

financial statements
for year ending 30 june 2005



INDEPENDENT AUDIT REPORT

To the Minister for Immigration and Multicultural and Indigenous Affairs

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the Indigenous Land Corporation and the consolidated entity for the year ended 30 June 2005. The members of the Board of the Indigenous Land Corporation are responsible for the integrity of both the annual report and its web site.

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

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Corporation's annual report.

Scope

The financial statements and directors' responsibility

The financial statements comprise:

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

for both the Indigenous Land Corporation and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the Corporation and the entities it controlled during that year.

The members of the Board of the Indigenous Land Corporation are responsible for preparing the financial statements that give a true and fair view of the financial position and performance of the Corporation and the consolidated entity, and that comply with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia. The members of the Board of the Indigenous Land Corporation are also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent

limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether in all material respects the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Corporation's and the consolidated entity's financial position and of their performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the members of the Board of the Indigenous Land Corporation.

Independence

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

Audit 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*; and
- (b) give a true and fair view of the Indigenous Land Corporation and the consolidated entity's financial position as at 30 June 2005 and of their performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Mark Moloney
Senior Director

Delegate of the Auditor-General

Canberra
1 September 2005



Australian Government
Indigenous Land Corporation

ABN 59 912 679 254

Statement by Directors and General Manager

In our opinion, the attached financial statements for the year ended 30 June 2005 have been prepared based on properly maintained financial records and give a true and fair view of matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

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


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

Signed .....

Shirley McPherson
Chairperson

Signed .....

William Jeffries
Deputy Chairperson

Signed .....

David Galvin
General Manager

Signed .....

Jodie Lindsay
Chief Financial Officer

25 August 2005

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
REVENUE					
Revenue from ordinary activities					
Revenues from Government	6	4,342,730	54,847,011	4,342,730	54,847,011
Net increment in market value of livestock	7A	7,808,417	4,973,198	7,566,051	4,408,481
Net increment (decrement) in market value of other SGARA assets		(138,366)	(34,975)	(138,366)	(34,975)
Net market value of goods extracted	7B	732,821	655,506	538,344	497,264
Interest	8A	529,334	378,174	524,023	373,301
Write-up of assets	8B	31,864,409	22,923,030	31,864,409	22,923,030
Other revenues	8C	1,089,497	712,192	1,187,650	789,888
Revenues for ordinary activities		46,228,842	84,454,136	45,884,841	83,804,000
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Property granted	9A	562,689	6,386,410	562,689	6,386,410
Provision for property grant	9B	18,929,318	(3,847,320)	18,929,318	(3,847,320)
Land management	10	9,848,373	8,255,083	11,372,847	9,307,737
Employees	11A	8,529,201	7,967,657	6,891,000	6,758,668
Suppliers	11B	3,852,398	4,108,551	3,758,662	4,407,358
Depreciation and amortisation	11C	1,567,451	1,182,373	1,549,241	1,159,223
Write-down of assets	11D	75,668	304,218	75,668	304,218
Value of assets sold	11E	79,852	498,442	80,390	510,429
Expenses from ordinary activities (excluding borrowing costs expense)		43,444,950	24,855,414	43,219,815	24,986,723
Borrowing costs expense		–	964	–	–
Total expenses from ordinary activities		43,444,950	24,856,378	43,219,815	24,986,723
Operating surplus from ordinary activities		2,783,892	59,597,758	2,665,026	58,817,277
Net credit to asset revaluation reserve	15A	1,040,067	–	1,014,696	–
Total revenues, expenses and valuation adjustments recognised directly in equity		–	–	–	–
Total changes in equity other than those resulting from transactions with the Australian Government as owners		3,823,959	59,597,758	3,679,722	58,817,277

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

Statement of Financial Position

AS AT 30 JUNE 2005

	NOTES	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
ASSETS					
Financial assets					
Cash	12A	254,436	1,131,491	208,999	1,112,293
Receivables	12B	970,044	2,132,172	977,369	2,120,810
Investments	12C	251,037,956	236,475,022	251,038,001	236,475,067
Beneficiary loan	12D	–	–	–	–
Other	12E	458,520	592,507	458,520	579,377
Total financial assets		252,720,956	240,331,192	252,682,889	240,287,547
Non-financial assets					
Property held for grant	13A	64,631,977	45,726,339	64,631,977	45,726,339
Infrastructure, plant & equipment	13B	7,754,614	4,228,427	7,629,070	4,137,910
Inventories	13E	17,955,965	13,503,098	16,771,383	12,461,898
Intangibles	13F	282,977	402,202	282,977	402,202
Total non-financial assets		90,625,533	63,860,066	89,315,407	62,728,349
Total assets		343,346,489	304,191,258	341,998,296	303,015,896
LIABILITIES					
Provisions					
Employees	14A	1,371,445	1,389,197	1,266,721	1,312,717
Provision for property held for grant	13A	64,615,734	45,686,416	64,615,734	45,686,416
Payables					
Suppliers	14B	1,717,044	1,466,176	1,752,117	1,459,856
Other	14C	30,720	94,616	30,720	136,359
Total provisions and payables		67,734,943	48,636,405	67,665,292	48,595,348
Total liabilities		67,734,943	48,636,405	67,665,292	48,595,348
NET ASSETS		275,611,546	255,554,853	274,333,004	254,420,548
EQUITY					
Parent entity interest					
Reserves	15	1,040,067	–	1,014,696	–
Accumulated surplus	15	274,571,479	255,554,853	273,318,308	254,420,548
Total parent entity interest		275,611,546	255,554,853	274,333,004	254,420,548
TOTAL EQUITY		275,611,546	255,554,853	274,333,004	254,420,548
Current assets		36,454,726	35,968,064	35,232,077	34,883,219
Non-current assets		306,891,763	268,223,194	306,766,219	268,132,677
Current liabilities		2,347,386	2,295,757	2,233,662	2,275,208
Non-current liabilities		65,387,557	46,340,648	65,431,630	46,320,140

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
OPERATING ACTIVITIES					
Cash received					
Receipts from the Land Fund		4,038,109	54,713,000	4,038,109	54,713,000
Receipts from Government		335,083	147,412	335,083	147,412
Sale of goods and services		6,026,022	5,220,154	5,512,764	4,719,322
Interest and bill discounts		515,860	410,708	510,549	405,835
Repayments of loans made		102,306	–	102,306	–
Other		2,656,202	1,691,800	2,674,984	1,746,241
GST recovered from ATO		1,192,466	1,246,434	1,205,550	1,271,525
Total cash received		14,866,048	63,429,508	14,379,345	63,003,335
Cash used					
Employees		8,244,952	8,478,244	6,634,994	7,294,742
Direct land acquisition		6,034,377	5,840,924	6,034,377	5,840,924
Land management		10,947,008	8,956,196	12,427,433	10,002,504
Other suppliers		5,757,461	5,860,608	5,456,595	5,617,725
Loans made		–	121,736	–	121,736
Total cash used		30,983,798	29,257,708	30,553,399	28,877,631
Net cash from operating activities	16	(16,117,750)	34,171,800	(16,174,054)	34,125,704
INVESTING ACTIVITIES					
Cash received					
Proceeds from the sale of assets		98,673	64,089	96,674	48,090
Proceeds from sale of investments, net		17,301,475	–	17,301,475	–
Total cash received		17,400,148	64,089	17,398,149	48,090
Cash used					
Purchase of assets		3,312,150	1,508,709	3,280,086	1,463,914
Purchase of intangibles		–	68,631	–	68,631
Purchases of investments, net		–	32,266,843	–	32,266,836
Total cash used		3,312,150	33,844,183	3,280,086	33,799,381
Net cash (used by) investing activities		14,087,998	(33,780,094)	14,118,063	(33,751,291)

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

Statement of Cash Flows (continued)

FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
FINANCING ACTIVITIES					
Cash Received					
Monies transferred from Regional Land Fund		7,389,041	–	7,389,041	–
Total cash received		<u>7,389,041</u>	<u>–</u>	<u>7,389,041</u>	<u>–</u>
Cash used					
Repayment to Official Public Account	15A	6,236,344	–	6,236,344	–
Total cash used		<u>6,236,344</u>	<u>–</u>	<u>6,236,344</u>	<u>–</u>
Net cash (used by) financing Activities		<u>1,152,697</u>	<u>–</u>	<u>1,152,697</u>	<u>–</u>
Net increase (decrease) in cash held		<u>(877,055)</u>	<u>391,706</u>	<u>(903,294)</u>	<u>374,413</u>
Cash at the beginning of the reporting period		<u>1,131,491</u>	<u>739,785</u>	<u>1,112,293</u>	<u>737,880</u>
Cash at the end of the reporting period	17	<u>254,436</u>	<u>1,131,491</u>	<u>208,999</u>	<u>1,112,293</u>

Schedule of Commitments

AS AT 30 JUNE 2005

	NOTES	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
By Type					
CAPITAL COMMITMENTS					
Other		-	-	-	-
Total capital commitments		-	-	-	-
OTHER COMMITMENTS					
Operating leases ¹		1,823,124	2,460,853	1,823,124	2,460,853
Total other commitments		1,823,124	2,460,853	1,823,124	2,460,853
COMMITMENTS RECEIVABLE					
Goods and services tax		(165,739)	(223,714)	(165,739)	(223,714)
Net commitments by type		1,657,385	2,237,139	1,657,385	2,237,139
BY MATURITY					
Operating lease commitments					
One year or less		632,027	696,965	632,027	696,965
From one to five years		1,025,358	1,540,174	1,025,358	1,540,174
Net operating lease commitments		1,657,385	2,237,139	1,657,385	2,237,139
Net commitments by maturity		1,657,385	2,237,139	1,657,385	2,237,139

The amounts reported as at 30 June 2005 as commitments payable include the GST where relevant. Recoveries of GST in relation to commitments payable is included in commitments receivable.

