fittings | 3,229 | - | 3,229 | - |
| Motor vehicles | 9,339 | - | 9,339 | - |
| | 989,018 | - | 989,018 | - |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|----------------------|----------------------|-------------------|-------------------|
|--|----------------------|----------------------|-------------------|-------------------|

10C. Property, plant and equipment (cont..)

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 a finance lease.

All revaluations are conducted in accordance with the valuation policy stated at Note 1.

Buildings and infrastructure on properties that are under construction or significant redevelopment have not been revalued as at 30 June as the cost of construction and development reflects the fair value of the assets.

The total value of assets under construction are as follows:

| | | | | |
|--|-------------------|------------|-------------------|------------|
| Building and infrastructure improvements | 20,223,468 | 20,299,534 | 20,223,468 | 20,299,534 |
|--|-------------------|------------|-------------------|------------|

Valuations for all asset classes were undertaken at 30 June 2009. The valuations identified that the following asset classes carrying values were materially different from the fair value. These classes of assets were revalued with revaluation increment credited to the revaluation reserve:

Administration assets

Leasehold improvements

Commercial Business assets

Plant and Equipment

Motor vehicles.

Movement in asset revaluation reserve

As a result of revaluation

Administration assets

| | | | | |
|--------------------------------------|------------------|---|------------------|---|
| Increment for leasehold improvements | 1,169,433 | - | 1,169,433 | - |
|--------------------------------------|------------------|---|------------------|---|

Commercial Business assets

| | | | | |
|--|---------------|---|---|---|
| Increment for buildings and structures | 17,603 | - | - | - |
|--|---------------|---|---|---|

| | | | | |
|-----------------------------------|----------------|---|----------------|---|
| Increment for plant and equipment | 933,552 | - | 884,175 | - |
|-----------------------------------|----------------|---|----------------|---|

| | | | | |
|-------------------------------------|------------|---|---|---|
| Increment of furniture and fittings | 788 | - | - | - |
|-------------------------------------|------------|---|---|---|

| | | | | |
|------------------------------|----------------|---|----------------|---|
| Increment for motor vehicles | 475,953 | - | 446,094 | - |
|------------------------------|----------------|---|----------------|---|

| | | | | |
|--|------------------|---|------------------|---|
| | 2,597,329 | - | 2,499,702 | - |
|--|------------------|---|------------------|---|

As a result of disposal

Administration assets

| | | | | |
|--|------------------|---|------------------|---|
| Increment (decrement) for leasehold improvements | (689,726) | - | (689,726) | - |
|--|------------------|---|------------------|---|

Commercial Business assets

| | | | | |
|-----------------------------------|---|-----|---|-----|
| Increment for plant and equipment | - | 270 | - | 270 |
|-----------------------------------|---|-----|---|-----|

| | | | | |
|--|---|---------|---|---------|
| Increment (decrement) for motor vehicles | - | (5,146) | - | (5,146) |
|--|---|---------|---|---------|

| | | | | |
|--|------------------|---------|------------------|---------|
| | (689,726) | (4,876) | (698,726) | (4,876) |
|--|------------------|---------|------------------|---------|

| | | | | |
|--|------------------|---------|------------------|---------|
| | 1,907,603 | (4,876) | 1,809,974 | (4,876) |
|--|------------------|---------|------------------|---------|

Notes to and forming part of the financial statements for the year ended 30 June 2009

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 & Equipment | Furniture & Fittings | Motor Vehicles | Office Equipment | Furniture & Fittings | Computer Systems | Leasehold Improvements | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| As at 1 July 2008 | | | | | | | | | |
| Gross book value | 44,432,055 | 5,687,610 | 382,437 | 3,260,071 | 186,745 | 98,271 | 852,813 | 766,590 | 55,666,592 |
| Accumulated depreciation | (3,587,839) | (1,187,928) | (148,176) | (851,523) | (97,523) | (46,480) | (442,633) | (290,563) | (6,652,665) |
| Opening net book value | 40,844,216 | 4,499,682 | 234,261 | 2,408,548 | 89,222 | 51,791 | 410,180 | 476,027 | 49,013,927 |
| Additions: | | | | | | | | | |
| By purchase | 27,235,524 | 2,166,997 | 130,802 | 891,227 | 115,688 | 28,625 | 158,372 | 218,752 | 30,945,987 |
| By Transfer | - | - | - | - | - | - | - | - | - |
| Net revaluation increment (decrement) | 17,603 | 933,552 | 788 | 475,953 | - | - | - | 1,169,433 | 2,597,329 |
| Depreciation/amortisation | (1,998,537) | (1,699,399) | (152,363) | (907,759) | (52,500) | (36,444) | (202,126) | (299,813) | (5,348,941) |
| Reclassification | (884,439) | (92,011) | (3,229) | (9,339) | - | - | - | - | (989,018) |
| Impairments recognised in the operating results | - | - | - | - | - | - | - | - | - |
| Disposals: | | | | | | | | | |
| Other | (6,217) | (252,166) | (5,997) | (230,381) | (19,605) | (2,480) | (37,544) | - | (554,390) |
| As at 30 June 2009 | | | | | | | | | |
| Gross book value | 70,358,516 | 5,726,182 | 494,217 | 2,687,297 | 248,606 | 119,645 | 772,075 | 1,570,300 | 81,976,838 |
| Accumulated depreciation | (5,150,366) | (169,527) | (289,955) | (59,048) | (115,801) | (78,153) | (443,193) | (5,901) | (6,311,944) |
| Closing net book value | 65,208,150 | 5,556,655 | 204,262 | 2,628,249 | 132,805 | 41,492 | 328,882 | 1,564,399 | 75,664,894 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

