

# FINANCIAL statements

*for year ending 30 June 2008*



## 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 2008, 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* and the Australian Accounting Standards (including 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. My audit has been conducted 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 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 we 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 2008 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



John McCullough  
Audit Principal  
Delegate of the Auditor-General

Canberra

3 September 2008



**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 2008 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.....

**William Jeffries**  
**Deputy Chairperson**

Signed.....

**David Galvin**  
**General Manager**

Signed.....

**Jodie Lindsay**  
**Chief Financial Officer**

27<sup>th</sup> August 2008

## Income Statement

### for the year ended 30 June 2008

	Notes	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
<b>INCOME</b>					
<b>Revenue</b>					
Revenue from Government	6A	573,412	96,420,253	573,412	96,420,253
Interest	6B	6,712,594	988,207	6,711,103	980,516
Other revenue	6C	3,360,124	2,500,180	3,266,201	2,500,180
<b>Total revenue</b>		<b>10,646,130</b>	<b>99,908,640</b>	<b>10,550,716</b>	<b>99,900,949</b>
<b>Gains</b>					
Net gain (loss) in the net market value of livestock	7A	1,017,964	5,438,871	928,579	5,011,689
Net market value of agricultural produce	7C	639,938	625,022	527,775	458,656
Net gain from disposal of assets	7D	57,881	213,000	57,881	213,000
Net write up of investments	7E	263,467	24,805,977	263,467	24,805,977
Other net gain	7F	2,845,877	-	2,840,400	-
<b>Total gains</b>		<b>4,825,127</b>	<b>31,082,870</b>	<b>4,618,102</b>	<b>30,489,322</b>
<b>Total Income</b>		<b>15,471,257</b>	<b>130,991,510</b>	<b>15,168,818</b>	<b>130,390,271</b>
<b>EXPENSES</b>					
Property granted	8A	1,443,317	2,272,653	1,443,317	2,272,653
Provision for property held for grant	8B	16,067,968	33,222,730	16,067,968	33,222,730
Land management	8C	25,472,468	18,760,245	30,093,108	22,243,779
Employee benefits	8D	13,642,736	12,015,590	9,001,883	8,397,561
Suppliers	8E	5,185,579	4,981,526	4,927,389	4,443,634
Depreciation and amortisation	8F	2,952,650	2,558,462	2,930,961	2,539,423
Net loss in the net market value of other biological assets	7B	56,730	60,178	56,730	60,178
Net other losses	7F	-	126,954	-	126,954
<b>Total Expenses</b>		<b>64,821,448</b>	<b>73,998,338</b>	<b>64,521,356</b>	<b>73,306,912</b>
<b>(Deficit) Surplus</b>		<b>(49,350,191)</b>	<b>56,993,172</b>	<b>(49,352,538)</b>	<b>57,083,359</b>

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

## Balance Sheet

as at 30 June 2008

	Notes	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	9A	34,562,964	560,846	34,579,691	561,997
Trade and other receivables	9B	3,918,522	1,951,100	3,909,489	1,933,660
Investments	9C	194,170,496	306,976,859	194,170,527	306,976,890
Other financial assets	9D	1,163,157	1,149,890	1,163,157	1,149,890
<b>Total financial assets</b>		<b>233,815,139</b>	<b>310,638,695</b>	<b>233,822,864</b>	<b>310,622,437</b>
<b>Non-financial assets</b>					
Inventory – property held for grant	10A	125,048,100	110,800,234	125,048,100	110,800,234
Held for sale assets	10A	1,393,501	-	1,393,501	-
Inventory – other	10B	59,000	28,500	59,000	28,500
Property, plant & equipment	10C	49,058,037	22,953,044	48,914,548	22,793,782
Biological assets	10H	26,389,004	24,562,656	25,143,499	23,264,223
Intangibles	10I	395,154	225,133	395,154	225,133
Other non-financial assets	10J	5,224,126	2,066,275	5,224,126	2,066,275
<b>Total non-financial assets</b>		<b>207,566,922</b>	<b>160,635,842</b>	<b>206,177,928</b>	<b>159,178,147</b>
<b>Total Assets</b>		<b>441,382,061</b>	<b>471,274,537</b>	<b>440,000,792</b>	<b>469,800,584</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	11A	6,135,268	4,649,316	6,274,907	4,641,432
Other payables	11B	2,530,475	738,104	2,530,475	738,104
<b>Total payables</b>		<b>8,665,743</b>	<b>5,387,420</b>	<b>8,805,382</b>	<b>5,379,536</b>
<b>Provisions</b>					
Employee provisions	12A	2,286,430	1,993,211	2,012,469	1,771,742
Provision for property held for grant	10A	124,914,659	109,034,486	124,914,659	109,034,486
Provision for make good	12B	62,000	56,000	62,000	56,000
<b>Total provisions</b>		<b>127,263,089</b>	<b>111,083,697</b>	<b>126,989,128</b>	<b>110,862,228</b>
<b>Total Liabilities</b>		<b>135,928,832</b>	<b>116,471,117</b>	<b>135,794,510</b>	<b>116,241,764</b>
<b>NET ASSETS</b>		<b>305,453,229</b>	<b>354,803,420</b>	<b>304,206,282</b>	<b>353,558,820</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Reserves		1,395,287	1,400,163	1,369,916	1,374,792
Retained surplus		304,057,942	353,403,257	302,836,366	352,184,028
<b>Total Parent Entity Interest</b>		<b>305,453,229</b>	<b>354,803,420</b>	<b>304,206,282</b>	<b>353,558,820</b>
<b>TOTAL EQUITY</b>		<b>305,453,229</b>	<b>354,803,420</b>	<b>304,206,282</b>	<b>353,558,820</b>
<b>Current Assets</b>		<b>118,479,072</b>	<b>107,771,570</b>	<b>117,059,760</b>	<b>106,456,848</b>
<b>Non-current Assets</b>		<b>322,902,989</b>	<b>363,502,967</b>	<b>322,941,032</b>	<b>363,343,736</b>
<b>Current Liabilities</b>		<b>10,404,567</b>	<b>7,068,819</b>	<b>10,325,245</b>	<b>6,839,466</b>
<b>Non-current Liabilities</b>		<b>125,524,265</b>	<b>109,402,298</b>	<b>125,469,265</b>	<b>109,402,298</b>

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

# Statement of Changes in Equity

for the year ended 30 June 2008

Consolidated	Notes	Retained Earnings		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity	
		2008	2007	2008	2007	2008	2007	2008	2007
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Opening Balance</b>									
Balance carried forward from previous period		353,403,257	296,449,386	1,400,163	1,269,204	-	-	354,803,420	297,718,590
Adjustment for changes in accounting policy		-	-	-	-	-	-	-	-
<b>Adjusted opening balance</b>		<b>353,403,257</b>	<b>296,449,386</b>	<b>1,400,163</b>	<b>1,269,204</b>	<b>-</b>	<b>-</b>	<b>354,803,420</b>	<b>297,718,590</b>
<b>Income and expense</b>									
Revaluation adjustment		-	-	-	136,347	-	-	-	136,347
Amount transferred from revaluation reserve for property, plant and equipment disposed of		4,876	5,388	(4,876)	(5,388)	-	-	-	-
<b>Sub-total income and expenses recognised directly in equity</b>		<b>4,876</b>	<b>5,388</b>	<b>(4,876)</b>	<b>130,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136,347</b>
Surplus (deficit) for the period		(49,350,191)	56,993,172	-	-	-	-	(49,350,191)	56,993,172
<b>Total income and expenses</b>		<b>(49,350,191)</b>	<b>56,993,172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,350,191)</b>	<b>56,993,172</b>
<b>Transactions with owners</b>									
Contribution by owners		-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-
Restructuring <sup>1</sup>	13A	-	(44,689)	-	-	-	-	-	(44,689)
<b>Sub-total transactions with owners</b>		<b>-</b>	<b>(44,689)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44,689)</b>
<b>Closing balance attributable to the Australian Government</b>		<b>304,057,942</b>	<b>353,403,257</b>	<b>1,395,287</b>	<b>1,400,163</b>	<b>-</b>	<b>-</b>	<b>305,453,229</b>	<b>354,803,420</b>

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

## Statement of Changes in Equity for the year ended 30 June 2008

### Asset Revaluation Reserve

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

### Notes

<sup>1</sup> As a result of the *Aboriginal and Torres Strait Islander Commission Amendment Act 2005 (ATSIC Amendment Act)*, the ILC inherited responsibility for the Regional Land Fund, including grants and interests in land acquired with Regional Land Fund monies upon the abolition of ATSIC. In 2005–2006, the ILC received a refund of GST on transactions through the Regional Land Fund whilst administered by ATSIC. The original amount was over paid and the ILC repaid the amount of the overpayment in 2006–07.