¹ The operating leases included are effectively non-cancellable and comprise:

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

Schedule of Contingencies

AS AT 30 JUNE 2005

CONSOLIDATED	NOTES	GUARANTEES		CLAIMS FOR DAMAGES/COSTS		OTHER	TOTAL
		2005	2004	2005	2004		
		\$	\$	\$	\$	\$	\$
CONTINGENT LIABILITIES							
Balance from previous period	18	30,000	50,000	-	-	562,500	612,500
New		-	-	-	-	-	-
Re-measurement		-	-	-	-	-	-
Liabilities crystallised		-	-	-	-	-	-
Obligations expired		-	20,000	-	-	562,500	582,500
Total contingent liabilities		30,000	30,000	-	-	-	30,000
CONTINGENT ASSETS							
Balance from previous period		-	-	-	-	-	-
New	18	-	-	-	1,095,610	-	1,095,610
Re-measurement		-	-	-	-	-	-
Liabilities crystallised		-	-	-	-	-	-
Obligations expired		-	-	-	-	-	-
Total contingent assets		-	-	-	1,095,610	-	1,095,610
Net contingent liabilities		30,000	30,000	-	(1,095,610)	-	(1,065,610)

ILC	NOTES	GUARANTEES		CLAIMS FOR DAMAGES/COSTS		OTHER	TOTAL
		2005	2004	2005	2004		
		\$	\$	\$	\$	\$	\$
CONTINGENT LIABILITIES							
Balance from previous period	18	30,000	50,000	-	-	562,500	612,500
New		-	-	-	-	-	-
Re-measurement		-	-	-	-	-	-
Liabilities crystallised		-	-	-	-	-	-
Obligations expired		-	20,000	-	-	562,500	582,500
Total contingent liabilities		30,000	30,000	-	-	-	30,000
CONTINGENT ASSETS							
Balance from previous period		-	-	-	-	-	-
New	18	-	-	-	1,095,610	-	1,095,610
Re-measurement		-	-	-	-	-	-
Liabilities crystallised		-	-	-	-	-	-
Obligations expired		-	-	-	-	-	-
Total contingent assets		-	-	-	1,095,610	-	1,095,610
Net contingent liabilities		30,000	30,000	-	(1,095,610)	-	(1,065,610)

Details of each class of contingent liabilities, including those not disclosed above because they cannot be quantified or considered remote, are shown in Note 18 and 19.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

1. Summary of Significant Accounting Policies

1.1 Basis of accounting

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

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

- Finance Minister's Orders (being the Commonwealth Authorities and Companies (Financial Statements for the periods ending on or after 30 June 2005) Orders);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

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

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

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

1.2 Rounding

The financial statements have been rounded to the nearest dollar.

1.3 Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2003–04.

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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

1.5 Principles of consolidation

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

- ILC (the parent entity)
- Land Enterprise Australia Pty Ltd ('LEA')
- Cardabia Pastoral Company Pty Ltd as trustee for Cardabia Pastoral Company Trust
- Cardabia Pastoral Company Trust ('Cardabia')
- Mt Clarence Pastoral Company Pty Ltd as trustee for Mt Clarence Pastoral Company Trust
- Mt Clarence Pastoral Company Trust ('Mt Clarence')
- Roebuck Plains Station Pastoral Company Pty Ltd ('Roebuck Pastoral Co')
- Myroodah and Luluigui Stations Pastoral Company Pty Ltd ('Myroodah Pastoral Co')
- Murrayfield Pastoral Company Pty Ltd ('Murrayfield Pastoral Co')
- Mount Dare Homestead Nominees Pty Ltd as trustee for Mt Dare Homestead Trust ('Mt Dare Nominees')
- National Indigenous Enterprises Pty Ltd ('NIPE') incorporated 5 March 2004.

These entities have applied accounting policies consistent with those of the ILC. The effects of all transactions and balances between the entities are eliminated in full. The controlled entities of the ILC are not required to be separately audited as they are small companies for the year ended 30 June 2005.

1.6 Reporting by outcomes

The net cost of outcome delivery and departmental revenue and expenses by outputs relevant to the Corporation are presented in Notes 3 and 27. Any intra-government costs included in the net figure 'net cost of outcome delivery' are eliminated in calculating the actual budget outcome for the Government overall.

1.7 Revenue

The revenue described in this Note are revenues relating to the core operating activities of the Corporation. Receipts from the Land Fund are recognised at the time the Corporation becomes entitled to receive the revenue. Interest is recognised on a time proportional basis, taking into account the interest rates applicable to the financial assets.

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

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

Sundry income is recognised on an earned basis.

Collection of receivables is reviewed at balance date. Provisions are made when collectibility of the debt is judged to be less, rather than more, likely.

1.8 Taxation

In accordance with Section 193P of the Aboriginal and Torres Strait Islander Act 2005, the ILC is subject to all Commonwealth and State taxation except income tax and stamp duty (where land is divested to an Aboriginal Corporation within 12 months).

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

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

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

1.8 Taxation (cont.)

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 Statement of Financial Position.

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

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

All commitments are GST inclusive where relevant.

1.9 Cash

Cash means notes and coins held, advances made and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount. Interest is credited to revenue as it accrues.

1.10 Investments

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

1.11 Financial instruments

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

1.12 Derivative financial instruments

Forward Sale Contracts

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

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

1.13 Loans receivable

Loans are recognised at the amounts lent. Provision is made for bad and doubtful loans when the collection of the loan or part thereof is judged to be less, rather than more, likely. In rare cases, loan repayments may be waived. Interest is credited to revenue as it accrues.

1.14 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 transfer to appropriate organisations in line with the objectives of the ILC. Land, plant and equipment and livestock held for grant is initially recorded at cost. Land purchases (including the related plant, equipment and livestock, acquisition and holding costs) are capitalised on purchase.

Notes to and forming part of the financial statements

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1.14 Property held for grant (cont.)

At this time, a provision is raised against the Statement of Financial Performance for the full cost of the purchase representing the sacrifice of the future benefits embodied in the assets. On transfer, the assets and provision are offset against one another.

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

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

Any revaluation is expensed to the Statement of Financial Performance.

1.15 Infrastructure, plant and equipment

Asset Recognition Threshold

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

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

Revaluation

Infrastructure, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2005 are at fair value. All assets other than those disclosed separately were revalued to 'fair value' as at 30 June 2005 as required by Australian Account Standard *AASB 1041 Revaluation of Non-Current Assets*.

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

Asset Class	Fair Value Measured at:
Leasehold improvements (office fitout)	Depreciated replacement cost
Office equipment, furniture and fittings and computer systems	Market selling price
Other plant and equipment	Market selling price or depreciated replacement cost

Under fair value, assets which are surplus to requirement are measured at their net realisable value. At as 30 June 2005, the ILC held no surplus assets. (2004: Nil)

Frequency

The Corporation has not adopted the progressive revaluation method. All assets other than those disclosed separately were formally revalued to fair value as at 30 June 2005. Formal valuations will be undertaken for all classes of assets at least once every five years.

Conduct

The valuations undertaken during the 2004-05 reporting period were conducted by independent professionals who are experts in the valuation of that class of asset.

1.15 Infrastructure, plant and equipment (cont.)

Depreciation and Amortisation

Depreciable plant and equipment are written off to their estimated residual values over their estimated useful lives to the Corporation using both the diminishing value and prime cost method of depreciation. Leasehold improvements (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. Residual values are re-estimated for a change in prices only when assets are revalued.

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

	DIMINISHING VALUE 2005	DIMINISHING VALUE 2004	PRIME COST 2005	PRIME COST 2004
Leasehold Improvements (office fitout)	20%	20%	–	–
Office Equipment	20–40%	20–90%	–	–
Computer Systems	25–40%	25–40%	–	–
Fixture and Fittings	20–40%	20–60%	–	–
Other Plant & Equipment	5–40%	10–40%	–	–

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 11.

1.16 Inventory

Inventory consists of wool, livestock and plantings and fruit.

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

Livestock consists of that held for grant (Property held for grant) and that held for trading purposes (Inventory). 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. Livestock which are considered to be self-generating and regenerating assets are accounted for in accordance with Australian Accounting Standard AAS35 and are measured at net market value with market value increments and decrements included in the Statement of Financial Performance.