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

| Item | Commercial Business Assets | | | | Administration Assets | | | | Total |
|---|--|-------------------|----------------------|------------------|-----------------------|----------------------|------------------|------------------------|-------------------|
| | Building & Infrastructure improvements | Plant & Equipment | Furniture & Fittings | Motor Vehicles | Office Equipment | Furniture & Fittings | Computer Systems | Leasehold Improvements | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| As at 1 July 2007 | | | | | | | | | |
| Gross book value | 19,468,298 | 3,187,280 | 200,742 | 2,260,636 | 177,499 | 93,763 | 694,185 | 709,399 | 26,791,802 |
| Accumulated depreciation | (2,346,854) | (661,639) | (72,403) | (364,359) | (74,237) | (35,057) | (331,653) | - | (3,886,202) |
| Opening net book value | 17,121,444 | 2,525,641 | 128,339 | 1,896,277 | 103,262 | 58,706 | 362,532 | 709,399 | 22,905,600 |
| Additions: | | | | | | | | | |
| By purchase | 23,197,020 | 2,508,678 | 182,674 | 1,047,953 | 11,805 | 4,508 | 244,080 | 57,191 | 27,253,909 |
| By Transfer | 1,781,737 | 4,760 | 1,421 | - | - | - | - | - | 1,787,918 |
| Net revaluation increment (decrement) | - | - | - | - | - | - | - | - | - |
| Depreciation/amortisation | (1,251,550) | (536,340) | (76,506) | (498,036) | (25,101) | (11,423) | (177,348) | (290,563) | (2,866,867) |
| Impairments recognised in the operating results | - | - | - | - | - | - | - | - | - |
| Disposals: | | | | | | | | | |
| Other | (4,435) | (3,057) | (1,667) | (37,646) | (744) | - | (19,084) | - | (66,633) |
| As at 30 June 2008 | | | | | | | | | |
| Gross book value | 44,432,055 | 5,687,610 | 382,437 | 3,260,071 | 186,745 | 98,271 | 852,813 | 766,590 | 55,666,592 |
| Accumulated depreciation | (3,587,839) | (1,187,928) | (148,176) | (851,523) | (97,523) | (46,480) | (442,633) | (290,563) | (6,652,665) |
| Closing net book value | 40,844,216 | 4,499,682 | 234,261 | 2,408,548 | 89,222 | 51,791 | 410,180 | 476,027 | 49,013,927 |

Notes to and forming part of the financial statements

for the year ended 30 June 2009

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

| Item | Commercial Business Assets | | | Administration Assets | | | Total | |
|---|--|-------------------|----------------------|-----------------------|------------------|----------------------|----------------|------------------|
| | Building & Infrastructure improvements | Plant & Equipment | Furniture & Fittings | Motor Vehicles | Office Equipment | Furniture & Fittings | | Computer Systems |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| As at 1 July 2008 | | | | | | | | |
| Gross book value | 44,343,518 | 5,623,611 | 379,687 | 3,196,752 | 186,745 | 98,271 | 852,813 | 766,590 |
| Accumulated depreciation | (3,568,141) | (1,161,481) | (146,449) | (824,279) | (97,523) | (46,480) | (442,633) | (290,563) |
| Opening net book value | 40,775,377 | 4,462,130 | 233,238 | 2,372,473 | 89,222 | 51,791 | 410,180 | 476,027 |
| Additions: | | | | | | | | |
| By purchase | 27,235,524 | 2,000,425 | 130,802 | 890,384 | 115,688 | 28,625 | 158,372 | 218,752 |
| By Transfer | 77,500 | 197,510 | 1,300 | 42,343 | - | - | - | - |
| Net revaluation increment (decrement) | - | 884,174 | - | 446,094 | - | - | - | 1,169,433 |
| Depreciation/amortisation | (1,989,595) | (1,651,385) | (151,851) | (883,325) | (52,500) | (36,444) | (202,126) | (299,813) |
| Reclassification | (884,439) | (92,011) | (3,229) | (9,339) | - | - | - | - |
| Impairments recognised in the operating results | - | - | - | - | - | - | - | - |
| Disposals: | | | | | | | | |
| Other | (6,217) | (244,188) | (5,998) | (230,381) | (19,605) | (2,480) | (37,544) | (546,413) |
| As at 30 June 2009 | | | | | | | | |
| Gross book value | 70,358,516 | 5,726,182 | 494,217 | 2,687,297 | 248,606 | 119,645 | 772,075 | 1,570,300 |
| Accumulated depreciation | (5,150,366) | (169,527) | (289,955) | (59,048) | (115,801) | (78,153) | (443,193) | (5,901) |
| Closing net book value | 65,208,150 | 5,556,655 | 204,262 | 2,628,249 | 132,805 | 41,492 | 328,882 | 1,564,399 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

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

| Item | Commercial Business Assets | | | | Administration Assets | | | | Total |
|---|--|-------------------|----------------------|------------------|-----------------------|----------------------|------------------|------------------------|-------------------|
| | Building & Infrastructure improvements | Plant & Equipment | Furniture & Fittings | Motor Vehicles | Office Equipment | Furniture & Fittings | Computer Systems | Leasehold Improvements | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| As at 1 July 2007 | | | | | | | | | |
| Gross book value | 19,385,677 | 3,123,280 | 197,992 | 2,197,318 | 177,499 | 93,763 | 694,185 | 709,399 | 26,579,113 |
| Accumulated depreciation | (2,332,473) | (640,337) | (70,933) | (348,085) | (74,237) | (35,057) | (331,653) | - | (3,832,775) |
| Opening net book value | 17,053,204 | 2,482,943 | 127,059 | 1,849,233 | 103,262 | 58,706 | 362,532 | 709,399 | 22,746,338 |
| Additions: | | | | | | | | | |
| By purchase | 23,191,104 | 2,508,679 | 182,674 | 1,047,952 | 11,805 | 4,508 | 244,080 | 57,191 | 27,247,993 |
| By Transfer | 1,781,737 | 4,760 | 1,421 | - | - | - | - | - | 1,787,918 |
| Net revaluation increment (decrement) | - | - | - | - | - | - | - | - | - |
| Depreciation/amortisation | (1,246,233) | (531,195) | (76,249) | (487,066) | (25,101) | (11,423) | (177,348) | (290,563) | (2,845,178) |
| Impairments recognised in the operating results | - | - | - | - | - | - | - | - | - |
| Disposals: | | | | | | | | | |
| Other | (4,435) | (3,057) | (1,667) | (37,646) | (744) | - | (19,084) | - | (66,633) |
| As at 30 June 2008 | | | | | | | | | |
| Gross book value | 44,343,518 | 5,623,611 | 379,687 | 3,196,752 | 186,745 | 98,271 | 852,813 | 766,590 | 55,447,987 |
| Accumulated depreciation | (3,568,141) | (1,161,481) | (146,449) | (824,279) | (97,523) | (46,480) | (442,633) | (290,563) | (6,577,549) |
| Closing net book value | 40,775,377 | 4,462,130 | 233,238 | 2,372,473 | 89,222 | 51,791 | 410,180 | 476,027 | 48,870,438 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|-------------------------------|----------------------|----------------------|--------------------|-------------------|
| 10H. Biological Assets | | | | |
| Livestock | 32,088,556 | 27,435,605 | 32,088,556 | 26,124,547 |
| Provision for deaths | (1,604,428) | (1,371,780) | (1,604,428) | (1,306,227) |
| | 30,484,128 | 26,063,825 | 30,484,128 | 24,818,320 |
| Wool | 272,833 | 325,179 | 272,833 | 325,179 |
| Plantings (Citrus Trees) | 78,587 | - | 78,587 | - |
| Total inventory | 30,835,548 | 26,389,004 | 30,835,548 | 25,143,499 |

