VICTORIAN TRADITIONAL OWNERS TRUST

FINANCIAL REPORT

FOR THE PERIOD ENDED 30 June 2012

Victorian Traditional Owners Trust

ABN 93 731 388 312

Statement of Directors Of the Trustee Company

The Victorian Traditional Owners Trust was established on 13 September 2011 by Deed between Robert Clark the Attorney General of Victoria and the Trustee Victorian Traditional Owners Funds Ltd.

The directors of Victorian Traditional Owners Funds Limited as Trustee of the Victorian Traditional Owners Trust present this report on the Trust for the financial period ended 30 June 2012.

Directors

The names of each person who has been a director of the Trustee Company during the period and to the date of this report are:

Mark William Sibree

Elizabeth Helen Eldridge

Gary Andrew Lennon

Directors have been in office since the company was incorporated to the date of this report unless otherwise stated.

Principal Activities

The Trust was established for charitable purposes to benefit the Aboriginal people of Victoria. The Victorian government established a Native Title Settlement Framework to reach agreements with Traditional Owners through execution of Participation Agreements.

The State reached a settlement with the Gunaikurnai people in October 2010, and the Participation Agreement was executed on 4 October 2011. In terms of this Participation Agreement the State of Victoria has paid the settlement amount to the Trust.

The principal activity of the Trust is to invest settlement funds received on behalf of the beneficiaries.

Report on Operations and Activities

During the year the Trust invested the settlement sum in term deposits pending clear investment direction from the beneficiaries. Interest received amounted to $440,792 against which small bank charges were incurred.

Report on Significant Changes and Likely developments

This was the Trust's first period of operation. Other than that, there were no significant changes in the activities of the Trust. There has been a fall in interest rates which will adversely affect the results of operations in 2013. A continued decline in interest rates will adversely affect the operations of the Trust.

Major Financial and Performance Statistics

The table below sets out a summary of the financial results for the 2012.

	2012($)
Income	**10,440,792**
Expenses	**(5,105)**
Operating Result	**10,435,687**
Total Assets	**10,440,697**
Total Liabilities	**5,000**
Equity (at year end)	**10,435,697**

Environmental Issues

The Trusts operations are not regulated by any significant environmental regulation under a Law of the Commonwealth or of a State or Territory.

Workforce Data

The Trust does not employ any staff.

Consultancies

There were no consultancies entered into during the period.

Proceedings on Behalf of the Trust

No person has applied for leave of Court to bring proceedings on behalf of the Trustee of the Trust, or intervene in any proceedings to which the Trustee of the Trust is a party for the purpose of taking responsibility on behalf of the Trustee of the Trust for all or any part of those proceedings.

The Trust was not a party to any such proceedings during the period.

Information on Directors of the Trustee

Mark William Sibree	–	Director
Qualifications	–	BSc (Hons Physics), MBA, FAICD
Experience	–	Executive Director, Mutual Strategies Pty Ltd (since 2002)
		Broad experience in executive and/or director roles in insurance, funds management, mergers and acquisitions.
		Former non-executive director (2004 – 2009) at GMBHA Limited, and Chair of Strategy committee. Former Group Managing Director at Australian Unity Limited (1993 – 2002)
		Past President of the Victorian Employers' Chamber of Commerce and Industry.
Special Responsibilities	–	Chairman

Elizabeth Helen Eldridge	–	Director
Qualifications	–	BA (LLM)
Experience	–	Currently the director of 2 companies. Elizabeth joined the Victorian Public Service in 1983. From 2000 to 2008 she was Deputy Secretary/Executive Director of the Department of Justice. She led many important law reform projects. Elizabeth was closely involved with the early discussions with the Victorian Traditional Owners regarding an alternative approach to resolving Native Title and, subsequently, with the development of the Victorian Native Title Settlement Framework. Until early 2011, Elizabeth was the CEO, Invest Assist, Department of Business and Innovation Elizabeth retired from the Victorian Public Service in late 2011.
Special Responsibilities	–	None

Gary Andrew Lennon	–	Director
Qualifications	–	BEc (Hons) CA
Experience	–	Current role, Executive General Manager, Finance, National Australia Bank. Over 20 years experience in senior financial management roles in the banking sector. Most recent role involved providing wholesale access to international markets and a range of specialised funding, investment, asset services and risk management capabilities.
Special Responsibilities	–	None

Meetings of Directors of the Trustee

During the financial period, 4 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Mark William Sibree	4	4
Elizabeth Helen Eldridge	4	4
Gary Andrew Lennon	4	3

Remuneration of the Board of the Trustee

The remuneration of the Directors of the Trustee Company has been set in accordance with accordance with a resolution of the Company Member in General Meeting. This is consistent with APPOINTMENT AND REMUNERATION GUIDELINES FOR VICTORIAN GOVERNMENT BOARDS STATUTORY BODIES AND ADVISORY COMMITTEES issued by the State of