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

## Cash Flow Statement

for the year ended 30 June 2008

	Notes	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Receipts from Government		556,272	96,276,040	556,272	96,276,040
Goods and services		5,770,740	4,554,956	5,411,035	3,953,885
Interest		6,630,017	917,849	6,628,526	910,158
Other		5,452,780	2,272,232	5,344,857	2,267,246
Net GST received from ATO		6,726,686	6,035,895	6,719,355	6,050,497
<b>Total cash received</b>		<b>25,136,495</b>	<b>110,056,972</b>	<b>24,660,045</b>	<b>109,457,826</b>
<b>Cash used</b>					
Employees		13,349,517	11,738,313	8,761,156	8,207,884
Direct land acquisition		20,166,908	40,288,154	20,166,908	40,288,154
Land management		30,833,323	22,354,551	35,462,231	25,859,373
Other suppliers		9,642,347	4,133,129	9,116,280	3,580,685
Repayable grants made		-	466,686	-	466,686
<b>Total cash used</b>		<b>73,992,095</b>	<b>78,980,833</b>	<b>73,506,575</b>	<b>78,402,782</b>
<b>Net cash from or (used by) operating activities</b>	14	<b>(48,855,600)</b>	<b>31,076,139</b>	<b>(48,846,530)</b>	<b>31,055,044</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from the sale of property, plant & equipment		38,305	88,673	38,305	88,673
Proceeds from sale of investments, net		113,069,830	-	113,069,830	-
<b>Total cash received</b>		<b>113,108,135</b>	<b>88,673</b>	<b>113,108,135</b>	<b>88,673</b>
<b>Cash used</b>					
Purchase of property, plant & equipment		29,979,300	17,185,597	29,972,794	17,103,898
Purchase of intangibles		271,117	222,911	271,117	222,911
Purchase of investments, net		-	13,693,421	-	13,693,419
<b>Total cash used</b>		<b>30,250,417</b>	<b>31,101,929</b>	<b>30,243,911</b>	<b>31,020,228</b>
<b>Net cash from or (used by) investing activities</b>		<b>82,857,718</b>	<b>(31,013,256)</b>	<b>82,864,224</b>	<b>(30,931,555)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash used</b>					
Monies transferred to OIPC		-	44,689	-	44,689
<b>Total cash used</b>		<b>-</b>	<b>44,689</b>	<b>-</b>	<b>44,689</b>
<b>Net cash from or (used by) financing activities</b>		<b>-</b>	<b>(44,689)</b>	<b>-</b>	<b>(44,689)</b>
<b>Net increase (decrease) in cash held</b>		<b>34,002,118</b>	<b>18,194</b>	<b>34,017,694</b>	<b>78,800</b>
Cash at the beginning of the reporting period		560,846	542,652	561,997	483,197
<b>Cash at the end of the reporting period</b>	15	<b>34,562,964</b>	<b>560,846</b>	<b>34,579,691</b>	<b>561,997</b>

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

## Schedule of Commitments

as at 30 June 2008

	Notes	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
<b>BY TYPE</b>					
<b>Capital commitments</b>					
Other <sup>1</sup>		1,964,509	3,300,000	1,964,509	3,300,000
Total capital commitments		<u>1,964,509</u>	<u>3,300,000</u>	<u>1,964,509</u>	<u>3,300,000</u>
<b>Other commitments</b>					
Operating leases <sup>2</sup>		13,421,642	13,994,029	13,421,642	13,994,029
Total other commitments		<u>13,421,642</u>	<u>13,994,029</u>	<u>13,421,642</u>	<u>13,994,029</u>
<b>Commitments receivable</b>					
Goods and services tax		(1,398,741)	(1,572,184)	(1,398,741)	(1,572,184)
<b>Net commitments by type</b>		<u>13,987,410</u>	<u>15,721,845</u>	<u>13,987,410</u>	<u>15,721,845</u>
<b>BY MATURITY</b>					
<b>Capital commitments</b>					
One year or less		1,964,509	3,300,000	1,964,509	3,300,000
<b>Net capital commitments</b>		<u>1,964,509</u>	<u>3,300,000</u>	<u>1,964,509</u>	<u>3,300,000</u>
<b>Operating lease commitments</b>					
One year or less		1,555,455	1,476,375	1,555,455	1,476,375
From one to five years		3,775,126	4,378,460	3,775,126	4,378,460
Over five years		8,091,061	8,139,194	8,091,061	8,139,194
<b>Net operating lease commitments</b>		<u>13,421,642</u>	<u>13,994,029</u>	<u>13,421,642</u>	<u>13,994,029</u>
<b>Goods and services tax receivable</b>					
One year or less		319,997	434,216	319,997	434,216
From one to five years		343,193	398,042	343,193	398,042
Over five years		735,551	739,926	735,551	739,926
<b>Net goods and services tax receivable</b>		<u>1,398,741</u>	<u>1,572,184</u>	<u>1,398,741</u>	<u>1,572,184</u>

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

## Schedule of Commitments

as at 30 June 2008

The amounts reported as at 30 June 2008 as commitments payable include the GST where relevant. Recoveries of GST in relation to commitments payable is included in commitments receivable.

<sup>1</sup> The capital commitments included comprise:

- Capital commitments represent the remaining commitments on two construction contracts. During the reporting period, the ILC entered into two major construction contracts. Practical completion on both projects will occur early in 2008–2009.
- A “put/call option” was entered into in the previous reporting period to purchase a property. The option was exercised in 2007–08 and the property acquired.

<sup>2</sup> The operating leases commitments included comprise:

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

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

# Schedule of Contingencies

as at 30 June 2008

Consolidated	Notes	Guarantees				Claims for damages/costs				Total	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CONTINGENT LIABILITIES</b>											
Balance from previous period	16	730,000	30,000	-	-	-	-	-	-	730,000	30,000
New		62,556	700,000	-	-	-	-	-	-	62,556	700,000
Re-measurement		-	-	-	-	-	-	-	-	-	-
Liabilities crystallised		-	-	-	-	-	-	-	-	-	-
Obligations expired		-	-	-	-	-	-	-	-	-	-
<b>Total contingent liabilities</b>		<b>792,556</b>	<b>730,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>792,556</b>	<b>730,000</b>
<b>CONTINGENT ASSETS</b>											
Balance from previous period		-	-	-	-	-	-	-	-	-	-
New		-	-	-	-	-	-	-	-	-	-
Re-measurement		-	-	-	-	-	-	-	-	-	-
Assets crystallised		-	-	-	-	-	-	-	-	-	-
Obligations expired		-	-	-	-	-	-	-	-	-	-
<b>Total contingent assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net contingent liabilities</b>		<b>792,556</b>	<b>730,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>792,556</b>	<b>730,000</b>

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 2008

ILC	Notes	Guarantees		Claims for damages/costs		Other		Total		
		2008	2007	2008	2007	2008	2007	2008	2007	
		\$	\$	\$	\$	\$	\$	\$	\$	
<b>CONTINGENT LIABILITIES</b>										
	16	730,000	30,000	-	-	-	-	730,000	30,000	
		62,556	700,000	-	-	-	-	62,556	700,000	
		-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	
		<u>792,556</u>	<u>730,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,556</u>	<u>730,000</u>	
<b>CONTINGENT ASSETS</b>										
		-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		<u>792,556</u>	<u>730,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,556</u>	<u>730,000</u>	

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 2008

## 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); 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, revenues and expenses are recognised in the ILC and Consolidated Income Statement when, and only when, the flow or consumption or loss of economic benefit has occurred and can be reliably measured.

### 1.2 Significant accounting judgements and estimates

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

### 1.3 Statement of compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Corporation is a not-for-profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards it cannot make this statement.

#### *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 standard is applicable to the current reporting period:

#### *AASB 7 Financial Instruments: Disclosure*

AASB 7 is effective for the reporting periods beginning on or after 1 January 2007 (2007–08 financial year) and amends the disclosure requirements for financial instruments. In general, AASB 7, requires greater disclosure than previously required. Associated with the introduction of AASB 7, a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AAB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

# Notes to and forming part of the financial statements for the year ended 30 June 2008

## 1.3 Statement of compliance (cont..)

### *Other effective requirement changes*

The following standards and interpretations have been issued but are not applicable to the operations of the Corporation.

### *AASB 1049 Financial Reporting for General Government Sectors by Governments*

AASB 1049 specifies the reporting requirements for the General Government Sector. The FMOs do not refer to this standard as it contains guidance applicable to the consolidated financial statements of the Australian Government, rather than the financial reports for the individual Agencies or Authorities.

Other new or revised standards or interpretations issued, that have become effective during the reporting period, do not have a financial impact or do not apply to the operations of the Corporation.

### *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 3 *Business Combinations*
- AASB 8 *Operating Segments* and 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*
- AASB 101 *Presentation of Financial Statements*
- AASB 123 *Borrowing Costs*
- AASB 127 *Consolidated and Separate Financial Statements*
- AASB 1004 *Contributions*
- 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* [AASB1, ASB 117, AASB 118, AASB 120, AASB 121, AAB127, AASB 131 and AASB 139]
- AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*
- 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 2008-1 *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* [AASB7, AASB 101, AASB 132, AASB 139 and Interpretation 2]
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AAB 3 and AASB 127* [AASB1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 119, AASB 121, AASB 128, AASB 131, AASB 132, AASB133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 138, Interpretation 9 and Interpretation 107]
- AASB 2008-4 *Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities* [AASB 124]
- AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- AASB Interpretation 4 *Determining Whether and Arrangement Contains a Lease*
- 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*

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 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")
- Mt Clarence Pastoral Company Pty Ltd as trustee for Mt Clarence Pastoral Company Trust
- Mt Clarence Pastoral Company Trust ("Mt Clarence")
- Mount Dare Homestead Nominees Pty Ltd as trustee for Mt Dare Homestead Trust ("Mt Dare Nominees") deregistered 30 June 2007
- National Indigenous Enterprises Pty Ltd ("NIPE").

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 2008

## 1.6 Revenue from Government

The Corporation 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 Act (refer Note 5). 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 considered to be revenue from independent sources as it is not a direct appropriation from the Commonwealth.

Receipts from the Land Account are recognised at the time the Corporation 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.