All inventory is current inventory.

| | Consol 2009 Number | Consol 2009 \$ | ILC 2009 Number | ILC 2009 \$ |
|--|--------------------------|----------------------|-----------------------|-------------------|
| <i>Movement in livestock:</i> | | | | |
| Opening on hand (at net market value) | 86,942 | 27,435,605 | 74,797 | 26,124,547 |
| Less provision for deaths | - | (1,371,780) | - | (1,306,227) |
| | 86,942 | 26,063,825 | 74,797 | 24,818,320 |
| Sales | (24,577) | (5,103,899) | (17,975) | (4,754,620) |
| Purchases | 8,467 | 6,274,316 | 13,262 | 6,986,068 |
| Natural Increase | 28,081 | - | 26,525 | - |
| Deaths/Rations/Other | (4,841) | - | (2,537) | - |
| Net gain from change in net market value | - | 3,482,534 | - | 3,732,561 |
| Change in provision for deaths | - | (232,648) | - | (298,201) |
| Closing on hand (at net market value) | 94,072 | 30,484,128 | 94,072 | 30,484,128 |

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).

| | | | | |
|--|---------------|-------------------|---------------|-------------------|
| Livestock on hand at the beginning of the reporting period at net market value | | | | |
| Cattle | 66,181 | 26,372,171 | 62,527 | 25,334,246 |
| Sheep | 20,607 | 852,164 | 12,116 | 579,031 |
| Horses | 154 | 211,270 | 154 | 211,270 |
| Buffalo | - | - | - | - |
| | | 27,435,605 | | 26,124,547 |
| Livestock on hand at the end of the reporting period at net market value | | | | |
| Cattle | 80,890 | 31,168,028 | 80,890 | 31,168,028 |
| Sheep | 13,004 | 654,486 | 13,004 | 654,486 |
| Horses | 156 | 255,650 | 156 | 255,650 |
| Buffalo | 22 | 10,392 | 22 | 10,392 |
| | | 32,088,556 | | 32,088,556 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 Number | Consol 2009 \$ | ILC 2009 Number | ILC 2009 \$ |
|--|--------------------------|----------------------|-----------------------|-------------------|
| 10H. Biological Assets (cont..) | | | | |
| <i>Movement in wool:</i> | | | | |
| Opening on hand (at net market value) | 240 bales | 325,179 | 240 bales | 325,179 |
| Harvest | 421 bales | 280,206 | 251 bales | 171,931 |
| Sales | (435 bales) | (332,552) | (265 bales) | (224,277) |
| Closing on hand (at net market value) | 226 bales | 272,833 | 226 bales | 272,833 |
| <i>Movement in plantings:</i> | | | | |
| Opening on hand (at net market value) | 26.05ha | - | 26.05ha | - |
| Purchases | 16.46ha | 29,128 | 16.46ha | 29,128 |
| Net gain from change in net market value | - | 49,459 | - | 49,459 |
| Closing on hand (at net market value) | 42.51ha | 78,587 | 42.51ha | 78,587 |

10I. Intangibles

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---------------------------------|----------------------|----------------------|-------------------|-------------------|
| Computer software | | | | |
| Internally developed – in use | 592,028 | 233,014 | 592,028 | 233,014 |
| Externally purchased | 52,846 | 320,544 | 52,846 | 320,544 |
| | 644,874 | 553,558 | 644,874 | 553,558 |
| Accumulated amortisation | (265,233) | (158,404) | (265,233) | (158,404) |
| Total intangibles (non-current) | 379,641 | 395,154 | 379,641 | 395,154 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

10I. Intangibles (cont..)

Reconciliation of opening and closing balances of intangibles (consolidated)

| Item | Computer software internally developed \$ | Computer software purchased \$ | Total \$ |
|-------------------------------|--|-----------------------------------|----------------|
| As at 1 July 2008 | | | |
| Gross book value | 233,014 | 320,544 | 553,558 |
| Accumulated depreciation | (27,185) | (131,219) | (158,404) |
| Opening net book value | 205,829 | 189,325 | 395,154 |
| Additions: | | | |
| Purchase/internally developed | - | 91,316 | 91,316 |
| Movements: | | | |
| Depreciation/Amortisation | (46,603) | (60,226) | (106,829) |
| As at 30 June 2009 | | | |
| Gross book value | 233,014 | 411,860 | 644,874 |
| Accumulated depreciation | (73,788) | (191,445) | (265,233) |
| Closing net book value | 159,226 | 220,415 | 379,641 |
| As at 1 July 2007 | | | |
| Gross book value | 60,024 | 247,063 | 307,087 |
| Accumulated depreciation | - | (81,954) | (81,954) |
| Opening net book value | 60,024 | 165,109 | 225,133 |
| Additions: | | | |
| Purchase/internally developed | 172,990 | 73,481 | 246,471 |
| Movements: | | | |
| Depreciation/Amortisation | (27,185) | (49,265) | (76,450) |
| As at 30 June 2008 | | | |
| Gross book value | 233,014 | 320,544 | 553,558 |
| Accumulated depreciation | (27,185) | (131,219) | (158,404) |
| Closing net book value | 205,829 | 189,325 | 395,154 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|--------------------|-------------------|
| 10J. Other Non- Financial Assets | | | | |
| Prepaid operating leases | 8,113,152 | 6,036,231 | 8,113,152 | 6,036,231 |
| Less: Amortisation of prepaid operating lease | (1,431,081) | (812,105) | (1,431,081) | (812,105) |
| | 6,682,071 | 5,224,126 | 6,682,071 | 5,224,126 |

