

Laynhapuy Homelands Aboriginal Corporation
ABN: 86 695 642 473

Consolidated Financial Statements

For the Year Ended 30 June 2017

Laynhapuy Homelands Aboriginal Corporation

ABN: 86 695 642 473

Contents

For the Year ended 30 June 2017

	Page
Financial Statements	
Directors' Report	3
Auditors Independence Declaration under Section 339-50 of the Corporations (Aboriginal and Torres Strait Islander) Act 2006	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	24
Independent Audit Report	25

Directors' Report

30 June 2017

The directors present their report, together with the financial statements of the Group, being the Corporation and its controlled entities, for the financial year ended 30 June 2017.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report is summarised in the table below together with;

Meetings of directors

During the financial year, six meetings of directors were held. Attendances by each director during the year were as follows:

Name	Appointment during year	Resignation during year	Meetings Eligible	Meetings Attended
Barayuwa Mununggurr			6	6
Christopher Haynes			6	6
Djambawa Marawili	20/10/16		4	4
Gurumuwuy Paul Wunungmurra	20/10/16		4	4
Ivan Bruce Alcorn			6	6
Mayila Wunungmurra			6	6
Melngathu Balku Wunungmurra	20/10/16		4	3
Waturr Gumana	20/10/16		4	4
Yananyumul Mununggurr			6	5
Wesley Dhamarrandji		20/10/16	2	0
Buwathay Munyarryun		20/10/16	2	1
Menga Mununggurr		20/10/16	2	2
Yali Mununggurr		20/10/16	2	1

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of the Group during the financial year was the development of and support for the activities of homeland facilities.

No significant change in the nature of these activities occurred during the year.

2. Operating results and review of operations for the year

Operating result

The profit of the Group for the financial year after providing for income tax amounted to \$1,040,166, compared with last year's surplus of \$ 2,830,961

Directors' Report

30 June 2017

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

On 28 August 2017, the Board of Directors of controlled entity Laynhapuy Aviation Aboriginal Corporation resolved to wind up the Corporation and transfer operations, assets, and liabilities to Laynhapuy Homelands Aboriginal Corporation. At a subsequent Board meeting on the 23rd of October 2017, the Board of Directors resolved to explore other options for the future of the Corporation, and resolved to defer a decision on winding up the Corporation until 31 December 2018.

On 13 October 2017 after receiving legal advice as part of the winding up process, Laynhapuy Aviation Aboriginal Corporation suspended indefinitely all operations other than payment of overheads.

In February 2017, the Board of Laynhapuy Homelands Aboriginal Corporation approved the payment of \$3,360,000 from the Royalties Account to Ganybu Housing Aboriginal Corporation, a related company, to fund the construction of six houses on the Homelands. This transfer was done in August 2017.

Future developments

The Corporation expects to maintain the present status and level of operations.

Dividends paid or recommended

The Corporation's rulebook precludes it from distributing any surpluses to members. Accordingly, no dividends were paid, declared or recommended since the start of the financial year.

The lead auditor's independence declaration in accordance with section 339-50 of the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*, for the year ended 30 June 2017 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:
Mr Barayuwa George Mununggurr

Dated 24/10/17

DECLARATION OF INDEPENDENCE BY MARGARET DEWHURST TO THE DIRECTORS OF LAYNHAPUY HOMELANDS ABORIGINAL CORPORATION

As lead auditor of Laynhapuy Homelands Aboriginal Corporation for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Laynhapuy Homelands Aboriginal Corporation and the entities it controlled during the period.