Interim arrangements required FaHCSIA to make payments out of the NTFFP Special Account directly to third party agencies on behalf of other agencies.

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 Corporation received payments from the NTFFP Special Account under the subsequent arrangements. The amounts received by the Corporation 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. There is no effect on the Corporation's Balance Sheet.

The Corporation 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.

## 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 reliability 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.

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 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 three 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.

### 1.11 Trade and other receivables

Trade receivables, which generally have 30-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 when identified. An impairment provision is recognised when there is objective evidence that the Corporation will not be able to collect the receivable.

# Notes to and forming part of the financial statements for the year ended 30 June 2008

## 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, and managed funds.

Until the last quarter of the reporting period, the Corporation managed its investment portfolio in accordance with a documented investment strategy on a fair value basis. The portfolio's performance was managed and evaluated on a fair value basis, and information about the portfolio was provided internally on a fair value basis to the Corporation's board of directors and General Manager.

During the period, the ILC liquidated its investment portfolio with fund managers and placed 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.

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 2008

### 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.

Forward sales contracts are classified as fair value hedges.

### 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 Corporation'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 Corporation 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.

# Notes to and forming part of the financial statements for the year ended 30 June 2008

## 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).

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

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

<b>Asset Class</b>	<b>Fair Value Measured at:</b>
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 Statements 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.

### *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 (office fitout) are amortised over the lower of the estimated useful life of the improvements or the unexpired period of the lease.

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

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 1.16 Property, plant and equipment (cont..)

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

	Diminishing Value 2008	Diminishing Value 2007	Prime Cost 2008	Prime Cost 2007
<b>Administration Assets</b>				
Office equipment	20-40%	20-40%		-
Furniture and fittings	20-30%	20-30%		-
Computer equipment	25-40%	25-40%		-
Office fitouts	-	-	19-85%	19-85%
<b>Commercial Property Assets</b>				
Buildings and infrastructure	5-35%	5-34%		-
Plant and equipment	10-75%	10-75%		-
Furniture and fitting	10-40%	10-40%		-
Motor Vehicles	20-50%	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 2008. 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 2008

### 1.17 Biological assets

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

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

Livestock held for trading purposes includes cattle and sheep. There are a small number of horses on ILC's properties that are used as working beasts. Wild goats were mustered and sold on Cardabia during the reporting period. Livestock which are considered to be biological assets are accounted for in accordance with Australian Accounting Standard *AASB 141 Agriculture* and are measured at fair value less estimated point-of-sale costs (net market value). Gains or losses on changes in the net market value of livestock are recognised in the Income Statement.

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

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

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

Paddock records are maintained on all properties.

The net market value is determined by independent valuations undertaken by industry experts, based on the value which could be expected to be received from the disposal of livestock in an active and liquid market after deducting costs expected to be incurred in realising the proceeds of such a disposal. The valuation takes into account the general makeup of the herd/flock as at reporting date and the use and productivity of the animals to be valued.

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

Non-living agricultural produce, 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 that are part of two blocks of land purchased by the ILC for grant. The plantings are considered to be biological assets and are accounted for in accordance with *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, citrus 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 2008

### 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 and 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.

### 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 2008 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 2008	Consol 2007	ILC 2008	ILC 2007
Internally developed software	5 years	5 years	5 years	5 years
Externally acquired software	5 years	5 years	5 years	5 years

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 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.

### 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.

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 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 2008. 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.

#### *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 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 \$1,075,982 (2007: \$993,001) 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.

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 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 the uncertainty as to the existence of a liability or an asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured (Refer Note 16 and 17).

Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

### 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.

### 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.

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.

# Notes to and forming part of the financial statements for the year ended 30 June 2008

## 1.31 Comparative figures

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

## 1.32 Prior period error

In the prior period, the Corporation made a provision against Inventory – property held for grant in error for properties that were under construction and subject to significant redevelopment. The provision was expensed in the Income Statement. The correction of the error affected the following:

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>Income</b>				Statement
Provision for property grant expense	-	(1,682,772)	-	(1,682,772)
<b>Balance</b>				Sheet
Provision for property held for grant	-	(1,682,772)	-	(1,682,772)
Equity	-	1,682,772	-	1,682,772

In accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, the Corporation has applied retrospective restatement. The comparative amounts for the prior period have been restated to reflect the error. The error did not affect any period prior to the comparative period.

## 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 to:

"Provide economic, environmental, social and cultural benefits for Aboriginal persons and Torres Strait Islanders by assisting in the acquisition and management of an indigenous land base." Only one output group is identified for the outcome. Disclosures of revenue, expenses, assets and liabilities by outcome are at Note 25.

## 4. Economic dependency

The Corporation was established by section 191A of the Indigenous Land Corporation (ATSIC Amendment) Act 1995 and is controlled by the Commonwealth of Australia. 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 Act.

## 5. Events occurring after the balance sheet date

At reporting date, the ILC had extended a repayable grant to Bampi Mi Aboriginal Corporation (BMAC) and was guarantor for an overdraft facility to BMAC. The loan was considered impaired at reporting date and a provision made against the loan. The ILC entered into an agreement to purchase a property from BMAC. A condition of the purchase was that, on settlement of the property, the loan would be forgiven and the guarantee released. The property settled on 18 July 2008. The loan was forgiven on that date and the guarantee released.

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>6. Revenues</b>				
<b>6A. Revenues from Government</b>				
Receipts from the Land Account	-	96,420,253	-	96,420,253
Other revenues from Government	<b>573,412</b>	-	<b>573,412</b>	-
Total revenues from Government	<b>573,412</b>	96,420,253	<b>573,412</b>	96,420,253
The realised real return on the Land Account for distribution in 2007–08 was \$Nil. Funding from NTFPP Special Account is \$413,729. Amount distributed to third parties \$Nil. Amount utilised by NIPE \$37,659.				
<b>6B. Interest</b>				
Financial assets at fair value through profit and loss				
Interest	-	-	-	-
Held-held to maturity investments				
Interest on amortising notes with major banks	<b>3,153,136</b>	-	<b>3,153,136</b>	-
Loans and receivables				
Interest on bank and other securities	<b>3,542,787</b>	967,240	<b>3,541,296</b>	959,549
Interest on repayable grants	<b>16,671</b>	20,967	<b>16,671</b>	20,967
Total interest revenue	<b>6,712,594</b>	988,207	<b>6,711,103</b>	980,516
<b>6C. Other revenue</b>				
Income from properties held for grant				
Goods	<b>14,424</b>	-	<b>14,424</b>	-
Other	<b>2,850,608</b>	2,188,682	<b>2,850,608</b>	2,188,682
Insurance proceeds	<b>438,342</b>	207,082	<b>338,942</b>	207,082
Other	<b>56,750</b>	104,416	<b>56,750</b>	104,416
Trust distribution	-	-	<b>5,477</b>	-
Total other revenue	<b>3,360,124</b>	2,500,180	<b>3,266,201</b>	2,500,180
Other Revenue from				
Related Entities	<b>667,673</b>	196,588	<b>667,673</b>	196,588
External Entities	<b>2,692,451</b>	2,303,592	<b>2,598,528</b>	2,303,592
Total other revenue	<b>3,360,124</b>	2,500,180	<b>3,266,201</b>	2,500,180

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>7. Gains</b>				
<b>7A. Net gain (loss) in the net market value<sup>1</sup> of livestock</b>				
Net gain (loss) in net market value during the reporting period				
Cattle	873,650	5,345,541	797,293	4,981,081
Sheep	253,906	265,830	253,942	212,387
Horses	(24,846)	25,745	(24,846)	25,745
Goats	10,278	11,759	-	-
	<u>1,112,988</u>	<u>5,648,875</u>	<u>1,026,389</u>	<u>5,219,213</u>
Movement in provision for deaths	(95,024)	(210,004)	(97,810)	(207,524)
Net gain in the net market value of livestock	<u>1,017,964</u>	<u>5,438,871</u>	<u>928,579</u>	<u>5,011,689</u>
<b>7B. Net gain (loss) in the net market value<sup>1</sup> of other biological assets</b>				
Net gain (loss) in net market value during the reporting period				
Fruit Trees	(56,730)	(60,178)	(56,730)	(60,178)
Net loss in the net market value of other biological assets	<u>(56,730)</u>	<u>(60,178)</u>	<u>(56,730)</u>	<u>(60,178)</u>
<b>7C. Net market value<sup>1</sup> of agricultural produce</b>				
Non-living agricultural produce extracted from biological assets				
Net market value of wool extracted during reporting period	454,685	500,672	342,522	334,306
Net market value of fruit extracted during reporting period	185,253	124,350	185,253	124,350
Net market value of agricultural produce	<u>639,938</u>	<u>625,022</u>	<u>527,775</u>	<u>458,656</u>
Wool				
Revenue from sale of wool	377,074	452,046	264,911	285,680
Deemed cost of wool	(377,074)	(452,046)	(264,911)	(285,680)
Net revenue from sale of wool	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fruit				
Revenue from sale of fruit	185,253	124,350	185,253	124,350
Deemed cost of fruit	(185,253)	(124,350)	(185,253)	(124,350)
Net revenue from sale of fruit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the reporting period, the Corporation sold 323 (2007:473) bales of wool and 14,097 (2007:9,303) crates of citrus fruit.

