Laynhapuy Homelands Aboriginal Corporation

ABN: 86 695 642 473

Consolidated Financial Statements

For the Year Ended 30 June 2014

Laynhapuy Homelands Aboriginal Corporation
ABN: 86 695 642 473

Contents

For the Year Ended 30 June 2014

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Directors' Report

30 June 2014

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 2014.

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 are:

Mr Barayuwa George Mununggurr	
Special responsibilities	Chairman
Mr Waka Mununggurr	
Special responsibilities	Vice-Chairman
Mr Mayila Wunungmurra	
Special responsibilities	Director
Mr Waturr Harry Gumana	
Special responsibilities	Director
Mr Djipu Daniel Burarrwanga	
Special responsibilities	Director
Mr Yangipuy Alfred Wanambi	
Special responsibilities	Director
Ms Yananymul Ruth Mununggurr	
Special responsibilities	Director
Mr Bill Gray	
Special responsibilities	Director
Ms Leah Michelle Fricke (ceased 25.06.2014)	
Special responsibilities	Director
Mr Bruce Alcorn (appointed 01.07.2014)	
Special responsibilities	Director
Ms Donna Orchard	
Special responsibilities	Secretary

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

Directors' Report
30 June 2014

Principal activities

The principal activities 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 loss of the Corporation for the financial year after providing for income tax amounted to $ (446,402) (2013 Profit: $ 4,166,620).

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

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

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.

Meetings of directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Barayuwa George Mununggurr	4	4
Mr Waka Mununggurr	4	4
Mr Mayila Wunungmurra	4	3
Mr Waturr Harry Gumana	4	3
Mr Djipu Daniel Burarrwanga	4	3
Mr Yangipuy Alfred Wanambi	4	3
Ms Yananymul Ruth Mununggurr	4	4
Mr William Gray	4	4
Ms Leah Michelle Fricke (ceased 25.06.2014)	4	4

Directors' Report
30 June 2014

Auditor's independence declaration

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 2014 has been received and can be found on page 4 of the financial report.

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

Director: ....
Mr Barayuwa George Mununggurr

Director: ....

Dated 24th November 2014

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of Laynhapuy Homelands Aboriginal Corporation and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations (Aboriginal and Torres Strait Islander) Act 2006 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDO Cairns

Margaret Dewhurst

Cairns, QLD 4870

Laynhapuy Homelands Aboriginal Corporation
ABN: 86 695 642 473

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2014

		Consolidated		Parent	
		2014	2013	2014	2013
	Note	$	$	$	$
Revenue	2	**17,324,234**	26,600,950	**16,195,968**	25,054,994
Other income	2	**9,626**	93,263	-	-
Cost of Sales		**(1,657,977)**	(2,061,579)	-	-
Employee benefits expense		**(8,211,009)**	(9,957,502)	**(8,216,471)**	(9,995,993)
Depreciation and amortisation expense		**(1,539,380)**	(1,643,558)	**(1,485,005)**	(1,572,662)
Gain (Loss) on disposal of plant & equipment		-	(282,339)	-	(282,339)
Prior Year Expense		**(5,818)**	-	-	-
Other expenses	3	**(6,286,334)**	(8,410,961)	**(6,824,863)**	(8,896,795)
Finance costs		**(79,744)**	(171,654)	**(76,508)**	(168,906)
Profit before income tax		**(446,402)**	4,166,620	**(406,879)**	4,138,299
Income tax expense		-	-	-	-
Profit for the year		**(446,402)**	4,166,620	**(406,879)**	4,138,299
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		**(446,402)**	4,166,620	**(406,879)**	4,138,299
Total comprehensive income attributable to:					
Members of the parent entity		**(446,402)**	4,166,620	**(406,879)**	4,138,299
		(446,402)	4,166,620	**(406,879)**	4,138,299

The accompanying notes form part of these financial statements.

