

>> FINANCIAL REPORT  
NORTHERN LAND COUNCIL



Verona Huddleston collects bush tucker.



## INDEPENDENT AUDIT REPORT

To the Minister for Immigration and Multicultural and Indigenous Affairs

### Scope

#### *The financial statements and directors' responsibility*

The financial statements comprise:

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

of the Northern Land Council for the year ended 30 June 2005.

The members of the Executive of the Northern Land Council are responsible for preparing the financial statements that give a true and fair view of the financial position and performance of the Corporation, 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 Executive of the Northern Land Council 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.

GPO Box 707 CANBERRA ACT 2601  
Centenary House 19 National Circuit



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*, including accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Council's financial position, and of its 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 Executive of the Northern Land Council.

#### ***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 Northern Land Council:

- (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 Northern Land Council's financial position as at 30 June 2005 and of its 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

16 September 2005



# NORTHERN LAND COUNCIL

## >> STATEMENT BY DIRECTORS


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### for the year ended 30 June 2005

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 the 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 Northern Land Council 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.....

John Daly  
Chairman  
September 2005

Signed.....

Samual Blanas  
Deputy Chairman  
September 2005



# NORTHERN LAND COUNCIL

## >>STATEMENT OF FINANCIAL PERFORMANCE

the year ended 30 June 2005

	Notes	2005 \$	2004 \$
<b>&gt;&gt;REVENUES FROM ORDINARY ACTIVITIES</b>			
Revenues from Government	4A, 6A,B&C	20,393,801	17,059,639
Goods and Services	4B	1,156,852	3,111,533
Interest	4C	240,913	122,921
Revenue from sale of assets	4D	106,258	92,347
Other	4E	188,927	157,920
<b>Revenues from ordinary activities</b>		<b>22,086,751</b>	<b>20,544,360</b>
<b>&gt;&gt;EXPENSES FROM ORDINARY ACTIVITIES</b>			
Expenses from ordinary activities			
Employees and council members	5A	10,263,207	9,338,819
Suppliers	5B	10,194,587	8,940,721
Depreciation and amortisation	5C	513,717	477,757
Value of assets sold	4D	150,690	100,089
<b>Expenses from ordinary activities</b>		<b>21,122,201</b>	<b>18,857,386</b>
<b>Operating surplus from ordinary activities</b>		<b>964,550</b>	<b>1,686,974</b>
Net credit to asset revaluation reserve	11	-	207,825
Increase in accumulated results on application of transitional provisions in accounting standard AASB 1041 <i>Revaluation of Non-current Assets</i>	11	-	193,572
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<b>-</b>	<b>401,397</b>
<b>Total changes in equity other than those resulting from transactions with the Australian Government as owner</b>		<b>964,550</b>	<b>2,088,371</b>

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



# NORTHERN LAND COUNCIL

## >>STATEMENT OF FINANCIAL POSITION

the year ended 30 June 2005

	Notes	2005 \$	2004 \$
<b>&gt;&gt;ASSETS</b>			
Financial assets			
Cash	12B	3,269,606	3,595,136
Receivables	7A	6,898,909	5,363,611
Investments	7B	75	75
<b>Total financial assets</b>		<b>10,168,590</b>	<b>8,958,822</b>
Non-financial assets			
Land and buildings	8A, D	1,381,764	1,194,325
Infrastructure, plant and equipment	8B, D	1,727,266	1,843,009
Intangibles	8C	268,429	284,890
Other non-financial assets	8E	55,546	105,521
<b>Total non-financial assets</b>		<b>3,433,005</b>	<b>3,427,745</b>
<b>Total assets</b>		<b>13,601,595</b>	<b>12,386,567</b>
<b>&gt;&gt;LIABILITIES</b>			
Provisions			
Employees	9A	1,946,076	1,898,533
<b>Total provisions</b>		<b>1,946,076</b>	<b>1,898,533</b>
Payables			
Suppliers	10A	2,100,745	1,897,810
<b>Total payables</b>		<b>2,100,745</b>	<b>1,897,810</b>
<b>Total liabilities</b>		<b>4,046,821</b>	<b>3,796,343</b>
<b>Net Assets</b>		<b>9,554,774</b>	<b>8,590,224</b>
<b>&gt;&gt;EQUITY</b>			
Parent entity interest			
Accumulated surplus	11	9,346,949	8,382,399
Asset revaluation reserve	11	207,825	207,825
<b>Total parent entity interest</b>		<b>9,554,774</b>	<b>8,590,224</b>
<b>Total equity</b>	<b>11</b>	<b>9,554,774</b>	<b>8,590,224</b>
Current assets		10,224,136	9,064,268
Non-current assets		3,377,459	3,322,299
Current liabilities		(3,647,821)	(3,509,957)
Non-current liabilities		(399,000)	(286,386)

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



# NORTHERN LAND COUNCIL

## >>STATEMENT OF CASH FLOWS

the year ended 30 June 2005

	Notes	2005 \$	2004 \$
<b>&gt;&gt;OPERATING ACTIVITIES</b>			
Cash received			
Revenues from government		19,675,131	17,326,762
Goods and services		258,547	1,355,436
Interest		240,913	122,921
GST received from ATO		81,681	177,747
Other		238,902	433,879
<b>Total cash received</b>		<b>20,495,174</b>	<b>19,416,745</b>
Cash used			
Employees		10,215,664	8,967,703
Suppliers		9,991,656	8,377,164
<b>Total cash used</b>		<b>20,207,320</b>	<b>17,344,867</b>
<b>Net cash from or (used by) Operating Activities</b>	<b>12A</b>	<b>287,854</b>	<b>2,071,878</b>
Investing Activities			
Cash received			
Proceeds from sales of property, plant and equipment		106,258	92,347
<b>Total cash received</b>		<b>106,258</b>	<b>92,347</b>
Cash used			
Purchase of property, plant and equipment		719,642	984,595
<b>Total cash used</b>		<b>719,642</b>	<b>984,595</b>
<b>Net cash from or (used by) Investing Activities</b>		<b>(613,384)</b>	<b>(892,248)</b>
Net Increase / (Decrease) in Cash Held		(325,530)	1,179,630
Cash at the beginning of the reporting period		3,595,136	2,415,506
<b>Cash at the End of the Reporting Period</b>	<b>12B</b>	<b>3,269,606</b>	<b>3,595,136</b>

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



# NORTHERN LAND COUNCIL >>SCHEDULE OF COMMITMENTS

the year ended 30 June 2005

	Notes	2005 \$	2004 \$
<b>&gt;&gt;BY TYPE</b>			
Other Commitments			
Operating Leases <sup>1</sup>		1,480,838	1,092,849
<b>Total Other Commitments</b>		<b>1,480,838</b>	<b>1,092,849</b>
Commitments receivable		(134,622)	(99,350)
<b>Net Commitments by Type</b>		<b>1,346,216</b>	<b>993,499</b>
<b>&gt;&gt;BY MATURITY</b>			
Operating Lease Commitments			
One year or less		680,219	381,340
From one to five years		800,527	711,509
Over five years		92	-
<b>Total Operating Lease Commitments</b>		<b>1,480,838</b>	<b>1,092,849</b>
Commitments receivable		(134,622)	(99,350)
<b>Net Commitments by Maturity</b>		<b>1,346,216</b>	<b>993,499</b>

NB: Commitments are GST inclusive where relevant.