The prepaid operating lease is to be amortised as follows:

| | | | | |
|-------------------------|------------------|-----------|------------------|-----------|
| - within one year | 618,976 | 597,187 | 618,976 | 597,187 |
| - within one to 5 years | 2,475,905 | 2,388,747 | 2,475,905 | 2,388,747 |
| - over 5 years | 3,587,190 | 2,238,192 | 3,587,190 | 2,238,192 |
| | 6,682,071 | 5,224,126 | 6,682,071 | 5,224,126 |

11. Payables

11A. Suppliers payables

| | | | | |
|----------------------------|------------------|-----------|------------------|-----------|
| Amounts owing to suppliers | 8,661,070 | 6,135,268 | 8,661,070 | 6,274,907 |
| Total supplier payables | 8,661,070 | 6,135,268 | 8,661,070 | 6,274,907 |

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.

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|----------------------|----------------------|-------------------|-------------------|
| 11B. Other Payables | | | | |
| Deferred benefit from lease incentive | 25,675 | 34,015 | 25,675 | 34,015 |
| Other payables | 459,174 | 2,496,460 | 459,174 | 2,496,460 |
| Total other payables | 484,849 | 2,530,475 | 484,849 | 2,530,475 |
| The lease incentive benefit is as follows: | | | | |
| - within one year | 8,340 | 8,340 | 8,340 | 8,340 |
| - within one to 5 years | 17,335 | 25,675 | 17,335 | 25,675 |
| Total lease incentive | 25,675 | 34,015 | 25,675 | 34,015 |
| Other payables are due as follows: | | | | |
| - within one year | 381,749 | 2,450,875 | 381,749 | 2,450,875 |
| - within one to 5 years | 77,425 | 45,585 | 77,425 | 45,585 |
| Total other payables | 459,174 | 2,496,460 | 459,174 | 2,496,460 |

12. Provisions

12A. Employee provisions

| | | | | |
|---|------------------|-----------|------------------|-----------|
| Salaries and wages | 422,564 | 374,100 | 418,374 | 365,506 |
| Annual leave | 1,011,799 | 902,794 | 793,912 | 703,550 |
| Long service leave | 1,082,067 | 995,971 | 1,004,976 | 929,848 |
| Superannuation | 18,380 | 13,565 | 18,228 | 13,565 |
| Aggregate employee benefits liability | 2,534,810 | 2,286,430 | 2,235,490 | 2,012,469 |
| Employee provisions are categorised as follows: | | | | |
| Current | 2,135,325 | 1,810,083 | 1,913,096 | 1,591,122 |
| Non-current | 399,485 | 476,347 | 322,394 | 421,347 |
| | 2,534,810 | 2,286,430 | 2,235,490 | 2,012,469 |

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of the reporting date. Employee provisions expected to be settled in one year from the reporting date \$1,163,947 (2008: \$564,724), in excess of one year \$1,370,863 (2008: \$1,721,706).

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|----------------------|----------------------|-------------------|-------------------|
| 12B. Provision for makegood | | | | |
| Opening provision | 62,000 | 56,000 | 62,000 | 56,000 |
| Amounts used | - | - | - | - |
| Amounts reversed | - | - | - | - |
| New provisions recognised | 228,000 | 6,000 | 228,000 | 6,000 |
| Closing provision for makegood on leasehold improvements | 290,000 | 62,000 | 290,000 | 62,000 |
| Makegood provision is categorised as follows: | | | | |
| Current | - | - | - | - |
| Non-current | 290,000 | 62,000 | 290,000 | 62,000 |
| | 290,000 | 62,000 | 290,000 | 62,000 |

The Corporation currently has two agreements for the leasing of premises which have provisions requiring the Corporation to restore the premises to their original condition at the conclusion of the leases. The Corporation has made a provision to reflect the present value of these obligations.

13. Restructuring

There were no contributions by or distributions to owners during the reporting period.

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|--------------------|-------------------|
| 14. Cash flow reconciliation | | | | |
| Reconciliation of operating result to net cash from operating activities: | | | | |
| Operating result | (2,019,973) | (49,350,191) | (335,151) | (49,352,538) |
| Non cash items | | | | |
| Depreciation and amortisation of property, plant and equipment | 5,466,573 | 2,952,650 | 5,384,671 | 2,930,961 |
| Net profit (loss) on sale of property, plant and equipment | 131,851 | 31,810 | 132,963 | 31,810 |
| Transfer of property held for grant to property plant and equipment | - | (1,787,918) | - | (1,787,918) |
| Transfer of plant and equipment to Property held for grant | 989,018 | - | 989,018 | - |
| Plant and equipment transferred from Subsidiary | - | - | (318,653) | - |
| Write down (up) of investments | 16,165 | (263,497) | 16,165 | (263,467) |
| GST recovered on non-operating cash flows | 3,060,813 | 2,746,586 | 3,044,981 | 2,745,966 |
| Change in assets and liabilities | | | | |
| (Increase)/decrease in receivables | 82,146 | (1,967,422) | 73,113 | (1,975,829) |
| (Increase)/decrease in other financial assets | 228,802 | (13,267) | 187,152 | (13,267) |
| (Increase)/decrease in inventory | (2,176,296) | (14,278,366) | (2,176,296) | (14,278,366) |
| (Increase)/decrease in biological assets | (4,446,544) | (1,826,348) | (5,692,049) | (1,879,276) |
| (Increase)/decrease in other non-financial assets | (1,457,945) | (4,551,352) | (1,457,945) | (4,551,352) |
| Increase/(decrease) in creditors | 2,525,802 | 1,485,952 | 2,386,163 | 1,633,475 |
| Increase/ (decrease) in other payables | (2,045,626) | 1,792,371 | (2,045,626) | 1,792,371 |
| Increase/(decrease) in employee provisions | 248,380 | 293,219 | 223,021 | 240,727 |
| Increase/(decrease) in provision for land transfer | 2,840,212 | 15,880,173 | 2,840,212 | 15,880,173 |
| Net cash from operating activities | 3,443,378 | (48,855,600) | 3,251,739 | (48,846,530) |