Statement of Financial Position
30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $	Parent 2014 $	Parent 2013 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	**5,618,712**	7,529,885	**5,156,940**	6,847,814
Trade and other receivables	5	**280,450**	359,527	**256,273**	329,191
Inventories	6	**212,447**	248,723	**212,447**	248,723
Other assets	7	**631,427**	81,077	**631,427**	81,077
TOTAL CURRENT ASSETS		**6,743,036**	8,219,212	**6,257,087**	7,506,805
NON-CURRENT ASSETS					
Investments in subsidiaries	8	**-**	-	**2**	2
Property, plant and equipment	9	**16,311,923**	16,699,995	**15,431,052**	15,975,550
TOTAL NON-CURRENT ASSETS		**16,311,923**	16,699,995	**15,431,054**	15,975,552
TOTAL ASSETS		**23,054,959**	24,919,207	**21,688,141**	23,482,357
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	10	**2,850,281**	4,247,912	**2,721,563**	3,988,684
Borrowings	11	**801,426**	827,675	**801,426**	927,675
Employee benefits	12	**757,467**	792,267	**757,467**	792,267
TOTAL CURRENT LIABILITIES		**4,409,174**	5,867,854	**4,280,456**	5,708,626
NON-CURRENT LIABILITIES					
Employee benefits	12	**254,793**	213,958	**254,793**	213,958
TOTAL NON-CURRENT LIABILITIES		**254,793**	213,958	**254,793**	213,958
TOTAL LIABILITIES		**4,663,967**	6,081,812	**4,535,249**	5,922,584
NET ASSETS		**18,390,992**	18,837,395	**17,152,894**	17,559,773
EQUITY					
Reserves	13	**437,459**	437,459	**373,461**	373,461
Retained earnings		**17,953,533**	18,399,936	**16,779,433**	17,186,311
Total equity attributable to equity holders of the Corporation		**18,390,992**	18,837,395	**17,152,894**	17,559,773
TOTAL EQUITY		**18,390,992**	18,837,395	**17,152,894**	17,559,773

The accompanying notes form part of these financial statements.

Laynhapuy Homelands Aboriginal Corporation
ABN: 86 695 642 473

Statement of Changes in Equity
For the Year Ended 30 June 2014

2014	Parent			
	Retained Earnings $	Asset Revaluation Surplus $	General Reserves $	Total $
Balance at 1 July 2013	**17,186,312**	**373,461**	**-**	**17,559,773**
Total comprehensive income for the year				
Loss attributable to members of the entity	**(406,879)**	**-**	**-**	**(406,879)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**(406,879)**	**-**	**-**	**(406,879)**
Balance at 30 June 2014	**16,779,433**	**373,461**	**-**	**17,152,894**

2013	Parent			
Balance at 1 July 2012	13,048,013	373,461	-	13,421,474
Total comprehensive income for the year				
Profit attributable to members of the entity	4,138,299	-	-	4,138,299
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	4,138,299	-	-	4,138,299
Balance at 30 June 2013	17,186,312	373,461	-	17,559,773

2014	Consolidated			
	Retained Earnings $	Asset Revaluation Surplus $	General Reserves $	Total $
Balance at 1 July 2013	**18,399,936**	**373,461**	**63,998**	**18,837,395**
Total comprehensive income for the year				
Loss attributable to members of the entity	**(446,402)**	**-**	**-**	**(446,402)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**(446,402)**	**-**	**-**	**(446,402)**
Balance at 30 June 2014	**17,953,534**	**373,461**	**63,998**	**18,390,993**

2013	Consolidated			
Balance at 1 July 2012	14,233,316	373,461	63,998	14,670,775
Total comprehensive income for the year				
Profit attributable to members of the entity	4,166,620	-	-	4,166,620
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	4,166,620	-	-	4,166,620
Balance at 30 June 2013	18,399,936	373,461	63,998	18,837,395

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2014

		Consolidated		Parent	
		2014	2013	2014	2013
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		**16,972,379**	21,956,542	**15,831,685**	20,707,567
Payments to suppliers and employees		**(17,702,730)**	(20,786,761)	**(16,453,801)**	(19,818,984)
Interest received		**88,879**	252,762	**86,909**	248,790
Finance costs		**(79,744)**	(171,654)	**(76,508)**	(168,906)
Net cash provided by (used in) operating activities		**(721,616)**	1,250,889	**(611,715)**	968,467
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of plant and equipment		**-**	148,655	**-**	115,836
Purchase of property, plant and equipment		**(1,163,708)**	(1,234,775)	**(952,907)**	(1,000,281)
Net cash used by investing activities		**(1,163,708)**	(1,086,120)	**(952,907)**	(884,445)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Advances/(repayments) from/(to) other entities		**(26,249)**	(335,244)	**(126,252)**	(335,244)
Advances/(repayments) from/(to) related parties		**-**	-	**-**	100,000
Net cash used by financing activities		**(26,249)**	(335,244)	**(126,252)**	(235,244)
Net increase (decrease) in cash and cash equivalents held		**(1,911,173)**	(170,475)	**(1,690,874)**	(151,222)
Cash and cash equivalents at beginning of year		**7,529,885**	7,700,360	**6,847,814**	6,999,036
Cash and cash equivalents at end of financial year	4	**5,618,712**	7,529,885	**5,156,940**	6,847,814

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2014

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 prepare 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 2014 were authorised for issue in accordance with a resolution of the Directors on 24 November 2014.

