

Victorian Traditional Owners Trust

ABN 93 731 388 312

Annual Report for the Year Ended 30 June 2017

Corporate Information

ABN 93 731 388 312

Directors

Mark Sibree, Chairman

Elizabeth Eldridge

Glen Brennan

Company Secretary

Ian Gaudion

Registered Office and Principal Place of Business

12-14 Leveson Street,

North Melbourne

Victoria, 3051 Australia

Postal address:

PO Box 431

North Melbourne

Victoria, 3051 Australia

Phone: + 61 417 720 807

Member

Secretary of the Department of Justice and Regulation

Solicitors

Hall & Wilcox

Level 11, Rialto South Tower

525 Collins Street

Melbourne, Victoria, 3000

Bankers

National Australia Bank Ltd

500 Bourke Street

Melbourne, Victoria, 3000

Investment Managers

Victorian Funds Management Corporation

Level 35, 101 Collins Street,

Melbourne, Victoria, 3000 Australia

Auditors

Victorian Auditor-General's Office

Level 31, 35 Collins Street,

Melbourne, Victoria, 3000 Australia

Victorian Traditional Owners Trust
ABN 93 731 388 312
Annual Report for the Year Ended 30 June 2017

Directors' Report

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 Fund Limited as Trustee of the Victorian Traditional Owners Trust present this report on the Trust for the financial year ended 30 June 2017.

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	re-appointed to 12/09/2018
Elizabeth Helen Eldridge	re-appointed to 12/09/2020
Gary Andrew Lennon	3 year term expired on 12/09/2017
Glen Gerald Brennan	appointed from 13/09/2017 to 12/09/2020

Directors have been in office since the Trustee Company was incorporated on 13 September 2011 to the date of this report unless otherwise stated.

Principal Activities and Objectives

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 of Victoria reached a settlement with the Gunaikurnai People in October 2010, and the Participation Agreement was executed on 4 October 2011.

A settlement with the Dja Dja Wurrung People was reached in March 2013 and the Participation Agreement was executed on 28 March 2013. In terms of these Participation Agreements the State of Victoria has paid the settlement amounts to the Trust.

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

- * Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC)
- * Dja Dja Wurrung Clans Aboriginal Corporation (DDWCAC)

Report on Operations and Activities

The Trust has developed tailored long term investment strategies for each of the Traditional Owner Groups.

Each investment strategy was established after meeting with the Traditional Owner Groups and understanding their long term and short term financial objectives and their tolerance for risk.

The funds have been invested with the Victorian Funds Management Corporation (VFMC) which is a public authority governed by an independent board of Directors whose members are appointed by the Governor in Council of Victoria, in a mix of funds which are consistent with the targeted investment returns and asset allocations of each of these strategies.

The Trustee Company incurred expenses in establishing a management framework for this activity. These activities were funded by payments from the Department of Justice and Regulation.

Report on Significant Changes and Likely developments

During the year \$250,00 (2016: \$375,000) was distributed to GLaWAC and \$Nil (2016: \$145,000) was distributed to GLaWAC.

Victorian Traditional Owners Trust
ABN 93 731 388 312
Annual Report for the Year Ended 30 June 2017

Major Financial and Performance Statistics

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

	2017	2016 Re-stated
	\$	\$
Income	901,586	764,240
Other Economic Flows	414,270	(38,466)
Expenses	(143,292)	(109,685)
Operating Result	1,172,565	616,089
Total Assets	18,616,440	17,686,101
Total Liabilities	14,525	6,750
Equity of the Trust (at beginning of year)	17,679,351	17,583,262
Distributions to beneficiaries	(250,000)	(520,000)
Equity (at year end)	18,601,915	17,679,351
Settled Sum	10	10

Environmental Issues

The Trust's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Workforce Data

From September 2016 the Trustee on behalf of the Trust employed a Company Secretary on a part-time basis. The Company Secretary was the only employee during 2017, there were no employees during 2016.

Consultancies

There were no consultancies entered into during the year.

