Federation of Victorian Traditional Owner Corporation Limited

ABN 40 164 514 121

Annual report for the year ended 30 June 2017

Federation of Victorian Traditional Owner Corporation Limited
ABN 40 164 514 121
Annual report - 30 June 2017

Contents

Your directors present their report on the consolidated entity consisting of Federation of Victorian Traditional Owner Corporation Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017. Throughout the report, the consolidated entity is referred to as the group.

Directors

The following persons were directors of Federation of Victorian Traditional Owner Corporation Limited during the whole of the financial year and up to the date of this report:

Janine Coombs
Marcus Stewart
Graham Atkinson
Matthew Storey
Austin Sweeney
Wendy Berick
Thomas Clarke
Jamie Lowe
David Merry
Darren Perry
Dylan Clarke (appointed 23 February 2017)
Perry Wandin (resigned 10 September 2017)
Ronald Jones (resigned 10 September 2017)

Information on directors

Janine Coombs - Chairperson
Member Corporation: Barengi Gadjin Land Council RNTBC

Experience
Director of Barengi Gadjin Land Council RNTBC, Member Victorian Traditional Owner Settlement Framework Executive Committee, Member National Heritage Trust's Indigenous Advisory Committee, Member Collingwood Football Club RAP Committee, Member Melbourne University RAP Committee, and Member of the Cricket Victoria Indigenous Advisory Committee. Janine's interests lie in community conflict and dispute resolution. Janine is a Director of Federation Enterprises Pty Ltd, Barpa Pty Ltd and On County Heritage & Consulting Pty Ltd.

Marcus Stewart - Deputy Chairperson
Member Corporation: Taungurung Clans Aboriginal Corporation

Experience
Diverse experience and insight encompass strategic policy direction and Aboriginal program deliver and design. Marcus is Chief Executive Officer of the Taungurung Clans Aboriginal Corporation and Director of Native Title Services Victoria Ltd and a Taungurung Traditional Owner from Central Victoria.

Graham Atkinson
Member Corporation: Dja Dja Wurrung Clans Aboriginal Corporation

Experience
Master of Business Administration (RMIT University), Bachelor of Arts (University of Melbourne). Bachelor of Social Science (University of Melbourne), Graduate of Australian Institute of Company Directors' Program, Accredited mediator (National Mediator Accreditation System (NMAS)).

A director of a consultancy firm with many years' experience in senior management roles. Chairman of Dja Dja Wurrung Clans Aboriginal Corporation, Board Member of the Indigenous Land Corporation, Director of National Native Title Council, Director of North Central Catchment Management Authority, Director Djandak Enterprises P/L and Chamber 2 Member, National Congress of Australia's First Peoples. Director of Native Title Services Victoria Ltd, Federation Enterprises Pty Ltd and Barpa Pty Ltd.

Mr Atkinson is a Dja Dja Wurrung and Yorta Yorta man.

Information on directors (continued)

Matthew Storey
Member Corporation: Native Title Services Victoria Ltd

Experience
BEc, LLB (Hons) (CDU), GDCP (ANU), LLM (Macquarie University), Grad Dip Energy Resources Law (University of Melbourne), Current CEO of Native Title Services Victoria Ltd, former Associate Professor and Head of Law at Charles Darwin University in the Northern Territory. Most recently, Matthew held a senior position in the Northern Territory administration; with particular responsibility for Indigenous land tenures, encompassing native title, economic development, environmental and natural resources law. Matthew is a Director of National Native Title Council and NNTC Enterprises Pty Ltd.

Austin Sweeney
Member Corporation: Native Title Services Victoria Ltd

Experience
Bachelor of Laws (Hons) & Bachelor of Economics. Legal practitioner with experience in commercial and native title law. Austin has worked with indigenous organisations for over 20 years and is currently Director of Legal & Research at Native Title Services Victoria Ltd.

Wendy Berick
Member Corporation: Dja Dja Wurrung Clans Aboriginal Corporation

Experience
Mrs Berick is a founding member of the Dja Dja Wurung Clans Aboriginal Corporation and a proud descendent of Henry 'Harmony'Nelson of the Dja Dja Wurung people. A member of the Dja Dja Wurung negotiating team which culminated in 2013 with the signing of the Recognition and Settlement Agreement under the Traditional Owner Settlement Act 2010 (Vic) to settle the Dja Dja Wurung native title claims. Thirteen years' experience with Parks Victoria as Aboriginal People and Culture Advisor building Aboriginal cultural awareness and competence across Parks Victoria's Corporate Divisions and Regional Management Services. Managing Aboriginal Employment and Wellbeing across the Agency contributing to the Development and Cultural safety of Aboriginal staff and our Traditional Owner partners.

Thomas Clarke
Member Corporation: Eastern Maar Aboriginal Corporation

Experience
Certificate II in Land Conservation and Management Board.

Board Member of the Eastern Maar Aboriginal Corporation, Member Right People for Country Steering Committee. A culturally strong, proud Whurrong man who has a background in environmental and social justice work and has spent time travelling to other indigenous communities to live, including in Tasmania, South Australia and Western Australia. Tommy was a recent recipient of an Australian Scholarships Foundations scholarship to undertake governance training.