Plantings consists of Citrus fruit trees that are part of two blocks of land purchased by the ILC for grant. The plantings are considered to be self-generating and regenerating assets and are accounted for in accordance with Australian Accounting Standard AAS35 and are measured at net market value with market value increments and decrements included in the Statement of Financial Performance. One property is leased to an Aboriginal Corporation and therefore the ILC does not have rights over the fruit produced by the Citrus trees. The other property is operated by the ILC directly. Harvesting had not commenced as at the end of the reporting period and therefore there is no fruit on hand as at the end of the reporting period.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

1.17 Intangibles

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

All software assets were assessed for indications of impairment as at 30 June 2005. None were found to be impaired (2004: Nil).

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

Useful lives are:

	CONSOL 2005	CONSOL 2004	ILC 2005	ILC 2004
Internally developed software	5 years	5 years	5 years	5 years
Externally acquired software	5 years	5 years	5 years	5 years

1.18 Impairment of non-current assets

Non-current assets carried at up-to-date fair value at the reporting date are not subject to impairment testing.

Non-current assets carried at cost and held to generate net cash inflows have been tested for their recoverable amounts at the reporting date. The test compared the carrying amounts against the net present value of future net cash inflows. No writedown to recoverable amount was required (2004: Nil).

The non-current assets carried at cost, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the asset is written down to the higher of its net selling price and, if the entity would replace the asset's service potential, its depreciated replacement cost. No writedown to recoverable amount was required (2004: Nil)

1.19 Leases

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

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

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

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

1.20 Borrowing costs

All borrowing costs are expensed as incurred.

1.21 Employee benefits

Benefits

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

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

The nominal amount is calculated with regards to the rates expected to be paid on settlement of the liability. All other employee benefits liabilities are measured at the present value of the estimated future cash outflows to be made up in respect of services provided by employees up to the reporting date.

Leave

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

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

The liability for long-service leave has been determined by reference to the work of an actuary as at 30 June 2005. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

Employees of the ILC are members of the Commonwealth Superannuation Scheme (CSS) and the Public Sector Scheme (PSS). The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The ILC makes contributions to the Australian Government at rates determined by the actuary to be sufficient to meet the cost to the Australian Government of the superannuation entitlements of the ILC's employees. The liability for superannuation recognised as at 30 June represents outstanding contributions.

Employer contributions amounting to \$839,161 (2004: \$812,852) for the ILC in relation to these schemes have been expensed in these financial statements.

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

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

1.22 Unrecognised financial liabilities

Other guarantees, not recognised in the Statement of Financial Performance (refer Note 18), of the Corporation are disclosed in the Schedule of Contingencies. At the time of completion of the financial statements, there was no reason to believe that this guarantee would be called upon, and recognition of a liability was therefore not required.

1.23 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.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

1.24 Transactions by the Government as owner

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

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

Contributions by, or distribution to, owners are disclosed at Note 15.

1.25 Comparative figures

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

1.26 Insurance

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

2. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards ('AEIFRS'). The International Financial Reporting Standards are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime, including reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian reporting entities reporting under the Corporations Act 2001 to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying fully with AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards ('IFRS') and as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

The Australian Equivalents contain certain additional provisions which will not apply to non-profit entities, including the Corporation. Some of these provisions are in conflict with the IFRSs and therefore the Corporation will only be able to assert compliance with the Australian Accounting Standards.

A not-for-profit entity is an entity whose principal objective is not for the generation of profit. A not-for-profit entity can be a single entity or a group of entities comprising the parent entity and each entity that it controls.

ILC was created under the *Aboriginal and Torres Strait Islander Act 2005* with two main functions; Land Acquisition and Land Management. The ILC's principal objective is not for the generation of profit, therefore it is a not-for-profit entity.

2. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006 (cont.)

Accounting Standard AASB 1047 *Disclosing the Impact of Adopting Australian Equivalents to IFRSs* requires that the financial report for 2004-05 disclose:

- an explanation of how the transition to the AEIFRS is being managed;
- narrative explanations of the key policy differences arising from the adoption of AEIFRS;
- any known or reliably estimable information about the impacts on the financial reports had it been prepared using AEIFRS; and
- if the impacts of the above are not known or reliably estimable, a statement to that effect.

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of the key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this Note is to make these disclosures.

Management of the transition to AASB Equivalents to IFRSs

The ILC has taken the following steps in preparation towards the implementation of AEIFRS:

- The ILC's Audit and Risk Management Committee is tasked with the oversight of the transition to and the implementation of AEIFRS and has approved a formal implementation plan. The Chief Financial Officer is formally responsible for the project and reports to the Audit and Risk Management Committee on the implementation plan progress.
- The implementation plan involves the following steps:
 - Training of key staff in AEIFRS
 - Identification of all major accounting policy differences between the current AASB standards and the AEIFRS
 - Identification of system changes necessary to be able to report under AEIFRS, including those necessary to enable capture of data under both sets of rules for 2004-05, and the testing and implementation of those changes
 - Preparation of a transition balance sheet as at 1 July 2004, under AEIFRS
 - Preparation of an AEIFRS balance sheet at the same time as the 30 June 2005 statements are prepared
 - Meeting reporting deadlines set by Finance for 2005-06 balance sheet under AEIFRS.

Major changes in accounting policy

The Corporation believes that the first financial report prepared under AEIFRS, at 30 June 2006, will be prepared on the basis that the Corporation will be a first-time adopter under AASB1 First-time adoption of Australian Equivalents to International Reporting Standards. Changes in accounting policy under AEIFRS are applied retrospectively (i.e., as if the new policy has always applied), except in relation to the exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

A first-time adopter of AEIFRS may elect to use exemptions under paragraph 13 to 25E. When developing the accounting policies applicable to the preparation of the 1 July opening balance sheet, no exemptions were applied by the Corporation.

Changes to major accounting policies that are expected to affect the Corporation are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimate of the impacts of the changes as at reporting date. The actual effect of the impacts of AEIFRS may differ from these estimates due to:

- continuing review of the impacts of AEIFRS on the Corporation's operations;
- potential amendments to the AEIFRS and AEIFRS Interpretations; and
- emerging interpretation as to the accepted practice in the application of AEIFRS and AEIFRS Interpretations.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

2. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006 (cont.)

Property, plant and equipment

It is expected that the 2005–06 Finance Minister's Orders will continue to require property, plant and equipment assets to be valued at fair value in 2005–06.

The Corporation estimates that the carrying amounts of property, plant and equipment in the opening AEIFRS balance sheet at 1 July 2004 are not materially different from their fair value.

Intangible Assets

The Corporation currently recognises internally developed and externally acquired software assets on the cost basis. The software is specific to the needs of the Corporation and is not traded. Therefore there is not expected to be a change in the carrying amount of these assets on adoption of the Australian Equivalents.

Impairment of non-current assets

The Corporation's policy on the impairment of non-current assets is at Note 1.18.

Under the AEIFRS, these assets will be subject to assessment for impairment and, if there are indications of impairment, measurement of any impairment (impairment measurement must also be done irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of:

- (a) its fair value less costs to sell, and
- (b) its value in use.

'Value in use' is the net present value of the net cash inflows for for-profit assets of the Corporation and depreciated replacement cost for other assets, which would be replaced if the Corporation were deprived of them.

The most significant changes are that, for the Corporation's cash-generating units, the recoverable amount is only generally to be measured where there is an indication of impairment.

An impairment assessment of the Corporation's intangible assets indicates that no adjustment will be required.

Decommissioning, Restoration and Make-good

When assessing accommodation leases for the preparation of the opening balance sheet, obligations under the leases for make-good were identified. The carrying amount of the make-good obligation in the 1 July 2004 balance sheet is expected to be \$60,000. The make-good provision will be amortised over the remaining useful life of the respective leases.

2. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006 (cont.)

Property held for grant

The current treatment by the Corporation for land, plant and equipment and livestock held for grant is as follows: land purchases (including the related plant, equipment and livestock, acquisition and holding costs) are initially recorded at cost and capitalised on purchase. At this time, a provision is raised against the Statement of Financial Performance for the full cost of the purchase representing the sacrifice of the future benefits embodied in the assets. On transfer, the assets and provision are offset against one another.

Under AASB102 Inventories, a not-for-profit entity may hold inventories whose future economic benefits or service potential are not directly related to their ability to generate cash flows. These types of inventories may arise when an entity has determined to distribute certain goods at no charge or nominal amount. In these cases, the future economic benefits or service potential of the inventory for financial reporting purposes is reflected by the amount the entity would need to pay to acquire the economic benefits or service potential if this was necessary to achieve the objectives of the entity. Inventories held for distribution by not-for-profit entities shall be measured at the lower or cost and current replacement cost.

The Corporation expects, that under AEIFRS, property held for grant would be classified as inventory and carried at the lower of cost or current replacement cost.

It is further expected that the Corporation will continue with the current practice of raising a liability for the cost of the property representing the sacrifice of the future benefits embodied in the assets.

Employee benefits

The provision for long-service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.

The 2003-04 Financial Report notes that AEIFRS may require the market yield on corporate bonds to be used. The AASB has decided that a deep market in high-quality corporate bonds does not exist and therefore national government bonds will be referenced.

AEIFRS also require that annual leave that is not expected to be taken within 12 months of balance date is to be discounted. After assessing the staff leave profile, the 1 July 2004 balance sheet will be adjusted for the discount of annual leave not expected to be taken within 12 months of balance date.