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 | 3,041 | 3,031 | 3,000 | 3,000 |
| Cash on advance | 22,177 | 22,840 | 22,177 | 22,840 |
| Cash at bank | 5,345,501 | 504,833 | 5,344,778 | 521,591 |
| Deposits at call | 15,160,282 | 34,032,260 | 15,160,282 | 34,032,260 |
| Deposits with maturity less than 3 months | 35,000,000 | - | 35,000,000 | - |
| Total cash | 55,531,001 | 34,562,964 | 55,530,237 | 34,579,691 |
| Balance of cash as at 30 June shown in the Statement of Cash Flows | 55,531,001 | 34,562,964 | 55,530,237 | 34,579,691 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 | Consol 2008 | ILC 2009 | ILC 2008 |
|--|------------------------|----------------|---------------------|-------------|
| | \$ | \$ | \$ | \$ |

16. Contingent liabilities and assets

The ILC cancelled a bank guarantee of \$30,000 to the Bank of Melbourne as loan security for Bampi Mi Aboriginal Corporation during the reporting period.

The ILC has agreed to provide a bank guarantee from the ILC's bankers to the Commonwealth Bank of Australia as security for entering forward sales of wool agreements. The value of this guarantee is \$700,000 (2008: \$700,000). Should the guarantee be enforced, the ILC would be required to reimburse its bankers.

The ILC has agreed to provide a bank guarantee from the ILC's bankers to the Council of the City of Sydney as security for entering into a deed of agreement to close a road. The value of this guarantee is \$62,556 (2008: \$62,556). Should the guarantee be enforced, the ILC would be required to reimburse its bankers.

17. Unquantifiable Contingencies

The Corporation had no unquantifiable contingencies as at reporting date.

18. Remuneration of Directors

| | | | | |
|---|----------------|---------|----------------|---------|
| Remuneration received or due and receivable by Directors | 480,412 | 457,804 | 480,412 | 457,804 |
|---|----------------|---------|----------------|---------|

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

| | | | | |
|--|----------|---|----------|---|
| \$0 - \$14,999 | - | 1 | - | 1 |
| \$15,000 - \$29,999 | 1 | 2 | 1 | 2 |
| \$30,000 - \$44,999 | 3 | 3 | 3 | 3 |
| \$45,000 - \$59,999 | 1 | - | 1 | - |
| \$60,000 - \$74,999 | 1 | 1 | 1 | 1 |
| \$210,000 - \$224,999 | - | 1 | - | 1 |
| \$225,000 - \$239,999 | 1 | - | 1 | - |
| Total number of Directors of the Corporation | 7 | 8 | 7 | 8 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

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
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
Ms Evonne Goolagong Cawley – appointed 20 September 2007

The aggregate remuneration of Directors is disclosed in Note 18.

The amount of aggregate superannuation contributions paid on behalf of Directors for 2009 was \$51,722 (2008: \$49,778).

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 other than those disclosed in Note 20.

20. Other transactions with director or director related entities

A land management grant of \$158,909 (2008: \$278,813) was provided to Wunan Foundation Inc of which Mr Ian Trust is a director. The grant was approved under the ILC's Land Management program. Mr Trust took no part in the relevant decision.

Mr Ian Trust is also a Committee member of Kimberley Group Training Incorporated (KGT). The Corporation is the host employer for Indigenous trainees sourced through KGT. The Corporation reimbursed KGT for the cost of the trainees of \$326,612 (2008: \$274,474). Mr Trust took no part in the relevant decision.

The Corporation has a grazing licence with Banibi Pty Ltd. Total payments to Banibi Pty Ltd under these arrangements for reporting period were \$57,409 (2008: \$333,044).

A repayable grant is provided to Banibi Pty Ltd of which Mr Maxwell Gorringe is a director. Mr Gorringe has no shareholding in Banibi Pty Ltd. The repayable grant was approved under the ILC's Land Management program. The balance of the repayable grant at 30 June 2009 is \$490,363 (2008: \$547,771). Mr Gorringe was not a member of the ILC Board when this arrangement was approved.

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|------------------------------------|----------------------|---------------------------------|-------------------|
|--|------------------------------------|----------------------|---------------------------------|-------------------|

21. Transactions with wholly-owned entity

The ILC is the ultimate parent entity in the wholly-owned group comprising itself and its wholly-owned subsidiaries LEA, Cardabia, Mt Clarence, NIPE and NCIE.

The ILC provided appropriation funding to its subsidiaries as follows:

NIPE - \$5,000,494 (2008: \$4,452,640)

The ILC provided loan funding to its subsidiaries as follows:

NCIE - \$41,650 (2008: Nil)

The ILC received all assets and liabilities of Cardabia on windup of the trust as follows:

| | |
|---------------------|------------|
| Plant and equipment | \$318,653 |
| Livestock | \$701,851 |
| Sundry debtors | \$52,795 |
| Sundry creditors | (\$43,611) |

The ILC further forgave the balance of the subsidiary loan to the value of \$67,787.

22. Remuneration of officers

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

| | | | | |
|-----------------------|-----------|---|-----------|---|
| \$145,000 - \$159,999 | - | 2 | - | 2 |
| \$160,000 - \$174,999 | 2 | 2 | 2 | 2 |
| \$175,000 - \$189,999 | 2 | 3 | 2 | 3 |
| \$190,000 - \$204,999 | 4 | - | 4 | - |
| \$205,000 - \$219,999 | 1 | - | 1 | - |
| \$220,000 - \$234,999 | - | 1 | - | 1 |
| \$280,000 - \$294,999 | - | 1 | - | 1 |
| \$295,000 - \$309,999 | 1 | - | 1 | - |
| Total | 10 | 9 | 10 | 9 |

Income received or due and receivable by the officers

| | | | |
|------------------|-----------|------------------|-----------|
| 1,980,980 | 1,720,527 | 1,980,980 | 1,720,527 |
|------------------|-----------|------------------|-----------|

Performance pay

| | | | |
|---|---|---|---|
| - | - | - | - |
|---|---|---|---|

Aggregate amount of total remuneration of officers shown above

| | | | |
|------------------|-----------|------------------|-----------|
| 1,980,980 | 1,720,527 | 1,980,980 | 1,720,527 |
|------------------|-----------|------------------|-----------|

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 (2008: \$Nil).