<sup>1</sup> The Land Council has non-cancellable operating leases for administrative offices, motor vehicles and office equipment, including photocopiers and facsimile machines.

Nature of Lease	General Description of leasing arrangements
Leases for office accomodation	Lease payments are subject to annual increase in accordance with upwards movements in the Consumer Price Index. The initial periods of office accomodation leases are still current and each may be renewed for up to five years at the NLC's option, following a one-off adjustment of rentals to current market levels.

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



# NORTHERN LAND COUNCIL

## >> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Note 1:	Summary of Significant Accounting Policies	118
Note 2:	Adoption of Australian equivalents to International Financial reporting Standards from 2005-2006	123
Note 3:	Economic Dependency	125
Note 4:	Operating Revenues	126
Note 5:	Operating Expenses	127
Note 6:	Aboriginals Benefit Account Appropriations	128
Note 7:	Financial Assets	132
Note 8:	Non-Financial Assets	133
Note 9:	Provisions	136
Note 10:	Payables	136
Note 11:	Equity	137
Note 12:	Cash Flow Reconciliations	137
Note 13:	Related Party Disclosures	138
Note 14:	Director Remuneration	139
Note 15:	Remuneration of Officers	139
Note 16:	Average Staffing Levels	140
Note 17:	Remuneration of Auditors	140
Note 18:	Trust Money	140
Note 19:	Grants	142
Note 20:	Financial Instruments	146



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### NOTE 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 statements have been prepared in accordance with:

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

The Northern Land Council's Statements of Financial Performance and Financial Position 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 the financial position.

Assets and liabilities are recognised in the Northern Land Council's Statement of Financial Position when and only when it is probable that future economic benefit will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Land Council's Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

#### 1.2 Revenue

The revenues described in this Note are revenues relating to the core operating activities of the Northern Land Council.

Revenues from Government are recognised at the time the Land Council becomes entitled to the funding.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

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

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract to provide the service. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

#### Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

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



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### 1.3 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), annual leave and sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

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

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

#### Leave

The liability for employee benefits includes provisions 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 of the Northern Land Council 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 Northern Land Council'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 estimate of the present value of the long service leave liability takes into account attrition rates and pay increases through promotion and inflation.

#### Superannuation

Employees of Northern Land Council contribute to the MLC NLC Superannuation Plan for eligible employees, MLC Limited for casual employees, and the Commonwealth Superannuation Scheme (CSS) for one employee.

Contribution rates for 2004/2005 were as follows:

- 1) 12% for eligible employees who commenced on or after 1 July 1997, 18% for eligible employees who commenced prior to 1 July 1997 (both inclusive of the statutory 9% contribution), and the 9% statutory contribution to MLC NLC Superannuation Fund for other employees;
- 2) The 9% statutory contribution to MLC Limited for casual employees; and
- 3) 28.3% to CSS inclusive of the 9% statutory contribution.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

### 1.4 Leases

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



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

### 1.5 Grants

Most grant agreements require the grantee to perform services, provide facilities or meet eligibility criteria. In these cases, the Northern Land Council recognises grant liabilities only to the extent that the services required have been performed or the eligibility criteria have been satisfied by the grantee. Where grant monies have been paid in advance of performance or eligibility, a prepayment is recognised.

In cases where grant agreements are made without conditions to be monitored, liabilities are recognised on signing of the agreement.

### 1.6 Cash

Cash means notes and coins held 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.

### 1.7 Appropriations Receivable

These receivables are recognised at the nominal amounts due.

### 1.8 Other Financial Assets

These receivables are recognised at the 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.

Term deposits are recognised at cost.

### 1.9 Other Financial Liabilities

Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Interest payable is accrued over time.

### 1.10 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

### 1.11 Property (Land, Buildings and Infrastructure), Plant and Equipment Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### Revaluations

#### Basis

Land, buildings, infrastructure, plant and equipment are carried at valuation, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different, as at the reporting date, from its fair value. Valuations undertaken in any year are as 30 June.

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

Asset Class	Fair Value Measured at:
Land	Market selling price
Buildings	Market selling price
Leasehold Improvements	Depreciated replacement cost
Plant and Equipment	Market selling price

Assets that are surplus to requirement are measured at their net realisable value. At 30 June 2005 Northern Land Council held no surplus assets. (30 June 2004: \$0)

Freehold land, buildings on freehold land and leasehold improvements are subject to a formal valuation every three years. Infrastructure, plant and equipment are subject to a formal valuation every three years. Formal valuations are carried out by an independent qualified valuer.

### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Land Council using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2005	2004
Buildings on freehold land	40 years	40 years
Leasehold improvements	Lease term	Lease term
Motor vehicles and plant	3 years	3 years
Office equipment and furniture	3 to 5 years	3 to 5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### 1.12 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.

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 write-down to recoverable amounts was required (2004: Nil).

### 1.13 Intangibles

The Northern Land Council's intangibles comprise externally acquired software for internal use. The assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful lives.

	2005	2004
Useful lives are:		
Externally acquired software	5 years	5 years

All software assets were assessed for indications of impairment as at 30 June 2005. No impairment was noted.

### 1.14 Taxation

The Northern Land Council is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

### 1.15 Insurance

The Northern Land Council has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers' compensation is insured through Comcare Australia.

### 1.16 Rounding

Amounts have been rounded to the nearest \$1.

## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### NOTE 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 2005/2006. 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 2005/2006, 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 the AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions that will apply to not-for-profit entities, including not-for-profit Australian Government Authorities. Some of these provisions are in conflict with the IFRSs and therefore the Northern Land Council will only be able to assert that the financial report has been prepared in accordance with Australian Accounting Standards.

#### Accounting Standard AASB 1047

*Disclosing the Impact of Adopting Australian Equivalents to IFRS* requires that the financial statements for 2004/2005 disclose:

- an explanation of how the transition to the AEIFRS is being managed;
- a narrative explanation of the key policy differences arising from the adoption of AEIFRS.
- any known or reliably estimable information about the impacts on the financial report had it been prepared using the 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 AEIFRSs

The Northern Land Council, in consultation with the auditors and external accountants, has discussed the identification of major accounting policy differences between current AASB standards and the AEIFRSs to 30 June 2005. Minimal impact on the Council is expected with the proposed changes to the Australian Equivalents. A transitional balance sheet as at 1 July 2005, under Australian Equivalents, will be prepared.



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

Senior officers of the Council are tasked with oversight of the transition to and implementation of the AEIFRSs. The Corporate Services Manager is formally responsible for the project and regularly discusses progress with senior officers.

The project requires the following key steps to be undertaken and sets deadlines for their achievement;

- All major accounting policy differences between current AASB standards and AEIFRS were identified by 30 June 2004;
- Methodology necessary to be able to report under the AEIFRS, including that necessary to capture data under both sets of rules for 2004/2005 was discussed by 30 June 2004 and then during the preparation of the 2004/2005 statutory financial reports; and
- The 2004/2005 balance sheet under AEIFRS will be prepared and reported to the Department of Finance and Administration in line with their reporting deadlines.

