

Victorian Traditional Owners Trust - Taungurung

ABN 51 355 691 790

Annual Report for the Period Ended 30 June 2021

Corporate Information

ABN 51 355 691 790

Registered Name

The Trustee for Victorian Traditional Owners Trust - Taungurung Clans
Aboriginal Corporation for and on behalf of the Taungurung People

Directors

Elizabeth Eldridge Chair
Glen Brennan
Susanne Dahn
Neil Westbury

Company Secretary

Lisa Norden

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: + 61 408 148 521

Member of Trustee Company

Secretary of the Department of Justice and Community Safety

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

DIRECTORS' REPORT

The Victorian Government established a Native Title Settlement Framework to reach agreements with Traditional Owners. The Victorian Traditional Owners Trust - Taungurung Land and Waters Council (TLaWC Trust) was established with effect from 19 February 2019 under the amended Trust Deed date 25 September 2018.

The Taungurung settlement of \$24,093,250 was received into the TLaWC Trust on 21 September 2020 and comprised of \$8,000,000 long term and \$16,093,250 short term funding.

The directors of Victorian Traditional Owners Funds Limited (VTOFL) present the annual report for the TLaWC Trust for the period ended 30 June 2021.

The period of this report is from 21 September 2020 to 30 June 2021, as the settlement funds were received on 21 September 2020.

Directors

The names of each person who has been a Director of VTOFL during the year and to the date of this report are:

Elizabeth Helen Eldridge	re-appointed to 12/09/2022
Glen Gerald Brennan (PSM)	re-appointed to 12/09/2023
Susanne Dahn	re-appointed to 17/06/2024
Neil Donald Westbury (PSM)	re-appointed to 17/06/2024

Principal Activities and Objectives

The TLaWC Trust was established for charitable purposes to benefit the Taungurung people of Victoria. The agreement with the Taungurung people was formalised through the execution of a Participation Agreement on 26 October 2018. The Trust which runs for 20 years will terminate on 20 September 2040.

Report on Operations and Activities

VTOFL has developed a tailored long term investment strategy for the TLaWC Trust.

The investment strategy was established after meeting with the representatives of TLaWC to develop an understanding its long term and short term financial objectives and its tolerance for risk.

The funds are 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 the strategy. Short term funds are held in the BlackRock Cash Fund.

Report on Significant Changes and Likely Developments

The COVID-19 pandemic is primarily a health issue which has had a major impact on the economy over the last two years.

VTOFL entered agreements with fund manager Mercer Australia (Investments) Limited to invest the long term funds of the VTOTs in October 2021.

DIRECTORS' REPORT

Major Financial and Performance Statistics

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

	2021
	\$
Income	477,453
Other Economic Flows	193,669
Expenses	(61,950)
Operating Result	609,172
Total Assets	24,017,472
Total Liabilities	5,050
Equity of the Trust (at beginning of year)	-
Settlement	24,093,250
Distributions to beneficiaries	(690,000)
Equity (at year end)	24,012,422

Environmental Issues

The operations of the TLaWC Trust are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. However, as a registered charity it is required to comply with all the rules and regulations of the ACNC.

Workforce Data

The Company Secretary was the only employee during the financial year ended 30 June 2021.

Consultancies

Mercer was appointed in October 2021 for 3 years to provide financial advice, financial modelling and quarterly investment performance reporting to VTOFL. (2020: WTW provided investment modelling.)

Proceedings on Behalf of the Trustee Company

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

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

DIRECTORS' REPORT

Meetings of Directors

During the 2021 financial year, seven meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Elizabeth Helen Eldridge	7	7
Glen Gerald Brennan	7	7
Susanne Dahn	7	7
Neil Donald Westbury	7	7

Information on Directors of the Trustee

Elizabeth Helen Eldridge Director Re-appointed for a 2 year term from 13 September 2020.

Qualifications BA LLB

Experience Member of the Council of Queen's College, the University of Melbourne. Previously the Chair of Docklands Studios Melbourne Pty Ltd (retired June 2016). Ms Eldridge, formally a senior public servant in the Victorian Public Service, 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 Chair, and Member of Investment Committee

Glen Gerald Brennan (PSM) Director. Re-appointed for a 3 year term from 13 September 2020.

Qualifications BA, MBA Melbourne Business School

Experience Partner KPMG Indigenous Services.