Margaret Dewhurst
Director



BDO Audit (NTH QLD) Pty Ltd

Cairns, 24 October 2017

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue	3	17,159,571	17,267,821	16,165,632	16,541,774
Other income	3	565,778	3,458,032	526,250	3,082,365
Cost of Sales		(1,594,260)	(1,744,448)	-	-
Employee benefits expense		(7,984,630)	(7,654,003)	(7,868,119)	(7,584,184)
Depreciation and amortisation expense		(1,146,748)	(1,453,406)	(1,038,278)	(1,322,860)
Profit/Loss on disposal of plant & equipment		60,254	120,568	60,254	60,755
Other expenses	4	(6,001,349)	(7,117,771)	(6,601,267)	(7,747,369)
Finance costs		(18,450)	(45,832)	(11,335)	(45,832)
Surplus (deficit) before income tax		1,040,166	2,830,961	1,233,138	2,984,649
Income tax expense		-	-	-	-
Surplus (deficit) for the year		1,040,166	2,830,961	1,233,138	2,984,649
Other comprehensive income for the year, net of tax					
Total comprehensive income for the year		1,040,166	2,830,961	1,233,138	2,984,649
Total comprehensive income attributable to:					
Members of the parent entity		1,040,166	2,830,961	1,233,138	2,984,649

Statement of Financial Position

30 June 2017

	Not e	Consolidated		Parent	
		2017 \$	2016 \$	2017 \$	2016 \$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	12,401,102	12,220,423	11,981,366	11,712,964
Trade and other receivables	6	1,090,511	159,225	1,094,604	173,486
Inventories		332,134	340,007	332,134	340,007
Other assets		26,287	82,864	26,287	68,507
TOTAL CURRENT ASSETS		13,850,035	12,802,519	13,434,392	12,294,964
NON-CURRENT ASSETS					
Property, plant and equipment	8	14,470,789	14,454,489	13,976,187	13,877,997
TOTAL NON-CURRENT ASSETS		14,470,789	14,454,489	13,976,187	13,877,997
TOTAL ASSETS		28,320,823	27,257,008	27,410,578	26,172,961
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	9	3,295,997	2,776,398	3,050,691	2,550,257
Borrowings	10	38,874	739,711	38,874	739,711
Employee benefits	11	802,538	735,644	802,538	735,644
TOTAL CURRENT LIABILITIES		4,137,409	4,251,753	3,892,103	4,025,612
NON-CURRENT LIABILITIES					
Employee benefits	11	197,076	226,837	197,076	226,837
Borrowings	10	167,749	-	167,748	-
TOTAL NON-CURRENT LIABILITIES		364,825	226,837	364,825	226,837
TOTAL LIABILITIES		4,502,234	4,478,590	4,256,928	4,252,449
NET ASSETS		23,818,589	22,778,418	23,153,651	21,920,512
EQUITY					
Reserves	12	437,959	437,959	373,461	373,461
Retained surplus		23,380,629	22,340,459	22,780,189	21,547,051
TOTAL EQUITY		23,818,589	22,778,418	23,153,651	21,920,512

Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

	Parent			
	Retained Earnings	Asset Revaluation Surplus	General Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2016	21,547,051	373,461	-	21,920,512
Total comprehensive income for the year				
Profit attributable to members of the entity	1,233,138	-	-	1,233,138
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income for the year	1,233,138	-	-	1,233,138
Balance at 30 June 2017	22,780,189	373,461	-	23,153,651

2016

	Parent			
	Retained Earnings	Asset Revaluation Surplus	General Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2015	18,562,403	373,461	-	18,935,864
Total comprehensive income for the year				
Loss attributable to members of the entity	2,984,648	-	-	2,984,648
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income for the year	2,984,648	-	-	2,984,648
Balance at 30 June 2016	21,547,051	373,461	-	21,920,512

2017

	Consolidated			
	Retained Earnings	Asset Revaluation Surplus	General Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2016	22,340,459	373,461	64,498	22,778,418
Total comprehensive income for the year				
Profit attributable to members of the entity	1,040,166	-	-	1,040,166
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income for the year	1,040,166	-	-	1,040,166
Balance at 30 June 2017	23,380,629	373,461	64,498	23,818,589

2016

	Consolidated			
	Retained Earnings	Asset Revaluation Surplus	General Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2015	19,509,498	373,461	63,998	19,946,957
Total comprehensive income for the year				
Loss attributable to members of the entity	2,830,961	-	500	2,831,461
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income for the year	2,830,961	-	500	2,831,461
Balance at 30 June 2016	22,340,459	373,461	64,498	22,778,418