The project also addressed the risks to successful achievement of the above objectives and included strategies to keep implementation on track to meet deadlines. Consultants were engaged to assist where necessary.

### Major Changes in Accounting Policy

The Northern Land Council believes that the first financial report prepared under AEIFRS, i.e. at 30 June 2006, will be prepared on the basis that the Northern Land Council will be a first time adopter under AASB1

First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

Changes in accounting policies under AEIFRS are applied retrospectively i.e. as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005/2006 financial statements to report comparatives under AEIFRS.

A first time adopter of AEIFRS may elect to use exemptions under paragraphs 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 Northern Land Council.

Changes to major accounting policies are discussed in the following paragraphs.

### Property, Plant and Equipment

It is expected that the 2005/2006 Finance Minister's Orders will continue to require property, plant and equipment assets to be valued at fair value in 2005/2006.

The Northern Land Council uses the fair value to assess the value of assets. No major impact foreseen in determining the cost of an asset.

### Intangible Assets

AASB 138 states that judgment must be used by the entity as to whether software is considered an intangible asset or whether it should be included in property, plant and equipment. The Northern Land Council's intangibles comprise of externally acquired software for internal use. The assets are carried at cost and amortised over the asset's useful life.



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### Impairment of Intangibles and Property, Plant and Equipment

The Northern Land Council's policy on impairment of non-current assets is at Note 1.12.

Under 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 indication 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 net cash inflows for cash generating unit assets of the Council and depreciated replacement cost for other assets that would be replaced if the Northern Land Council were deprived of them.

However, an impairment assessment of the Council's intangible assets indicated that no adjustments will be required.

### Make-Good

When assessing accommodation leases for the preparation of the opening balance sheet, no obligations under the leases for make-good were determined.

### 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 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 the balance date is to be recognised as a liability on a discounted basis at the amount the Council expects to pay as a result of the unused entitlement.

No direct impact on the Northern Land Council's financial statements is foreseen.

### Financial Instruments

AEIFRS include an option for entities not to restate comparative information in respect of financial instruments in the first AEIFRS report. It is expected that Finance Minister's Order will require entities to use this option. Therefore, the amounts for financial instruments presented in the Northern Land Council's 2004-05 primary financial statements are not expected to change as a result of the adoption of AEIFRS.

The Northern Land Council will be required by AEIFRS to restate the carrying amount of financial instruments at 1 July 2005 to align with the accounting policies required by AEIFRS. It is expected that the carrying amount of most financial instruments held by the Northern Land Council will be unaffected by this requirement.

## NOTE 3: ECONOMIC DEPENDENCY

The Northern Land Council is a statutory authority formed within the provision of Section 21 of the Aboriginal Land Right (NT) Act. The Land Council receives appropriations from the Aboriginal Benefits Account pursuant to ministerially approved estimates prepared in accordance with Section 34 of the Act and made available under Section 64 of the Act.



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

The Land Council is dependent on the continued release of these funds for its continued existence and ability to carry out its normal activities.

The funding conditions of the Land Council are laid down by the Aboriginal Land Right (NT) Act, and any special purpose grant guidelines. Accounting for monies received from the Aboriginal Benefits Account is subject to conditions approved by the Minister for Immigration and Multicultural and Indigenous Affairs.

Mining royalties were received from the Aboriginal Benefits Account after a deduction is made for mining withholding tax.

### NOTE 4: OPERATING REVENUES

	2005 \$	2004 \$
<b>NOTE 4A: Revenues from Government and Grants</b>		
ABA	11,581,315	10,386,676
Special Purposes Grants	8,812,486	6,672,963
<b>Total revenues from government and grants</b>	<b>20,393,801</b>	<b>17,059,639</b>
<b>NOTE 4B: Sale of Goods and Services</b>		
Services	1,156,852	3,111,533
<b>Total revenues from sale of goods and services</b>	<b>1,156,852</b>	<b>3,111,533</b>
Rendering of services to		
Related entities	167,067	-
External entities	989,785	3,111,533
<b>Total rendering of services</b>	<b>1,156,852</b>	<b>3,111,533</b>
<b>NOTE 4C: Interest Revenue</b>		
Deposits	240,913	122,921
<b>Total interest revenue</b>	<b>240,913</b>	<b>122,921</b>
<b>NOTE 4D: Revenues / (Loss) from Sale of Assets</b>		
Infrastructure, plant and equipment		
Proceeds from disposal	106,258	92,347
Net book value of assets disposed	(150,690)	(100,089)
<b>Net Revenue / (loss) from disposal of infrastructure, plant and equipment</b>	<b>(44,432)</b>	<b>(7,742)</b>
<b>NOTE 4E: Other Revenue</b>		
Rental from NLC houses	60,577	61,427
Jabiluka administration monies	-	20,039
Special purpose grants / other grants interest	-	76,454
Other Revenue	128,350	-
<b>Total Other Revenue</b>	<b>188,927</b>	<b>157,920</b>



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

NOTE 5: OPERATING EXPENSES

	2005 \$	2004 \$
<b>NOTE 5A: Employee Expenses</b>		
Wages and salaries	8,555,791	7,594,309
Superannuation	786,174	769,145
Leave and other entitlements	333,806	480,672
Other employee benefits	416,179	462,865
<b>Total employee benefits expenses</b>	<b>10,091,950</b>	<b>9,306,991</b>
Workers compensation premiums	171,257	31,828
<b>Total employee expenses</b>	<b>10,263,207</b>	<b>9,338,819</b>

<b>NOTE 5B: Suppliers Expenses</b>		
Goods from related entities	8,466	2,631
Goods from external entities	2,748,774	2,204,722
Services from related entities	405,026	239,895
Services from external parties	6,144,511	5,681,704
Operating lease rentals	887,810	811,769
<b>Total supplier expenses</b>	<b>10,194,587</b>	<b>8,940,721</b>

<b>NOTE 5C: Depreciation and Amortisation</b>		
Depreciation of property, plant and equipment	451,551	443,629
Amortisation of Software	62,166	34,128
<b>Total depreciation and amortisation</b>	<b>513,717</b>	<b>477,757</b>
The aggregate amounts of depreciation or amortisation		
Land and Buildings	23,633	19,825
Leasehold improvements	14,119	19,525
Plant and equipment	413,799	404,279
Software	62,166	34,128
<b>Total depreciation and amorisation</b>	<b>513,717</b>	<b>477,757</b>



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

NOTE 6: STATEMENT OF BUDGET AND ACTUAL INCOME AND EXPENDITURE

	ABA Approved Estimates 2004/2005 \$	ABA Actual 2004/2005 \$	Variance 2004/2005
<b>NOTE 6A: Aboriginals Benefit Account Appropriations</b>			
<b>Expenditure</b>			
Salaries	5,898,000	6,337,662	107.45%
Operating	6,423,660	4,905,393	76.36%
Capital	597,656	463,628	77.57%
<b>Total expenditure</b>	<b>12,919,316</b>	<b>11,706,683</b>	<b>90.61%</b>
<b>Income</b>			
Deficit at 30 June 2004		(526,740)	
ABA			
S64(1)	10,284,624	10,284,624	100.00%
Total ABA	10,284,624	10,284,624	100.00%
Other			
Recoveries	1,899,435	1,528,172	80.45%
Interest	60,000	64,824	108.04%
Proceeds on disposal of assets	102,000	100,348	98.38%
Other	573,257	-	-
Total other	2,634,692	1,693,344	64.27%
<b>Total income</b>	<b>12,919,316</b>	<b>11,977,968</b>	<b>92.71%</b>
<b>ABA deficit at 30 June 2005</b>		<b>(255,455)</b>	

Consistent with Note 1.1, the Land Council maintains accounts on an accrual basis, however, this budget comparison is prepared on a cash basis, consistent with the cash estimates approved by the Minister.