A Gomeri man from Narrabri in north-west NSW, Mr Brennan was Australia's most senior Indigenous banker. Mr Brennan has over 20 years' experience in both the finance and government sectors with extensive experience in community finance, banking and risk management. Mr Brennan is Co- Chair of the Aboriginal Employment Strategy and Chairman of 4 Mile Ventures, a family owned and operated beef cattle enterprise.

Special Responsibilities Member of Investment Committee

DIRECTORS' REPORT

Susanne Dahn	Director. Re-appointed for 3 year term from 18 June 2021.
Qualifications	BCom, MBA, Grad Dip App Finance & Investment, FAICD
Experience	Ms Dahn is a Partner/Executive Director at Pitcher Partners; Non-Executive Director, MTAA Super; Non-Executive Director, AIA Australia; Non-Executive Director, Australian Communities Foundation; Council Member, Victorian AICD; and Investment Committee Member, Trinity College (University of Melbourne).
Special Responsibilities	Member of Investment Committee
Neil Donald Westbury (PSM)	Director. Re-appointed for 3 year term from 18 June 2021.
Qualifications	Certificate in Aboriginal Studies
Experience	Director (and former Chair) of Machado Joseph Disease Foundation. Director of Westbury and Associates Pty Ltd. Previously Board member of the Indigenous Land Corporation, General Manager Reconciliation Australia, Assistant Secretary Native Title Special Projects, Department of Prime Minister and Cabinet, Visiting Fellow in Public Policy ANU. Mr Westbury has over 40 years experience working in Indigenous Affairs for governments, the private sector and Indigenous organisations. He has also maintained a strong interest in issues relating to native title including as an expert advisor in the development of the Native Title Alternative Framework and ensuring improved access for Indigenous peoples to financial services.
Special Responsibilities	Member of Investment Committee

DIRECTORS' REPORT

Remuneration of the Board of the Trustee Company

The remuneration of the Directors of VTOFL has been set in accordance with a resolution of the VTOFL Member.

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

Victorian Traditional Owners Fund Ltd	
	2021
Chair	
Elizabeth Eldridge	\$18,922 plus superannuation guarantee amount of \$1,798
Directors	
Glen Brennan	\$11,353 plus superannuation guarantee amount of \$1,078
Susanne Dahn	\$11,353 plus superannuation guarantee amount of \$1,078
Neil Westbury	\$11,353 plus superannuation guarantee amount of \$1,078

Trustee Company Secretary

Lisa Norden was appointed Company Secretary on 28 June 2020.

Related Party Transactions

There are no related party transactions to report.

Other Disclosures

Insurances

VTOFL paid insurance premiums to insure the directors of VTOFL for Investment Managers Insurance, Directors and Officers Insurance Professional Indemnity, Cyber Liability Policy, Public and Products Liability Policy insurance. The premium paid for this insurance cover was \$35,848 (2020: \$19,547).

Committees

The Board established an Investment Committee to oversight and monitor the investment strategy. The Investment Committee comprise all of the Directors and Dr Dennis Sams who was appointed in June 2018. Dr. Sams retired 31 March 2021.

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 9 of the Annual Report.

Declaration

This Directors' Report is signed in accordance with a resolution of the Directors of the Victorian Traditional Owners Funds Limited.



Chair

Elizabeth Eldridge

Dated this 15th day of November 2021

Auditor-General's Independence Declaration

To the Trustee, Victorian Traditional Owners Trust - Taungurung

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 - Taungurung for and on behalf of the Taungurung People for the period ended 30 June 2021, 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.



Janaka Kumara

as delegate for the Auditor-General of Victoria

MELBOURNE
18 November 2021

DIRECTORS' DECLARATION

In accordance with *subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013*, the Directors declare that in their opinion:

- (b.) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (a.) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

This declaration is authorised by a resolution of the Board of Directors of VTOFL.