Statement of Cash Flows
For the Year Ended 30 June 2017

Note	Consolidated		Parent		
	2017	2016	2017	2016	
	\$	\$	\$	\$	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	18,986,505	21,028,875	17,946,816	19,883,309	
Payments to suppliers and employees	(17,287,189)	(17,449,717)	(16,192,087)	(16,236,496)	
Interest received	135,696	137,653	134,311	135,763	
Finance costs	(18,450)	(45,832)	(11,335)	(45,832)	
Net cash provided by (used in) operating activities	18	<u>1,816,562</u>	<u>3,670,979</u>	<u>1,877,705</u>	<u>3,736,744</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sale of property, plant and equipment	60,254	260,192	60,254	60,693	
Purchase of property, plant and equipment	(949,750)	(525,737)	(923,170)	(501,576)	
Prior year correction to cash	-	500	-	-	
Net cash used by investing activities		<u>(889,496)</u>	<u>(862,916)</u>	<u>(440,883)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES:					
Advances/(repayments) from/(to) other entities		<u>(746,387)</u>	<u>(32,406)</u>	<u>(746,387)</u>	<u>(32,406)</u>
Net cash used by financing activities		<u>(746,387)</u>	<u>(32,406)</u>	<u>(746,387)</u>	<u>(32,406)</u>
Net increase in cash and cash equivalents held		180,679	3,373,528	268,405	3,263,455
Cash and cash equivalents at beginning of year		<u>12,220,423</u>	<u>8,846,895</u>	<u>11,712,964</u>	<u>8,449,509</u>
Cash and cash equivalents at end of financial year	5	<u><u>12,401,102</u></u>	<u><u>12,220,423</u></u>	<u><u>11,981,366</u></u>	<u><u>11,712,964</u></u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

The financial report includes the consolidated financial statements and notes of Laynhapuy Homelands Aboriginal Corporation and controlled entities (the Group) and the separate financial statements and notes of Laynhapuy Homelands Aboriginal Corporation as an individual parent entity (Parent), incorporated and domiciled in Australia. The entity is not-for-profit for the purposes of financial reporting.

Each of the entities within the Group prepares their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial statements of Laynhapuy Homelands Aboriginal Corporation for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 24 October 2017

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations (Aboriginal and Torres Strait Islander) Act 2006.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Amounts are rounded to nearest Australian dollar.

(b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

A list of controlled entities is contained in Note 7 to the financial statements.

(c) Income Tax

No provision for income tax has been raised as the Corporation is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates. All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

Rendering of services

Revenue from rendering of services is recognised upon delivery of the service to the customer.

Grant revenue

Government grants and other contributions of assets are accounted for in accordance with AASB 1004. Contributions based on whether they are reciprocal or non-reciprocal in nature and are measured at the fair value of the contributions received or receivable.

Reciprocal transfers are those where approximately equal value is exchanged in the transfer between the transferor (grantor) and the transferee (grantee). Non-reciprocal transfers are those where equal value is not exchanged.

a. Reciprocal transfers

Where grants and other contributions are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements. The Corporation currently does not have any reciprocal grants.

b. Non-reciprocal transfers

Grants and other contributions that are non-reciprocal in nature are recognised as revenue when, and only when, all the following conditions have been satisfied:

- The Corporation obtains control of the contribution or the right to receive the contribution'
- It is probable that the economic benefits comprising the contribution will flow to the corporation; and
- The amount of the contribution can be measured reliably.

The Corporation considers that it does not obtain control of grant funds received (or receivable) until the funds have been applied for the approved purpose set out in the relevant funding agreement. Grant funds unexpended, repayable or in advance are accounted for as liabilities.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies continued

Royalties

Royalties are recognised as revenue when received.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(e) Trade and other receivables

Trade receivables and other debtors include amounts due from trade debtors, donors and any outstanding grants receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as noncurrent assets.