In June 2005, the Aboriginals Benefit Account advised the Northern Land Council that there was an amount of \$4,398,978 (2004: \$3,680,308), S64(1) available at the end of the reporting period. Consistent with ABA guidelines, funds would be available for release in subsequent years. These monies have been recorded as a receivable in the Northern Land Councils accounts. ABA funds recorded are as follows:

	2005 \$	2004 \$
Cash release received during the reporting period: Section 64(1)	10,284,624	10,120,099
Funds receivable at 30 June: Section 64(1)	4,398,978	3,680,308
	<b>14,683,602</b>	<b>13,800,407</b>



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

	2002/2003 Approved Budget \$	2003/2004 Actual \$	2004/2005 Actual \$	Total \$	
<b>NOTE 6B: ABA Special Purpose Grant: Funeral and Ceremonial Activities – 2045</b>					
<b>Income</b>					
ABA grant income	400,000	-	346,081	53,919	400,000
<b>Total income</b>	<b>400,000</b>	<b>-</b>	<b>346,081</b>	<b>53,919</b>	<b>400,000</b>
<b>Expenditure</b>					
Borrooloola/Barkly region	24,120	11,239	15,900	-	27,139
Darwin/Daly region	83,000	31,910	43,583	-	75,493
Jabiru region	70,560	45,109	32,887	2,954	80,950
Katherine region	55,440	20,400	24,945	5,136	50,481
Ngkurr region	33,480	9,482	3,457	-	12,939
Nhulunbuy region	96,480	48,223	64,432	-	112,655
Timber Creek region	17,280	12,641	10,066	-	22,707
Administration	20,000	-	20,000	(2,364)	17,636
<b>Total expenditure</b>	<b>400,360</b>	<b>179,004</b>	<b>215,270</b>	<b>5,726</b>	<b>400,000</b>
<b>Grant funds available</b>	<b>(360)</b>	<b>(179,004)</b>	<b>(48,193)</b>	<b>-</b>	<b>-</b>

	Approved Budget \$	2004/2005 Actual \$	Total \$
<b>NOTE 6C: ABA Special Purpose Grant: Funeral and Ceremonial Activities – 2071</b>			
<b>Income</b>			
ABA grant income	400,134	50,614	50,614
<b>Total income</b>	<b>400,134</b>	<b>50,614</b>	<b>50,614</b>
<b>Expenditure</b>			
Borrooloola/Barkly region	24,489	21,481	21,481
Darwin/Daly region	83,222	42,217	42,217
Jabiru region	71,640	29,929	29,929
Katherine region	56,888	31,530	31,530
Ngkurr region	33,993	19,670	19,670
Nhulunbuy region	97,957	40,264	40,264
Timber Creek region	17,545	8,759	8,759
Administration	14,400	-	-
<b>Total expenditure</b>	<b>400,134</b>	<b>193,850</b>	<b>193,850</b>
<b>Grant funds available</b>	<b>-</b>	<b>(143,236)</b>	<b>(143,236)</b>



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

	Approved Budget	01/02 Actual \$	02/03 Actual \$	03/04 Actual \$	04/05 \$	Total \$
<b>NOTE 6D: ABA Special Purpose Grant – 2040</b>						
<b>Income</b>						
ABA Grant Income – S64(4)	670,552	700,000	(29,448)	-	-	670,552
<b>Total income</b>	<b>670,552</b>	<b>700,000</b>	<b>(29,448)</b>	<b>-</b>	<b>-</b>	<b>670,552</b>
<b>Expenditure</b>						
Malak Malak Aboriginal Land Trust	33,000	29,091	2,909	1,000	-	33,000
Liverpool/Tomkinson and Blyth/Cadell River Catchments	12,600	11,600	-	1,000	-	12,600
South East Arafura Swamp and Catchment	25,200	-	7,200	10,426	5,013	22,639
South East of the Arnhem Land Aboriginal Land Trust	26,000	25,000	-	1,000	-	26,000
Western section of the Arnhem Land Aboriginal Land Trust	67,400	66,400	-	1,000	-	67,400
Southern Daly River/Port Keats Aboriginal Land Trust	78,100	43,500	28,918	-	-	72,418
Capacity Building White Eagle – Mimosa Management	70,000	70,000	-	-	-	70,000
Caring for Country Community H.F. radio network	552	552	-	-	-	552
Enhancement of VRD of the TEALMES	65,000	65,000	-	-	-	65,000
Building Organisational Capacity for Regional Indigenous Land Management, Pine Creek, Arnhem/Central Arnhem	92,000	2,006	67,813	16,224	6,623	92,666
Wanga Djakamirr Rangers and Millingimbi Sea Country Surveillance and Monitoring	26,000	-	-	26,000	-	26,000
Djelk Sea Country Monitoring and Surveillance	30,000	10,000	20,000	-	-	30,000
Managing Traditional Ecological knowledge in Ngukurr Region	44,100	44,042	18	-	-	44,060
Mabunji Sea Country Planning Workshop	10,000	10,000	-	-	-	10,000
Gunumitjinda Mija	10,000	-	10,000	-	-	10,000
Dhimurru Marine Debris Monitoring and Marine	33,000	33,000	-	-	-	33,000
Administrative costs	47,600	-	14,715	32,885	-	47,600
<b>Total expenditure</b>	<b>670,552</b>	<b>410,191</b>	<b>151,573</b>	<b>89,535</b>	<b>11,636</b>	<b>662,935</b>
<b>Grant funds available</b>		<b>- 289,809</b>	<b>108,788</b>	<b>19,253</b>	<b>7,617</b>	<b>7,617</b>