Financial Instruments

Financial assets and liabilities are likely to be accounted for as 'held at fair value through profit and loss' or available-for-sale where the fair value can be reliably measured fair values will be published prices where there is an active market exists or by appraisal.

Cash and receivables are expected to continue to be measured at cost information.

Financial assets, except those classified as 'held at fair value through profit and loss', will be subject to impairment testing.

The amounts for financial instruments presented in the Corporation's 2004–05 financial statements are not expected to change as a result of the adoption of AEIFRS.

Reconciliation of Impacts – AGAAP to AEIFRS

	CONSOL 2005* \$	CONSOL 1/7/04 \$	ILC 2005* \$	ILC 1/7/04 \$
Reconciliation of Equity				
Total Equity under GAAP	275,611,546	255,554,853	274,333,004	254,420,548
Adjustments of accumulated results	52,203	18,277	51,511	17,345
Adjustments to other reserves	–	–	–	–
Total Equity under AEIFRS	275,663,749	255,573,130	274,384,515	254,437,893

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

2. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006 (continued)

	CONSOL 2005* \$	CONSOL 1/7/04 \$	ILC 2005* \$	ILC 1/7/04 \$
Reconciliation of Accumulated Results				
Total Accumulated Results under GAAP	274,571,479	255,554,853	273,318,308	254,420,548
Adjustments				
Employees	15,723	18,277	15,031	17,345
Amortisation of Make Good	36,480	–	36,480	–
Total Accumulated Results under AEIFRS	274,623,682	255,573,130	273,369,819	254,437,893
Reconciliation of Reserves				
Total Reserves under GAAP	1,040,067	–	1,014,696	–
Adjustments to asset revaluation reserve	–	–	–	–
Total Reserves under AEIFRS	1,040,067		1,014,696	–
	CONSOL 2005* \$		ILC 2005* \$	
Reconciliation of Net Profit				
Net Profit under GAAP	2,783,892		2,665,026	
Adjustments				
Employees	15,723		15,031	
Amortisation of Make Good	36,480		36,480	
Net Profit under AEIFRS	2,836,095		2,716,537	

* 30 June 2005 total represents the accumulated impact of AEIFRS from the date of transition.

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 27.

4. Economic dependency

The Corporation was established by section 191A of the *Indigenous Land Corporation (ATSIC Amendment) Act 1995* and is controlled by the Commonwealth of Australia. Until 2003–2004, the Corporation was dependent on a standing annual appropriation from the Land Fund in accordance with Section 193A of the *Aboriginal and Torres Strait Islander Act 2005* ('ATSI Act'). From 2004–2005, the ILC is dependent on the 'realised real return' on the investments of the Land Fund in accordance with Section 193C of the ATSI Act.

5. Events occurring after reporting date

There are no events occurring after reporting date.

6. Revenues from Government

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
Receipts from the Land Fund	4,038,109	54,713,000	4,038,109	54,713,000
Other revenues from Government	304,621	134,011	304,621	134,011
Total revenues from Government	4,342,730	54,847,011	4,342,730	54,847,011

The receipt from the Land Fund in 2003-04 was the final payment of the annual appropriation from the Land Fund in accordance with Section 193A of the ATSI Act. The receipt from the Land Fund in 2004-05 is the 'realised real return on the investments of the Land Fund' in accordance with Section 193C of the ATSI Act (refer Note 4). The Land Fund is administered by the Department of Immigration and Multicultural and Indigenous Affairs and the amount received in 2004-05 is the Department's calculation of the 'realised real return'.

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

7. Self-generating and regenerating assets

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

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

Where musters/counts are expected to coincide with reporting periods but are unable to be completed due to circumstances outside of the control of the Corporation, (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. The valuation takes into account the general make up of the herd/flock as at reporting date. Increments/decrements on changes in the net market value of livestock are recognised in the Statement of Financial Performance.

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

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
7A. Net increment in market value of livestock				
Net increment/decrement in net market value during the reporting period				
Cattle	8,216,868	4,746,603	7,906,083	4,309,219
Sheep	(168,979)	318,145	(98,222)	209,931
Horses	(15,132)	(17,570)	(15,132)	(17,570)
Goats	9,884	34,185	–	–
	<u>8,042,641</u>	<u>5,081,363</u>	<u>7,792,729</u>	<u>4,501,580</u>
Movement in provision for deaths	(234,224)	(108,165)	(226,678)	(93,099)
Net increment in the net market value of livestock	<u>7,808,417</u>	<u>4,973,198</u>	<u>7,566,051</u>	<u>4,408,481</u>
7B. Net market value of goods extracted				
Non-living produce extracted from self-generating and regenerating assets				
Net market value of wool extracted during reporting period				
	648,455	655,506	453,978	497,264
Net market value of fruit extracted during reporting period				
	84,366	–	84,366	–
Net market value of goods extracted	<u>732,821</u>	<u>655,506</u>	<u>538,344</u>	<u>497,264</u>
Wool				
Revenue from sale of wool	656,536	605,969	462,059	447,727
Deemed cost of wool	656,536	605,969	462,059	447,727
Net revenue from sale of wool	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Fruit				
Revenue from sale of fruit	84,366	–	84,366	–
Deemed cost of fruit	84,366	–	84,366	–
Net revenue from sale of fruit	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
8. Other revenue from ordinary activities				
8A. Interest				
Interest on deposits	498,307	347,190	492,996	342,317
Interest on loans	31,027	30,984	31,027	30,984
Total interest revenue	<u>529,334</u>	<u>378,174</u>	<u>524,023</u>	<u>373,301</u>
8B. Write-up of assets				
Investments (held in-house)	19,000	80,940	19,000	80,940
Investments (outsourced)	31,845,409	22,842,090	31,845,409	22,842,090
Write-up of assets	<u>31,864,409</u>	<u>22,923,030</u>	<u>31,864,409</u>	<u>22,923,030</u>

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
8C. Other revenue				
Income from properties held for divestment	931,257	612,803	931,257	612,803
Insurance proceeds	120,666	4,572	120,666	3,027
Other	37,574	94,817	37,432	95,547
Trust distribution	–	–	98,295	78,511
Total other revenue	<u>1,089,497</u>	<u>712,192</u>	<u>1,187,650</u>	<u>789,888</u>

9. Land transfer

9A. Land transfer

The expense relates to the value of land transferred (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 land transferred	361,261	6,263,365	361,261	6,263,365
Associated costs	201,428	123,045	201,428	123,045
Total land transfer	<u>562,689</u>	<u>6,386,410</u>	<u>562,689</u>	<u>6,386,410</u>
Land transfer expense				
Related entities	1,223	48,047	1,223	48,047
External entities	561,466	6,338,363	561,466	6,338,363
Total land transfer expenses	<u>562,689</u>	<u>6,386,410</u>	<u>562,689</u>	<u>6,386,410</u>

9B. Provision for land transfer

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

Movement in the provision for land held for divestment	16,790,760	(3,995,198)	16,790,760	(3,995,198)
Movement in the provision for plant and equipment held for divestment	2,138,558	147,878	2,138,558	147,878
Total movement in the provision for land transfer	<u>18,929,318</u>	<u>(3,847,320)</u>	<u>18,929,318</u>	<u>(3,847,320)</u>

10. Land management

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

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
10. Land management (cont..)				
Land Management expenses are recorded as expenses in the Statement of Financial Performance in the period in which they are incurred. Land Management expenses also include land management on land held by the ILC and includes the cost of caretaking, use, maintenance and improvement of that land.				
Land management expense				
Related entities	621,780	290,060	621,780	290,060
External entities	9,226,593	7,965,023	10,751,067	9,017,677
Total land management expenses	<u>9,848,373</u>	<u>8,255,083</u>	<u>11,372,847</u>	<u>9,307,737</u>
11. Other expenses from ordinary activities				
11A. Employee expenses				
Basic remuneration for services provided	7,328,139	6,635,721	5,938,406	5,618,932
Superannuation	958,380	884,537	839,161	812,852
Separation and redundancy	65,000	264,889	65,000	264,889
Workers Compensation Premiums	177,682	182,510	48,433	61,995
Total employee expenses	<u>8,529,201</u>	<u>7,967,657</u>	<u>6,891,000</u>	<u>6,758,668</u>
This comprises salary costs, superannuation costs, employee leave provisions and staff recruitment costs.				
Number of employees as at				
30 June (full-time equivalents)	130.3	116.1	92.4	84.6
The staffing profile of the ILC has remained constant over the last 3 financial years. The consolidated amount includes employees of NIPE and other ILC subsidiaries who are employed in the commercial businesses as at 30 June 2005. This number has increased as the number of commercial businesses being operated by the ILC has increased.				
11B. Suppliers expenses				
Supply of goods and services:				
Related entities	339,059	435,525	336,867	432,901
External entities	2,818,180	2,978,663	2,726,636	3,280,094
Operating lease rentals	695,159	694,363	695,159	694,363
Total supplier expenses	<u>3,852,398</u>	<u>4,108,551</u>	<u>3,758,662</u>	<u>4,407,358</u>
11C. Depreciation and amortisation				
Depreciation of property, plant and equipment	1,448,226	1,083,566	1,430,016	1,060,416
Amortisation of software	119,225	98,807	119,225	98,807
Total depreciation and amortisation	<u>1,567,451</u>	<u>1,182,373</u>	<u>1,549,241</u>	<u>1,159,223</u>