Aggregate amount of separation and redundancy/ termination benefit payments during the year to officers shown above

| | | | |
|---|--------|---|--------|
| - | 58,572 | - | 58,572 |
|---|--------|---|--------|

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|--------------------|-------------------|
| 23. Remuneration of auditors | | | | |
| Remuneration to the Auditor General for auditing the ILC's financial statements of the ILC and its subsidiaries for this reporting period was \$101,900 (2008: \$86,450). | | | | |
| 24. Financial instruments | | | | |
| 24A. Categories of financial instruments | | | | |
| Financial Assets | | | | |
| Fair value through profit and loss | | | | |
| Equities | 461 | 16,661 | 502 | 16,692 |
| Held-to-maturity investments | | | | |
| Amortising notes with major banks | 142,960,280 | 189,041,538 | 142,960,280 | 189,041,538 |
| Loans and receivables | | | | |
| Cash | 5,370,719 | 530,704 | 5,369,955 | 547,431 |
| Receivables | 3,487,615 | 3,562,293 | 3,487,615 | 3,554,081 |
| Other deposits | 50,160,282 | 39,144,557 | 50,160,282 | 39,144,557 |
| Repayable grants/ advances | 934,355 | 1,163,157 | 976,005 | 1,163,157 |
| Carrying amount of financial assets | 202,913,712 | 233,458,910 | 202,954,639 | 233,467,456 |
| Financial Liabilities | | | | |
| Financial liabilities measured at amortised cost | | | | |
| Suppliers | 8,661,070 | 6,135,268 | 8,661,070 | 6,274,907 |
| Other payables | 459,174 | 2,496,460 | 459,174 | 2,496,460 |
| Carrying amount of financial liabilities | 9,120,244 | 8,631,728 | 9,120,244 | 8,631,728 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

| | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|---|----------------------|----------------------|-------------------|-------------------|
| 24B. Net income and expenses from financial assets | | | | |
| Fair value through profit and loss – change in fair value | | | | |
| Equities | (16,200) | (41,850) | (16,200) | (41,850) |
| Managed funds | 35 | 305,317 | 35 | 305,317 |
| | (16,165) | 263,467 | (16,165) | 263,467 |
| Held-to-maturity investments – interest received | | | | |
| Amortising notes with major banks | 13,189,573 | 3,153,136 | 13,189,573 | 3,153,136 |
| Loans and receivables – interest received | | | | |
| Cash | 220,767 | 255,992 | 216,888 | 262,504 |
| Other deposits | 732,333 | 3,280,283 | 732,333 | 3,278,792 |
| Repayable grants/ advances | 29,532 | 16,671 | 29,532 | 16,671 |
| | 982,632 | 3,552,946 | 978,753 | 3,557,967 |
| Loans and receivables – impairment movement | | | | |
| Repayable grants/ advances | (81,441) | 26,654 | 948,247 | 21,177 |
| Net income from financial assets | 14,074,599 | 6,996,203 | 15,100,408 | 7,001,224 |

24C. Net income and expenses from financial liabilities

Financial liabilities measured at amortised cost

| | | | | |
|---|----------|----------|----------|----------|
| Trade creditors | - | - | - | - |
| Other liabilities | - | - | - | - |
| Net gain (loss) from financial liabilities | - | - | - | - |

Notes to and forming part of the financial statements for the year ended 30 June 2009

24D. Financial risk management objectives and policies

The Corporation's principal financial instruments comprise receivables, payables, repayable grants, line of credit and overdraft facilities, cash and short-term deposits, forward sales contracts and held-to-maturity investments.

The Corporation manages its exposure to financial risks, in accordance with written policies. The objective of the policies are to maximise the income to the ILC whilst minimising the downside risk.

The Corporation's activities expose it to normal commercial financial risk. The main risks arising from the Corporation's financial instruments are market risk, interest rate risk, price risk, credit risk and liquidity risk. Risks are considered to be low.

Primary responsibility for the identification and control of financial risks rests with the Audit and Risk Management Committee under the authority of the ILC Board.

Risk exposures and responses

Market risk

The Corporation's exposure to market risk is through its investment portfolio. Investments are disclosed in Note 9C. The Corporation minimises its exposure to market risk by placing the majority of its investment funds in fixed rate amortising notes with major banks, with the remainder being held on short-term deposits with major banks. This also considerably diminished its interest rate risk.

Price risk

As at balance date, the Corporation had the following mix of financial assets and liabilities exposed to price risk.

| Financial Assets | Consol 2009 \$ | Consol 2008 \$ | ILC 2009 \$ | ILC 2008 \$ |
|--|----------------------|----------------------|-------------------|-------------------|
| Shares in listed companies (at market value) | 461 | 16,661 | 461 | 16,661 |
| Net Exposure | 461 | 16,661 | 461 | 16,661 |

The table below details the price risk sensitivity analysis of the Corporation at the reporting date holding all other variables constant. A 10% change is deemed to be possible change and is used when reporting price risk.

| Risk variable | Change in variable | Effect on | | Effect on | | |
|---------------------|--------------------|------------------------------|----------------------|------------------------------|----------------------|---------|
| | | Profit or loss 2009 \$ | Equity 2009 \$ | Profit or loss 2008 \$ | Equity 2008 \$ | |
| Consolidated | | | | | | |
| Price risk | Price | +10% | 46 | 46 | 1,666 | 1,666 |
| | | -10% | (46) | (46) | (1,666) | (1,666) |
| ILC | | | | | | |
| Price risk | Price | +10% | 46 | 46 | 1,666 | 1,666 |
| | | -10% | (46) | (46) | (1,666) | (1,666) |

The Corporation also has exposure to commodity price risk through the holding of biological asset produce. The Corporation does not hedge this risk.

Notes to and forming part of the financial statements for the year ended 30 June 2009

24D. Financial risk management objectives and policies (cont..)