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

	Approved Budget \$	2003/2004 Actual \$	2004/2005 Actual \$	Total \$
<b>NOTE 6E: ABA Special Purpose Grant – 2051</b>				
<b>Income</b>				
ABA Grant Income - S64(4)	808,000	187,619	451,543	639,162
<b>Total income</b>	<b>808,000</b>	<b>187,619</b>	<b>451,543</b>	<b>639,162</b>
<b>Expenditure</b>				
Wanga Djakamirr Rangers and Yuyung Nyannung	90,000	-	6,091	6,091
Jawoyn Landcare	24,335	-	24,335	24,335
Kardu Numida, Palumpa Station, Peppimenarti Council	12,860	-	-	-
Jawoyn Traditional Owners	25,000	-	25,000	25,000
Jawoyn Association Aboriginal Corporation	32,370	-	32,370	32,370
Kjawoyn Association Members	20,000	-	20,000	20,000
Thamarrurr Ranges	125,000	-	62,500	62,500
Ngaliwurru-Wuli Association (Timber Creek)	24,200	24,200	-	24,200
Kardu Numida Inc Women's Centre	4,000	-	4,000	4,000
Wagiman Rangers	24,000	24,000	-	24,000
Wardaman People	29,129	-	14,565	14,565
Yantjarwu Resource Centre (Woodycupaldiya)	4,500	-	3,500	3,500
Djelk Rangers – Maningrida Base	57,000	-	57,000	57,000
Sea Country Owners	18,800	-	1,177	1,177
Dhimurru Land Management Aboriginal Corporation	66,400	50,563	15,837	66,400
Saltwater Working Group	35,549	-	-	-
Manurrk Rangers	65,000	-	59,189	59,189
Djelk Rangers – Fire Management	30,750	-	30,750	30,750
Diwurruwurru – Jaru Aboriginal Aboriginal Corp	46,360	-	46,360	46,360
Demed Association Inc	27,000	-	-	-
West Arnhem Bushfire Control Project	45,000	-	43,720	43,720
Administrative costs	747	-	-	-
<b>Total expenditure</b>	<b>808,000</b>	<b>98,763</b>	<b>446,394</b>	<b>545,157</b>
<b>Grant funds available</b>	<b>-</b>	<b>88,856</b>	<b>94,005</b>	<b>94,005</b>



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

NOTE 6: STATEMENT OF BUDGET AND ACTUAL INCOME AND EXPENDITURE

	2004/2005 Approved Budget \$	2004/2005 Actual \$	Total \$
<b>NOTE 6F: Fringe Benefits Tax Supplementation</b>			
Income			
Grant income	423,913	423,913	423,913
<b>Total income</b>	<b>423,913</b>	<b>423,913</b>	<b>423,913</b>
Expenditure			
Fringe Benefits Tax Expenses	423,913	423,913	423,913
<b>Total expenditure</b>	<b>423,913</b>	<b>423,913</b>	<b>423,913</b>
<b>Grant funds available</b>	<b>-</b>	<b>-</b>	<b>-</b>

NOTE 7: FINANCIAL ASSETS

	2005 \$	2004 \$
<b>NOTE 7A: Receivables</b>		
Goods and services	2,368,273	1,502,903
Less: Provision for doubtful debts	(12,629)	(12,629)
	<b>2,355,644</b>	<b>1,490,274</b>
Appropriations receivable	4,398,978	3,680,308
	<b>6,754,622</b>	<b>5,170,582</b>
GST receivable	144,287	193,029
<b>Total receivables (net)</b>	<b>6,898,909</b>	<b>5,363,611</b>
All receivables are current assets.		
Receivables (gross) are aged as follows:		
Not overdue	6,062,804	4,450,259
Overdue by:		
Less than 30 days	601,475	725,115
30 to 60 days	28,930	112,282
60 to 90 days	-	10,410
More than 90 days	218,329	78,173
<b>Total receivables (gross)</b>	<b>6,911,538</b>	<b>5,376,239</b>
The provision for doubtful debts is aged as follows:		
Overdue by:		
More than 90 days	12,629	12,629
<b>Total provision for doubtful debts</b>	<b>12,629</b>	<b>12,629</b>
Receivables for Goods & Service		
Credit terms are net 14 days (2004: 14 days)		



>>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

	2005	2004
	\$	\$
<b>NOTE 7B: Investments</b>		
Shares in North Australian Aboriginal Investment Corporation Pty Ltd	75	75
	<b>75</b>	<b>75</b>

The Land Council has an investment in the Northern Aboriginal Investment Corporation Pty Ltd (NAIC). This investment represents the Land Council shareholding of 75 ordinary shares. The investment was acquired for the purposes of participating in North Australian ventures on behalf of Aboriginal people. The investment is consistent with Sections 22(1)(c), 23(1)(b) and 23(1)(ea) of the ALR (NT) Act. The Land Council's ownership interest at 30 June 2005 is 75%.

NAIC is the trustee of the Northern Australian Aboriginal Charitable Trust (NAACT). Any profits of NAIC will be distributed according to its Charitable Trust Deed for the benefit of Aboriginal people in the Northern Australian region. The Land Council does not receive any benefit from NAIC or NAACT. Accordingly, the Land Council has no economic interest in NAIC, and does not account for NAIC as a controlled entity. The remaining shares are held by Yirrkala Business Enterprises Pty Ltd, a non-related party.



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

NOTE 8: NON-FINANCIAL ASSETS

	2005 \$	2004 \$
<b>NOTE 8A: Land and Buildings</b>		
Freehold land at fair value	182,000	182,000
<b>Total freehold land</b>	<b>182,000</b>	<b>182,000</b>
Buildings on freehold land at fair value	1,162,191	937,000
accumulated depreciation	(23,633)	-
<b>Total buildings on freehold land</b>	<b>1,138,558</b>	<b>937,000</b>
Leasehold improvements at fair value	75,325	75,325
accumulated amortisation	(14,119)	-
<b>Total leasehold improvements</b>	<b>61,206</b>	<b>75,325</b>
<b>Total Land and Buildings (non-current)</b>	<b>1,381,764</b>	<b>1,194,325</b>

<b>NOTE 8B: Infrastructure, Plant and Equipment</b>		
Plant and equipment at fair value	2,390,301	2,100,055
accumulated depreciation	(663,035)	(257,046)
	1,727,266	1,843,009
<b>Total Infrastructure Plant and Equipment (non-current)</b>	<b>1,727,266</b>	<b>1,843,009</b>

In 2002/2003 a current market appraisal of Land and buildings as a class was obtained as at 30 June 2003, by an independent agent, Mr R.J. Pepper, Licensed real estate Agent. The valuation of infrastructure, plant and equipment as at 30 June 2004 was undertaken by the Australian Valuation Office.