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
11C. Depreciation and amortisation (cont..)				
The aggregate amounts of depreciation or amortisation expense during the reporting period for each class of depreciable assets are as follows:				
Office equipment	70,023	45,511	70,023	45,511
Furniture and fittings	14,625	28,395	14,625	28,395
Computer equipment	197,140	197,131	197,140	197,131
Office fit-outs	218,668	158,712	218,668	158,712
Plant and equipment	947,770	653,817	929,560	630,667
Amortisation of software	119,225	98,807	119,225	98,807
Total depreciation and amortisation	<u>1,567,451</u>	<u>1,182,373</u>	<u>1,549,241</u>	<u>1,159,223</u>
11D. Write-down of assets				
Inventory held for divestment	–	2,870	–	2,870
Infrastructure plant & equipment revalued	75,668	301,348	75,668	301,348
Total write-down of assets	<u>75,668</u>	<u>304,218</u>	<u>75,668</u>	<u>304,218</u>
11E. Value of assets sold				
Investments				
Proceeds from disposal	–	2,478,378	–	2,478,378
Net book value of assets disposed	–	(2,389,488)	–	(2,389,488)
Net gain from sale of investments	<u>–</u>	<u>88,890</u>	<u>–</u>	<u>88,890</u>
Infrastructure, plant and equipment				
Proceeds from disposal	89,703	41,461	87,885	26,916
Net book value of assets disposed	(143,504)	(43,623)	(142,224)	(41,065)
Net gain (loss) from sale of infrastructure, plant and equipment	<u>(53,801)</u>	<u>(2,162)</u>	<u>(54,339)</u>	<u>(14,149)</u>
Livestock held for divestment				
Proceeds from disposal	9,296	–	9,296	–
Net book value of assets disposed	(4,988)	–	(4,988)	–
Net gain from sale of livestock held for divestment	<u>4,308</u>	<u>–</u>	<u>4,308</u>	<u>–</u>
Plant and equipment held for divestment				
Proceeds from disposal	21,935	261	21,935	261
Net book value of assets disposed	(52,294)	–	(52,294)	–
Net gain from sale of plant and equipment held for divestment	<u>(30,359)</u>	<u>261</u>	<u>(30,359)</u>	<u>261</u>

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
11E. Value of assets sold (cont.)				
Land previously held for divestment sold in the current year				
Proceeds from disposal	–	2,356,340	–	2,356,340
Net book value of assets disposed	–	(2,941,771)	–	(2,941,771)
	_____	_____	_____	_____
Net gain (loss) from sale of land previously held for divestment sold in the current year	–	(585,431)	–	(585,431)
	_____	_____	_____	_____
Total proceeds from disposal	120,934	4,876,440	119,116	4,861,895
Total value of assets disposed	(200,786)	(5,374,882)	(199,506)	(5,372,324)
	_____	_____	_____	_____
Total net gain (loss) from sale of assets	(79,852)	(498,442)	(80,390)	(510,429)
	_____	_____	_____	_____
12. Financial assets				
12A. Cash				
Cash at bank and on hand	244,734	1,119,329	199,297	1,100,131
Cash advances	9,702	12,162	9,702	12,162
	_____	_____	_____	_____
Total cash	254,436	1,131,491	208,999	1,112,293
	_____	_____	_____	_____
12B. Receivables				
Interest receivable	15,044	32,597	15,044	32,597
Other debtors	644,390	661,078	657,657	653,508
Cash with agent	93,717	–	93,717	–
GST recoverable	216,893	77,575	210,951	73,783
Income from sale of assets	–	1,360,922	–	1,360,922
	_____	_____	_____	_____
Total receivables (net)	970,044	2,132,172	977,369	2,120,810
	_____	_____	_____	_____
Receivables (gross) are aged as follows:				
Not overdue	919,594	2,041,675	926,919	2,030,313
	_____	_____	_____	_____
Overdue by				
– less than 30 days	49,917	–	49,917	–
– 30 to 60 days	100	70,363	100	70,363
– more than 60 days	433	20,134	433	20,134
	_____	_____	_____	_____
	50,450	90,497	50,450	90,497
	_____	_____	_____	_____
	970,044	2,132,172	977,369	2,120,810
	_____	_____	_____	_____

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
12C. Investments				
Bank and other securities	12,958,082	1,177,656	12,958,082	1,177,656
Term deposits	1,205,327	1,289,241	1,205,327	1,289,241
Interest rate securities	–	449,011	–	449,011
Shares in listed companies (at market value)	468,001	–	468,001	–
Managed funds (at market value)	236,406,546	233,559,114	236,406,546	233,559,114
Shares in subsidiary companies	–	–	45	45
Total investments	<u>251,037,956</u>	<u>236,475,022</u>	<u>251,038,001</u>	<u>236,475,067</u>
Investments are categorised as follows:				
Current	17,155,278	19,173,095	17,155,278	19,173,095
Non-current	233,882,678	217,301,927	233,882,723	217,301,972
Total investments	<u>251,037,956</u>	<u>236,475,022</u>	<u>251,038,001</u>	<u>236,475,067</u>
The ILC holds shares in each of its 100%-owned subsidiaries.				
A summary of the movement in investments is as follows:				
Opening balance 1 July	236,475,022	181,196,259	236,475,067	181,196,311
Revenue from Land Fund	4,038,109	54,713,000	4,038,109	54,713,000
Funds transferred from the former Regional Land Fund	7,389,041	–	7,389,041	–
Increment in market value to 30 June	31,864,409	22,923,030	31,864,409	22,923,030
	<u>279,766,581</u>	<u>258,832,289</u>	<u>279,766,626</u>	<u>258,832,341</u>
Less: investments liquidated	28,728,625	22,357,267	28,728,625	22,357,274
Closing balance 30 June	<u>251,037,956</u>	<u>236,475,022</u>	<u>251,038,001</u>	<u>236,475,067</u>
12D. Beneficiary loans				
Trust distributions receivable				
Cardabia Pastoral Company Pty Ltd	–	–	578,235	479,940
Less: provision for loans	–	–	(578,235)	(479,940)
Total beneficiary loans	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
12E. Other assets				
Loans to subsidiaries				
Cardabia Pastoral Company Pty Ltd	–	–	453,916	453,916
Loans to aboriginal corporations	764,313	866,619	764,313	866,619
Total other loans	<u>764,313</u>	<u>866,619</u>	<u>1,218,229</u>	<u>1,320,535</u>
Less: provision for loans	(305,793)	(302,367)	(759,709)	(756,283)
Net loans to aboriginal corporations	<u>458,520</u>	<u>564,252</u>	<u>458,520</u>	<u>564,252</u>
Deferred forward sale gain	–	28,255	–	15,125
Total other assets	<u>458,520</u>	<u>592,507</u>	<u>458,520</u>	<u>579,377</u>

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

13. Non-financial assets

13A. Property held for grant and provision for property held for grant (consolidated)

ASSET DETAIL	LAND & INCIDENTALS	PLANT & EQUIPMENT	LIVESTOCK	TOTAL
Property held for grant	59,790,711	4,825,023	16,243	64,631,977
Less: provision for grant	(59,790,711)	(4,825,023)	–	(64,615,734)
Carrying amount 30 June	–	–	16,243	16,243
A summary of the movement in property held for grant is as follows:				
Opening balance 1 July	42,999,951	2,686,465	39,923	45,726,339
Opening provision 1 July	(42,999,951)	(2,686,465)	–	(45,686,416)
Carrying amount 1 July	–	–	39,923	39,923
Properties transferred from ATSIC	12,090,386	2,640,000	–	14,730,386
Additions to 30 June	5,061,492	675,123	–	5,736,615
Sales to 30 June	(34,090)	(4,988)	(39,078)	–
Grant to 30 June	(361,118)	–	–	(361,118)
Transferred to commercial operations ¹	–	(1,142,475)	(18,692)	(1,161,167)
Net movement	16,790,760	2,138,558	(23,680)	18,905,638
Movement in provision to 30 June	16,790,760	2,138,558	–	18,929,318
Carrying amount 30 June	–	–	16,243	16,243

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

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

¹ The ILC commenced commercial operations on four properties that it had acquired in previous years in the current reporting period. The plant and equipment utilised in commercial operations are treated as infrastructure, plant and equipment and depreciated.