1 Summary of Significant Accounting Policies

(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 the 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 cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 8 to the financial statements.

(c) Income Tax

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

1 Summary of Significant Accounting Policies continued

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) 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).

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations

Donations and bequests are recognised as revenue when received.

1 Summary of Significant Accounting Policies continued

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

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

Royalties

Royalties are recognised as revenue when received.

(f) 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.

(g) 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 payable 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.

(h) Inventories

Inventories are measured at the lower of 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.

(i) 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.

1 Summary of Significant Accounting Policies continued

(j) Property, Plant and Equipment

Currently 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 years
Plant and Equipment	5-15 years
Furniture, Fixtures and Fittings	5-10 years
Motor Vehicles	5 years
Infrastructure	30 years
Aircraft	20 years

(k) 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.

1 Summary of Significant Accounting Policies continued

(l) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Corporation commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

1 Summary of Significant Accounting Policies continued

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

At the end of the reporting period the Corporation assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

(m) 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.

(n) 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. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Notes to the Financial Statements
For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(o) 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.

Any significant impact on the accounting policies of the Corporation from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Corporation.

The following Accounting Standards and Interpretations are most relevant to the Corporation:

AASB 1053 Application of Tiers of Australian Accounting Standards
The incorporated association has applied AASB 1053 from 1 July 2013. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. The incorporated association being classed as Tier 2 continues to apply the full recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2 and later amending Standards, as relevant.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements
The incorporated association has applied AASB 2010-2 from 1 July 2013. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. The adoption of these amendments has significantly reduced the incorporated association's disclosure requirements.

AASB 2011-2 Amendments to Australian Accounting Standards arising from the TransTasman Convergence Project Reduced Disclosure Requirements
AASB 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and
AASB 2012-11 Amendments to Australian Accounting Standards Reduced Disclosure Requirements and Other Amendments
The incorporated association has applied AASB 2011-2, AASB 2012-7 and 2012-11 amendments from 1 July 2013, to the extent that they related to other standards already adopted by the incorporated association. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations to significantly reduce the incorporated association's disclosure requirements.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional

1 Summary of Significant Accounting Policies continued

(o) New Accounting Standards and Interpretations continued

consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The incorporated association has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Revenue and Other Income

	Consolidated		Parent	
	2014	2013	2014	2013
	$	$	$	$
Sales revenue				
- sale of goods	**1,429,322**	1,849,526	-	-
- provision of services	**2,157,251**	2,723,383	**2,460,277**	3,030,921
- unspent grant funds forgiven	-	1,930,778	-	1,930,778
	3,586,573	6,503,687	**2,460,277**	4,961,699
- interest received	**88,879**	252,763	**86,909**	248,793
Other revenue				
- royalties	**733,174**	737,816	**733,174**	737,816
- operating grants	**12,767,909**	19,000,866	**12,767,909**	19,000,866
- donations	-	14,000	-	14,000
- Government Rebates	**147,699**	91,820	**147,699**	91,820
	13,737,661	20,097,265	**13,735,691**	20,093,295
Total Revenue	**17,324,234**	26,600,950	**16,195,968**	25,054,994

Other Income				
Other income	**9,626**	93,263	-	-
	9,626	93,263	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2014

