

Victorian Traditional Owners Trust

ABN 93 731 388 312

Financial Report for the Year Ended 30 June 2013

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 year ended 30 June 2013.

Directors

The names of each person who has been a director of the Trustee Company during the year 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 objectives from the beneficiaries. Interest received amounted to \$522,631 (2012 \$440,792) against which audit fees and small bank charges were incurred. The net operating result represented a rate of return of more than 5% (2012 6.1%) pa.

Report on Significant Changes and Likely developments

There were no significant changes in the activities of the Trust. There has been a fall in interest rates which has adversely affected the results of operations in 2013. A continued decline in interest rates will adversely affect the operations of the Trust. It is expected that a longer term investment strategy will be implemented before the second anniversary of the Trust. It is expected that the first payment will be made to Gunaikurnai people represented by the Gunaikurnai Aboriginal Lands and Water Corporation ("GlaWAC") before the second anniversary of the fund in accordance with the Participation Agreement.

A further settlement with the Dja Dja Wurrung people is expected to be finalised early in the 2014 year.

Victorian Traditional Owners Trust

ABN 93 731 388 312

Financial Report for the Year Ended 30 June 2013

Major Financial and Performance Statistics

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

	2013 \$	2012 \$
Income	522,631	10,440,792
Expenses	(5,325)	(5,105)
Operating Result	517,306	10,435,687
Total Assets	10,958,148	10,440,697
Total Liabilities	5,145	5,000
Equity of the Gunaikurnai Settlement (at beginning of the year)	10,435,697	Nil
Equity of the Gunaikurnai Settlement (at year end)	10,953,003	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 year.

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 year.

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

Victorian Traditional Owners Trust

ABN 93 731 388 312

Financial Report for the Year Ended 30 June 2013

		Managing Director at Australian Unity Limited (1993 – 2002)
		Past President of the Victorian Employers' Chamber of Commerce and Industry (VECCI).
		Non executive Director of CARE Super Pty Ltd as a nominee of VECCI and a Director of other small companies.
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 with extensive experience in accounting, investment strategies and risk management. Gary is also on the National Executive of the Group of 100 (G100), an organisation of chief financial officers from Australia's largest companies
Special Responsibilities	–	None

Victorian Traditional Owners Trust

ABN 93 731 388 312

Financial Report for the Year Ended 30 June 2013

Meetings of Directors of the Trustee

During the financial year, 6 meetings of directors of the Trustee Company were held. Attendances by each director were as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
Mark William Sibree	6	6
Elizabeth Helen Eldridge	6	6
Gary Andrew Lennon	6	6

Remuneration of the Board of the Trustee

The remuneration of the Directors of the Trustee Company has been set in accordance with a resolution of the Company Member in General Meeting. The remuneration is in accordance with Victorian Government guidelines for Statutory Bodies.

Victorian Traditional Owners Funds Ltd					
Chair		Member		Member	
Mark Sibree		Elizabeth Eldridge		Gary Lennon	
2013	2012	2013	2012	2013	2012
\$15,980 plus superannuation guarantee amount of \$1,438	\$12,773 plus superannuation guarantee amount of \$1,150	\$9,225 plus superannuation guarantee amount of \$830	\$6,755 plus superannuation guarantee amount of \$608	\$Nil remuneration	\$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 year the accounting firm Moore Stephens Melbourne Pty Ltd provided administrative services and other support to the Trustee company and charged \$35,437 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

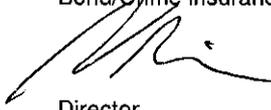
Victorian Traditional Owners Trust

ABN 93 731 388 312

Financial Report for the Year Ended 30 June 2013

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 23rd Day of July 2013

Victorian Traditional Owners Trust

ABN 93 731 388 312

Financial Report for the Year Ended 30 June 2013

Statement of Comprehensive Income for the Year Ended 30 June 2013

	2013	2012
Income		
Settlement Amounts	-	10,000,000
Interest income	522,631	440,792
Total Income	<u>522,631</u>	<u>10,440,792</u>
Less Expenses		
Audit Fees	5,145	5,000
Bank Charges	180	105
Total Expenses	<u>5,325</u>	<u>5,105</u>
Profit for the year	517,306	10,435,687
Other comprehensive income	-	-
Total Comprehensive income for the year	<u>517,306</u>	<u>10,435,687</u>

Statement of Changes in Equity for the Year Ended 30 June 2013

	Retained Earnings	Total
	\$	\$
Balance at 13 September 2011	-	-
Profit for the period	10,435,687	10,435,687
Other comprehensive income	-	-
Total comprehensive income	<u>10,435,687</u>	<u>10,435,687</u>
Distributions to beneficiaries	-	-
Balance at 30 June 2012	<u>10,435,687</u>	<u>10,435,687</u>
Balance at 01 July 2012	10,435,687	10,435,687
Profit for the year	517,306	517,306
Other comprehensive income	-	-
Total comprehensive income	<u>517,306</u>	<u>517,306</u>
Distributions to beneficiaries	-	-
Balance at 30 June 2013	<u>10,952,993</u>	<u>10,952,993</u>

The accompanying notes form part of these financial statements.