On behalf of the Board



Chair

Elizabeth Eldridge

Dated this 15th day of November 2021

COMPREHENSIVE OPERATING STATEMENT

for the period ended 30 June 2021

	Note	2021 \$
Income		
Distributions received	2	409,695
Franking credit refund	2	10,758
Resources received free of charge	3	57,000
Total income		477,453
Less: Expenses		
Administration expenses		57,000
Audit fees		4,950
Total expenses		61,950
Net Result from Transactions		415,503
Other Economic Flows		
Increase (decrease) in value of Investments	2	193,669
Total Economic Flows included in Net Result		193,669
Profit for the year		609,172
Other comprehensive income		-
Total net comprehensive Income for the year		609,172

BALANCE SHEET

as at 30 June 2021

	Note	2021 \$
ASSETS		
Financial Assets		
Cash and cash equivalents	13	100
Investments	8	23,681,743
Distributions receivable	8	324,871
Franking credits receivable		10,758
Total Financial Assets		24,017,472
TOTAL ASSETS		24,017,472
LIABILITIES		
CURRENT LIABILITIES		
Payable to VTOFL		100
Audit fees payable		4,950
TOTAL LIABILITIES		5,050
NET ASSETS		24,012,422
EQUITY		
Beneficiary Equity		
Equity and retained earnings		24,012,422
TOTAL EQUITY		24,012,422

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2021

	Beneficiary	
	Equity	Total
Balance as at 1 July 2020	-	-
Comprehensive Income		
Profit for the year	609,172	609,172
Total Comprehensive Income	609,172	609,172
Distribution of settlement	24,093,250	24,093,250
Payments to beneficiaries	(690,000)	(690,000)
Balance as at 30 June 2021	24,012,422	24,012,422

CASH FLOW STATEMENT

for the period ended 30 June 2021

	Note	2021
		\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Investment distributions received		84,825
Advance from Trustee Company		100
Payments to suppliers		-
Net Cash Generated from/(used in) operating	12	<u>84,925</u>
CASH FLOW FROM INVESTING ACITVITIES		
Proceeds from sale of investments		690,000
Payments for investments		<u>(84,825)</u>
Net Cash Generated from/(used in) Investing		<u>605,175</u>
CASH FLOW FROM FINANCING ACITVITY		
Payments to beneficiaries		<u>(690,000)</u>
Net Cash Generated from/(used in) Investing		<u>(690,000)</u>
NET INCREASE/(DECREASE) IN CASH HELD		100
Cash at beginning of year		-
Cash at end of the financial year		<u><u>100</u></u>

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The directors of VTOFL 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.

The period of this report is from 21 September 2020 to 30 June 2021, as the settlement funds were received on 21 September 2020.

Accounting Policies

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. Investment Distributions

Investment distributions are declared income as advised by the fund managers on the investments. The investments included investments in term deposits, bonds, equities, exchange traded funds and other securities as defined in the management agreement between the Trust and the fund manager. Accordingly, investment distributions include dividend income, interest income and capital gain income (net of any capital loss) upon sale of equities and exchange traded funds. Investment distribution income is accounted upon declaration and credit of the distribution to the investment account. For the period ended 30 June 2021, the Trust received investment distributions of \$409,695 (2020: \$nil).

c. Gain or losses on financial instruments – investments

The Trust's portfolio of managed investments consists of equities, bonds and other financial instruments. As is customary in the financial markets, investments are traded in that they are sold and then other securities purchased. This results in realised gains or losses from securities that are purchased and sold. Realised gains or losses on financial instruments is calculated by comparing the initial unit purchase price to the unit sale price, multiplied by the number of units withdrawn.

The investment portfolios are priced 'to market prices' at regular intervals, this pricing to market price results in unrealised gains or losses. Unrealised gains or losses from the portfolio investments are not recorded under Income from transactions, but are separately reported under Other economic flows included in the net result.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. Revenue Recognition

The Trust has adopted AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-profit Entities which came into effect from 1 July 2019. The application of AASB 15 and AASB 1058 has not had an impact on the financial performance and/or financial position of the Trust.

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.

VTOFL pays for expenses on behalf of the TLaWC 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 Community Safety.

None of the revenue of the TLaWC Trust includes any amount for the goods and services tax (GST).

e. Expenses from Transactions

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

All expenses are stated inclusive of the goods and services tax (GST).

f. Financial Instruments

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Categories of financial assets under AASB 9

Financial assets at amortized cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through the net result:

- * the assets are held by the VTOT - Taungurung Trust to collect the contractual cash flows, and
- * the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Trust recognises the following assets in this category:

- * cash and deposits, and
- * receivables.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

f. **Financial Instruments** - (continued)

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net results. Other financial assets are required to be measured at fair value through net results unless they are measured at amortised cost or fair value through other comprehensive income.

The Trust recognises listed equity securities as mandatorily measured at fair value through the net result and designated all of its managed investment schemes as fair value through net result.

Categories of financial assets under AASB 9

Loans and receivable and cash are financial instrument assets with fixed and determined payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to the initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Trust recognises the following assets in this category:

- * cash and deposits, and
- * receivables.