Proceedings on Behalf of the Trustee Company

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

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

Meetings of Directors

During the financial year, 6 meetings of Directors 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	4
Glen Gerald Brennan	0	0

Victorian Traditional Owners Trust

ABN 93 731 388 312

Annual Report for the Year Ended 30 June 2017

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. (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	Member of Queen's College Council. Member of Queen's College Trust Corporation Pty Ltd. Previously the Chair of Docklands Studios Melbourne Pty Ltd (retired June 2016). 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.
Special Responsibilities	None
Glen Gerald Brennan (PSM)	Director. Appointed for 3 year term from 13 September 2017.
Qualifications	MBA, Melbourne Business School
Experience	Current role, State Director Victoria - Government, Education and Community Banking, National Australia Bank. A Gomeri man from Narrabri in north-west NSW, Glen is Australia's most senior Indigenous banker. Glen has over 20 years' experience in both the finance and government sectors with extensive experience in community finance, banking and risk management. Glen was is Co- Chair of the Aboriginal Employment Strategy and Chairman of 4 Mile Ventures a family owned and operated beef cattle enterprise.
Special Responsibilities	None

Victorian Traditional Owners Trust

ABN 93 731 388 312

Annual Report for the Year Ended 30 June 2017

Gary Andrew Lennon

Qualifications

Experience

Director His appointment as a director ended on 12 September 2017.

BEC (Hons) CA

Current role, Chief Financial Officer, National Australia Bank.

Over 20 years experience in senior finance roles in the banking sector with extensive experience in accounting, treasury, investment strategies and risk management. Gary was on the National Executive of the Group of 100 (G100), an organisation of chief financial officers from Australia's largest companies. Gary is also a director of the Stronger Smarter Institute, an organisation committed to improving the educational outcomes of indigenous Australians.

Special Responsibilities

None

Victorian Traditional Owners Trust

ABN 93 731 388 312

Annual Report for the Year Ended 30 June 2017

Remuneration of the Board of the Trustee Company

The remuneration of the Directors of the Trustee Company has been set in accordance with a resolution of the Trustee Company Member in General Meeting.

The remuneration is in accordance with Victorian Government guidelines for Statutory Bodies.

Victorian Traditional Owners Fund Ltd					
Chairman		Member		Member	
Mark Sibree		Elizabeth Eldridge		Gary Lennon	
2017	2016	2017	2016	2017	2016
\$17,830 plus superannuation guarantee amount of \$1,694	\$17,395 plus superannuation guarantee amount of \$1,653	\$10,669 plus superannuation guarantee amount of \$1,014	\$10,438 plus superannuation guarantee amount of \$992	\$Nil	\$Nil

Trustee Company Secretary

In September 2016 Ian Clarke Gaudion was appointed Secretary of the Trustee Company. He is employed on a part-time basis and is the only employee of the Trustee Company.

From August 2016 the Registered Office was relocated from the offices of Shinewing Australia Pty Ltd to 12-14 Leveson Street, North Melbourne, Victoria, 3051. This office is rented from Native Title Services Victoria Ltd on an arms length commercial basis.

Until August 2016 the accounting firm Shinewing Australia Pty Ltd provided administrative services and other support to the Trustee Company and charged \$10,068 (2016: \$35,892) for these services. Stephen Adrian, the Trustee 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 were set by a competitive tender process.

Related Party Transactions

Gary Lennon was a director, and Glen Brennan is currently a director of the Trustee Company and both are senior executives at the National Australia Bank Ltd. The Trustee Company maintains bank accounts with the National Australia Bank on behalf of the Victorian Traditional Owners Trust. All of these accounts are 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 Trustee 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.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 9 of the financial report.

Declaration

This Director's report is signed in accordance with a resolution of the directors of the Victorian Traditional Owners Fund Limited, the Trustee for the Trust.

Director



Mark William Sibree

Dated this twentieth day of November 2017

Auditor-General's Independence Declaration

To the Trustee, Victorian Traditional Owners Trust

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the Victorian Traditional Owners Trust for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
30 November 2017



Travis Derricott
as delegate for the Auditor-General of Victoria

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Victorian Traditional Owners Funds Limited, the directors on behalf of the Trust declare that:

1. The financial statements and notes, as set out on pages 11 to 27:
 - a. fairly present the Trust's financial position as at 30 June 2017 and its performance for the year ended on that date.
 - a. comply with Australian Accounting Standards and accounting policies as described in Note 1 to the financial statements.
2. In the directors' opinion the financial statements satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2102 and Regulations 2013.
3. 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 of the Trustee Company.