Victorian Traditional Owners Trust

ABN 93 731 388 312

Financial Report for the Year Ended 30 June 2013

Statement of Financial Position As At 30 June 2013

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	17,129	21,755
Investments	10,832,986	10,288,823
Interest receivable	108,033	130,119
TOTAL CURRENT ASSETS	<u>10,958,148</u>	<u>10,440,697</u>
TOTAL ASSETS	<u>10,958,148</u>	<u>10,440,697</u>
LIABILITIES		
Audit Fees accrued	5,145	5,000
TOTAL LIABILITIES	<u>5,145</u>	<u>5,000</u>
NET ASSETS	<u>10,953,003</u>	<u>10,435,697</u>
EQUITY		
Settlement Sum	10	10
Retained earnings	10,952,993	10,435,687
TOTAL EQUITY	<u>10,953,003</u>	<u>10,435,697</u>

The accompanying notes form part of these financial statements.

Victorian Traditional Owners Trust

ABN 93 731 388 312

Financial Report for the Year Ended 30 June 2013

Statement of Cash Flows for the Year ended 30 June 2013

	Note	2013	2012
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of Settlement Sum		-	10
Receipt of grants		-	11,000,000
Refund/(Payment) of GST		500	(1,000,000)
Payments to suppliers and employees		(5,680)	(105)
Interest received		544,717	310,673
Net cash generated from/(used in) operating activities	7	<u>539,537</u>	<u>10,310,578</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Investments		<u>(544,163)</u>	<u>(10,288,823)</u>
Net cash generated from/(used in) Investing activities		<u>(544,163)</u>	<u>(10,288,823)</u>
Net increase in cash held		(4,626)	21,755
Cash at the beginning of the financial year		<u>21,755</u>	-
Cash at the end of the financial year		<u><u>17,129</u></u>	<u><u>21,755</u></u>

The accompanying notes form part of these financial statements.

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for the Year ended 30 June 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **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 23 July 2013 by the directors of the Trustee company.

b. **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.

c. **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).

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for the Year ended 30 June 2013

d. **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 year 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 year. (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.

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for the Year ended 30 June 2013

e. 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

f. 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*.

g. New Accounting Standards for Application in Future Years

The Trust has examined the Reduced Disclosure Accounting Standards for Not For Profit Entities and elected not to early adopt them. The Trust estimates that adoption of these pronouncements will have no material impact on its financial statements.

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 YEAR

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

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for the Year ended 30 June 2013

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 year the accounting firm Moore Stephens Melbourne Pty Ltd provided administrative services and other support to the Trustee Company and charged \$35,437 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 a resolution of the Company Member in General Meeting. The remuneration is in accordance with Victorian Government guidelines for Statutory Bodies.

Victorian Traditional Owners Funds Ltd					
Chair		Member		Member	
Mark Sibree		Elizabeth Eldridge		Gary Lennon	
2013	2012	2013	2012	2013	2012
\$15,980 plus superannuation guarantee amount of \$1,438	\$12,773 plus superannuation guarantee amount of \$1,150	\$9,225 plus superannuation guarantee amount of \$830	\$6,755 plus superannuation guarantee amount of \$608	\$Nil remuneration	\$Nil remuneration

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for the Year ended 30 June 2013

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	2013	2012
Cash and cash equivalents	17,129	21,755
Investments	10,832,986	10,288,823
Total Financial Assets	10,958,148	10,440,697
Total Financial Liabilities	5,145	5,000

NOTE 7 RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO PROFIT

CASH FLOWS FROM OPERATING ACTIVITIES	2013	2012
Profit for the year	517,306	10,435,687
Interest Receivable	(108,033)	(130,119)
Change in Accrued Expenses	145	5,000
Settlement Sum	-	10
Interest received from prior year	130,119	-
Net cash generated from/(used in) operating activities	<u>539,537</u>	<u>10,310,578</u>

NOTE 8 CONTINGENT ASSET

It has been announced that a further settlement with the Dja Dja Wurrung people has been reached and is expected to be finalised early in the 2014 year.

The Trust has been advised that under that settlement an amount of \$5,000,000 will be transferred to the Trust on the satisfaction of certain conditions. Liaison with the Dja Dja Wurrung people will be undertaken to develop an investment strategy.

Victorian Traditional Owners Trust

ABN 93 731 388 312

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 2013 and its performance for the year 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 23rd day July 2013

INDEPENDENT AUDITOR'S REPORT

To the Trustees' of Victorian Traditional Owners Trust

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of the Victorian Traditional Owners Trust which comprises the statement of comprehensive income, statement of changes in equity, statement of financial position, 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 of the financial report that gives a true and fair view and 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 company's preparation of the financial report that gives a true and fair view 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 company'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 of the Victorian Traditional Owners Trust presents fairly, in all material respects, the Trust's financial position as at 30 June 2013 and of its financial performance and its cash flows for the year 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 year ended 30 June 2013 included both in the Victorian Traditional Owners Trust's annual report and on the website. The Trustees' of the 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.

MELBOURNE
6 August 2013


for John Doyle
Auditor-General