Movement in Asset Revaluation Reserve

Increment for land	-	44,000
Increment for buildings	-	163,825
	-	<b>207,825</b>

<b>NOTE 8C: Intangibles</b>		
Computer software (at cost)		
Externally acquired	416,396	370,691
Accumulated amortisation	(147,967)	(85,801)
<b>Total intangible</b>	<b>268,429</b>	<b>284,890</b>



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

Item	Land	Buildings on Freehold Land	Buildings – Leasehold Improvements	Other Infrastructure, Plant & Equipment	Computer Software	TOTAL
<b>NOTE 8D: Analysis of Property, Plant Equipment and Intangibles</b>						
TABLE A: Reconciliation of the opening and closing balances of property, plant, equipment and intangibles.						
As at 1 July 2004						
Gross book value	182,000	937,000	75,325	2,100,055	370,691	3,665,071
Accumulated depreciation/amortisation	n/a	-	-	(257,046)	(85,801)	(342,847)
<b>Opening Net Book Value</b>	<b>182,000</b>	<b>937,000</b>	<b>75,325</b>	<b>1,843,009</b>	<b>284,890</b>	<b>3,322,224</b>
Additions						
By purchase	-	225,191	-	448,746	45,705	719,642
Depreciation/amortisation expense	n/a	(23,633)	(14,119)	(413,799)	(62,166)	(513,717)
Disposals						
Other disposals	-	-	-	(150,690)	-	(150,690)
As at 30 June 2005						
Gross book value	182,000	1,162,191	75,325	2,390,301	416,396	4,226,213
Accumulated depreciation/amortisation	n/a	(23,633)	(14,119)	(663,035)	(147,967)	(848,754)
<b>Closing Net Book Value</b>	<b>182,000</b>	<b>1,138,558</b>	<b>61,206</b>	<b>1,727,266</b>	<b>268,429</b>	<b>3,377,459</b>

2005  
\$

2004  
\$

<b>NOTE 8E: Other Non-Financial Assets</b>			
Prepaid property rentals		36,388	95,069
Other prepayments		19,158	10,452
<b>Total other non-financial assets</b>		<b>55,546</b>	<b>105,521</b>



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

NOTE 9: PROVISIONS

	2005 \$	2004 \$
<b>NOTE 9A: Employee Provisions</b>		
Salaries and wages	223,901	114,125
Leave	1,468,340	1,505,046
Superannuation	90,016	105,081
<b>Aggregate employee entitlement liability</b>	<b>1,782,257</b>	<b>1,724,252</b>
Fringe Benefits Tax	163,819	174,281
<b>Aggregate employee benefit liability and related on costs</b>	<b>1,946,076</b>	<b>1,898,533</b>
Current	1,547,076	1,612,147
Non-current	399,000	286,386
	<b>1,946,076</b>	<b>1,898,533</b>

NOTE 10: PAYABLES

<b>Note 10A: Supplier Payables</b>		
Trade creditors	2,017,209	1,792,448
Other creditors	83,536	105,362
<b>Total supplier payables</b>	<b>2,100,745</b>	<b>1,897,810</b>

All supplier payables are current.

Trade Creditors

Settlement is usually made net 30 days



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### NOTE 11: EQUITY

Item	Accumulated		Asset Revaluation		TOTAL EQUITY	
	Results 2005	Reserve 2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
<b>NOTE 11A: Analysis of Equity</b>						
Opening balance as at 1 July	8,382,399	6,501,853	207,825	-	8,590,224	6,501,853
Net surplus/deficit	964,550	1,686,974	-	-	964,550	1,686,974
Net revaluation increment /(decrement)	-	-	-	207,825	-	207,825
Increase in accumulated results on application of transitional provisions in accounting standard AASB 1041 <i>Revaluation of Non-Current Assets</i>	-	193,572	-	-	-	193,572
Closing balance as at 30 June	9,346,949	8,382,399	207,825	207,825	9,554,774	8,590,224
Less: outside equity interest						
Total equity attributable to the Australian Government	9,346,949	8,382,399	207,825	207,825	9,554,774	8,590,224

### NOTE 12: CASH FLOW RECONCILIATION

	2005 \$	2004 \$
<b>NOTE 12A: Reconciliation of Operating Surplus to Net Cash from Operating Activities</b>		
Reconciliation of Operating Surplus to Net Cash from Operating Activities:		
Operating surplus	964,550	1,686,974
<i>Non-Cash Items</i>		
Depreciation and amortisation	513,717	477,757
Loss on disposal of assets	44,432	7,742
<i>Changes in Assets and Liabilities</i>		
(Increase)/decrease in receivables	(1,535,298)	(940,583)
(Increase)/decrease in non-financial assets	49,975	(94,685)
Increase/(decrease) in employee provisions	47,543	371,116
Increase/(decrease) in supplier payables	202,935	563,557
Net cash from/(used by) operating activities	287,854	2,071,878



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

	2005	2004
	\$	\$
<b>NOTE 12B: Reconciliation of Cash</b>		
Cash balance comprises:		
Cash on hand		
Northern Land Council	762,667	641,895
Deposits at call	2,506,939	2,953,241
<b>Total cash</b>	<b>3,269,606</b>	<b>3,595,136</b>
<b>Balance of cash as at 30 June shown in the Statement of Cash Flows</b>	<b>3,269,606</b>	<b>3,595,136</b>

## NOTE 13: RELATED PARTY DISCLOSURES

### NOTE 13A: Directors of the Authority

The Council Executive Members who held office during the year ended 30 June 2005 were:

Galarrwuy Yunupingu (Chairperson July - October)  
 Tony Binalany (Chairperson October - April)  
 John Daly (Chairperson April - June)  
 John Daly (Deputy Chairperson July - April)  
 Samuel Bush-Blanasi (Deputy Chairperson April - June)  
 Andy Andrews (July - October)  
 Samuel Bush-Blanasi (October - April)  
 Dhuwarrwarr Marika  
 Bunug Galaminda  
 George Campbell  
 John Sullivan (July - October)  
 Max Finlay (July - October)  
 Kevin Rogers (July - October)  
 Margaret Daiyi (October - June)  
 Jeffrey Dixon (October - June)  
 Helen Lee (October - June)  
 Gordon Nawundulpi (October - June)

The aggregate remuneration of Directors is disclosed in Note 14.

Full Council elections were held in October 2004. The elections are held every three years to elect a new Full Council and Executive Council. Elections for Chairman and Deputy Chairman were held in April 2005 following the resignation of the Chairman. The next elections will be held in October 2007.



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### NOTE 14: DIRECTOR REMUNERATION

	2005	2004
The number of directors of the Northern Land Council included in these figures are shown below in the relevant remuneration bands:		
\$ Nil - \$9,999	12	8
\$ 20,000 - \$29,999	1	-
\$ 50,000 - \$59,999	1	-
\$ 60,000 - \$69,999	1	-
\$ 130,000 - \$139,999	-	1
<b>Total number of directors of the Northern Land Council</b>	<b>15</b>	<b>9</b>
	\$	\$
Aggregate amount of superannuation payments in connection with the retirement of directors	9,380	-
Other remuneration received or due and receivable by directors of the Council <sup>1</sup>	69,435	184,726
<b>Total remuneration received or due and receivable by directors of the Northern Land Council</b>	<b>178,815</b>	<b>184,726</b>

At balance date, the executive Council members of the Land Council also comprised the members of NAAC (North Australian Aboriginal Corporation), a not-for-profit association incorporated under the Aboriginal Councils and Associations Act, 1976. NAAC owns Mitabul House, which is leased by the Land Council for central administrative offices. The annual lease paid to NAAC for 2005 was \$508,314, GST inclusive (2004: \$466,518, GST inclusive). Any operating surplus from NAAC is passed to the North Australian Aboriginal Charitable Trust (NAACT).