Victoria in 2010. Remuneration has been set in accordance with the guidelines for Group A Organisations (Commercial Boards of Governance which provide direction and control) and at the lowest rate nominated therein as et out below:

Chair Range	**Member Range**	**Group A Organisations**
$15,375 To $43,271	$9,225 To $11,596	Government Business Entity incorporated under the Corporation Act 2001 with a turnover below $50m or assets below $50m or profit below $5m or any combination of the above

Victorian Traditional Owners Funds Ltd		
Chair	**Member**	**Member**
Mark Sibree $12,773 (equivalent to an annual amount of $15,979) plus a superannuation guarantee amount of $1,150	Elizabeth Eldridge $6,755 which is equivalent to and annual amount of $9,225) plus a superannuation guarantee amount of $608	Gary Lennon has agreed to accept $Nil remuneration

Company Secretary of the Trustee

Stephen Adrian of Moore Stephens Melbourne Pty Ltd has been appointed secretary of the Trustee Company following an open tender process.

During the period the accounting firm Moore Stephens Melbourne Pty Ltd provided administrative services and other support to the Trustee company and charged $37,251 for these services. Stephen Adrian, the company secretary, is also a director of that firm. These services are on normal commercial terms and conditions no more favourable than those available to other persons and on the basis of a competitive tender process.

Related Party Transactions

Gary Lennon is a director of the Trustee company and a senior executive at the National Australia Bank Ltd. The Trust has invested in term deposits with the National Australia Bank Ltd on normal commercial terms and conditions no more favourable than those available to other persons.

Other Disclosures

Insurances

The Trustee Company paid insurance premiums to insure the Directors of the company for Investment Managers Insurance, Directors and Officers Insurance Professional Indemnity and Bond/Crime insurance... The terms of the contract prohibit the disclosure of the premiums paid.

Director

Mark William Sibree (Director)

Dated this 31st Day of July 2012

Statement of Comprehensive Income for the Period Ended 30 June 2012

	2012 $
Income	
Settlement Amounts	10,000,000
Interest income	440,792
Total Income	10,440,792
Less Expenses	
Bank Charges	105
Audit Fees	5,000
Total Expenses	5,105
Profit for the period	10,435,687
Other comprehensive income	-
Total Comprehensive income for the period	10,435,687

Statement of Changes in Equity for the Period Ended 30 June 2012

	Retained Earnings $	Total $
Balance at 13 September 2011	0	0
Profit for the period	10,435,687	10,435,687
Other comprehensive income	-	-
Total comprehensive income	10,435,687	10,435,687
Distributions to beneficiaries	-	-
Balance at 30 June 2012	10,435,687	10,435,687

The accompanying notes form part of these financial statements.

Statement of Financial Position As At 30 June 2012

	2012 $
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	21,755
Available for sale financial assets	10,288,823
Interest receivable	130,119
TOTAL CURRENT ASSETS	10,440,697
TOTAL ASSETS	10,440,697
LIABILITIES	
Audit Fees accrued	5,000
TOTAL LIABILITIES	5,000
NET ASSETS	10,435,697
EQUITY	
Settlement Sum	10
Retained earnings	10,435,687
TOTAL EQUITY	10,435,697

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the Period ended 30 June 2012

	Note	2012
		$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt of Settlement Sum		10
Receipt of grants		11,000,000
Payment of GST		(1,000,000)
Payments to suppliers and employees		(105)
Interest received		310,673
Net cash generated from/(used in) operating activities		10,310,578
Net increase in cash held		10,310,578
Cash at the beginning of the financial period		-
Cash at the end of the financial period		10,310,578

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The directors of the Trustee company (Victorian Traditional Owners Funds Limited) have prepared the financial statements of the Trust on the basis that the Trust is a reporting entity because there are users dependent on general purpose financial statements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and to meet the requirements of the Trust Deed.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfied the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported

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.

The financial statements were authorised for issue on 30 July 2012 by the directors of the Trustee company.

a. **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 borrowings in current liabilities in the statement of financial position.

b. **Revenue Recognition**

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Any settlement sum is recognised in the income statement when the entity obtains control of the sum and it is probable that the economic benefits gained from the settlement will flow to the entity and the amount of the settlement can be measured reliably.

If conditions are attached to the settlement which must be satisfied before it is eligible to receive the contribution, the recognition of the settlement as revenue will be deferred until those conditions are satisfied.

When a settlement 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 settlement is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the settlement is recognised as income on receipt.

. Interest Revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c **Financial Instruments**

. **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction 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 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

(i) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period. (All other financial assets will be classified as current assets.)

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d **Goods and Services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST

e **Income Tax**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

f **New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Trust. The Trust has decided not to early adopt any of the new and amended pronouncements. The Trust's assessment of the new and amended pronouncements that are relevant to the Trust but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Trust has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 211), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Trust has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Trust.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Trust.

AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Group.

–AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134,

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, AASB 8, AASB 101,

AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Trust does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i)for an offer that may be withdrawn – when the employee accepts;

(ii)for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii)where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Trust has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTE 2: BACKGROUND

The Trust was established for charitable purposes to benefit the Aboriginal people of Victoria. The Victorian government established a Native Title Settlement Framework to reach agreements with Traditional Owners through execution of Participation Agreements.

The State reached a settlement with the Gunaikurnai people in October 2010, and the Participation Agreement was executed in October 2011. In terms of this Participation Agreement the State of Victoria has paid the settlement amount to the Trust.

NOTE 3: CONTINGENT LIABILITIES AND COMMITMENTS

The Directors of the Trustee Company are not aware of any contingent liabilities or capital commitments of the company which are not otherwise disclosed in these financial statements.

NOTE 4: EVENTS AFTER THE REPORTING PERIOD

The Directors of the Trustee Company are not aware of any significant events since the end of the reporting period. which are not otherwise disclosed in these financial statements.

NOTE 5: RELATED PARTY TRANSACTIONS

Gary Lennon is a director of the Trustee company and a senior executive at the National Australia Bank Ltd. The Trust has invested in term deposits with the National Australia Bank Ltd on normal commercial terms and conditions no more favourable than those available to other persons.

Company Secretary of the Trustee

Stephen Adrian of Moore Stephens Melbourne Pty Ltd has been appointed secretary of the Trustee Company following an open tender process.

During the period the accounting firm Moore Stephens Melbourne Pty Ltd provided administrative services and other support to the Trustee company and charged $37,251 for these services. Stephen Adrian, the company secretary, is also a director of that firm. These services are on normal commercial terms and conditions no more favourable than those available to other persons and on the basis of a competitive tender process.

Remuneration of the Board of the Trustee

The remuneration of the Directors of the Trustee Company has been set in accordance with accordance with a resolution of the Company Member in General Meeting. This is consistent with APPOINTMENT AND REMUNERATION GUIDELINES FOR VICTORIAN GOVERNMENT BOARDS STATUTORY BODIES AND ADVISORY COMMITTEES issued by the State of Victoria in 2010. Remuneration has been set in accordance with the guidelines for Group A Organisations (Commercial Boards of Governance which provide direction and control) and at the lowest rate nominated therein as et out below:

Chair	**Member**	**Group A Organisations**
Range	**Range**	
$15,375 To $43,271	$9,225 To $11,596	Government Business Entity incorporated under the Corporation Act 2001 with a turnover below $50m or assets below $50m or profit below $5m or any combination of the above

Victorian Traditional Owners Funds Ltd		
Chair	**Member**	**Member**
Mark Sibree $12,773 (equivalent to an annual amount of $15,979) plus a superannuation guarantee amount of $1,150	Elizabeth Eldridge $6,755 which is equivalent to and annual amount of $9,225) plus a superannuation guarantee amount of $608	Gary Lennon has agreed to accept $Nil remuneration

NOTE 6 FINANCIAL RISK MANAGEMENT

The company's financial instruments consist solely of deposits with banks, local money market instruments, and short-term investments.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets	**2012($)**
Cash and cash equivalents	21,755
Available-for-sale financial assets	10,288,823
Total financial assets	10,440,697
Total Financial liabilities	Nil

Trustees' Declaration

The directors of the Trustee company, Victorian Traditional Owners Funds Limited, declare that the Trust is a reporting entity and that this general purpose financial report has been prepared in accordance with Australian Accounting Standards and the accounting policies outlined in Note 1 to the financial statements.

The directors of the Trustee company declare that:

1. the financial statements and notes, as set out on pages 5 to 15, present fairly the Trust's financial position as at 30 June 2012 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. in the directors' opinion there are reasonable grounds to believe that the Trust 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 .....

Mark William Sibree

Dated this 31st day July 2012

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Trustees' of Victorian Traditional Owners Trust

The Financial Report

The accompanying financial report for the period ended 30 June 2012 of Victorian Traditional Owners Trust which comprises the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the Trustees' declaration has been audited.

The Trustees' Responsibility for the Financial Report

The Trustees' of the Victorian Traditional Owners Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the Trustees' determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Trustees', as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Traditional Owners Trust as at 30 June 2012 and of its financial performance and its cash flows for the period then ended in accordance with applicable Australian Accounting Standards.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Victorian Traditional Owners Trust for the period ended 30 June 2012 included both in the Victorian Traditional Owners Trust's annual report and on the website. The Trustees' of Victorian Traditional Owners Trust are responsible for the integrity of the Victorian Traditional Owners Trust's website. I have not been engaged to report on the integrity of the Victorian Traditional Owners Trust's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

for D D R Pearson

Auditor-General

MELBOURNE

2 August 2012