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk primarily from cash and short-term deposits, line of credit and overdraft facilities. The Corporation's policy is to manage its financial assets and liabilities with a mix of fixed rate and variable rate products. Cash, short-term deposits and line of credit and overdraft facilities utilise variable rates. As at balance date, the Corporation had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk.

| Financial Assets | Consol | Consol | ILC | ILC |
|------------------|-------------------|------------|-------------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Cash | 5,370,719 | 530,704 | 5,369,955 | 547,431 |
| Other deposits | 50,160,282 | 39,144,557 | 50,160,282 | 39,144,557 |
| | 55,531,001 | 39,675,261 | 55,530,237 | 39,691,988 |

The table below details the interest rate sensitivity analysis of the Corporation at the reporting date, holding all other variables constant. A 75 basis point change is deemed to be reasonably possible and is used when reporting interest rate risk.

| Risk variable | Change in variable | Effect on | | Effect on | | |
|---------------------|--------------------|----------------|-----------|----------------|-----------|-----------|
| | | Profit or loss | Equity | Profit or loss | Equity | |
| | | 2009 | 2009 | 2008 | 2008 | |
| | | \$ | \$ | \$ | \$ | |
| Consolidated | | | | | | |
| Interest rate risk | Interest | +.75% | 416,483 | 416,483 | 297,564 | 297,564 |
| | | -.75% | (416,483) | (416,483) | (297,564) | (297,564) |
| ILC | | | | | | |
| Interest rate risk | Interest | +.75% | 416,477 | 416,477 | 297,690 | 297,690 |
| | | -.75% | (416,477) | (416,477) | (297,690) | (297,690) |

The method used to arrive at the possible risk of 75 basis points was based on both statistical and non-statistical analysis. The statistical analysis has been based on the cash rate for the past five years, issued by the Reserve Bank of Australia as the underlying dataset. This information is then revised and adjusted for reasonableness under the current economic circumstances.

75 basis points is considered reasonable because it is reasonably possible that there will be greater volatility compared to that which has been experienced in recent years, however, not to the extent of the extraordinary volatility experienced in 2008-09.

Notes to and forming part of the financial statements for the year ended 30 June 2009

24D. Financial risk management objectives and policies (cont..)

Credit risk

Credit risk arises from the financial assets of the Corporation, which comprise cash, deposits, amortising notes with major banks, trade and other receivables and repayable grants. The exposure to credit risk arises from the potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Corporation has a significant concentration to credit risk through its cash, deposits and amortising notes with major banks. The concentration is with three of the four major banks in Australia. The Corporation ensures that this concentration is managed by the exposure not all being with one particular bank and by utilising banks with high credit ratings.

Receivables and repayable grant balances are monitored on an ongoing basis with the result that the Corporation's exposure to bad debts is not significant.

Credit risk of receivables and repayable grants not past due or individually determined as impaired:

| | Not Past Due or Impaired 2009 \$ | Not Past Due or Impaired 2008 \$ | Past Due or Impaired 2009 \$ | Past Due or Impaired 2008 \$ |
|----------------------------|---|---|---|---------------------------------------|
| Consolidated | | | | |
| Receivables | 3,414,464 | 3,253,716 | 190,699 | 364,646 |
| Repayable grants/ advances | 933,665 | 1,026,438 | 200,483 | 299,299 |
| | 4,348,129 | 4,280,154 | 391,182 | 663,945 |
| ILC | | | | |
| Receivables | 3,414,464 | 3,245,505 | 190,699 | 364,646 |
| Repayable grants/ advances | 975,315 | 1,026,438 | 200,483 | 1,396,775 |
| | 4,389,779 | 4,271,943 | 391,182 | 1,761,421 |

There are no repayable grants that are past due but not impaired (2008: \$Nil).

Ageing of receivables that are past due but not impaired for 2009

| | 0-30 Days \$ | 31-60 days \$ | 61-90 days \$ | 90+ days \$ | Total \$ |
|-------------|-------------------------|--------------------------|--------------------------|------------------------|---------------------|
| Receivables | 26,542 | 29,552 | 7,037 | 17,335 | 80,466 |

Ageing of receivables that are past due but not impaired for 2008

| | 0-30 Days \$ | 31-60 days \$ | 61-90 days \$ | 90+ days \$ | Total \$ |
|-------------|-------------------------|--------------------------|--------------------------|------------------------|---------------------|
| Receivables | 132,503 | 196,825 | - | 10,106 | 339,434 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

24D. Financial risk management objectives and policies (cont..)

Liquidity risk

The Corporation also reduces its exposure to liquidity risk by monitoring its cash flows closely through rolling future cash flows and monitoring the ageing of receivables and payables.

The ILC has established a \$40m line of credit facility with the National Australia Bank to assist with day-to-day liquidity requirements. The ILC has not utilised this facility to date.

Maturity of financial liabilities as at 30 June 2009

| | On Demand | | | | Total |
|-------------------|-----------|------------------|---------------|----------|------------------|
| | 2009-10 | Within 1 year | 1-5 Years | >5 Years | |
| | \$ | \$ | \$ | \$ | \$ |
| Supplier payables | - | 8,661,070 | - | - | 8,661,070 |
| Other Payables | - | 381,749 | 77,425 | - | 459,174 |
| Total | - | 9,042,819 | 77,425 | - | 9,120,244 |

Maturity of financial liabilities as at 30 June 2008

| | On Demand | | | | Total |
|-------------------|-----------|------------------|---------------|----------|------------------|
| | 2009-10 | Within 1 year | 1-5 Years | >5 Years | |
| | \$ | \$ | \$ | \$ | \$ |
| Supplier payables | - | 6,135,268 | - | - | 6,135,268 |
| Other Payables | - | 2,450,875 | 45,585 | - | 2,496,460 |
| Total | - | 8,586,143 | 45,585 | - | 8,631,728 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

24E. Financial instruments 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. (2008: 28 days) |
| Other Deposits | 9C | Deposits are recognised at their amortised cost. Interest is brought to account as earned. | Temporarily surplus funds are placed on deposit with the Corporation's bankers either for immediate access or short term. Interest is earned on a daily basis at the prevailing daily rate. Rate at 30/6/09 of 2.95% – 3.39% (2008: 7.2%). |
| Equities | 9C | Equities are carried at their quoted market-buying price where there is an active liquid market. 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. |
| Amortising notes with major banks | 9C | Amortising notes with major banks are funds that are placed on deposit with major banks at a fixed interest rate. Principal and interest payments are returned to the Corporation at a fixed rate over the term of the note. Amortising notes with major banks are held at amortised cost. | Notes are fixed interest rate at 7.7% and mature 30 June 2010. |
| Repayable grants/advances | 9D | Repayable grants/advances are measured at amortised cost. 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. |