<sup>1</sup> 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 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>7D. Net gain (loss) from disposal of assets</b>				
Property, plant and equipment				
Proceeds from disposal	34,823	80,612	34,823	80,612
Net book value of assets disposed	(66,633)	(110,479)	(66,633)	(110,479)
Net gain (loss) from disposal of property, plant and equipment	(31,810)	(29,867)	(31,810)	(29,867)
Plant and equipment held for grant				
Proceeds from disposal	18,997	-	18,997	-
Net book value of assets disposed	-	-	-	-
Net gain from disposal of plant and equipment held for grant	18,997	-	18,997	-
Land previously held for grant disposed in the current year				
Proceeds from disposal	412,501	327,273	412,501	327,273
Net book value of assets disposed	(341,807)	(84,406)	(341,807)	(84,406)
Net gain (loss) from disposal of land previously held for grant sold in the current year	70,694	242,867	70,694	242,867
Total proceeds from disposal	466,321	407,885	466,321	407,885
Total value of assets disposed	(408,440)	(194,885)	(408,440)	(194,885)
Total net gain (loss) from disposal of assets	57,881	213,000	57,881	213,000

### 7E. Net write up of investments

Net gain (loss) arising from the change in value of assets held at fair value through profit and loss:

Investments (held in-house)	(41,850)	(42,300)	(41,850)	(42,300)
Investments (outsourced)	305,317	24,848,277	305,317	24,848,277
Net write up of investments	263,467	24,805,977	263,467	24,805,977

Net write up on investment is treated as a gain on assets as described in Note 1.

### 7F. Net other gains (losses)

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

Hedging instruments	14,500	(14,500)	14,500	(14,500)
Makegood provision	-	31,376	-	31,376
Property, plant and equipment – revalued	-	(212,710)	-	(212,710)
Land Acquisition assets received for no or nominal consideration	2,840,000	-	2,840,000	-
Write down in the value of Inventory – property held for grant	-	(3,795)	-	(3,795)
Net impairment				
Receivables	(35,277)	20,627	(35,277)	20,627
Repayable grants	26,654	52,048	21,177	52,048
Net write up (down) of assets	2,845,877	(126,954)	2,840,400	(126,954)

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>8. Expenses</b>				
<b>8A. Property granted</b>				
The expense relates to the value of land granted (at cost) to appropriate aboriginal organisations in line with the objectives of the ILC. Costs incurred in transferring land, unsuccessful acquisitions or projects considered unlikely to proceed at reporting date are also included in this expense.				
Value of property granted	1,382,041	2,205,578	1,382,041	2,205,578
Associated costs	61,276	67,075	61,276	67,075
Total property granted expenses	1,443,317	2,272,653	1,443,317	2,272,653
Property granted expense				
Related entities	-	-	-	-
External entities	1,443,317	2,272,653	1,443,317	2,272,653
Total property granted expenses	1,443,317	2,272,653	1,443,317	2,272,653
<b>8B. Provision for property grant</b>				
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	16,067,968	33,222,730	16,067,968	33,222,730
<b>8C. Land management</b>				
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	3,333,545	2,591,423	3,333,545	2,591,423
External entities	22,138,923	16,168,822	26,759,563	19,652,356
Total land management expenses	25,472,468	18,760,245	30,093,108	22,243,779

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>8D. Employee expenses</b>				
Wages and salaries	11,937,212	10,590,340	7,651,287	7,246,984
Superannuation	1,460,452	1,284,230	1,105,524	1,009,557
Separation and redundancy	245,072	141,020	245,072	141,020
Total employee expenses	13,642,736	12,015,590	9,001,883	8,397,561

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)	195.5	208.2	100.1	90
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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	329,100	328,728	326,806	325,985
External entities	3,212,809	3,327,638	3,106,317	2,924,193
Operating lease rentals <sup>1</sup>	1,445,941	995,390	1,445,941	995,390
Workers compensation premiums	197,729	185,557	48,325	53,853
Repayment of government grant	-	144,213	-	144,213
Total supplier expenses	5,185,579	4,981,526	4,927,389	4,443,634

<sup>1</sup> These comprise minimum lease payments only.

### 8F. Depreciation and amortisation

Depreciation of property, plant and equipment	2,866,867	2,388,274	2,845,178	2,369,235
Amortisation of "makegood" asset	9,334	8,556	9,334	8,556
Amortisation of software	76,449	161,632	76,449	161,632
Total depreciation and amortisation	2,952,650	2,558,462	2,930,961	2,539,423

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	11,423	42,209	11,423	42,209
Furniture and fittings	25,102	20,509	25,102	20,509
Computer equipment	177,349	174,688	177,349	174,688
Office fit outs	290,560	245,447	290,560	245,447
Commercial Property Assets				
Buildings and infrastructure	1,251,551	1,182,241	1,246,234	1,177,938
Plant and equipment	536,340	321,684	531,195	313,398
Furniture and fitting	76,506	44,995	76,249	44,675
Motor vehicles	498,036	356,501	487,066	350,371
Amortisation of "makegood" asset	9,334	8,556	9,334	8,556
Amortisation of software	76,449	161,632	76,449	161,632
Total depreciation and amortisation	2,952,650	2,558,462	2,930,961	2,539,423

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>9. Financial assets</b>				
<b>9A. Cash and cash equivalents</b>				
Cash at bank and on hand	507,864	541,883	524,591	543,034
Deposits at call	34,032,260	-	34,032,260	-
Cash advances	22,840	18,963	22,840	18,963
Total cash	34,562,964	560,846	34,579,691	561,997
<b>9B. Receivables</b>				
Interest receivable	122,748	56,843	122,748	56,843
Other debtors	2,207,170	1,392,267	2,201,915	1,389,428
Cash with agent	508,000	-	508,000	-
Receivable from ATO	1,142,281	528,390	1,138,503	513,789
Total receivables	3,980,199	1,977,500	3,971,166	1,960,060
Less: Allowance for impairment loss	(61,677)	(26,400)	(61,677)	(26,400)
Total receivables (net)	3,918,522	1,951,100	3,909,489	1,933,660
All receivables are current.				
Receivables (gross) are aged as follows:				
Not overdue	3,579,088	1,909,910	3,570,055	1,892,470
Overdue by				
- less than 30 days	134,886	19,482	134,886	19,482
- 30 to 60 days	199,208	561	199,208	561
- 60 to 90 days	2,383	27,747	2,383	27,747
- more than 90 days	64,634	19,800	64,634	19,800
	401,111	67,590	401,111	67,590
	3,980,199	1,977,500	3,971,166	1,960,060
Allowance for impairment loss is aged as follows:				
Not overdue	-	-	-	-
Overdue by				
- less than 30 days	2,383	2,200	2,383	2,200
- 30 to 60 days	2,383	2,200	2,383	2,200
- 60 to 90 days	2,383	2,200	2,383	2,200
- more than 90 days	54,528	19,800	54,528	19,800
	61,677	26,400	61,677	26,400
	61,677	26,400	61,677	26,400
Reconciliation of provision for impairment				
Opening balance	26,400	5,773	26,400	5,773
Amounts written off	(26,400)	(1,956)	(26,400)	(1,956)
Amounts recovered or reversed	-	(3,817)	-	(3,817)
Increase/ decrease recognised in net surplus	61,677	26,400	61,677	26,400
Closing balance	61,677	26,400	61,677	26,400

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>9C. Investments</b>				
Bank and other securities	194,153,835	80,484,097	194,153,835	80,484,097
Shares in listed companies (at market value)	16,661	58,500	16,661	58,500
Managed funds (at market value)	-	226,434,262	-	226,434,262
Shares in subsidiary companies <sup>1</sup>	-	-	31	31
<b>Total investments</b>	<b>194,170,496</b>	<b>306,976,859</b>	<b>194,170,527</b>	<b>306,976,890</b>
Investments are categorised as follows:				
Current	51,193,555	80,542,597	51,193,555	80,542,597
Non-current	142,976,941	226,434,262	142,976,972	226,434,293
<b>Total investments</b>	<b>194,170,496</b>	<b>306,976,859</b>	<b>194,170,527</b>	<b>306,976,890</b>
<sup>1</sup> 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	306,976,859	268,477,461	306,976,890	268,477,494
Revenue from Land Account	-	96,420,253	-	96,420,253
Increment in market value to 30 June	263,467	24,805,977	263,467	24,805,977
	307,240,326	389,703,691	307,240,357	389,703,724
Less: investments liquidated	(113,069,830)	(82,726,832)	(113,069,830)	(82,726,834)
<b>Closing balance 30 June</b>	<b>194,170,496</b>	<b>306,976,859</b>	<b>194,170,527</b>	<b>306,976,890</b>
<b>9D. Other financial assets</b>				
Advances to subsidiaries				
Cardabia Pastoral Company Pty Ltd	-	-	1,097,475	1,091,999
Repayable grants to aboriginal corporations	1,325,737	1,339,124	1,325,737	1,339,124
<b>Total</b>	<b>1,325,737</b>	<b>1,339,124</b>	<b>2,423,212</b>	<b>2,431,123</b>
Less: provision for impairment	(162,580)	(189,234)	(1,260,055)	(1,281,233)
<b>Total other financial assets</b>	<b>1,163,157</b>	<b>1,149,890</b>	<b>1,163,157</b>	<b>1,149,890</b>
Other financial assets are categorised as follows:				
Current	153,240	125,871	153,240	125,871
Non-current	1,009,917	1,024,019	1,009,917	1,024,019
<b>Total other financial assets</b>	<b>1,163,157</b>	<b>1,149,890</b>	<b>1,163,157</b>	<b>1,149,890</b>