3 Other expenses

(a) Expenses

	Consolidated		Parent	
	2014	2013	2014	2013
	$	$	$	$
Accounting fees	**65,655**	31,508	**65,655**	31,508
Advertising	**33,658**	57,944	**32,071**	57,665
Audit fees	**127,750**	48,650	**127,750**	48,650
Audit fees - Laynha Air	**(3,450)**	7,595	**-**	-
Bad debts	**(12,092)**	70,478	**(13,479)**	60,586
Cleaning	**57,501**	22,984	**57,501**	22,984
Consultant & Contract Fees	**1,340,119**	2,522,618	**1,341,983**	2,516,984
Community Support	**1,554**	7,668	**-**	-
Computer expenses	**58,345**	139,678	**58,105**	140,391
Electricity and water	**3,216**	(531)	**-**	-
Equipment < $300	**397,787**	30,675	**397,787**	-
Freight and cartage	**100,988**	335,796	**103,305**	335,629
Fuel	**69,367**	699,407	**69,367**	707,678
Hire of equipment	**110,433**	317,045	**115,329**	337,578
Insurance	**506,678**	630,292	**422,109**	571,022
Legal fees	**21,085**	-	**21,085**	-
Licences & Registrations	**82,752**	48,082	**82,752**	48,082
Materials, parts & supplies	**2,345,362**	1,479,193	**2,342,954**	1,480,448
Minor plant & equipment	**76,629**	92,076	**75,129**	91,709
Motor vehicle expenses	**68,818**	127,669	**70,509**	162,160
Permits, licenses and fees	**16,282**	19,817	**16,282**	19,817
Printing, stationery & postage	**36,979**	52,066	**34,992**	48,230
Protective clothing	**39,005**	10,756	**39,005**	10,756
Rates and taxes	**182,407**	109,689	**180,153**	106,541
Repairs and maintenance	**99,749**	646,145	**99,749**	646,145
Other equipment	**99,749**	646,145	**99,749**	646,145
Telephone and fax	**171,814**	246,910	**158,681**	233,170
Travel & accommodation	**322,942**	656,751	**926,089**	1,219,063
Total Other Expenses	**6,421,082**	9,057,106	**6,924,612**	9,542,941
Interest expense on financial liabilities not at fair value through profit and loss	**79,744**	171,654	**76,508**	168,906
Employee costs	**7,714,563**	9,439,302	**7,720,025**	9,477,793
Superannuation	**496,446**	518,199	**496,446**	518,199

Notes to the Financial Statements
For the Year Ended 30 June 2014

4 Cash and cash equivalents

	Consolidated		Parent	
	2014	2013	2014	2013
	$	$	$	$
Cash at bank and in hand	**5,618,712**	7,529,885	**5,156,940**	6,847,814
	5,618,712	7,529,885	**5,156,940**	6,847,814

5 Trade and other receivables

		Consolidated 2014 $	Consolidated 2013 $	Parent 2014 $	Parent 2013 $
CURRENT					
Trade receivables		**331,392**	476,998	**301,712**	429,658
Provision for impairment	(a)	**(50,942)**	(129,689)	**(45,439)**	(102,347)
		280,450	347,309	**256,273**	327,311
GST receivable		**-**	10,338	**-**	-
Other receivables		**-**	1,880	**-**	1,880
Total current trade and other receivables		**280,450**	359,527	**256,273**	329,191

(a) Impairment of receivables

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

	Consolidated 2014 $	Consolidated 2013 $	Parent 2014 $	Parent 2013 $
Balance at beginning of the year	**(129,689)**	(73,614)	**(102,347)**	(56,164)
(Charge)/write back for the year	**78,747**	(70,478)	**56,708**	(60,586)
Written off	**-**	14,403	**-**	14,403
Balance at end of the year	**(50,942)**	(129,689)	**(45,639)**	(102,347)

6 Inventories

	Consolidated 2014 $	Consolidated 2013 $	Parent 2014 $	Parent 2013 $
CURRENT				
At cost:				
Finished goods	**212,447**	248,723	**212,447**	248,723
	212,447	248,723	**212,447**	248,723

7 Other non-financial assets

	Consolidated 2014 $	Consolidated 2013 $	Parent 2014 $	Parent 2013 $
CURRENT				
Prepayments	**485,519**	32,999	**485,519**	32,999
Accrued income	**90,318**	-	**90,318**	-
Bonds paid	**55,590**	48,078	**55,590**	48,078
	631,427	81,077	**631,427**	81,077

8 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.

Notes to the Financial Statements
For the Year Ended 30 June 2014

The Parent Corporation, Laynhapuy Homelands Aboriginal Corporation owns 2 shares worth $1 each in Laynhapuy Aviation Aboriginal Corporation.