(f) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

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

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Inventories

Inventories are measured at the lower of average cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(h) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the corporation during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies continued

(i) Property, Plant and Equipment

Property, plant and equipment are measured using the cost model less any accumulated depreciation and impairment losses

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the cost model.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured using the cost model. Cost includes expenses that are directly attributable to asset.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Buildings	30-40 years
Plant and Equipment	5-15 years
Furniture, Fixtures and Fittings	5-10 years
Motor Vehicles	5 years
Infrastructure	5-30 years
Aircraft – Air Frame	20 years
Aircraft - Engines	Flying Hours
Aircraft – Major Inspections	Flying Hours
Aircraft – Engine Parts	Flying Hours
Aircraft – Non Engine Parts	10 years

(j) Other assets

Other assets include prepayments, accrued income and any bonds paid. These are all classed as current assets to be realised within 12 months.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies continued

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(l) Employee benefits

Provision is made for the Corporation's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

(m) New Accounting Standards and Interpretations

The Corporation has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Corporation.

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Notes to the Financial Statements

For the Year Ended 30 June 2017

3 Revenue and Other Income

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Sales revenue				
- provision of services	2,918,403	2,096,862	1,925,850	1,372,705
Other revenue				
- royalties & gifts	1,922,203	1,966,758	1,922,203	1,966,758
- operating grants	12,015,701	12,908,240	12,015,701	12,908,240
- interest received	135,696	137,653	134,311	135,763
- Government Rebates	167,568	158,308	167,568	158,308
	<u>14,241,168</u>	<u>15,170,959</u>	<u>14,239,783</u>	<u>15,169,069</u>
Total Revenue	<u>17,159,571</u>	<u>17,267,821</u>	<u>16,165,632</u>	<u>16,541,774</u>
Insurance proceeds	-	3,082,365	-	3,082,365
Other income	565,778	375,667	526,250	-
Total Other Income	<u>565,778</u>	<u>3,458,032</u>	<u>526,250</u>	<u>3,082,365</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

4 Other expenses

(a) Expenses

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Accounting fees	-	63,978	-	62,294
Advertising	463	655	-	-
Audit fees	37,070	50,225	32,070	50,225
Audit fees - Laynha Air	-	6,215	-	-
Bad debts	1,650	1,136	-	-
Cleaning	52,168	47,105	52,168	47,105
Consultant & Contract Fees	1,808,490	2,720,770	1,812,899	2,720,770
Community Support	9,560	42,958	9,560	94,860
Computer expenses	210,052	98,565	209,797	98,565
Electricity and water	188,982	141,288	173,505	126,826
Freight and cartage	95,682	75,047	95,436	71,385
Fuel	246,538	57,231	231,721	38,892
Hire of equipment	24,187	42,251	31,453	46,796
Insurance	463,531	431,885	410,066	373,276
Legal fees	71,895	37,310	71,895	37,310
Licences & Registrations	20,452	49,144	17,354	45,526
Materials, parts & supplies	1,430,831	1,348,784	1,435,788	1,352,643
Minor plant & equipment	73,447	85,162	73,820	72,915
Meeting fees	124,903	68,634	190,140	109,502
Permits, licenses and fees	17,354	9,704	51,683	9,704
Printing, stationery & postage	34,558	43,640	29,475	35,292
Project & homeland maintenance expenses	423,809	290,670	383,324	305,095
Rates and taxes	117,202	57,975	117,202	57,975
Repairs and maintenance	249,091	947,784	244,292	938,442
Telephone and fax	135,996	152,177	121,952	137,096
Travel & accommodation	163,437	247,478	805,668	914,875
Total Other Expenses	6,001,349	7,117,771	6,601,267	7,747,369

5 Cash and cash equivalents

Cash at bank and in hand	12,401,102	12,220,423	11,981,366	11,712,964
--------------------------	------------	------------	------------	------------

The Corporation receives Royalty payments from the Northern Land Council on behalf of the Yolgnu people of the Laynhapuy Homelands. These funds are restricted from the operations of the Corporation. The balance of these Royalties as at 30 June 2017 was \$ 4,594,553 (2016 \$ 3,462,459).

Notes to the Financial Statements

For the Year Ended 30 June 2017

6 Trade and other receivables

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
CURRENT				
Trade receivables	1,099,861	168,575	1,101,452	180,334
Provision for impairment (a)	(9,350)	(9,350)	(6,848)	(6,848)
	1,090,511	159,225	1,094,604	173,486
GST receivable	-	-	-	-
Total current trade and other receivables	1,090,511	159,225	1,094,604	173,486

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

Balance at beginning of the year	(9,350)	(10,487)	(6,848)	(5,120)
Doubtful debts	-	1,137	-	(1,728)
Written off	-	-	-	-
Balance at end of the year	(9,350)	(9,350)	(6,848)	(6,848)

7 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The Parent Corporation, Laynhapuy Homelands Aboriginal Corporation has effective control Laynhapuy Aviation Aboriginal Corporation.