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>9D. Other financial assets (cont..)</b>				
Other financial assets (gross) are aged as follows:				
Not overdue	1,296,624	1,324,011	1,302,101	1,324,011
Overdue by				
- one year or less	14,000	-	14,000	59,848
- from one to five years	15,113	15,113	690,587	1,047,264
- over five years	-	-	416,524	-
	29,113	15,113	1,121,111	1,107,112
	1,325,737	1,339,124	2,423,212	2,431,123
Allowance for impairment loss is aged as follows:				
Not overdue	133,467	174,121	138,944	174,121
Overdue by				
- one year or less	14,000	-	14,000	59,848
- from one to five years	15,113	15,113	690,587	1,047,264
- over five years	-	-	416,524	-
	29,113	15,113	1,121,111	1,107,112
	162,580	189,234	1,260,055	1,281,233
Reconciliation of provision for impairment				
Opening balance	189,234	282,535	1,281,233	1,374,534
Amounts written off	-	-	-	-
Amounts recovered or reversed	(26,654)	(93,301)	(21,178)	(93,301)
Increase/ decrease recognised in net surplus	-	-	-	-
Closing balance	162,580	189,234	1,260,055	1,281,233

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 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	115,421,747	9,492,912	133,441	125,048,100
Less: provision for grant	(115,421,747)	(9,492,912)	-	(124,914,659)
Carrying amount 30 June	-	-	<b>133,441</b>	<b>133,441</b>
A summary of the movement in property held for grant is as follows:				
Opening balance 1 July	101,419,210	9,298,048	82,976	110,800,234
Opening provision 1 July	(99,737,859)	(9,296,627)	-	(109,034,486)
Carrying amount 1 July	1,681,351	1,421	82,976	1,765,748
Additions to 30 June	18,909,491	380,972	50,465	19,340,928
Sales to 30 June	(257,490)	(84,317)	-	(341,807)
Grant to 30 June	(1,377,277)	(4,764)	-	(1,382,041)
Reclassified as property held for sale	(1,297,895)	(95,606)	-	(1,393,501)
Reclassified as property, plant and equipment	(1,781,737)	(6,181)	-	(1,787,918)
Net movement	14,195,092	190,104	50,465	14,435,661
Movement in provision to 30 June	(15,876,443)	(191,525)	-	(16,067,968)
Carrying amount 30 June	-	-	<b>133,441</b>	<b>133,441</b>

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
	<b>355,000</b>

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 two properties held for grant for the purpose of making a grant of the interest to an Aboriginal or Torres Strait Islander corporation. The properties are available for immediate sale and local property agents have been appointed to market the properties.

	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
Held for sale assets	<b>1,393,501</b>	-	<b>1,393,501</b>	-

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>10B. Inventory – other</b>				
Inventory held for resale	59,000	28,500	59,000	28,500
Inventory held for resale is a current asset.				
<b>10C. Property, plant and equipment</b>				
<b>Commercial Business Assets<sup>1</sup></b>				
<b>Buildings and infrastructure improvements<sup>2</sup></b>				
at fair value	44,432,055	19,468,298	44,343,518	19,385,677
Less: Accumulated depreciation	(3,587,839)	(2,346,854)	(3,568,141)	(2,332,473)
	40,844,216	17,121,444	40,775,377	17,053,204
<b>Plant and equipment,</b>				
at fair value	5,687,610	3,187,280	5,623,611	3,123,280
Less: Accumulated depreciation	(1,187,928)	(661,639)	(1,161,481)	(640,337)
	4,499,682	2,525,641	4,462,130	2,482,943
<b>Furniture and fittings,</b>				
at fair value	382,437	200,742	379,687	197,992
Less: Accumulated depreciation	(148,176)	(72,403)	(146,449)	(70,933)
	234,261	128,339	233,238	127,059
<b>Motor vehicles,</b>				
at fair value	3,260,071	2,260,636	3,196,752	2,197,318
Less: Accumulated depreciation	(851,523)	(364,359)	(824,279)	(348,085)
	2,408,548	1,896,277	2,372,473	1,849,233
<b>Administration Assets</b>				
<b>Office equipment, at fair value</b>	186,745	177,499	186,745	177,499
Less: Accumulated depreciation	(97,523)	(74,237)	(97,523)	(74,237)
	89,222	103,262	89,222	103,262
<b>Furniture and fittings, at fair value</b>	98,271	93,763	98,271	93,763
Less: Accumulated depreciation	(46,480)	(35,057)	(46,480)	(35,057)
	51,791	58,706	51,791	58,706
<b>Computer systems, at fair value</b>	852,813	694,185	852,813	694,185
Less: Accumulated depreciation	(442,633)	(331,653)	(442,633)	(331,653)
	410,180	362,532	410,180	362,532
<b>Office fitout, at fair value</b>	766,590	709,399	766,590	709,399
Less: Accumulated depreciation	(290,563)	-	(290,563)	-
	476,027	709,399	476,027	709,399
<b>Sub total property, plant &amp; equipment</b>	<b>49,013,927</b>	<b>22,905,600</b>	<b>48,870,438</b>	<b>22,746,338</b>

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>10C. Property, plant and equipment (cont..)</b>				
Makegood, at fair value	62,000	56,000	62,000	56,000
Less: Accumulated depreciation	(17,890)	(8,556)	(17,890)	(8,556)
	<u>44,110</u>	<u>47,444</u>	<u>44,110</u>	<u>47,444</u>
<b>Total property, plant &amp; equipment</b>	<u>49,058,037</u>	<u>22,953,044</u>	<u>48,914,548</u>	<u>22,793,782</u>

<sup>1</sup> 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).

<sup>2</sup> Buildings and infrastructure on properties that the corporation conducts commercial businesses include the following:

Improvements to building and infrastructure	31,148,522	10,629,894	31,148,522	10,629,894
Improvement to civil works	863,220	520,378	863,220	520,378
Improvements to water points and water supply	3,594,358	2,764,973	3,538,432	2,706,836
Improvements to fences and yards.	5,238,116	3,206,199	5,225,203	3,196,096
	<u>40,844,216</u>	<u>17,121,444</u>	<u>40,775,377</u>	<u>17,053,204</u>

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

Valuations for all asset classes were undertaken at 30 June 2008. All assets classes valuations did not differ materially from their carrying amount.

The ILC redesignated property held for grant to a commercial property during the reporting period. The applicable property, plant and equipment has been reclassified as Property, plant and equipment. The property, plant and equipment identified on the property at the end of the reporting period was revalued.

Building and infrastructure improvements	1,781,737	-	1,781,737	-
Plant and equipment	4,760	-	4,760	-
Furniture and fittings	1,421	-	1,421	-
	<u>1,787,918</u>	<u>-</u>	<u>1,787,918</u>	<u>-</u>

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	20,299,534	2,971,040	20,299,534	2,971,040
	<u>20,299,534</u>	<u>2,971,040</u>	<u>20,299,534</u>	<u>2,971,040</u>

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.

Notes to and forming part of the financial statements  
for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>10C. Property, plant and equipment (cont..)</b>				
<i>Movement in asset revaluation reserve</i>				
Administration assets				
Increment (decrement) for furniture and fittings	-	(2,400)	-	(2,400)
Increment for office fitout	-	136,347	-	136,347
Commercial property assets				
Increment for plant and equipment	270	(2,988)	270	(2,988)
Increment for motor vehicles	(5,146)	-	(5,146)	-
	<u>(4,876)</u>	<u>130,959</u>	<u>(4,876)</u>	<u>130,959</u>

Notes to and forming part of the financial statements  
for the year ended 30 June 2008

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	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2007</b>									
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)
<b>As at 30 June 2008</b>									
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 2008

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	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2006</b>									
Gross book value	7,637,007	1,599,976	94,057	871,467	137,800	90,923	511,665	935,875	11,878,770
Accumulated depreciation	(1,164,845)	(346,324)	(27,409)	(11,144)	(33,809)	(18,285)	(171,160)	(251,335)	(2,024,311)
Opening net book value	6,472,162	1,253,652	66,648	860,323	103,991	72,638	340,505	684,540	9,854,459
Additions:									
By purchase	11,877,777	1,809,792	106,686	1,434,887	48,512	6,577	205,080	133,959	15,623,270
Net revaluation increment (decrement)	(32,860)	(141,174)	-	(35,689)	-	-	-	136,347	(73,376)
Depreciation/amortisation	(1,182,241)	(321,684)	(44,995)	(356,501)	(42,209)	(20,509)	(174,688)	(245,447)	(2,388,274)
Impairments recognised in the operating results	-	(66,388)	-	66,388	-	-	-	-	-
Disposals:									
Other	(13,394)	(8,557)	-	(73,131)	(7,032)	-	(8,365)	-	(110,479)
<b>As at 30 June 2007</b>									
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)
<b>Closing net book value</b>	<b>17,121,444</b>	<b>2,525,641</b>	<b>128,339</b>	<b>1,896,277</b>	<b>103,262</b>	<b>58,706</b>	<b>362,532</b>	<b>709,399</b>	<b>22,905,600</b>

Notes to and forming part of the financial statements  
for the year ended 30 June 2008

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	Leasehold Improvements	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2007</b>									
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
<b>Additions:</b>									
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	-	-	-	-	-	-	-	-	-
<b>Disposals:</b>									
Other	(4,435)	(3,057)	(1,667)	(37,646)	(744)	-	(19,084)	-	(66,633)
<b>As at 30 June 2008</b>									
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)
<b>Closing net book value</b>	<b>40,775,377</b>	<b>4,462,130</b>	<b>233,238</b>	<b>2,372,473</b>	<b>89,222</b>	<b>51,791</b>	<b>410,180</b>	<b>476,027</b>	<b>48,870,438</b>