Director

Mark William Sibree

Dated this twentieth day of November 2017

Victorian Traditional Owners Trust
ABN 93 731 388 312
Annual Report for the Year Ended 30 June 2017

Statement of Comprehensive Income for the Year Ended 30 June 2017

	Note	2017	2016
		\$	Re-stated \$
Income			
Interest income		1,107	157
Distributions received	2	680,630	566,226
Franking credit refund	2	84,040	95,306
Resources received free of charge	3	135,809	102,551
		901,586	764,240
Less: Expenses			
Administration expenses		135,809	102,551
Audit fees		7,100	6,750
Bank charges		383	384
Total expenses		143,292	109,685
Net Result from Transactions		758,294	654,555
Other Economic Flows			
Increase (decrease) in value of Investments	12	414,270	(38,466)
Total Economic Flows included in Net Result		414,270	(38,466)
Profit for the year		1,172,564	616,089
Other comprehensive income		-	
Total comprehensive income for the year		1,172,564	616,089

Victorian Traditional Owners Trust
ABN 93 731 388 312
Annual Report for the Year Ended 30 June 2017

Statement of Financial Position as at 30 June 2017

		2017	2016
	Note	\$	Re-stated \$
ASSETS			
Financial Assets			
Cash and cash equivalents	10	14,471	5,603
Investments	12	18,220,997	17,226,285
Distributions receivable		296,934	282,283
Franking credits receivable		84,038	171,354
Goods and services tax		-	576
Total Financial Assets		18,616,440	17,686,101
TOTAL ASSETS		18,616,440	17,686,101
LIABILITIES			
CURRENT LIABILITIES			
Advance from Trustee Company		7,425	-
Audit fees provided for		7,100	6,750
TOTAL		14,525	6,750
TOTAL LIABILITIES		14,525	6,750
NET ASSETS		18,601,915	17,679,351
EQUITY			
Settlement sum		10	10
Retained Earnings		18,601,905	17,679,341
TOTAL EQUITY		18,601,915	17,679,351
Commitments for expenditure	4	-	-
Contingent assets and contingent liabilities	5	-	-

Victorian Traditional Owners Trust
ABN 93 731 388 312
Annual Report for the Year Ended 30 June 2017

Statement of Changes in Equity for the Year Ended 30 June 2017

	Settled Sum \$	Retained Earnings \$	Total \$
As Previously Reported			
Balance at 1 July 2015	10	17,583,252	17,583,262
Comprehensive Income			
Profit for the year		898,372	898,372
Other Comprehensive Income		-	-
Total Comprehensive Income		898,372	898,372
Payments to beneficiaries		520,000	520,000
Balance as at 30 June 2016	10	17,961,624	17,961,634
As Re-stated			
Balance at 1 July 2015	10	17,583,252	17,583,262
Comprehensive Income			
Profit for the year		616,089	616,089
Other Comprehensive Income		-	-
Total Comprehensive Income		616,089	616,089
Payments to beneficiaries		520,000	520,000
Balance as at 30 June 2016	10	17,679,341	17,679,351
Balance as at 1 July 2016	10	17,679,341	17,679,351
Comprehensive Income			
Profit for the year		1,172,564	1,172,564
Other Comprehensive Income		-	-
Total Comprehensive Income		1,172,564	1,172,564
Payments to beneficiaries		250,000	250,000
Balance as at 30 June 2017	10	18,601,905	18,601,915

Victorian Traditional Owners Trust
ABN 93 731 388 312
Annual Report for the Year Ended 30 June 2017

Statement of Cash Flows for the Year Ended 30 June 2017

	Note	2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Refund/(Payment) of GST		575	-
Investment distributions received		665,979	1,344,071
Interest received		1,107	157
Franking credits received		171,357	34,009
Advance from Trustee Company received		7,425	-
Payments to suppliers		(7,133)	(6,709)
Net Cash Generated from/(used in)	10	839,310	1,371,528
CASH FLOW FROM INVESTING ACITVITIES			
Receipts for investments		731,664	509,262
Payments for investments		(1,312,104)	(1,367,342)
Net Cash Generated from/(used in)		(580,440)	(858,080)
CASH FLOW FROM FINANCING ACITVITY			
Payments to beneficiaries		(250,000)	(520,000)
Net Cash Generated from/(used in)		(250,000)	(520,000)
NET INCREASE/(DECREASE) IN CASH HELD		8,869	(6,552)
Cash at beginning of year		5,603	12,155
Cash at end of the financial year		14,472	5,603

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for Year ended 30 June 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The directors of the Trustee company (Victorian Traditional Owners Fund Limited) apply Australian Accounting Standards – Reduced Disclosure Requirements as set out in *AASB 1053: Application of Tiers of Australian Accounting Standards* and *AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The financial statements are general purpose financial statements that have been prepared in accordance with *Australian Accounting Standards – Reduced Disclosure Requirements* of the *Australian Accounting Standards Board (AASB)* and the *Australian Charities and Not for profits Commission Act 2012* and *Regulations 2013*. The Trust is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Basis of Preparation

The accrual basis of accounting has been applied in the preparation of these financial statements, except for the cash flow information. Assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when the cash is received or paid.