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
13B. Infrastructure, plant and equipment				
Office equipment, at fair value	98,760	144,372	98,760	144,372
Less: Accumulated depreciation	–	(62,441)	–	(62,441)
	<u>98,760</u>	<u>81,931</u>	<u>98,760</u>	<u>81,931</u>
Office equipment, at cost	–	78,678	–	78,678
Less: Accumulated depreciation	–	(20,877)	–	(20,877)
	<u>–</u>	<u>57,801</u>	<u>–</u>	<u>57,801</u>
Total office equipment, net	<u>98,760</u>	<u>139,732</u>	<u>98,760</u>	<u>139,732</u>
Furniture and fittings, at fair value	72,625	88,091	72,625	88,091
Less: Accumulated depreciation	–	(29,121)	–	(29,121)
	<u>72,625</u>	<u>58,970</u>	<u>72,625</u>	<u>58,970</u>
Furniture and fittings, at cost	–	31,074	–	31,074
Less: Accumulated depreciation	–	(16,433)	–	(16,433)
	<u>–</u>	<u>14,641</u>	<u>–</u>	<u>14,641</u>
Furniture and fittings, net	<u>72,625</u>	<u>73,611</u>	<u>72,625</u>	<u>73,611</u>
Computer systems, at fair value	313,330	414,720	313,330	414,720
Less: Accumulated depreciation	–	(256,303)	–	(256,303)
	<u>313,330</u>	<u>158,417</u>	<u>313,330</u>	<u>158,417</u>
Computer systems, at cost	–	380,014	–	380,014
Less: Accumulated depreciation	–	(143,976)	–	(143,976)
	<u>–</u>	<u>236,038</u>	<u>–</u>	<u>236,038</u>
Computer systems, net	<u>313,330</u>	<u>394,455</u>	<u>313,330</u>	<u>394,455</u>
Office fitout, at fair value	855,500	335,403	855,500	335,403
Less: Accumulated depreciation	–	(115,098)	–	(115,098)
	<u>855,500</u>	<u>220,305</u>	<u>855,500</u>	<u>220,305</u>
Office fitout, at cost	–	200,317	–	200,317
Less: Accumulated depreciation	–	(51,055)	–	(51,055)
	<u>–</u>	<u>149,262</u>	<u>–</u>	<u>149,262</u>
Office fitout, net	<u>855,500</u>	<u>369,567</u>	<u>855,500</u>	<u>369,567</u>

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
13B. Infrastructure, plant and equipment (cont.)				
Other plant and equipment,				
at fair value	5,050,185	1,658,181	4,935,835	1,583,631
Less: Accumulated depreciation	–	(557,972)	–	(529,704)
	<u>5,050,185</u>	<u>1,100,209</u>	<u>4,935,835</u>	<u>1,053,927</u>
Other plant and equipment,				
at cost ¹	1,724,802	2,563,551	1,713,090	2,508,026
Less: Accumulated depreciation	(360,588)	(412,698)	(360,070)	(401,408)
	<u>1,364,214</u>	<u>2,150,853</u>	<u>1,353,020</u>	<u>2,106,618</u>
Other plant and equipment, net	<u>6,414,399</u>	<u>3,251,062</u>	<u>6,288,855</u>	<u>3,160,545</u>
Total infrastructure, plant & equipment	<u>7,754,614</u>	<u>4,228,427</u>	<u>7,629,070</u>	<u>4,137,910</u>

All assets other than those disclosed separately were revalued to 'fair value' as at 30 June 2005.

¹ The Corporation accounts land and infrastructure on ILC-held land as property held for grant (refer note 1.14). Plant and equipment and improvements made to the infrastructure on properties utilised for commercial operations are accounted for as infrastructure, plant and equipment (refer note 1.15). Improvements to infrastructure on properties utilised for commercial operations cannot be separated from the actual infrastructure and are not able to be valued to fair value separately. Therefore, improvements to infrastructure are held at depreciated cost.

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

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

Movement in asset revaluation reserve

Increment for furniture and fittings	20,311	–	20,311	–
Increment for office fitout	438,741	–	438,741	–
Increment for other plant and equipment	581,015	–	555,644	–
	<u>1,040,067</u>	<u>–</u>	<u>1,014,696</u>	<u>–</u>

ITEM	OTHER PLANT & EQUIP \$	OFFICE EQUIPMENT \$	FURNITURE & FITTINGS \$	COMPUTER SYSTEMS \$	OFFICE FITOUT \$	TOTAL \$
13C. Analysis of plant and equipment (consolidated)						
As at 1 July 2004						
Gross value	4,221,732	223,050	119,165	794,734	535,720	5,894,401
Accumulated depreciation/ amortisation	(970,670)	(83,318)	(45,554)	(400,279)	(166,153)	(1,665,974)
Net book value	3,251,062	139,732	73,611	394,455	369,567	4,228,427
Additions	3,605,532	46,644	4,560	233,333	263,449	4,153,518
Net revaluation increment/decrement	581,015	(621)	20,312	(75,048)	438,741	964,399
Depreciation/amortisation expense	(947,769)	(70,024)	(14,626)	(197,141)	(218,666)	(1,448,226)
Recoverable amount write downs	–	–	–	–	–	–
Disposals	(75,441)	(16,971)	(11,232)	(42,269)	2,409	(143,504)
As at 30 June 2005						
Gross value	6,774,987	98,760	72,625	313,330	855,500	8,115,202
Accumulated depreciation/ amortisation	(360,588)	–	–	–	–	(360,588)
Net book value	6,414,399	98,760	72,625	313,330	855,500	7,754,614
13D. Analysis of plant and equipment (ILC)						
As at 1 July 2004						
Gross value	4,091,657	223,050	119,165	794,734	535,720	5,764,326
Accumulated depreciation/ amortisation	(931,112)	(83,318)	(45,554)	(400,279)	(166,153)	(1,626,416)
Net book value	3,160,545	139,732	73,611	394,455	369,567	4,137,910
Additions	3,576,386	46,644	4,560	233,333	263,449	4,124,372
Net revaluation increment/ decrement	555,644	(621)	20,312	(75,048)	438,741	939,028
Depreciation/ amortisation expense	(929,559)	(70,024)	(14,626)	(197,141)	(218,666)	(1,430,016)
Recoverable amount write-downs	–	–	–	–	–	–
Disposals	(74,161)	(16,971)	(11,232)	(42,269)	2,409	(142,224)
As at 30 June 2005						
Gross value	6,648,925	98,760	72,625	313,330	855,500	7,989,140
Accumulated depreciation/ amortisation	(360,070)	–	–	–	–	(360,070)
Net book value	6,288,855	98,760	72,625	313,330	855,500	7,629,070

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
13E. Inventory				
Livestock	18,653,372	13,968,881	17,406,443	12,872,881
Provision for deaths	(932,669)	(698,444)	(870,322)	(643,644)
	<u>17,720,703</u>	<u>13,270,437</u>	<u>16,536,121</u>	<u>12,229,237</u>
Wool	41,354	49,537	41,354	49,537
Citrus trees	193,908	183,124	193,908	183,124
Total inventory	<u>17,955,965</u>	<u>13,503,098</u>	<u>16,771,383</u>	<u>12,461,898</u>

All inventory is current inventory.

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

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

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

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

CLASS	CONSOL NUMBER	CONSOL \$	ILC NUMBER	ILC \$
Livestock on hand at the beginning of the reporting period at net market value				
Cattle	32,837	12,890,576	31,142	12,191,146
Sheep	21,933	1,026,885	14,253	630,315
Horses	68	51,420	68	51,420
		<u>13,968,881</u>		<u>12,872,881</u>
Livestock on hand at the end of the reporting period at net market value				
Cattle	40,291	17,823,090	37,947	16,903,981
Sheep	25,192	793,994	15,549	466,174
Horses	57	36,288	57	36,288
		<u>18,653,372</u>		<u>17,406,443</u>

	2005 \$ INTERNAL	2005 \$ EXTERNAL	2005 \$ TOTAL
13F. Intangibles			
CONSOLIDATED			
As at 1 July 2004			
Gross value	300,303	286,019	586,322
Accumulated amortisation	(93,688)	(90,432)	(184,120)
Net book value	<u>206,615</u>	<u>195,587</u>	<u>402,202</u>
Additions	-	-	-
Net revaluation increment/ decrement	-	-	-
Amortisation expense	(61,771)	(57,454)	(119,225)
Recoverable amount write-downs	-	-	-
Disposals	-	-	-
As at 30 June 2005			
Gross value	300,303	286,019	586,322
Accumulated amortisation	(155,459)	(147,886)	(303,345)
<i>Net book value</i>	<u>144,844</u>	<u>138,133</u>	<u>282,977</u>
ILC			
As at 1 July 2004			
Gross value	300,303	286,019	586,322
Accumulated amortisation	(93,688)	(90,432)	(184,120)
Net book value	<u>206,615</u>	<u>195,587</u>	<u>402,202</u>
Additions	-	-	-
Net revaluation increment/ decrement	-	-	-
Amortisation expense	(61,771)	(57,454)	(119,225)
Recoverable amount write-downs	-	-	-
Disposals	-	-	-
As at 30 June 2005			
Gross value	300,303	286,019	586,322
Accumulated amortisation	(155,459)	(147,886)	(303,345)
<i>Net book value</i>	<u>144,844</u>	<u>138,133</u>	<u>282,977</u>