Notes to and forming part of the financial statements  
for the year ended 30 June 2008

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	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2006</b>									
Gross book value	7,600,295	1,535,976	91,307	836,503	137,800	90,923	511,665	935,875	11,740,344
Accumulated depreciation	(1,154,767)	(333,308)	(26,259)	(1,000)	(33,809)	(18,285)	(171,160)	(251,335)	(1,989,923)
Opening net book value	6,445,528	1,202,668	65,048	835,503	103,991	72,638	340,505	684,540	9,750,421
Additions:									
By purchase	11,831,868	1,809,792	106,686	1,406,533	48,512	6,577	205,080	133,959	15,549,007
Net revaluation increment (decrement)	(32,860)	(141,174)	-	(35,689)	-	-	-	136,347	(73,376)
Depreciation/amortisation	(1,177,938)	(313,398)	(44,675)	(350,371)	(42,209)	(20,509)	(174,688)	(245,447)	(2,369,235)
Impairments recognised in the operating results	-	(66,388)	-	66,388	-	-	-	-	-
Disposals:									
Other	(13,394)	(8,557)	-	(73,131)	(7,032)	-	(8,365)	-	(110,479)
<b>As at 30 June 2007</b>									
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)
Closing 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

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>10H. Biological Assets</b>				
Livestock	27,435,605	25,535,114	26,124,547	24,168,342
Provision for deaths	(1,371,780)	(1,276,756)	(1,306,227)	(1,208,417)
	<u>26,063,825</u>	<u>24,258,358</u>	<u>24,818,320</u>	<u>22,959,925</u>
Wool	325,179	247,568	325,179	247,568
Plantings (Citrus Trees)	-	56,730	-	56,730
Total inventory	<u>26,389,004</u>	<u>24,562,656</u>	<u>25,143,499</u>	<u>23,264,223</u>

All inventory is current inventory.

	Consol 2008 Number	Consol 2008 \$	ILC 2008 Number	ILC 2008 \$
<i>Movement in livestock:</i>				
Opening on hand (at net market value)	76,089	25,535,114	63,334	24,168,342
Less provision for deaths	-	(1,276,756)	-	(1,208,417)
	<u>76,089</u>	<u>24,258,358</u>	<u>63,334</u>	<u>22,959,925</u>
Sales	(15,058)	(4,601,000)	(13,428)	(4,468,964)
Purchases	5,906	5,274,444	5,906	5,274,444
Natural Increase	23,281	-	21,455	-
Deaths/Rations/Other	(3,276)	-	(2,470)	-
Net gain from change in net market value	-	1,227,047	-	1,150,725
Change in provision for deaths	-	(95,024)	-	(97,810)
Closing on hand (at net market value)	<u>86,942</u>	<u>26,063,825</u>	<u>74,797</u>	<u>24,818,320</u>

*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	54,662	24,663,818	51,579	23,600,376
Sheep	21,334	759,516	11,662	456,186
Horses	93	111,780	93	111,780
		<u>25,535,114</u>		<u>24,168,342</u>

Livestock on hand at the end 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
		<u>27,435,605</u>		<u>26,124,547</u>

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008 Number	Consol 2008 \$	ILC 2008 Number	ILC 2008 \$
<b>10H. Biological Assets (cont..)</b>				
<i>Movement in wool:</i>				
Opening on hand (at net market value)	156 bales	247,568	156 bales	247,568
Harvest	407 bales	454,685	273 bales	342,522
Sales	(323 bales)	(377,074)	(189 bales)	(264,911)
Closing on hand (at net market value)	<b>240 bales</b>	<b>325,179</b>	<b>240 bales</b>	<b>325,179</b>
<i>Movement in plantings:</i>				
Opening on hand (at net market value)	37.79ha	56,730	37.79ha	56,730
Purchases	-	-	-	-
Sales	-	-	-	-
Removal	(11.74ha)	-	(11.74ha)	-
Net gain from change in net market value	-	(56,730)	-	(56,730)
Closing on hand (at net market value)	<b>26.05ha</b>	<b>-</b>	<b>26.05ha</b>	<b>-</b>
	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$

<b>10I. Intangibles</b>				
Computer software				
Internally developed – in use	233,014	60,024	233,014	60,024
Externally purchased	320,544	247,063	320,544	247,063
	<b>553,558</b>	<b>307,087</b>	<b>553,558</b>	<b>307,087</b>
Accumulated amortisation	(158,404)	(81,954)	(158,404)	(81,954)
Total intangibles (non-current)	<b>395,154</b>	<b>225,133</b>	<b>395,154</b>	<b>225,133</b>

Reconciliation of opening and closing balances of intangibles (consolidated)

Item	Computer software internally developed \$	Computer software purchased \$	Total \$
<b>As at 1 July 2007</b>			
Gross book value	60,024	247,063	307,087
Accumulated depreciation	-	(81,954)	(81,954)
Opening net book value	<b>60,024</b>	<b>165,109</b>	<b>225,133</b>
Additions:			
Purchase/ internally developed	172,990	73,481	246,471
Movements:			
Depreciation/Amortisation	(27,185)	(49,265)	(76,450)
Disposals			
From disposal of entities or operations including restructuring	-	-	-
<b>As at 30 June 2008</b>			
Gross book value	233,014	320,544	553,558
Accumulated depreciation	(27,185)	(131,219)	(158,404)
Closing net book value	<b>205,829</b>	<b>189,325</b>	<b>395,154</b>

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
<b>10J. Other Non- Financial Assets</b>				
Prepaid operating leases	6,036,231	2,281,192	6,036,231	2,281,192
Less: Amortisation of prepaid operating lease	(812,105)	(214,917)	(812,105)	(214,917)
	<u>5,224,126</u>	<u>2,066,275</u>	<u>5,224,126</u>	<u>2,066,275</u>
The prepaid operating lease is to be amortised as follows:				
– within one year	597,187	627,647	597,187	627,647
– within one to five years	2,388,747	1,438,628	2,388,747	1,438,628
– over five years	2,238,192	-	2,238,192	-
	<u>5,224,126</u>	<u>2,066,275</u>	<u>5,224,126</u>	<u>2,066,275</u>
<b>11. Payables</b>				
<b>11A. Suppliers payables</b>				
Amounts owing to suppliers	6,135,268	4,649,316	6,274,907	4,641,432
Total supplier payables	<u>6,135,268</u>	<u>4,649,316</u>	<u>6,274,907</u>	<u>4,641,432</u>

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.

<b>11B. Other Payables</b>				
Deferred benefit from lease incentive	34,015	42,355	34,015	42,355
Wool futures	-	14,500	-	14,500
Other payables	2,496,460	681,249	2,496,460	681,249
Total other payables	<u>2,530,475</u>	<u>738,104</u>	<u>2,530,475</u>	<u>738,104</u>

The lease incentive benefit is as follows:

– within one year	8,340	8,340	8,340	8,340
– within one to five years	25,675	34,015	25,675	34,015
Total lease incentive	<u>34,015</u>	<u>42,355</u>	<u>34,015</u>	<u>42,355</u>

All Other payables are current.

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
<b>12. Provisions</b>				
<b>12A. Employee provisions</b>				
Salaries and wages	374,100	296,544	365,506	295,535
Annual leave	902,794	824,297	703,550	635,004
Long service leave	995,971	854,033	929,848	823,291
Superannuation	13,565	18,337	13,565	17,912
Aggregate employee benefits liability	<u>2,286,430</u>	<u>1,993,211</u>	<u>2,012,469</u>	<u>1,771,742</u>
Employee provisions are categorised as follows:				
Current	1,810,083	1,715,414	1,591,122	1,493,945
Non-current	476,347	277,797	421,347	277,797
	<u>2,286,430</u>	<u>1,993,211</u>	<u>2,012,469</u>	<u>1,771,742</u>

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 \$564,724 (2007: \$767,039), in excess of one year \$1,721,706 (2007: \$1,226,172).

### 12B. Provision for makegood

Opening provision	56,000	34,000	56,000	34,000
Amounts used	-	-	-	-
Amounts reversed	-	(34,000)	-	(34,000)
New provisions recognised	6,000	56,000	6,000	56,000
Closing provision for makegood on leasehold improvements	<u>62,000</u>	<u>56,000</u>	<u>62,000</u>	<u>56,000</u>

Makegood provision is categorised as follows:

Current	-	-	-	-
Non-current	62,000	56,000	62,000	56,000
	<u>62,000</u>	<u>56,000</u>	<u>62,000</u>	<u>56,000</u>

The Corporation currently has one agreement for the leasing of premises which have provisions requiring the Corporation to restore the premises to their original condition at the conclusion of the lease. The Corporation has made a provision to reflect the present value of that obligation.

### 13. Restructuring

#### 13A. Departmental restructuring

As a result of the Aboriginal and Torres Strait Islander Commission Amendment Act 2005 (ATSIC Amendment Act), in 2004–05 the ILC inherited responsibility for the Regional Land Fund, including grants and interests in land acquired with Regional Land Fund monies upon the abolition of ATSIC.

In 2005–2006, the ILC received a refund of GST on transactions through the Regional Land Fund whilst administered by ATSIC. However, this amount was overpaid and as a result the ILC refunded \$44,689 in 2006–07.