Transaction with related parties:

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

	Country of Incorporation	Percentage Owned (%) 2014	Percentage Owned (%) 2013
Laynhapuy Aviation Aboriginal Corporation	Australia	100	100
Miwatj Employment and Participation Ltd	Australia	50	

Miwatj Employment and Participation Ltd is not consolidated as part of the Group as it is a Corporation limited by guarantee and cannot distribute any profits, shares, assets or liabilities to the Group.

Laynhapuy Homelands Aboriginal Corporation wholly owns Laynhapuy Aviation Aboriginal Corporation and uses the Aviation services as needed. Laynhapuy Homelands also directly employs the staff who work at Laynhapuy Aviation.

Laynhapuy Homelands Aboriginal Corporation owns 50% of Miwatj Employment and Participation and sometimes contracts work through Miwatj Employment for project 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.

(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	Expenses	Balance outstanding Owed to the corporation	Balance outstanding Owed by the corporation
2014				
Laynhapuy Aviation Aboriginal Corporation	270,280	639,924	26,457	103,465
Miwatj Employment & Participation Ltd	226,235	12,571	22,691	-
2013				
Laynhapuy Aviation Aboriginal Corporation	336,330	691,421	78,663	56,651

Notes to the Financial Statements
For the Year Ended 30 June 2014

9 Property, plant and equipment

	Consolidated		Parent	
	2014	2013	2014	2013
	$	$	$	$
Buildings				
At cost	**17,055,955**	16,978,849	**16,333,109**	16,289,849
Accumulated depreciation	**(5,217,511)**	(4,711,660)	**(4,527,878)**	(4,022,660)
Total buildings	**11,838,444**	12,267,189	**11,805,231**	12,267,189
Capital works in progress				
At cost	**640,464**	264,724	**640,464**	264,724
Total capital works in progress	**640,464**	264,724	**640,464**	264,724
Plant and equipment				
At cost	**4,121,803**	4,063,168	**4,121,803**	4,063,168
Accumulated depreciation	**(2,848,695)**	(2,218,022)	**(2,848,695)**	(2,218,022)
Total plant and equipment	**1,273,108**	1,845,146	**1,273,108**	1,845,146
Furniture, fixtures and fittings				
At cost	**1,032,225**	1,005,935	**1,032,225**	1,005,935
Accumulated depreciation	**(835,481)**	(792,805)	**(835,481)**	(792,805)
Total furniture, fixtures and fittings	**196,744**	213,130	**196,744**	213,130
Motor vehicles				
At cost	**2,931,608**	2,561,179	**2,866,182**	2,497,686
Accumulated depreciation	**(2,345,991)**	(2,078,692)	**(2,317,065)**	(2,062,819)
Total motor vehicles	**585,617**	482,487	**549,117**	434,867
Infrastructure				
At cost	**1,165,616**	1,111,631	**1,165,616**	1,111,631
Accumulated depreciation	**(199,228)**	(161,137)	**(199,228)**	(161,137)
Total Infrastructure	**966,388**	950,494	**966,388**	950,494
Aircraft				
At cost	**906,869**	731,847	-	-
Accumulated depreciation	**(95,711)**	(55,022)	-	-
Total Aircraft	**811,158**	676,825	-	-
Total property, plant and equipment	16,311,923	16,699,995	15,431,052	15,975,550

Buildings and Infrastructure

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

9 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 situation 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 2014

9 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:

Parent	Capital Works in Progress $	Buildings $	Plant and Equipment $	Furniture, Fixtures and Fittings $	Motor Vehicles $	Infrastructure $	Aircraft $	Total $
Year ended 30 June 2014								
Balance at the beginning of year	264,724	12,267,189	1,845,146	213,130	434,867	950,494	-	15,975,550
Additions	375,740	43,260	58,636	26,290	394,996	53,985		952,907
Disposals	-	-	-	-	(12,400)	-	-	(12,400)
Depreciation expense	-	(505,218)	(630,674)	(42,676)	(268,346)	(38,091)	-	(1,485,005)
Balance at the end of the year	640,464	11,805,231	1,273,108	196,744	549,117	966,388	-	15,431,052