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
14. Provisions and payables				
14A. Employee provisions				
Salaries and wages	45,732	73,271	42,992	67,266
Annual leave	685,931	650,670	619,099	606,345
Long-service leave	623,854	623,511	599,002	603,003
Superannuation	15,928	5,642	5,628	–
Separation and redundancy	–	36,103	–	36,103
Aggregate employee benefits liability	<u>1,371,445</u>	<u>1,389,197</u>	<u>1,266,721</u>	<u>1,312,717</u>
Employee provisions are categorised as follows:				
Current	513,490	765,686	453,868	709,714
Non-current	857,955	623,511	812,853	603,003
	<u>1,371,445</u>	<u>1,389,197</u>	<u>1,266,721</u>	<u>1,312,717</u>
14B. Suppliers payables				
Amounts owing to suppliers	1,717,044	1,466,176	1,752,117	1,459,856
Total supplier payables	<u>1,717,044</u>	<u>1,466,176</u>	<u>1,752,117</u>	<u>1,459,856</u>
All supplier payables are current.				
Amounts owing to suppliers for land acquisition, land management and administrative goods and services as at reporting date include invoices received by suppliers for goods and services supplied prior to reporting date but unpaid as at reporting date and accruals for goods and services supplied prior to reporting date but for which invoices have not yet been received and where the Corporation was under a legal liability to pay.				
14C. Other Payables				
Deferred benefit from lease incentive	30,720	66,361	30,720	66,361
Deferred revenue from wool futures	–	28,255	–	15,125
Other	–	–	–	54,873
Total other payables	<u>30,720</u>	<u>94,616</u>	<u>30,720</u>	<u>136,359</u>
The lease incentive benefit is as follows:				
– within one year	26,678	35,641	26,678	35,641
– within one to two years	4,042	26,678	4,042	26,678
– within two to five years	–	4,042	–	4,042
Total lease incentive	<u>30,720</u>	<u>66,361</u>	<u>30,720</u>	<u>66,361</u>

ITEM	ASSET REVALUATION RESERVE \$	ACCUMULATED RESULTS \$	TOTAL EQUITY \$
15. Equity			
15A. Analysis of equity			
CONSOLIDATED			
Balance at 1 July	–	255,554,853	255,554,853
Net surplus (deficit)	–	2,783,892	2,783,892
Net revaluation increment (decrement)	1,040,067	–	1,040,067
Transactions with owner:			
Distributions to owner:			
Returns on capital			
Dividends	–	–	–
Capital use charge	–	–	–
Returns of capital			
Restructuring	–	–	–
Returns of contributed equity ¹	–	(6,236,344)	(6,236,344)
Contributions by owner:			
Appropriations (equity injections)	–	–	–
Restructuring ²	–	22,469,078	22,469,078
Transfers to/(from)/between reserves	–	–	–
Closing balance as at 30 June	1,040,067	274,571,479	275,611,546
Less: outside equity interests	–	–	–
Total equity attributable to the Commonwealth	1,040,067	274,571,479	275,611,546
ILC			
Balance at 1 July	–	254,420,548	254,420,548
Net surplus (deficit)	–	2,665,026	2,665,026
Net revaluation increment (decrement)	1,014,696	–	1,014,696
Transactions with owner:			
Distributions to owner:			
Returns on capital			
Dividends	–	–	–
Capital use charge	–	–	–
Returns of capital			
Restructuring	–	–	–
Returns of contributed equity ¹	–	(6,236,344)	(6,236,344)
Contributions by owner:			
Appropriations (equity injections)	–	–	–
Restructuring ²	–	22,469,078	22,469,078
Transfers to/(from)/between reserves	–	–	–
Closing balance as at 30 June	1,014,696	273,318,308	274,333,004
Less: outside equity interests	–	–	–
Total equity attributable to the Commonwealth	1,014,696	273,318,308	274,333,004

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

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
16. Cash flow reconciliation				
Reconciliation of operating surplus to net cash from operating activities:				
Operating surplus	2,783,892	59,597,758	2,665,026	58,817,277
Non cash items				
Depreciation and amortisation of property, plant and equipment	1,567,451	1,182,373	1,549,241	1,159,223
Property held for grant reclassified as property, plant and equipment	(1,142,475)	–	(1,142,475)	–
Assets transferred from ATSIC	15,080,037	–	15,080,037	–
Revaluation of assets	75,668	301,348	75,668	301,348
Net profit (loss) on sale of assets	53,801	(14,639)	54,338	(2,652)
Profit (loss) on sale of investments	–	(88,890)	–	(88,890)
Write-down (up) of investments	(31,864,409)	(22,923,030)	(31,864,409)	(22,923,030)
Movement in lease incentive	(35,641)	(74,221)	(35,641)	(74,221)
GST recovered on non-operating cash flows	292,134	137,568	289,401	134,951
Provision for land transfer, net movement	18,929,318	(3,847,320)	18,929,318	(3,847,320)
Change in assets and liabilities				
(Increase)/decrease in receivables	1,162,128	(1,279,474)	1,143,441	(1,279,099)
Increase/(decrease) in employee liabilities	(17,751)	(510,587)	(45,996)	(536,074)
(Increase)/decrease in assets held for transfer	(18,905,638)	3,843,218	(18,905,638)	3,843,218
(Increase)/decrease in other current assets	(4,452,866)	(2,064,316)	(4,188,628)	(1,329,577)
Increase/(decrease) in creditors	356,601	(87,988)	222,263	(49,450)
Net cash from operating activities	(16,117,750)	34,171,800	(16,174,054)	34,125,704

17. Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at bank. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash balances comprises:

Cash on hand	3,035	3,045	3,000	3,000
Cash on advance	9,702	12,162	9,702	12,162
Cash at bank	241,699	1,116,284	196,297	1,097,131
Total cash	254,436	1,131,491	208,999	1,112,293
Balance of cash as at 30 June shown in the Statement of Cash Flows	254,436	1,131,491	208,999	1,112,293

	CONSOL 2005 \$	CONSOL 2004 \$	ILC 2005 \$	ILC 2004 \$
18. Contingent liabilities and assets				
CONTINGENT LIABILITIES				
Guarantees ¹	30,000	30,000	30,000	30,000
Total contingent liabilities	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
CONTINGENT ASSETS				
Other contingent assets ²	1,095,610	–	1,095,610	–
Total contingent assets	<u>1,095,610</u>	<u>–</u>	<u>1,095,610</u>	<u>–</u>

¹ The ILC has agreed to provide a bank guarantee to the Bank of Melbourne as loan security for Bampi Mi Aboriginal Corporation.

² As a result of the ATSIIC Amendment Act, the ILC inherited responsibility for the Regional Land Fund grants and interests in land acquired with Regional Land Fund monies upon the abolition of ATSIIC. Money standing to the credit of the Regional Land fund on 24 March 2005 also vested in the ILC. Through our due diligence process on the transfer of assets from ATSIIC, the ILC became aware of funds held in trust from AGS that were distributed from the Regional Land Fund in June 2004 for the purposes of a grant to an aboriginal corporation. The ILC is of the opinion that these funds may still be part of the Regional Land Fund, based on information available to the ILC, however, further discovery and investigation is continuing on this matter.

All contingencies are GST inclusive where relevant.

19. Unquantifiable Contingencies

The ILC held an investment in Wisdom (FAI) No 2 Trust that is affected by the collapse of the HIH Group. The ILC is not expecting to be able to recover any of the value of this investment, as the investment has no market value. The Corporation has served a statement of claim on its then external advisor in relation to this investment.

20. Remuneration of Directors

Remuneration received or due and receivable by Directors	271,222	317,884	271,222	317,884
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The number of Directors of the ILC included in these figures are shown below in the relevant remuneration bands.

\$Nil – \$9,999	4	3	4	3
\$20,000 – \$29,999	2	2	2	2
\$30,000 – \$39,999	1	1	1	1
\$60,000 – \$69,999	–	1	–	1
\$170,000 – \$179,999	1	1	1	1
Total number of Directors of the Corporation	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>

The following Directors of the ILC were not remunerated by the ILC by virtue of them being officers of the Aboriginal and Torres Strait Islander Commission (ATSIC):

Geoff Clark (Chairman of ATSIC)

Steve Gordon (ATSIC Commissioner)

William Jeffries (Regional Chairperson of Murdi Paaki Regional Council).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

21. Related party disclosure

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

Shirley McPherson (Chairperson) – appointed 9 August 2001
William Jeffries (Deputy Chairperson) – from 31 August 2004
Clem Riley (Deputy Chairperson) – to 30 August 2004
Geoff Clark (Chairman ATSI) – to 23 March 2005
Steve Gordon (ATSI Nominee) – to 23 March 2005
Norma Ingram – appointed 9 August 2001
Kevin Driscoll – appointed 10 February 1998
David Baffsky- appointed 9 August 1999

The aggregate remuneration of Directors is disclosed in Note 20.

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

The amount of aggregate superannuation contributions paid on behalf of Directors for 2005 was \$25,025 (2004: \$27,916).

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

22. Other transactions with director or director-related entities

David Baffsky is the Chairman of AAPC Pty Ltd (a 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 \$2,502 (2004: \$8,756) 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.

The Corporation procured charter flight services from National Homes Pty Ltd for \$1,218 (2004: \$1,650) of which Kevin Driscoll is a director, for the purposes of the Business Enterprise Committee of the ILC Board inspecting ILC properties. The services were procured under normal commercial terms and conditions and were no more than equivalent charter cost.