These financial statements are presented in Australian dollars, and prepared in accordance with historical cost conventions. Amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

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.

Notes to the Financial Statements for Year ended 30 June 2017

b. **Revenue recognition** - continued

The Trustee company pays for expenses on behalf of the Victorian Traditional Owners Trust. These expenses are included as “resources free of charge” in the statement of comprehensive income and is funded by the Department of Justice and Regulation.

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

c. **Expenses from Transactions**

Expenses from transaction are recognised as they are incurred and reported in the financial year to which they relate.

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 trust 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) Financial assets and liabilities at fair value through profit and loss

Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

Financial assets and liabilities at fair value through profit or loss consists of all the Trusts investments.

(ii) Held-to-maturity investment

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.

Notes to the Financial Statements for Year ended 30 June 2017

d. **Financial instruments** - (continued)

(iii) 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.)

(iv) Financial liabilities

Financial instrument liabilities are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition those financial instruments are amortised at cost with any difference between initial recognised amount and the redemption value being recognised in the profit and loss over the period of the interest bearing liability using the effective interest rate method.

(v) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisitions of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Notes to the Financial Statements for Year ended 30 June 2017

f. **Fair Value of Assets and Liabilities**

The trust measures some of its assets and liabilities at fair value on either a recurring or nonrecurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

The fair value of liabilities and the entity’s own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

Liabilities

g. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting year for goods and services received by the Trustee Company during the reporting year which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 365 days or shorter of recognition of the liability.

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for Year ended 30 June 2017

NOTE 2: Net investment Income Disclosed in the Statement of Comprehensive Income

AASB 101 requires material items of a dissimilar nature to be presented separately. As such, the trust is required to present income in the form of distributions of units separately from gains or losses resulting from changes in the value of the units.

The total return from the VFMC investments for the year was:

	2017	2016
		Re-stated
	\$	\$
Franking credit refund	84,038	95,306
Distributions received	680,631	566,226
Increase (decrease) in value of VFMC Investments	414,270	(38,466)
Net Income derived from VFMC investments	<u>1,178,939</u>	<u>623,066</u>

NOTE 3: Resources received free of charge.

This represents the value of expenses paid for by the Victorian Traditional Owners Funds Limited (the trustee company) on behalf of the Trust, and funded by the Department of Justice and Regulation.

NOTE 4: Commitments for expenditure

The Trust has no contractual obligations to purchase property plant and equipment.

NOTE 5: Contingent assets and contingent liabilities

The directors of the Trustee Company are not aware of any contingent assets or commitments of the Trust which are not otherwise disclosed in these financial statements (2016: Nil).

NOTE 6: 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 Year ended 30 June 2017

NOTE 7: Related Party Transactions

Related parties

Related parties of the Trustee Company include:

- * all key management personnel and their close family members and their personal business interests (controlled entities, joint ventures and entities that they have significant influence over.

All transactions between related parties have been entered into on an arm's length basis, and are on normal

Significant transactions and balances with related parties

During the year the accounting firm ShineWing Australia Pty Ltd provided administrative services and other support to the Trustee Company and charged \$10,067 (2016: \$35,892) for these services. Stephen Adrian, was the Trustee Company secretary until September 2016, is also a Director of that firm.

Gary Lennon was a Director of the Trustee Company during the 2017 financial year and Glen Brennan was appointed a director on 13/9/2017. Both Gary and Glen are senior executives at the National Australia Bank Ltd. The Trustee Company maintains bank accounts with the National Australia Bank. On behalf of the Victorian Traditional Owners Trust the Trustee Company maintains bank accounts with the National Australia Bank Ltd. All of these accounts are on normal commercial terms and conditions no more favourable than those available to other persons.

During the year the Trust paid bank fees to the National Australia Bank of \$383 (2016: \$384).

The Secretary of the Department of Justice and Regulation is the sole Member of the Company.

During the year Trustee Company received and was entitled to revenue grants and reimbursements from the Department of Justice and Regulation. The total revenue received and receivable from the Department was \$135,084 (2016: \$110,425). A total of \$7,650 (2016: \$nil) revenue was outstanding and receivable at 30 June 2017.