Total assets recognised	-	(44,689)	-	(44,689)
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## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
<b>14. Cash flow reconciliation</b>				
Reconciliation of operating result to net cash from operating activities:				
<b>Operating result</b>	<b>(49,350,191)</b>	<b>55,310,400</b>	<b>(49,352,538)</b>	<b>55,400,587</b>
<b>Non cash items</b>				
Depreciation and amortisation of property, plant and equipment	2,952,650	2,558,462	2,930,961	2,539,423
Revaluation of assets	-	212,710	-	212,710
Net profit (loss) on sale of property, plant and equipment	31,810	29,867	31,810	29,867
Transfer of property held for grant to property plant and equipment	(1,787,918)	-	(1,787,918)	-
Write down (up) of investments	(263,497)	(24,805,977)	(263,467)	(24,805,977)
Write down (up) of make good provision	-	(31,376)	-	(31,376)
GST recovered on non-operating cash flows	2,746,586	1,571,545	2,745,966	1,564,109
<b>Change in assets and liabilities</b>				
(Increase)/decrease in receivables	(1,967,422)	(1,270,387)	(1,975,829)	(1,260,318)
(Increase)/decrease in other financial assets	(13,267)	(580,952)	(13,267)	(580,952)
(Increase)/decrease in inventory	(14,278,366)	(35,002,417)	(14,278,366)	(35,002,417)
(Increase)/decrease in biological assets	(1,826,348)	(3,978,534)	(1,879,276)	(3,931,414)
(Increase)/decrease in other non-financial assets	(4,551,352)	(2,066,275)	(4,551,352)	(2,066,275)
Increase/(decrease) in creditors	1,485,952	3,212,232	1,633,475	3,157,836
Increase/(decrease) in other payables	1,792,371	734,062	1,792,371	734,062
Increase/(decrease) in employee provisions	293,219	277,277	240,727	189,677
Increase/(decrease) in provision for land transfer	15,880,173	34,905,502	15,880,173	34,905,502
<b>Net cash from operating activities</b>	<b>(48,855,600)</b>	<b>31,076,139</b>	<b>(48,846,530)</b>	<b>31,055,044</b>

### 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	3,031	3,030	3,000	3,000
Cash on advance	22,840	18,963	22,840	18,963
Cash at bank	504,833	538,853	521,591	540,034
Deposits at call	34,032,260	-	34,032,260	-
<b>Total cash</b>	<b>34,562,964</b>	<b>560,846</b>	<b>34,579,691</b>	<b>561,997</b>
Balance of cash as at 30 June shown in the Statement of Cash Flows	34,562,964	560,846	34,579,691	561,997

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
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### 16. Contingent liabilities and assets

The ILC has agreed to provide a bank guarantee of \$30,000 (2007: \$30,000) to the Bank of Melbourne as loan security for Bampi Mi Aboriginal Corporation.

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 (2007: \$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 (2007: \$Nil). 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 the reporting date.

### 18. Remuneration of Directors

Remuneration received or due and receivable by Directors	457,804	399,807	457,804	399,807
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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	2	3	2	3
\$30,000 – \$44,999	3	2	3	2
\$60,000 – \$74,999	1	1	1	1
\$165,000 – \$179,999	-	1	-	1
\$210,000 – \$224,999	1	-	1	-
Total number of Directors of the Corporation	8	7	8	7

### 19. Related party disclosure

For the purposes-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 Gorrige – appointed 17 October 2005  
 Ms Evonne Goolagong Cawley – appointed 20 September 2007  
 Ms Norma Ingram – to 19 September 2007

The aggregate remuneration of Directors is disclosed in Note 18.

The amount of aggregate superannuation contributions paid on behalf of Directors for 2008 was \$49,778 (2007: \$44,903).

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.

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 20. Other transactions with director or director-related entities

Mr David Baffsky is the Chairman of AAPC Pty Ltd (a wholly-owned subsidiary of Accor S.A.), which has a major ownership interest in Davidson Trahaire Pty Ltd. The Corporation procured Employee Assistance Program counselling services from Davidson Trahaire Pty Ltd of \$5,728 (2007: \$5,822) during the reporting period. The services were procured under normal commercial terms and conditions. Mr Baffsky has no interest in Davidson Trahaire Pty Ltd or AAPC Pty Ltd and had no part in the consideration of their engagement or in the decision to engage them.

The Corporation procured livestock inspection and purchase services from the Pastoral Management Group for \$Nil (2007: \$1,265) of which Mr Kevin Driscoll is a director. The services were procured under normal commercial terms and conditions.

A repayable grant is provided to Banibi Pty Ltd of which Mr Maxwell Gorringe was a director (ceased 12/10/2007). 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 2008 is \$547,771 (2007: \$603,131). Mr Gorringe was not a member of the ILC Board when this arrangement was approved.

The Corporation has a grazing licence with Banibi Pty Ltd. The Corporation engages Banibi Pty Ltd to manage the livestock herd on the property. Total payments to Banibi Pty Ltd under these arrangements for reporting period were \$333,044; \$0 prior to Mr Gorringe ceasing to be a director of Banibi Pty Ltd. (2007: \$479,961). The Corporation also purchase horses from Banibi Pty Ltd to the value of \$19,580; \$14,300 prior to Mr Gorringe ceasing to be a director of Banibi Pty Ltd.

A land management grant of \$278,813 (2007: \$61,072) 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.

Funding from the former Regional Land Fund of \$Nil (2007: \$1,095,610) was transferred to Indigenous Business Australia in the previous reporting period for the purposes of Wunan Foundation Inc obtaining an interest in the Scarborough House Trust.

### 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 and NIPE.

The ILC provided appropriation funding to its subsidiaries as follows:

NIPE – \$4,452,640 (2007: \$3,483,534)

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
<b>22. Remuneration of officers</b>				
The number of officers of the ILC included in these figures are shown below in the relevant remuneration bands.				
\$145,000 – \$159,999	2	3	2	3
\$160,000 – \$174,999	2	4	2	4
\$175,000 – \$189,999	3	-	3	-
\$220,000 – \$234,999	1	1	1	1
\$280,000 – \$294,999	1	-	1	-
\$310,000 – \$325,000	-	1	-	1
Total	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>
Income received or due and receivable by the officers	<u>1,720,527</u>	<u>1,678,364</u>	<u>1,720,527</u>	<u>1,678,364</u>
Performance pay	-	-	-	-
Aggregate amount of total remuneration of officers shown above	<u>1,720,527</u>	<u>1,678,364</u>	<u>1,720,527</u>	<u>1,678,364</u>

Performance pay has been excluded from the above calculation of officer remuneration. The aggregate amount of performance pay received, or due and receivable by officers was \$Nil (2007: \$Nil).

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

58,572	141,020	58,572	141,020
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### 23. Remuneration of auditors

Remuneration to the Auditor General for auditing the ILC's financial statements for this reporting period was \$75,600 (2007: \$75,000).

The Auditor General also provided services for the audit of grants at a cost of \$Nil (2007: \$4,000)

## Notes to and forming part of the financial statements for the year ended 30 June 2008

	Consol 2008 \$	Consol 2007 \$	ILC 2008 \$	ILC 2007 \$
<b>24. Financial instruments</b>				
<b>24A. Categories of financial instruments</b>				
<b>Financial Assets</b>				
Fair value through profit and loss				
Equities	16,661	58,500	16,692	58,531
Managed funds	-	226,434,262	-	226,434,262
Held-to-maturity investments				
Amortising notes with major banks	189,041,538	-	189,041,538	-
Loans and receivables				
Cash	530,704	560,846	547,431	561,997
Receivables	3,918,522	1,951,100	3,909,489	1,933,660
Other deposits	39,144,557	80,484,097	39,144,557	80,484,097
Repayable grants/ advances	1,163,157	1,149,890	1,163,157	1,149,890
<b>Carrying amount of financial assets</b>	<b>233,815,139</b>	<b>310,638,695</b>	<b>233,822,864</b>	<b>310,622,437</b>
<b>Financial Liabilities</b>				
Financial liabilities measured at amortised cost				
Suppliers	6,135,268	4,649,316	6,274,907	4,641,432
Other payables	2,530,475	738,104	2,530,475	738,104
<b>Carrying amount of financial liabilities</b>	<b>8,665,743</b>	<b>5,387,420</b>	<b>8,805,382</b>	<b>5,379,536</b>
<b>24B. Net income and expenses from financial assets</b>				
Fair value through profit and loss				
Equities	(41,850)	(42,300)	(41,850)	(42,300)
Managed funds	305,317	24,848,277	305,317	24,848,277
	263,467	24,805,977	263,467	24,805,977
Held-to-maturity investments				
Amortising notes with major banks	3,153,136	-	3,153,136	-
	3,153,136	-	3,153,136	-
Loans and receivables				
Cash	255,992	87,514	262,504	87,874
Receivables	-	-	-	-
Other deposits	3,280,283	879,726	3,278,792	871,675
Repayable grants/ advances	16,671	20,967	16,671	20,967
	3,552,946	988,207	3,557,967	980,516
<b>Net gain (loss) from financial assets</b>	<b>6,969,549</b>	<b>25,794,184</b>	<b>6,974,570</b>	<b>25,786,493</b>
<b>24C. Net income and expenses from financial liabilities</b>				
Financial liabilities measured at amortised cost				
Trade creditors	-	-	-	-
Other liabilities	-	-	-	-
<b>Net gain (loss) from financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 24D. Financial risk management objectives and policies

The Corporation's principal financial instruments comprise receivables, payables, repayable grants, 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's 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. During the reporting period, the Corporation reduced its exposure to market risk by liquidating its investment portfolio with fund managers and placing the majority 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 and liquidity risk.