23. Transactions with wholly owned entity

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

The ILC provided appropriation funding to its subsidiaries as follows:

Roebuck Pastoral Co – \$Nil (2004: \$528,676)
Myroodah Pastoral Co – \$Nil (2004: \$311,789)
Murrayfield Pastoral Co – \$Nil (2004: \$136,505)
NIPE – \$1,524,474 (2004: \$75,684)

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

26. Financial instruments

26A. Terms, conditions and accounting policies

Financial Instrument	Note	Accounting Policy and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	12A	Deposits at call are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Cash includes cash on hand, cash advances and cash held in bank accounts.
Receivables	12B	Receivables are recognised at nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are generally 28 days. (2004:28 days)
Term Deposits	12C	Deposits are recognised at cost. Interest is brought to account as earned.	Fixed-term and fixed-interest deposits with financial institutions.
Other Deposits	12C	Deposits are recognised at their nominal amounts. Interest is brought to account as earned.	Temporarily surplus funds are placed on deposit with the Corporation's banker. Interest is earned on a daily basis at the prevailing daily rate. Rate at 30/6/05 of 5.45% (2004: 5.2%).
Equities	12C	Equities are carried at their quoted market-buying price. Movements in these values between reporting dates are recognised in the Statement of Financial Performance. Dividend income is recognised when declared by the company.	The shares held are ordinary shares.
Interest Rate Securities	12C	Interest Rate Securities are carried at their quoted market-buying price. Movements in these values between reporting dates are recognised in the Statement of Financial Performance.	Dividend income is recognised when declared by the company. The Corporation held units in issuer-sponsored mandatory converting secured notes with Austrim. Interest on the notes is at 9.5% payable quarterly. Conversion occurred in October 2004.

Financial Instrument	Note	Accounting Policy and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Funds with Fund Managers	12C	Funds transferred to fund managers are initially recorded at the value of the funds transferred. The funds are re-valued to net market value on a monthly basis. The carrying amount of investments are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of an investment exceeds the recoverable amount, the asset is written down to the lower amount.	Income is recognised when earned by the ILC. The ILC has 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.
Loans	12E	Loans are recognised at amounts lent. The loans are secured by a charge over the assets of the borrower. Provision is made for bad and doubtful loans when collection of the loan or part thereof is judged to be less rather than more likely. Interest is credited to revenue as it accrues.	Loans are either interest free, or interest only for a defined period. Requirements for principal repayments are set out in the lending instrument.
Financial Liabilities		Financial liabilities are recognised when the present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade Creditors	14B	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that goods and services have been received (and irrespective of having been invoiced).	Settlement is usually made in 30 days.
Unrecognised Financial Liabilities			
Forward Sales Contracts		Forward contracts are recognised at the date the contract is entered into. Gains or losses on forward sales contracts are recognised in net profit except those relating to hedges of specific commitments that are deferred and included in the measurement of the sale.	Forward contracts were entered into to provide some protection against the variance in wool futures. During the reporting period, forward contracts were completed with Macquarie and Wesfarmers for the 2003/04 and 2004/05 wool clips.
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.

26B. Interest Rate Risk (consolidated only)

FINANCIAL INSTRUMENT	NOTE FLOATING INTEREST		FIXED INTEREST RATE MATURING IN				NON INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
	1 YEAR OR LESS		1 TO 5 YEARS		> 5 YEARS							
	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<i>Financial Assets</i>												
Cash 12A	242	1,117					12	15	254	1,132	4.6	4.3
Receivables 12B							970	2,132	970	2,132	N/a	N/a
Term Deposit 12C			1,205	1,289					1,205	1,289	6.0	6.0
Other Deposits 12C	12,958	1,178							12,658	1,178	5.45	5.2
Equities 12C							468	-	468	-	N/a	N/a
Interest Rate Securities 12C												
Funds with Fund Managers 12C	236,407	233,559										
Loans 12E			115	57	267	338	76	69	236,407	233,559	13.6 ²	10.8 ²
Deferred forward sale gain 12E									458	564	4.5	4.5
Total												
Total Assets									252,720	240,331		
<i>Financial Liabilities</i>									343,346	304,191		
Trade Creditors 14B							1,717	1,466	1,717	1,466	N/a	N/a
Other 14C							31	95	31	95	N/a	N/a
Total									1,748	1,561		
Total Liabilities									67,735	67,665		
<i>Unrecognised Financial Liabilities</i>												
Forward Sales Contracts							273	-	273	N/a	N/a	N/a
Other Guarantees							30	30	30	30	N/a	N/a
Total							30	303	30	303		

¹ Interest on these investments has been suspended.

² Represents annual rate of return on investments.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

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

	TOTAL CARRYING AMOUNT 2005 \$	AGGREGATE NET FAIR VALUE 2005 \$	TOTAL CARRYING AMOUNT 2004 \$	AGGREGATE NET FAIR VALUE 2004 \$
Financial Assets				
<i>Funds managed in-house</i>				
Cash	254,436	254,436	1,131,491	1,131,491
Receivables	970,044	970,044	2,132,172	2,132,172
Term deposits	1,205,327	1,205,327	1,289,241	1,289,241
Other deposits	12,958,082	12,958,082	1,177,656	1,177,656
Equities	468,001	468,001	–	–
Interest rate securities	–	–	449,011	449,011
Managed funds	236,406,546	236,406,546	233,559,114	233,559,114
Loans	458,520	458,520	564,252	564,252
Forward sales contracts	–	–	28,255	28,255
Total financial assets	<u>252,720,956</u>	<u>252,720,956</u>	<u>240,331,192</u>	<u>240,331,192</u>
Financial Liabilities				
Forward Sales Contracts	–	–	28,255	28,255
Lease liabilities	30,720	30,720	66,361	66,361
Trade creditors	1,717,044	1,717,044	1,466,176	1,466,176
Total financial liabilities	<u>1,747,764</u>	<u>1,747,764</u>	<u>1,560,792</u>	<u>1,560,792</u>
Financial Liabilities (Unrecognised)				
Other guarantees	–	30,000	–	30,000
Total financial liabilities (unrecognised)	<u>–</u>	<u>30,000</u>	<u>–</u>	<u>30,000</u>

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

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

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

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

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

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

26D. Credit risk exposures

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

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2005

26E. Hedges of specific commitments

The Corporation enters into forward sales contracts for wool from time to time.

As at 30 June 2005, all forward sales contracts had been finalised.

Any hedge is treated as specific, in accordance with UIG 33, as the approximate value and quantity of the sale can be reliably measured.

The amount of the deferred gain recognised in receivables as at 30 June 2005 was \$Nil (2004: \$28,255).

27. Reporting of outcomes

The Corporation is structured to meet one outcome as described in Note 1.6

Only one output is defined for the outcome.

27A. Net cost of outcome delivery

	OUTCOME 1 2005 \$	OUTCOME 1 2004 \$	TOTAL 2005 \$	TOTAL 2004 \$
Expenses				
Administered	-	-	-	-
Departmental	43,444,950	24,856,378	43,444,950	24,856,378
Total expenses	43,444,950	24,856,378	43,444,950	24,856,378
Costs recovered from the provision of goods and services to the non-government sector				
Administered	-	-	-	-
Departmental	-	-	-	-
Total expenses	-	-	-	-
Other external revenues				
Departmental				
Revenues from Government	4,342,730	54,847,011	4,342,730	54,847,011
Net increment in market value of livestock	7,808,417	4,973,198	7,808,417	4,973,198
Net increment (decrement) in market value of other SGARA assets	(138,366)	(34,975)	(138,366)	(34,975)
Net market value of goods extracted	732,821	655,506	732,821	655,506
Interest	529,334	378,174	529,334	378,174
Write-up of assets	31,864,409	22,923,030	31,864,409	22,923,030
Other revenues	1,089,497	712,192	1,089,497	712,192
Total Departmental	46,228,842	84,454,136	46,228,842	84,454,136
Total other external revenues	46,228,842	84,454,136	46,228,842	84,454,136
Net cost (contribution) of outcome	(2,783,892)	(59,597,758)	(2,783,892)	(59,597,758)

	OUTPUT GROUP 1 2005 \$	OUTPUT GROUP 1 2004 \$	TOTAL 2005 \$	TOTAL 2004 \$
27B. Departmental revenues and expenses by Output Group				
<i>Operating expenses</i>				
Property granted	562,689	6,386,410	562,689	6,386,410
Provision for property grant	18,929,318	(3,847,320)	18,929,318	(3,847,320)
Land management	9,848,373	8,255,083	9,848,373	8,255,083
Employees	8,529,201	7,967,657	8,529,201	7,967,657
Suppliers	3,852,398	4,108,551	3,852,398	4,108,551
Depreciation and amortisation	1,567,451	1,182,373	1,567,451	1,182,373
Write-down of assets	75,668	304,218	75,668	304,218
Value of assets sold	79,852	498,442	79,852	498,442
Interest	-	964	-	964
Total departmental expenses	43,444,950	24,856,378	43,444,950	24,856,378
<i>Funded by:</i>				
Revenues from Land Fund	4,038,109	54,713,000	4,038,109	54,713,000
Other revenue from government	304,621	134,011	304,621	134,011
Net increment in market value of livestock	7,808,417	4,973,198	7,808,417	4,973,198
Net increment in market value of other	(138,366)	(34,975)	(138,366)	(34,975)
Net market value of goods Extracted	732,821	655,506	732,821	655,506
Interest	529,334	378,174	529,334	378,174
Net write-up of assets	31,864,409	22,923,030	31,864,409	22,923,030
Other	1,089,497	712,192	1,089,497	712,192
Total departmental revenues	46,228,842	84,454,136	46,228,842	84,454,136