(a) The Group's related parties are as follows:

	Country of Incorporation	Percentage Controlled (%)	
		2017	2016
Laynhapuy Aviation Aboriginal Corporation	Australia	100	100
Miwatj Employment and Participation Ltd	Australia	50	50
Ganybu Housing Aboriginal Corporation	Australia	100	-

Miwatj Employment and Participation Ltd is not consolidated as part of the Group as the Group does not have control over the company. Laynhapuy Homelands Aboriginal Corporation controls Laynhapuy Aviation Aboriginal Corporation wholly and uses the Aviation services as needed. Laynhapuy Homelands also directly employs the staff who works at Laynhapuy Aviation.

Laynhapuy Homelands Aboriginal Corporation owns 50% of Miwatj Employment and Participation and sometimes contracts work through Miwatj Employment for projects on Laynhapuy Homelands. Laynhapuy Homelands has 3 board positions on the Miwatj Employment board, 2 for board members and 1 position for the CEO of Laynhapuy Homelands.

Laynhapuy Homelands Aboriginal Corporation owns and controls Ganybu Aboriginal Corporation which was incorporated by the Office of the Registrar of Indigenous Corporations on 27 June 2017. As at 30 June 2017 no financial transactions by this entity had occurred and it employed no staff.

Notes to the Financial Statements

For the Year Ended 30 June 2017

(b) Entities exercising control over the Group

The ultimate parent entity, which exercises control over the Group, is Laynhapuy Homelands Aboriginal Corporation.

(c) Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

(d) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Revenue & Other Income	Expense s	Balance outstanding	
			Owed to the corporati on	Owed by the corporati on
2017				
Laynhapuy Aviation Aboriginal Corporation	209,000	677,575	71,850	94,850
Miwatj Employment & Participation Ltd	417,404	1,904	46,439	-
2016				
Laynhapuy Aviation Aboriginal Corporation	243,514	913,506	81,119	51,470
Miwatj Employment & Participation Ltd	261,833	4,390	14,257	-

Notes to the Financial Statements

For the Year Ended 30 June 2017

8 Property, plant and equipment

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Buildings				
At cost	17,811,581	17,592,701	17,054,381	16,869,855
Accumulated depreciation	(6,484,271)	(5,924,262)	(5,757,746)	(5,232,937)
Total buildings	11,327,310	11,668,439	11,296,635	11,636,918
Plant and equipment				
At cost	3,468,044	3,690,493	3,468,011	3,690,493
Accumulated depreciation	(2,889,540)	(3,246,388)	(2,889,540)	(3,246,388)
Total plant and equipment	578,504	444,105	578,471	444,105
Furniture, fixtures and fittings				
At cost	510,672	702,043	510,672	702,043
Accumulated depreciation	(424,738)	(579,159)	(424,738)	(579,159)
Total furniture, fixtures and fittings	85,934	122,884	85,934	122,884
Motor vehicles				
At cost	3,382,152	2,922,666	3,381,737	2,861,278
Accumulated depreciation	(2,341,555)	(2,132,060)	(2,341,520)	(2,080,195)
Total motor vehicles	1,040,597	790,606	1,040,182	781,083
Infrastructure				
At cost	1,169,738	1,169,738	1,169,738	1,169,738
Accumulated depreciation	(315,714)	(276,731)	(315,714)	(276,731)
Total Infrastructure	854,024	893,007	854,024	893,007
Computers				
At cost	341,981	0	341,981	0
Accumulated depreciation	(221,076)	0	(221,076)	0
Total Computers	120,906	0	120,906	0
Aircraft				
At cost	772,829	751,873	0	0
Accumulated depreciation	(309,317)	(216,425)	0	0
Total Aircraft	463,512	535,448	0	0
Total property, plant and equipment	14,470,789	14,454,489	13,976,187	13,877,997

The administration building and workshop at 86 Galpu Road and the various staff housing at Yirrkala is situated upon Aboriginal land in which the group has no formal tenure. This land is administered under statute by the Northern Land Council.