Categories of financial liabilities under AASB 9

Financial liabilities at amortised cost 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, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective rate method. The Trust recognises the following liabilities in

- * payables (excluding statutory payables), and
- * borrowings.

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be classified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Trust's business model for managing its financial assets has changes such that its previous model would no longer apply.

g. **Goods and Services Tax (GST)**

The TLaWC Trust is not registered for GST.

Investment revenue does not incur GST.

Expenses and assets are recognised inclusive of the amount of GST.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented on a gross basis.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h. 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.

i. Fair Value Hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Trust determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

j. 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 TLAWC Trust 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

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 investments for the year was:

	2021
	\$
Franking credit refund	10,758
Distributions received	409,695
Increase (decrease) in value of Investments	193,669
Net Income derived from VTOT investments	<u>614,122</u>

NOTE 3: Resources received free of charge.

This represents the value of expenses paid for by VTOFL on behalf of the TLaWC Trust, and funded by the Department of Justice and Community Safety (DoJCS).

	2021
	\$
Administration expenses funded by DoJCS.	57,000
	<u>57,000</u>

NOTE 4: Commitments for expenditure

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

NOTE 5: Contingent assets and contingent liabilities

The directors of VTOFL are not aware of any contingent assets or commitments of the Trust which are not otherwise disclosed in these financial statements (2020: Nil).

NOTE 6: Significant events during the Reporting Year

The COVID-19 pandemic is primarily a health issue which has had a major impact on the economy over the last two years. This year has seen a recovery due to central banks and government stimulus support and vaccine rollout progress.

NOTE 7: Significant events after the Reporting Year

The impact of the coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by State and Federal government, such as maintaining social distancing requirements, quarantine, travel restrictions and border controls, vaccination programs, government policy and any economic stimulus that may be provided.

VTOFL entered agreements with fund manager Mercer Australia (Investments) Limited to invest the long term funds of the VTOTs in October 2021. Mercer will provide investment advice, reporting and financial modelling services for the next three years. The investments were transferred from VFMC to Mercer during October and November 2021.

On 19 March 2021 the Federal Court ordered the decision to register the Taungurung Indigenous Land Use Agreement (ILUA) be set aside. The ILUA was set aside and removed from the register by the National Native Title Tribunal (NNTT). Subsequently the NNTT reconsidered the application for registration and on 18 August 2021 determined not to register the Taungurung ILUA. VTOFL is seeking legal advice on its position as Trustee of the TLaWC Trust and its obligations under the Participation Agreement it has signed with the State of Victoria and TLaWC.

There are no other subsequent events requiring adjustment or disclosure.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

NOTE 8: Investments of the TLaWC Trust

The funds invested with VFMC as at 30 June 2021

	2021
	\$
Investments - Taungurung: Capital Stable Fund	
Comprising:	
Net value of the Capital Stable Fund	4,134,289
Distributions receivable	122,533
	<u>4,256,822</u>
Investments - Taungurung: Balanced Fund	
Comprising:	
Net value of the Balanced Fund	4,132,108
Distributions receivable	198,896
	<u>4,331,004</u>
Combined investments with VFMC	
Net value of investments	8,266,397
Distributions receivable	321,428
	<u>8,587,825</u>

The funds invested with BlackRock as at 30 June 2021

	2021
	\$
Investments - Taungurung: Cash Fund	
Comprising:	
Net value of the Cash Fund	15,415,346
Distributions receivable	3,442
	<u>15,418,788</u>
Total investments	<u>24,006,614</u>

The fair value of investments in unlisted unit trusts is based on the market values of the underlying investments held by trust. The unit values are regularly calculated by the fund manager and as at 30 June reflect of fair value of the underlying unit holdings. These investments are classified as level 2.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

NOTE 9: Related Party Transactions

The Trust does not employ any employees during the year. The key management personnel and their compensations disclosed in this financial report relate to the key management personnel of the VTOFL (the Trustee of the Trust).

9.1 Related parties

Related parties of the VTOFL and the TLaWC Trust 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.

9.2 Significant transactions and balances with related parties

The Secretary of the Department of Justice and Community Safety is the sole Member of the Company (VTOFL).