### NOTE 15: REMUNERATION OF OFFICERS

	2005	2004
The number of officers who received or were due to receive total remuneration of \$100,000 or more:		
\$100,000 - \$109,999	1	3
\$110,000 - \$119,999	-	2
\$130,000 - \$139,999	3	-
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	2	1
\$180,000 - \$189,999	1	-
\$200,000 - \$209,999	1	1
<b>Total</b>	<b>8</b>	<b>9</b>
	\$	\$
The aggregate amount of total remuneration of officers shown above	1,223,121	1,212,595



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### NOTE 16: AVERAGE STAFFING LEVELS

	2005	2004
The average staffing levels for the Land Council during the year were:	137	133

### NOTE 17: REMUNERATION OF AUDITORS

	\$	\$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	67,300	54,300

In addition to the amounts disclosed above, there is an additional amount of auditor remuneration totalling \$3,700 relating to the 2005/2006 financial statements audit, arising from work to be done on the opening balance sheet to be prepared under Australian equivalents to International Finance Reporting Standards.

### NOTE 18: TRUST MONEY

#### NOTE 18A: Royalty Trust Account

The Land Council maintains a royalty trust account. Royalties received on behalf of Associations of Aboriginal people and individuals, in accordance, with Section 35 of the ALR(NT) Act, are held in the royalty trust account specific deposits, and are disbursed in accordance with the terms of the trust. These monies are not available for other purposes of the Land Council, and are not recognised in the financial statements.

	2005 \$	2004 \$
Balance at beginning of year	11,435,436	10,085,771
Add:		
Receipts during the year		
Subsection 64(3) statutory royalty equivalents	4,739,603	4,844,460
Sections 42,43 and 44 negotiated monies	707,057	687,324
Sections 15,16 and 19 rental and lease monies	4,090,864	2,834,956
Section 12 monies	1,566,252	1,549,990
Other monies	141	783,866
Native Title	253,881	-
Add:		
Interest received	619,276	574,344
Less:		
Expenditure	(11,036,264)	(9,925,275)
Balance at end of year	12,376,246	11,435,436



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### ROYALTY TRUST FUNDS SUMMARY

The reporting requirements of the ALR(NT) Act, 1976, are detailed in section 37A, and refer to the application of monies received by the Land Council under various sections of the Act. In particular:

	2005 \$	2004 \$
<b>Receipts under section 15,16,19, as referred in section 35(4)</b>		
Opening balance	2,314,668	2,139,144
Funds received	4,090,864	2,835,109
Funds distributed	(3,448,720)	(2,659,585)
<b>Closing balance</b>	<b>2,956,812</b>	<b>2,314,668</b>
Change in funds during the year	642,144	175,524
Funds held for more than six months at balance date	2,396,751	2,092,427

All funds not distributed have been determined pursuant to section 35(5) of the ALR (NT) Act.

#### Receipts under sections 42,43 and 44, as referred in section 35(3)

Opening balance	5,067,915	5,187,818
Funds received	707,057	687,324
Funds distributed	(496,867)	(807,227)
<b>Closing balance</b>	<b>5,278,105</b>	<b>5,067,915</b>
Change in funds during the year	210,190	(119,903)
Funds held for more than six months at balance date	5,097,884	5,052,882

All funds not distributed have been determined pursuant to section 35(5) of the ALR (NT) Act.

#### Receipts under sections 64(3), as referred in section 35(3)

Opening balance	1,116,671	1,184,242
Funds received	4,739,603	4,844,460
Funds distributed	(4,637,635)	(4,912,031)
<b>Closing balance</b>	<b>1,218,639</b>	<b>1,116,671</b>
Change in funds during the year	101,968	(67,571)
Funds held for more than six months at balance date	1,116,671	1,116,671

All funds not distributed have been determined pursuant to section 35(5) of the ALR (NT) Act.



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

	Opening 01/07/04 \$	Receipts \$	Expenditure \$	Closing 30/06/05 \$
<b>NOTE 18B: Other Funds held in Trust</b>				
Salary Sacrifice Trust Fund	217,543	2,340,441	2,373,970	184,014
Rak Marrara Aboriginal Corporation	92,085	8,794	-	100,879

### NOTE 19: GRANTS

Consistent with Note 1.1, the Land Council maintains accounts on an accrual basis, however, this note disclosure is prepared on a cash basis.

	2005 \$	2004 \$
<b>NOTE 19A: Statement of Special Purpose Grants Income and Expenditure</b>		
Balance at beginning of year	577,517	1,627,539
Grants received	8,767,800	5,621,679
Interest	4,923	76,702
Expenditure	(8,900,987)	(6,748,403)
<b>Balance at end of year</b>	<b>449,253</b>	<b>577,517</b>

Above Transactions are included in the Statement of Financial Performance.

### NOTE 19B: Special Purpose Grants Income and Expenditure represented as:

	Opening 01/07/04 \$	Receipts \$	Expenditure \$	Closing 30/06/05 \$
<b>ATSIIC Grants</b>				
FBT Supplementary Funding	-	423,913	423,913	-
NT – Capacity Building Project	35	-	35	-
NT – Operational	476,995	2,739,615	2,679,992	536,618
S64(4) Land & Sea Management	88,856	452,523	447,477	93,902
Bank interest and charges	44,831	3,894	21	48,704
<b>Total ATSIIC Grants</b>	<b>610,717</b>	<b>3,619,945</b>	<b>3,551,438</b>	<b>679,224</b>
<b>Other Grants</b>				
Bradshaw – Business Development	-	7,500	14,770	(7,270)
Bradshaw – Field Training Area	-	27,442	19,972	7,470
Bootu Creek – Business Development	-	7,500	22,766	(15,266)
Bootu Creek Maganese Project	-	32,931	15,075	17,856
Mataranka/Gove Gas Pipeline	(35,363)	110,186	223	74,600
Wadeye/Gove Gas Pipeline	(661,147)	2,460,088	3,280,516	(1,481,575)
Constitutional Change	5,967	(5,967)	-	-



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

<b>Other Grants continued...</b>				
Kingadong Aboriginal Corp. Community Dev. Project	14,447	876	66,433	(51,110)
Warai Assn Inc. Community Development Project	(24,475)	41,950	17,543	(68)
Jawoyn Assn Community Development Project	(50,946)	56,150	5,204	-
Pine Crk Aboriginal Adv. Assn Community Dev. Project	(5,147)	124,106	118,959	-
Larrakia Naiton Aboriginal Community Dev. Project	(117,273)	117,273	-	-
STEP Indigenous Full-Time Employment	(77,039)	303,682	203,758	22,885
STEP Training & Develop. Officer	24,383	37,835	57,909	4,309
STEP Employment & Training Co-ordinator	(28,103)	108,019	66,768	13,148
Narrawan Business Development	12,585	29	19,844	(7,230)
LNG & LUAE Project Officers	-	80,000	70,363	9,637
Enterprise & Career Education Devel. Kath. Youth Officer	17,280	102,487	95,365	24,402
Workplace Language & Literacy Programme – Grant 1	-	50,032	99,730	(49,698)
Workplace Language & Literacy Programme – Grant 2	-	71,732	-	71,732
Kakadu Region Social Impact Study	14,467	246	-	14,713
New Ranger Agreement	14,572	243	585	14,230
NT Rail Corridor	29,210	(29,210)	-	-
Railway Impact Assessment	53,780	(53,780)	-	-
A/Springs to Darwin Railway –	108	(108)	-	-
Adrail – A/Springs to Darwin Railway	(13,464)	13,464	-	-
Ord Stage 2	60,584	(60,584)	-	-
Adrail – Railway ARC	(5,891)	5,891	-	-
Railway Liaison Officer	73,358	(73,358)	-	-
Murrarji Comm Develop. Grant ARC	8,899	-	55,986	(47,087)
Gearing up for Fencing Project	(2,528)	4,310	1,782	-
The Regulation of Access to Biol. Resources	17,856	304	-	18,160
Arnhemland Fire Abatement Project	(15,540)	191	(15,349)	-
NHT – Arnhem Land Fire Abatement Project – Phase 1	(12,131)	-	(12,131)	-
NHT - Arnhem Land Fire Abatement Project – Phase 2	-	242,394	202,215	40,179
Bradshaw Co-ordinator	(23,937)	110,094	70,892	15,265
NAILSMA Nth Aust Indig, Knowledge Project	(909)	-	(909)	-
Nth East Arnhemland Sea Ranger Project	(14,007)	-	(14,007)	-
WWF Threat Species Network - Quoll	(783)	783	-	-
Katherine Region Ab. NRM Facilitation Project	37,270	49,505	62,634	24,141