Notes to the Financial Statements

For the Year Ended 30 June 2017

8 Property, plant and equipment continued

The Group has constructed and utilises various buildings and infrastructure at various community sites in the East Arnhem region and at the Gove airport within the Laynhapuy Homelands service area. The land is situated upon Aboriginal land in which the group has no formal tenure. This land is administered under statute by the Northern Land Council.

The value to the Group for buildings, infrastructure and improvements is dependent upon the Group's continuing tenure of the land in which the buildings, infrastructure and improvements are situated. The group has been endeavouring to negotiate formal leases with the Northern Land Council in order to obtain secure tenure over the land upon which buildings and infrastructure is constructed and utilised for a number of years. These negotiations are continuing.

In addition to the foregoing, the Corporation utilises land at Nhulunbuy upon which residential structures have been built. The allotments at Nhulunbuy are held on a leasehold basis, where by each allotment is subject to a 42 year lease between Rio Tinto Alcan and the Corporation.

Notes to the Financial Statements

For the Year Ended 30 June 2017

8 Property, plant and equipment continued

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Computer Equipment	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Infrastructure	Aircraft	Total
Parent	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2017								
Balance at the beginning of year	-	11,636,918	444,105	122,884	781,083	893,007	-	13,877,997
Additions	90,519	184,526	339,037	19,891	502,492	-	-	1,136,465
Disposals	-	-	-	-	-	-	-	-
Transfers	60,226	-	(71,683)	(32,098)	43,555	-	-	-
Depreciation expense	(29,840)	(524,809)	(132,955)	(24,743)	(286,948)	(38,983)	-	(1,038,278)
Balance at the end of the year	120,905	11,296,635	578,504	85,934	1,040,182	854,024	-	13,976,184

	Computer Equipment	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Infrastructure	Aircraft	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2017								
Balance at the beginning of year	-	11,668,439	444,105	122,884	790,606	893,007	535,448	14,454,489
Additions	90,519	184,526	339,037	19,891	502,492	-	26,581	1,163,046
Disposals	-	-	-	-	-	-	-	-
Transfers	60,226	-	(71,683)	(32,098)	43,555	-	-	-
Depreciation expense	(29,840)	(525,655)	(132,955)	(24,743)	(296,056)	(38,983)	(98,516)	(1,146,748)
Balance at the end of the year	120,905	11,327,310	578,504	85,934	1,040,597	854,024	463,513	14,470,787

Notes to the Financial Statements

For the Year Ended 30 June 2017

9 Trade and other payables

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
CURRENT				
Trade payables	734,251	651,075	521,281	443,547
GST payable	191,788	143,501	182,108	124,888
Other payables	719,933	1,034,286	697,277	1,034,286
Unexpended grants	1,650,025	947,536	1,650,025	947,536
	<u>3,295,997</u>	<u>2,776,398</u>	<u>3,050,691</u>	<u>2,550,257</u>

10 Borrowings

CURRENT				
Lease	38,874	-	38,874	-
Bank loan – secured	-	739,711	-	739,711
Total current borrowings	<u>38,874</u>	<u>739,711</u>	<u>38,874</u>	<u>739,711</u>
NON-CURRENT				
Lease	167,748	-	167,748	-
Total non-current borrowings	<u>167,748</u>	<u>-</u>	<u>167,748</u>	<u>-</u>

At the Board Meeting on 29 June 2016, the Board approved the payout of the existing Westpac loans on the properties from cash reserves. This was done on 10 August 2016.

In January 2017 the Corporation entered in an agreement with Westpac Bank to provide an Equipment Finance Facility for the value of \$ 500,000, accessible as required. The security for the facility is 1 Jasmine Cl, Nhulunbuy, 1 Sava St Nhulunbuy, and 20 Husnes Av Nhulunbuy.