Notes to and forming part of the financial statements for the year ended 30 June 2009

24E. Financial instruments 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) |
|------------------------------|------------|---|--|
| 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. | |
| Supplier Payables | 11A | Supplier payables are recognised at their amortised cost. 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. |
| Other payables | 11B | Other payables are recognised at their amortised cost, being the amounts at which the liabilities would have been settled at the reporting date. | |
| Borrowings | | Borrowings are recognised when the present obligation to another party is entered into and the amount of the liability can be reliably measured. | The ILC has established a \$40m line of credit facility with the National Australia Bank to assist with day to day liquidity requirements. The ILC has not utilised this facility to date. |
| 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 and forming part of the financial statements for the year ended 30 June 2009

24G. Net fair value of financial assets and liabilities (consolidated)

| | Total Carrying Amount 2009 \$ | Aggregate Net Fair Value 2009 \$ | Total Carrying Amount 2008 \$ | Aggregate Net Fair Value 2008 \$ |
|---|---|--|---|--|
| Financial Assets | | | | |
| Cash | 5,370,719 | 5,370,719 | 530,704 | 530,704 |
| Receivables | 3,487,615 | 3,836,376 | 3,562,293 | 3,918,522 |
| Other deposits | 50,160,282 | 50,160,282 | 39,144,557 | 39,144,557 |
| Equities | 461 | 461 | 16,661 | 16,661 |
| Amortising notes with major banks | 142,960,280 | 147,692,673 | 189,041,538 | 189,041,538 |
| Repayable grants/ advances | 934,355 | 934,355 | 1,163,157 | 1,163,157 |
| Total financial assets | 202,913,712 | 207,994,866 | 233,458,910 | 233,815,139 |
| Financial Liabilities | | | | |
| Trade creditors | 8,661,070 | 8,661,070 | 6,135,268 | 6,135,268 |
| Other liabilities | 484,849 | 484,849 | 2,530,475 | 2,530,475 |
| Total financial liabilities | 9,145,919 | 9,145,919 | 8,665,743 | 8,665,743 |
| 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 loans receivable and other deposits are based on discounted cash flows using current interest rates.

The net fair value of amortising notes with major banks are based on discounted cash flows, using current interest rates available for the same term as the notes. Current interest rates at the end of the reporting period were significantly lower from the fixed rate that applies to the amortising note.

Repayable grants/ advances are carried at amortised 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.

Notes to and forming part of the financial statements for the year ended 30 June 2009

25. Reporting of outcomes

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

Only one program is defined for the outcome.

25A. Net cost of outcome delivery

| | Outcome 1 2009 \$ | Outcome 1 2008 \$ | Total 2009 \$ | Total 2008 \$ |
|---|-------------------------|-------------------------|---------------------|---------------------|
| Expenses | | | | |
| Administered | - | - | - | - |
| Departmental | 76,696,825 | 64,764,718 | 76,696,825 | 64,764,718 |
| Total expenses | 76,696,825 | 64,764,718 | 76,696,825 | 64,764,718 |
| 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 | 51,567,579 | 573,412 | 51,567,579 | 573,412 |
| Interest | 14,172,205 | 6,712,594 | 14,172,205 | 6,712,594 |
| Other revenues | 5,251,911 | 3,360,124 | 5,251,911 | 3,360,124 |
| Net gain in the net market value of livestock | 3,249,886 | 1,017,964 | 3,434,360 | 928,579 |
| Net market value of agricultural produce | 546,996 | 639,938 | 438,721 | 527,775 |
| Net gain (loss) in the net market value of other biological assets | 49,459 | (56,730) | 49,459 | (56,730) |
| Net gain from sale of assets | 10,694 | 57,881 | 9,582 | 57,881 |
| Net write (down) up of investments | (16,165) | 263,467 | (16,165) | 263,467 |
| Other net (loss) gain | (155,713) | 2,845,877 | 873,975 | 2,840,400 |
| Total Departmental | 74,676,852 | 15,414,527 | 74,676,852 | 15,414,527 |
| Total other external revenues | 74,676,852 | 15,414,527 | 74,676,852 | 15,414,527 |
| Net cost of outcome | 2,019,973 | 49,350,191 | 2,019,973 | 49,350,191 |

Notes to and forming part of the financial statements for the year ended 30 June 2009

25B. Departmental revenues and expenses by Program Group

| | Program Group 1 2009 \$ | Program Group 1 2008 \$ | Total 2009 \$ | Total 2008 \$ |
|---|----------------------------------|----------------------------------|---------------------|---------------------|
| <i>Operating expenses</i> | | | | |
| Property granted | 15,028,486 | 1,443,317 | 15,028,486 | 1,443,317 |
| Provision for property grant | 2,840,212 | 16,067,968 | 2,840,212 | 16,067,968 |
| Land management | 33,387,653 | 25,472,468 | 33,387,653 | 25,472,468 |
| Employees | 14,833,438 | 13,642,736 | 14,833,438 | 13,642,736 |
| Suppliers | 5,140,463 | 5,185,579 | 5,140,463 | 5,185,579 |
| Depreciation and amortisation | 5,466,573 | 2,952,650 | 5,466,573 | 2,952,650 |
| Total departmental expenses | 76,696,825 | 64,764,718 | 76,696,825 | 64,764,718 |
| <i>Funded by:</i> | | | | |
| Revenues from Government | 51,567,579 | 573,412 | 51,567,579 | 573,412 |
| Interest | 14,172,205 | 6,712,594 | 14,172,205 | 6,712,594 |
| Other revenues | 5,251,911 | 3,360,124 | 5,251,911 | 3,360,124 |
| Net gain in the net market value of livestock | 3,249,886 | 1,017,964 | 3,249,886 | 1,017,964 |
| Net market value of agricultural produce | 546,996 | 639,938 | 546,996 | 639,938 |
| Net (gain) loss in the net market value of other biological assets | 49,459 | (56,730) | 49,459 | (56,730) |
| Net gain from disposal of assets | 10,694 | 57,881 | 10,694 | 57,881 |
| Net write (down) up of investments | (16,165) | 263,467 | (16,165) | 263,467 |
| Net write (down) up of assets | (155,713) | 2,845,877 | (155,713) | 2,845,877 |
| Total other external revenues | 74,676,852 | 15,414,527 | 74,676,852 | 15,414,527 |