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

<i>Other Grants continued...</i>				
ILC – Indigenous Pastoral Development Project	(39,284)	90,950	92,679	(41,013)
Appropriate Organism. Plan & Develop. – DBIRD	1,649	(1,649)	-	-
NHT – Development of Environment Mgt Status Reports	5,627	26,902	33,204	(675)
NHT – Complementing the Indigenous Pastoral Project	9,290	31,985	30,435	10,840
NHT - Engagement of Women in Natural Resources	23,195	55,584	68,349	10,430
NHT – Hosting of Indigenous Coastcare Facilitator	57,324	101,266	72,828	85,762
Regionalisation of CFC strategy for Indigenous	(5,380)	3,241	(2,139)	-
Mimosa Control on the East Alligator Floodplain	12,727	65	12,727	65
CRC Rio Tinto Grant	1,574	-	1,574	-
Indigenous Management of Native Bees	7,955	-	6,982	973
Bulman Land Management Strategy (ILC)	2,426	-	2,426	-
CFCU Wetlands Officer Position	73,386	88,898	78,774	83,510
CFCU Conservation Develop. Plan Co-ord	6,692	(2,965)	3,727	-
Dept of Environmental Mgt Status Reports	-	20,293	-	20,293
West Arnhemland Fire Project	27,721	1,019	(14,857)	43,597
Arnhemland Plateau – Traditional Walk	4,291	-	207	4,084
Northern Region Indigenous Land Mgt Facilitator	53,290	148,622	105,494	96,418
ILC Top End Land Management	105,527	673	76,518	29,682
TEALMES – Part 1 (ILC)	-	193,105	77,365	115,740
TEALMES – Part 2 (ILC)	-	21,287	3,102	18,185
Caring for Sea Country	28,017	343	8,541	19,819
Nth Regional Marine Plan Consultations	6,118	-	-	6,118
CRC – BOC -Indigenous Ecological Knowledge	(21,792)	50,000	25,139	3,069
NHT – Building Organisational Capacity for Reg.	20,649	-	20,649	-
National Oceans Office – Literature Review	8,431	-	6,636	1,795
National Oceans Office – Ground Consultations	44,070	597	16,948	27,719
Kakadu Park Officer	36,266	46,052	63,003	19,315
National Landcare Program – Sugar Bag Country	-	23,941	3,780	20,161
National Landcare Program – Small Scale Enterprises	-	64,345	2,635	61,710
Conservation Indig. Knowledge West Arnhem	138,357	1,711	49,255	90,813



>>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

<b>Other Grants continued...</b>				
Dugong & Marine Turtle Project	-	20,121	601	19,520
Daly River Aboriginal Reference Group Consultations	-	38,278	11,440	26,838
Joint Management Familiarisation	-	75,341	20,182	55,159
Fire Disaster Mitigation Project	-	20,700	1,856	18,844
Womens Land Management Workshops	-	9,755	5,742	4,013
Telstra Officer Grant	53,276	65,188	40,483	77,981
Telecommunications	-	11,866	-	11,866
Bank Interest and Charges	9,314	1,029	28	10,315
<b>Total Other Grants</b>	<b>(33,201)</b>	<b>5,152,779</b>	<b>5,453,209</b>	<b>(333,631)</b>
<b>Total Grants</b>	<b>577,516</b>	<b>8,772,724</b>	<b>9,004,647</b>	<b>345,593</b>
This is represented as:				
		2005		2004
		\$		\$
Special Purpose Grants				
Cash at Bank		(1,122,378)		(644,115)
11AM Investments		1,571,631		1,221,631
Less: Provisions for Doubtful Debts		-		-
<b>Balance of Account</b>		<b>449,253</b>		<b>577,516</b>



## >>NLC NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS continued...

### NOTE 20: FINANCIAL INSTRUMENTS

Financial Instrument Notes	Average Interest Rate		Short Term Interest Bearing		Non Interest Bearing		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$

#### NOTE 20A: Interest Rate Risk

Financial Assets									
Deposits at call	12B	4.96%	5.15%	1,950,022	2,953,241	-	-	1,950,022	2,953,241
Cash Management Account	2B	2.00%	2.15%	759,241	636,022	-	-	759,241	636,022
Term Deposits	12B	5.57%	n/a	556,917	-	-	-	556,917	-
Cash at bank	2B	n/a	n/a	-	-	-	2,613	-	2,613
Cash on hand	12B	n/a	n/a	-	-	3,426	3,260	3,426	3,260
Receivables for goods and services (gross)	7A	n/a	n/a	-	-	2,368,273	1,502,903	2,368,273	1,502,903
Appropriations receivable	7A	n/a	n/a	-	-	4,398,978	3,680,308	4,398,978	3,680,308
<b>Total</b>				<b>3,266,180</b>	<b>3,589,263</b>	<b>6,770,677</b>	<b>5,189,084</b>	<b>10,036,857</b>	<b>8,778,347</b>
<b>Total Assets</b>								<b>13,601,595</b>	<b>12,386,567</b>
Financial Liabilities									
Trade creditors	10A	n/a	n/a	-	-	2,017,209	1,792,448	2,017,209	1,792,448
Other payables	10A	n/a	n/a	-	-	83,536	105,362	83,536	105,362
<b>Total</b>				<b>-</b>	<b>-</b>	<b>2,100,745</b>	<b>1,897,810</b>	<b>2,100,745</b>	<b>1,897,810</b>
<b>Total Liabilities</b>								<b>4,046,817</b>	<b>3,796,343</b>

#### NOTE 20B: Net Fair Values of Financial Assets and Liabilities

The net fair value of financial assets and liabilities in the Financial Statements are approximated by their carrying values.

#### NOTE 20C: Credit Risk Exposures

The Land Council's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Land Council has no significant exposures to any concentrations of credit risk.

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