11 Employee Benefits

Current liabilities				
Long service leave	221,195	125,943	221,195	125,943
Provision for RDO	48,929	40,944	48,929	40,944
Annual leave	532,415	568,757	532,415	568,757
	<u>802,538</u>	<u>735,644</u>	<u>802,538</u>	<u>735,644</u>
Non-current liabilities				
Long service leave	197,076	226,837	197,076	226,837
	<u>197,076</u>	<u>226,837</u>	<u>197,076</u>	<u>226,837</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

12 Reserves

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Asset realisation reserve				
Opening balance	373,461	373,461	373,461	373,461
	<u>373,461</u>	<u>373,461</u>	<u>373,461</u>	<u>373,461</u>
General reserve				
Opening balance	64,500	64,000	0	0
Prior year asset adjustment		500	0	0
	<u>64,500</u>	<u>64,500</u>	<u>0</u>	<u>0</u>
Total reserves	<u>437,961</u>	<u>437,961</u>	<u>373,461</u>	<u>373,461</u>

(a) Asset revaluation reserve

The asset revaluation reserve records realised gains on revaluation of property, plant and equipment recorded at fair value.

(b) General reserve

The general reserve records funds set aside for future expansion of the Group.

13 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Corporation and the Group is \$ 921,923 (2016 \$ 820,769).

14 Contingencies

In the opinion of the Directors, the Corporation did not have any contingencies at 30 June 2017 (30 June 2016: None).

15 Events Occurring After the Reporting Date

The financial report was authorised for issue on 24 October, 2017 by the Board of Directors.

On 28 August 2017, the Board of Directors of controlled entity Laynhapuy Aviation Aboriginal Corporation resolved to wind up the Corporation and transfer operations, assets, and liabilities to Laynhapuy Homelands Aboriginal Corporation. At a subsequent Board meeting on the 23rd of October 2017, the Board of Directors resolved to explore other options for the future of the Corporation, and resolved to defer a decision on winding up the Corporation until 31 December 2018.

On 13 October 2017 after receiving legal advice as part of the winding up process, Laynhapuy Aviation Aboriginal Corporation suspended indefinitely all operations other than payment of overheads.


In February 2017, the Board of Laynhapuy Homelands Aboriginal Corporation approved the payment of \$3,360,000 from the Royalties Account to Ganybu Housing Aboriginal Corporation, a related company, to fund the construction of six houses on the Homelands. This transfer was done in August 2017.

Directors Declaration

For the Year Ended 30 June 2017

1. The financial statements and notes, as set out on pages 6 to 23, are in accordance with the Corporations (Aboriginal and Torres Strait Islander) Act 2006 and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Corporation and consolidated group.
2. In the directors' opinion, 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 declaration is made in accordance with a resolution of the Board of Directors.

Director 

Director 

Dated 24/10/17

INDEPENDENT AUDITOR'S REPORT

To the members of Laynhapuy Homelands Aboriginal Corporation

Report on the Audit of the Financial Report

Opinion

We have audited the consolidated financial report of Laynhapuy Homelands Aboriginal Corporation (the Corporation) and its subsidiaries (the group), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Laynhapuy Homelands Aboriginal Corporation, is in accordance with the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*, including:

- (i) Giving a true and fair view of the Corporation's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements, and the *Corporations (Aboriginal and Torres Strait Islander) Regulations 2007*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Corporation in accordance with the auditor independence requirements of the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*, which has been given to the directors of the Corporation, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, but does not

include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the Financial Report

The directors of the Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In conducting our audit engagement for the financial year ended 30 June 2017, in our opinion:

- (a) We have been given all information, explanations and assistance necessary for the conduct of the audit;
- (b) The Corporation has kept financial records sufficient to enable the financial report to be prepared and audited; and
- (c) The Corporation has kept other records and registers as required by the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*.

Responsibilities for the Other Legal and Regulatory Requirements

The directors of the Corporation are responsible for the preparation and presentation of the financial report in accordance with the Corporations (Aboriginal and Torres Strait Islander) Act 2006 and the Corporations (Aboriginal and Torres Strait Islander) Regulations 2007. Our responsibility is to express an opinion on the above matters based on our audit conducted in accordance with Australian Auditing Standards.

BDO

BDO Audit (NTH QLD) Pty Ltd



Margaret Dewhurst

Director

Cairns, 24 October 2017