During the year TLaWC Trust received resources free of charge [See Note 3.] of \$57,000 (2020: \$nil) which represents its share of revenue grant from the Department of Justice and Community Safety.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

9.3 Key Management Personnel (VTOFL)

Elizabeth Eldridge	Chair
Glen Brennan	Director
Susanne Dahn	Director
Neil Westbury	Director

9.4 Compensation of VTOFL Key Management Personnel

	2021
	\$
Short term employee benefits	52,981
Post-employment benefits	5,033
	<u>58,014</u>

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 superannuation, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

9.4.1 Change of classification

The classification of the staff as Key Management Personnel has not been changed.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

NOTE 10: Remuneration of Directors of VTOFL

The remuneration of the directors of VTOFL has been set in accordance with a resolution of the VTOFL Member. The remuneration is in accordance with Victorian Government guidelines for Statutory Bodies.

	2021
Chair	
Elizabeth Eldridge	\$18,922 plus superannuation guarantee amount of \$1,798
Directors	
Glen Brennan	\$11,353 plus superannuation guarantee amount of \$1,078
Susanne Dahn	\$11,353 plus superannuation guarantee amount of \$1,078
Neil Westbury	\$11,353 plus superannuation guarantee amount of \$1,078

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

NOTE 11: Financial Risk Management

The TLAWC Trust 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 9 as detailed in the accounting policies to these financial statements, are as follows:

	2021
	\$
Financial Assets	
Cash and cash equivalents	100
Investments	23,681,743
Distributions receivable	324,871
Dividend franking credits receivable	10,758
Other receivables	-
Total Financial Assets	<u>24,017,472</u>
Total Financial Liabilities	<u>5,050</u>

Market Risk

Market 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 Trust's exposure to market risk is insignificant and primarily through equity price risk.

Equity Price

The Trust is exposed to equity price risk through its management Investment schemes. The Trust's investment strategy was established after meeting with the Traditional Owner Group and understanding their objectives with regard to annual distributions, their target for capital balance at the end of the term and their tolerance for risk.

NOTE 12: Reconciliation of Net Result for the period

Cash flows from Operating Activities	
	2021
	\$
Net Result for the period	609,172
Non cash movements	
Unrealised (gains)/losses in investments	(193,669)
Movement in Assets and Liabilities	
Decrease/(increase) in distributions receivable	(324,870)
Decrease/(increase) in franking credits receivable	(10,758)
Increase/(decrease) in provision for audit fees	4,950
Increase/(decrease) in Payable to VTOFL	100
Net cash from/(used in) operating activities	<u>84,925</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

NOTE 13: Taungurung Trust – Equity Entitlement

Taungurung Trust		2021
		\$
Equity at Beginning		
	Opening Equity	-
add		
	Settlement	24,093,250
	Investment Return	603,364
	Franking Credits	10,758
		<u>24,707,372</u>
less		
	Audit Fees	(4,950)
		<u>(4,950)</u>
	Sub-total	24,702,422
less		
	Distributions Paid	(690,000)
Equity at End		<u>24,012,422</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

NOTE 14: New Accounting Standards and Interpretation

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to the Report. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023.

The Trust will not early adopt the Standard.

The Trust is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Trust's reporting.

AASB 17 Insurance Contracts.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.

AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Rent Related Concessions: Tier 2 Disclosures.

AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2.

AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.

Independent Auditor's Report

To the Trustee of the Victorian Traditional Owners Trust - Taungurung

Opinion	<p>I have audited the financial report of the Trustee for Victorian Traditional Owners Trust - Taungurung (the Trust) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the period then ended • statement of changes in equity for the period then ended • cash flow statement for the period then ended • notes to the financial statements, including significant accounting policies • directors' declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2021 and its financial performance and cash flows for the period then ended in accordance with the financial reporting requirements of <i>Division 60 of the Australian Charities and Not-for-profits Commission Act 2012</i> and comply with <i>Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013</i> and applicable Australian Accounting Standards.</p>
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Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards 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 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 Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I confirm that the independence declaration required by the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, which has been given to the Trustee of the Trust, would be in the same terms if given to the Trustee as at the time of this auditor's report.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
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Other information	<p>The Trustee of the Trust is responsible for the Other Information, which comprises the information in the Trust's annual report for the period ended 30 June 2021 but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
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Trustee's responsibilities for the financial report 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 *Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulations 2013* 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.

In preparing the financial report, the Trustee is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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 the 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 my 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.

Auditor's responsibilities for the audit of the financial report (continued)

- 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.

MELBOURNE
18 November 2021



Janaka Kumara
as delegate for the Auditor-General of Victoria