#### Price risk

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

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>Financial Assets</b>				
Shares in listed companies (at market value)	16,661	58,500	16,661	58,500
Managed funds (at market value)	-	226,434,262	-	226,434,262
Net Exposure	16,661	306,976,859	16,661	306,976,890

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 2008	Equity 2008	Profit or loss 2007	Equity 2007
<i>Consolidated</i>						
Price risk	Price	+10%	1,666	1,666	30,697,686	30,697,686
		-10%	(1,666)	(1,666)	(30,697,686)	(30,697,686)
<i>ILC</i>						
Price risk	Price	+10%	1,666	1,666	30,697,686	30,697,686
		-10%	(1,666)	(1,666)	(30,697,686)	(30,697,686)

The Corporation also has exposure to commodity price risk through the holding of biological assets.

The Corporation enters into forward sales contracts where it agrees to sell specified amounts of the wool clip in the future at predetermined rates. The objective is to match the contract with future cash flows from the anticipated sales to protect ILC against the possibility of loss from future wool price fluctuations.

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 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 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 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.

	Consol 2008	Consol 2007	ILC 2008	ILC 2007
<b>Financial Assets</b>				
Cash	530,704	560,846	547,431	561,997
Other deposits	39,144,557	80,484,097	39,144,557	80,484,097
	<u>39,675,261</u>	<u>81,044,943</u>	<u>39,691,988</u>	<u>81,046,094</u>

The table below details the interest rate sensitivity analysis of the Corporation at the reporting date, holding all other variables constant. A 50 basis point change is deemed to be possible change and is used when reporting interest rate risk.

			Effect on		Effect on	
	Risk variable	Change in variable	Profit or loss 2008	Equity 2008	Profit or loss 2007	Equity 2007
<i>Consolidated</i>						
Interest rate risk	Interest	+0.5%	198,376	198,376	405,225	405,225
		-0.5%	(198,376)	(198,376)	(405,225)	(405,225)
<i>ILC</i>						
Interest rate risk	Interest	+0.5%	198,560	198,560	405,230	405,230
		-0.5%	(198,560)	(198,560)	(405,230)	(405,230)

The method to arrive at the possible change of 50 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia monthly issued cash rate. Historical rates indicate that for the past five financial years, there was a bias towards an increase in the interest rate ranging between 0–50 basis points. It is considered that 50 basis points a “reasonably possible” estimate as it accommodates for the maximum variations inherent in the interest rate movement over the past five years.

#### 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:

Consolidated	Not Past Due or Impaired 2008	Not Past Due or Impaired 2007	Past Due or Impaired 2008	Past Due or Impaired 2007
Receivables	3,579,088	1,909,910	401,111	67,590
Repayable grants/ advances	1,026,438	981,708	299,299	357,416
	<u>4,605,526</u>	<u>2,891,618</u>	<u>700,410</u>	<u>425,006</u>

## Notes to and forming part of the financial statements for the year ended 30 June 2008

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

	Not Past Due or Impaired 2008	Not Past Due or Impaired 2007	Past Due or Impaired 2008	Past Due or Impaired 2007
<b>Consolidated</b>				
Receivables	3,570,055	1,892,470	401,111	67,590
Repayable grants/ advances	1,026,438	981,708	1,396,775	1,449,414
	<u>4,596,493</u>	<u>2,874,178</u>	<u>17,797,886</u>	<u>1,517,004</u>

There are no repayable grants that are past due but not impaired (2007: \$Nil)

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

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

Ageing of receivables that are past due but not impaired for 2007

	0–30 Days	31–60 days	61–90days	90+ days	Total
Receivables	17,282	561	23,347	-	41,190

#### *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.

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 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)
<b>Financial Assets</b>		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. (2007:28 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 banker. Interest is earned on a daily basis at the prevailing daily rate. Rate at 30/6/08 of 7.2% (2007: 6.2%).
Equities	9C	Equities are carried at their quoted market-buying price. Movements in these values between reporting dates is recognised in the Income Statement. Dividend income is recognised when declared by the company.	The shares held are ordinary shares.
Funds with Fund Managers	9C	Funds transferred to fund managers are initially recorded at the value of the funds transferred. The funds are revalued to net market value on a monthly basis. The carrying amount of investments are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of an investment exceeds the recoverable amount, the asset is written down to the lower amount. Income is recognised when earned by the ILC.	The ILC has engaged external investment managers to manage some of its funds available for investment. It is in the interest of the efficient running of the ILC to appoint external investment managers to undertake daily investment processes. Investment managers are with a body corporate or licensed dealer. The ILC also retains an independent investment advisor to report on the performance of the external investment managers and the funds under management.
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 2008

### 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.	
Trade Creditors	11A	Creditors and accruals are recognised at their amortised. 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.	
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 2008

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

	Total Carrying Amount 2008 \$	Aggregate Net Fair Value 2008 \$	Total Carrying Amount 2007 \$	Aggregate Net Fair Value 2007 \$
<b>Financial Assets</b>				
Cash	530,704	530,704	560,846	560,846
Receivables	3,918,522	3,918,522	1,951,100	1,951,100
Other deposits	39,144,557	39,144,557	80,484,086	80,484,086
Equities	16,661	16,661	58,511	58,511
Managed funds	-	-	226,434,262	226,434,262
Amortising notes with major banks	189,041,538	189,041,538		
Repayable grants/ advances	1,163,157	1,163,157	1,149,890	1,149,890
<b>Total financial assets</b>	<b>233,815,139</b>	<b>233,815,139</b>	<b>310,638,695</b>	<b>310,638,695</b>
<b>Financial Liabilities</b>				
Trade creditors	6,135,268	6,135,268	4,649,316	4,649,316
Other liabilities	2,530,475	2,530,475	738,104	738,104
<b>Total financial liabilities</b>	<b>8,665,743</b>	<b>8,665,743</b>	<b>5,387,420</b>	<b>5,387,420</b>
<b>Financial Liabilities (Unrecognised)</b>				
Other guarantees	-	30,000	-	30,000
<b>Total financial liabilities (unrecognised)</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>30,000</b>

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 for managed funds is their quoted market price at reporting date, adjusted for transaction costs necessary for realisation.

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 are not significantly different 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 2008

### 25. Reporting of outcomes

The Corporation is structured to meet one outcome as described in Note 3.  
Only one output is defined for the outcome.

#### 25A. Net cost of outcome delivery

	Outcome 1 2008 \$	Outcome 1 2007 \$	Total 2008 \$	Total 2007 \$
Expenses				
Administered	-	-	-	-
Departmental	64,821,448	73,998,338	64,821,448	73,998,338
Total expenses	<u>64,821,448</u>	<u>73,998,338</u>	<u>64,821,448</u>	<u>73,998,338</u>
Costs recovered from the provision of goods and services to the non-government sector				
Administered	-	-	-	-
Departmental	-	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other external revenues				
Departmental				
Revenues from Government	573,412	96,420,253	573,412	96,420,253
Interest	6,712,594	988,207	6,712,594	988,207
Other revenues	3,360,124	2,500,180	3,360,124	2,500,180
Net gain (loss) in the net market value of livestock	1,017,964	5,438,871	1,017,964	5,438,871
Net market value of agricultural produce	639,938	625,022	639,938	625,022
Net gain from disposal of assets	57,881	213,000	57,881	213,000
Net write up of investments	263,467	24,805,977	263,467	24,805,977
Net write up of assets	2,845,877	-	2,845,877	-
Total Departmental	<u>15,471,257</u>	<u>130,991,510</u>	<u>15,471,257</u>	<u>130,991,510</u>
Total other external revenues	<u>15,471,257</u>	<u>130,991,510</u>	<u>15,471,257</u>	<u>130,991,510</u>
Net cost (contribution) of outcome	<u>49,350,191</u>	<u>(56,993,172)</u>	<u>49,350,191</u>	<u>(56,993,172)</u>

## Notes to and forming part of the financial statements for the year ended 30 June 2008

### 25B. Departmental revenues and expenses by Output Group

	Output Group 1 2008 \$	Output Group1 2007 \$	Total 2008 \$	Total 2007 \$
<i>Operating expenses</i>				
Property granted	1,443,317	2,272,653	1,443,317	2,272,653
Provision for property grant	16,067,968	33,222,730	16,067,968	33,222,730
Land management	25,472,468	18,760,245	25,472,468	18,760,245
Employees	13,642,736	12,015,590	13,642,736	12,015,590
Suppliers	5,185,579	4,981,526	5,185,579	4,981,526
Depreciation and amortisation	2,952,650	2,558,462	2,952,650	2,558,462
Net loss in the net market value of other biological assets	56,730	60,178	56,730	60,178
Net write up of assets	-	126,954	-	126,954
<b>Total departmental expenses</b>	<b>64,821,448</b>	<b>73,998,338</b>	<b>64,821,448</b>	<b>73,998,338</b>
<i>Funded by:</i>				
Revenues from Government	573,412	96,420,253	573,412	96,420,253
Interest	6,712,594	988,207	6,712,594	988,207
Other revenues	3,360,124	2,500,180	3,360,124	2,500,180
Net gain (loss) in the net market value of livestock	1,017,964	5,438,871	1,017,964	5,438,871
Net market value of agricultural produce	639,938	625,022	639,938	625,022
Net gain from disposal of assets	57,881	213,000	57,881	213,000
Net write up of investments	263,467	24,805,977	263,467	24,805,977
Net write up of assets	2,845,877	-	2,845,877	-
<b>Total other external revenues</b>	<b>15,471,257</b>	<b>130,991,510</b>	<b>15,471,257</b>	<b>130,991,510</b>