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for Year ended 30 June 2017

NOTE 7: Related Party Transactions - continued

Key management personnel of the Trustee Company are:

Key Management Personnel

Mark Sibree	Chair
Elizabeth Eldridge	Director
Gary Lennon	Director
Stephen Adrian	Company Secretary
Ian Gaudion	Company Secretary

Compensation of Key Management Personnel

	2017
	\$
Short term employee benefits	49,832
Post-employment benefits	4,590
Other long term benefits	-
	54,422

Remuneration comprises employee benefits in all forms of consideration paid, payable by the entity, or on behalf of the entity, in exchange for services rendered and is disclosed in the following categories:

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that is usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

NOTE 8: Remuneration of Directors of the Trustee Company

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

Victorian Traditional Owners Funds Ltd. as trustee for the Trust					
Chair		Member		Member	
Mark Sibree		Elizabeth Eldridge		Gary Lennon	
2017	2016	2017	2016	2017	2016
\$17,830 plus superannuation guarantee amount of \$1,694	\$17,395 plus superannuation guarantee amount of \$1,653	\$10,669 plus superannuation guarantee amount of \$1,014	\$10,438 plus superannuation guarantee amount of \$992	\$Nil	\$Nil

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for Year ended 30 June 2017

NOTE 9: Financial Risk Management

The trusts financial instruments consist solely of deposits with banks, local money market instruments, and short-term and long 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:

	2017	2016
	\$	Re-stated \$
Financial assets		
Cash and cash equivalents	14,471	5,603
Investments	18,220,997	17,226,285
Distributions receivable	296,934	282,283
Other receivables	84,038	171,354
Total financial assets	18,616,439	17,685,525
Total Financial liabilities	14,525	6,750

Market risk

Markets Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The trusts exposure to market risk is insignificant and primary through equity price risk.

Equity Price Risk

The trust is exposed to equity price risk through its management Investment schemes. The trust appointment the Victorian Funds Management Corporation to manage its investment portfolio after meetings with each Traditional Owners Group and understanding their long term and short term financial objectives, and their tolerance for risk. The fund manager closely monitors performance and management the equity price risk through diversification of its investment portfolio.

NOTE 10: Reconciliation of Net Result for the period

Cash flows from Operating Activities

	2017	2016
	\$	Re-stated \$
Net Result for the period	1,172,564	616,089
Non cash movements		
Unrealised (gains)/losses in investments	(414,270)	38,466
Movement in Assets and Liabilities		
(Increase) in GST receivable	576	(575)
Decrease/(increase) in distributions receivable	(14,651)	777,844
Decrease/(increase) in franking credits receivable	87,316	(61,296)
Increase/(decrease) in accrued expenses	350	1,000
Advance from Trustee Company	7,425	-
Net cash from/(used in) operating activities	839,310	1,371,528

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for Year ended 30 June 2017

NOTE 11: Traditional Owner Accounts – Entitlement

Gunaikurnai Lands and Waters Aboriginal Corporation (GLaWAC)			
	2017	2016	2016
		Re-stated	As previously reported
	\$	\$	\$
Equity at Beginning	12,571,572	12,278,040	12,278,040
add			
Investment Return	852,464	443,368	643,699
Interest Received	773	109	109
	<u>13,424,809</u>	<u>12,721,517</u>	<u>12,921,848</u>
less			
Audit Fees	(4,958)	(4,679)	(4,679)
Bank Charges	(267)	(266)	(266)
	<u>(5,225)</u>	<u>(4,945)</u>	<u>(4,945)</u>
Sub-total	13,419,583	12,716,572	12,916,903
less			
Distributions made	-	(145,000)	(145,000)
Equity at End	<u>13,419,583</u>	<u>12,571,572</u>	<u>12,771,903</u>

Dja Dja Wurrung Clans Aboriginal Corporation (DDWCAC)			
	2017	2016	2016
		Re-stated	As previously reported
	\$	\$	\$
Equity at Beginning	5,107,769	5,305,212	5,305,212
add			
Investment Return	326,476	179,698	261,650
Interest Received	334	48	48
	<u>5,434,579</u>	<u>5,484,958</u>	<u>5,566,910</u>
less			
Audit Fees	(2,142)	(2,071)	(2,071)
Bank Charges	(116)	(118)	(118)
	<u>(2,258)</u>	<u>(2,189)</u>	<u>(2,189)</u>
Sub-total	5,432,321	5,482,769	5,564,721
less			
Distributions made	(250,000)	(375,000)	(375,000)
Equity at End	<u>5,182,321</u>	<u>5,107,769</u>	<u>5,189,721</u>

Victorian Traditional Owners Trust

ABN 93 731 388 312

Notes to the Financial Statements for Year ended 30 June 2017

NOTE 12: Restatement of Comparatives

Correction of error

Correction

In 2015/16 the Trustee Company on behalf of the Trust incorrectly reported the balance of Investments at 30 June 2016 as \$17,508,568. The error was caused by including the value of Distributions Receivable of \$282,283 in the Investments balance as well as reporting it as separate asset. In effect, the \$282,283 was double counted as an asset of the Trust. No money was lost as consequence of the reporting error.