Consolidated	Capital Works in Progress $	Buildings $	Plant and Equipment $	Furniture, Fixtures and Fittings $	Motor Vehicles $	Infrastructure $	Aircraft $	Total $
Year ended 30 June 2014								
Balance at the beginning of year	264,724	12,267,189	1,845,146	213,130	482,487	950,494	676,825	16,699,995
Additions	375,740	77,105	58,636	26,290	396,928	53,985	175,022	1,163,706
Disposals	-	-	-	-	(12,400)	-	-	(12,400)
Depreciation expense	-	(505,850)	(630,674)	(42,676)	(281,398)	(38,091)	(40,689)	(1,539,378)
Balance at the end of the year	640,464	11,838,444	1,273,108	196,744	585,617	966,388	811,158	16,311,923

Notes to the Financial Statements
For the Year Ended 30 June 2014

10 Trade and other payables

	Consolidated		Parent	
	2014	2013	2014	2013
	$	$	$	$
CURRENT				
Trade payables	**713,826**	632,380	**594,949**	380,652
GST payable	**200,241**	157,944	**198,439**	157,944
Accrued expenses	**8,039**	7,500	-	-
Other payables	**957,778**	677,887	**957,778**	677,887
Unexpended grants	**970,397**	2,772,201	**970,397**	2,772,201
	2,850,281	4,247,912	**2,721,563**	3,988,684

11 Borrowings

CURRENT				
Unsecured liabilities:				
Related party loans	-	-	-	100,000
Secured liabilities				
Bank loan - secured	**801,426**	827,675	**801,426**	827,675
Total current borrowings	**801,426**	827,675	**801,426**	927,675

The bank loans are made up of 2 loans with the Westpac Bank. Loan 1 for $290,443.09 is for the Sava Street Units. The loan matures 05/04/2029 and the current interest rate is 7.01%. Loan 2 for $510,979.44 is for 1 Jasmine Close. The loan matures 01/10/2036 and the current interest rate is 5.98%. The security for both loans is the following: 1 Jasmine Cl Nhulunbuy, 1 Sava St Nhulunbuy, 9 Klyn Ct Nhulunbuy and 20 Husnes Av Nhulunbuy. Total carrying value $915,327.

12 Employee Benefits

Current liabilities				
Long service leave	**156,932**	144,832	**156,932**	144,832
Provision for employee benefits	**34,291**	34,880	**34,291**	34,880
Annual leave	**566,244**	612,555	**566,244**	612,555
	757,467	792,267	**757,467**	792,267
Non-current liabilities				
Long service leave	**254,793**	213,958	**254,793**	213,958
	254,793	213,958	**254,793**	213,958

13 Reserves and retained surplus

	Consolidated		Parent	
	2014	2013	2014	2013
	$	$	$	$
Asset realisation reserve				
Opening balance	**373,461**	373,461	**373,461**	373,461
	373,461	373,461	**373,461**	373,461
General reserve				
Opening balance	**63,998**	63,998	**-**	-
	63,998	63,998	**-**	-
Total reserves	**437,459**	437,459	**373,461**	373,461

(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.

14 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Corporation and the Group is $ 467,541 (2013: $ 291,114).

15 Contingencies

In the opinion of the Directors, the Corporation did not have any contingencies at 30 June 2014 (30 June 2013:None).

16 Events Occurring After the Reporting Date

The financial report was authorised for issue on 24th November 2014 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Notes to the Financial Statements
For the Year Ended 30 June 2014

17 Prior Year Error

(a) Borrowings

Financial statements for year ended 30 June 2013 showed Borrowings as a non-current liability. After further review of the terms of the loan this financial year, it appears that though the loan is non-current in commercial terms, the accounting treatment requires the Borrowings to be treated as current. Borrowings have been moved to Current Liabilities in this report. The effect of the error from last year's report is minimal.

(i)

	2013 $	Adjustment	2013 Restated $
Parent			
Current Liabilities			
Borrowings	178,504	749,171	927,675
Non Current Liabilities			
Borrowings	749,171	(749,171)	-
Net Assets	**927,675**	-	**927,675**
Consolidated			
Current Liabilities			
Borrowings	78,504	749,171	827,675
Non Current Liabilities			
Borrowings	749,171	(749,171)	-
Net Assets	**827,675**	-	**827,675**

Directors' Declaration

The directors of the Corporation declare that:

1. The financial statements and notes, as set out on pages 6 to 26, 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 2014 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 24th November 2014

Laynhapuy Homelands Aboriginal Corporation
ABN: 86 695 642 473

Independent Audit Report to the members of Laynhapuy Homelands Aboriginal Corporation

[Enter place of signing]