The restated balance for the Investments is \$17,226,285.

The correction of this mistake required adjustments to the Other Economic Flow item "Increase (decrease) in value of Investments" in the Statement of Comprehensive Income for the Year Ended 30 June 2016.

An adjustment was also required to the balance of Investments in the Balance Sheet as at 30 June 2016.

The Total Comprehensive Income for 2016 required adjustment in both the Statement of Comprehensive Income for the Year Ended 30 June 2016, and the Statement of Changes in Equity for the Year Ended 30 June 2016.

As a result, the balance of Retained Earnings at 30 June 2016 had to be reduced.

These adjustments are illustrated below

Statement of Comprehensive Income for the Year Ended 30 June 2016

	2016 As previously reported	2016 Correction	2016 Restated
	\$	\$	\$
Income			
Interest income	157		157
Distributions received	566,226		566,226
Franking credit refund	95,306		95,306
Resources received free of charge	102,551		102,551
	<u>764,240</u>		<u>764,240</u>
Less: Expenses			
Administration expenses	102,551		102,551
Audit fees	6,750		6,750
Bank charges	384		384
Total expenses	<u>109,685</u>		<u>109,685</u>
Net Result from Transactions	<u>654,555</u>		<u>654,555</u>
Other Economic Flows			
Increase (decrease) in value of Investments	243,817	(282,283)	(38,466)
Total Economic Flows included in Net Result	<u>243,817</u>		<u>(38,466)</u>
Profit for the year	898,372		616,089
Other comprehensive income	-		
Total comprehensive income for the year	<u>898,372</u>		<u>616,089</u>

Victorian Traditional Owners Trust
ABN 93 731 388 312

Notes to the Financial Statements for Year ended 30 June 2017

NOTE 12: Restatement of Comparatives - continued

Statement of Financial Position as at 30 June 2016

	Note	2016 As previously reported \$	2016 Correction \$	2016 Re-stated \$
ASSETS				
Financial Assets				
Cash and cash equivalents		5,603		5,603
Investments		17,508,568	(282,283)	17,226,285
Distributions receivable		282,283		282,283
Franking credits receivable		171,354		171,354
Goods and services tax		576		576
Total Financial Assets		<u>17,968,384</u>	(282,283)	<u>17,686,101</u>
TOTAL ASSETS		<u>17,968,384</u>	(282,283)	<u>17,686,101</u>
LIABILITIES				
CURRENT LIABILITIES				
Audit fees provided for		6,750		6,750
TOTAL CURRENT LIABILITIES		<u>6,750</u>		<u>6,750</u>
TOTAL LIABILITIES		<u>6,750</u>		<u>6,750</u>
NET ASSETS		<u>17,961,634</u>		<u>17,679,351</u>
EQUITY				
Settlement sum		10		10
Retained Earnings		17,961,624	(282,283)	17,679,341
TOTAL EQUITY		<u>17,961,634</u>		<u>17,679,351</u>
Commitments for expenditure	4	-		-
Contingent assets and contingent liabilities	5	-		-

Independent Auditor's Report

To the Trustee of the Victorian Traditional Owners Trust

Opinion	<p>I have audited the financial report of the Victorian Traditional Owners Trust (the trust) which comprises the:</p> <ul style="list-style-type: none">• statement of financial position as at 30 June 2017• statement of comprehensive income for the year then ended• statement of changes in equity for the year then ended• statement of cash flows for the year then ended• notes to the financial statements, including a summary of significant accounting policies• directors' declaration. <p>In my opinion the financial report is in accordance with Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none">• giving a true and fair view of the financial position of the trust as at 30 June 2017 and of its financial performance and its cash flows for the year then ended• complying with Australian Accounting Standards and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the trust in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Trustee's responsibilities for the financial report	<p>The Trustee of the trust is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Trustee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Trustee is responsible for assessing the trust's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee
- conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Trustee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.