Jamie Lowe
Member Corporation: Eastern Maar Aboriginal Corporation

Experience
Active member of Eastern Maar Aboriginal Corporation involved in the authorisation for the Eastern Maar native title claim and the Eastern Maar Country Plan. Jamie is the Chief Executive Officer of Eastern Maar Aboriginal Corporation.

David Merry
Member Corporation: Taungurung Clans Aboriginal Corporation

Information on directors (continued)

Darren Perry
Member Corporation: First People of the Millawa-Mallee

Experience
Involved in the field of Cultural Heritage Management in North-West Victoria for the last 25 years with the protection of the large cemeteries of the Ngintait People being the main focus in the last 10 years.

A strong desire to maintain and transmit the culture and knowledge of the Traditional Ancestors of the North-West Victorian Aboriginal People to the younger generations of Traditional Owners is what drives Darren to engage with Native Title. Darren is a Director of Native Title Services Victoria Ltd.

Darren is an Ngintait, Ngarket, Jardwajali and Gunditjmara descent.

Dylan Clarke
Member Corporation: Barengi Gadjin Land Council RNTBC

Perry Wandin (resigned 10 September 2017)
Member Corporation: Wurundjeri Tribe Land and Compensation Cultural Heritage Council

Experience
Committee member of Wurundjeri Tribe Land and Compensation Cultural Heritage Council for six years. Nine years practical experience as a site officer including four years' experience in assessing Cultural Heritage Management Plans. Completed Governess Training and is undertaking Certificate IV in Cultural Heritage Management with La Trobe University.

Ronald Jones (resigned 10 September 2017)
Member Corporation: Wurundjeri Tribe Land and Compensation Cultural Heritage Council

Directors have been in office in the financial year July 2016 to June 2017.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each director were:

	Full meetings of directors	
	Number eligible to attend	**Number attended**
Janine Coombs	5	5
Marcus Stewart	5	4
Graham Atkinson	5	5
Wendy Berick	5	5
Jamie Lowe	2	2
Thomas Clarke	5	1
Darren Perry	5	1
Dylan Clarke	3	1
David Merry	5	1
Ronald Jones	5	1
Perry Wandin	5	0
Matthew Storey	5	5
Austin Sweeney	5	4

Principal activities

The company engages with various government agencies to provide services relating to national resource management and economic development, specifically in relation to traditional owner interests.

Objectives and strategies

1. The promotion of economic development and self-determination of the Traditional Owner Corporations in Victoria.

2. Assisting Traditional Owner Corporations to manage their land and promote environmental and cultural protection of their country.

3. The promotion of the interests of the company, its members and aboriginal people more generally, to Government and other bodies to make representations or submissions on relevant matters of law, legislative measures and policies.

4. Support and promote mutually beneficial collaboration and partnership arrangements between Traditional Owner Corporations owned social and commercial business enterprises in Victoria.

5. Relief of poverty, sickness, suffering, distress, misfortune, destitution and helplessness amongst Traditional Owners in Victoria.

Members' liability

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding obligations of the company. As at 30 June 2017, the total amount that members of the company are liable to contribute if the company is wound up is $8.

Significant changes in the state of affairs

During the year, the Group has carried out a strategic restructure where Federation of Victorian Traditional Owner Corporation Limited (FVTOC) has become the sole member of Native Title Services Victoria Limited (NTSV). NTSV has become a wholly owned subsidiary of FVTOC after the restructure. The transaction has been accounted for using the predecessor accounting. Accordingly, comparatives in the report have been restated to reflect the pre-existing relationship.

There have been no other significant changes in the state of affairs of the group during the year.

Event since the end of the financial year

No matter or circumstance has arisen since 30 June 2017 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

The directors expect that the company will continue to carry out its principal activities as detailed above. There are no other known or likely developments which the directors foresee which they wish to disclose at this time.

Environmental regulation

The group is not affected by any significant environmental regulation in respect of its operations.

Insurance of officers and indemnities

During the year, the company paid a premium which provides indemnity for the directors.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Proceedings on behalf of the company (continued)

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60 - 40 of the *Australian Charities and Not-for-profit Commission (ACNC) Act 2012* is set out on page 6 and forms part of the Director's report.

This report is made in accordance with a resolution of directors.

Janine Coombs
Chairperson

Marcus Stewart
Deputy Chairperson

Melbourne
16 November 2017

Auditor's Independence Declaration

As lead auditor for the audit of Federation of Victorian Traditional Owner Corporation Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profit Commission (ACNC) Act 2012* in relation to the audit; and

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

This declaration is in respect of Federation of Victorian Traditional Owner Corporation Limited and the entities it controlled during the year.

David Kennett
Partner
PricewaterhouseCoopers

Melbourne
16 November 2017

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
Telephone +61 3 8603 1000, Facsimile +61 3 8603 1999, www.pwc.com.au

Federation of Victorian Traditional Owner Corporation Limited

ABN 40 164 514 121

Annual report - 30 June 2017

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Federation of Victorian Traditional Owner Corporation Limited and its subsidiaries. A list of subsidiaries is included in note 20. The financial statements are presented in the Australian dollar ($).

The financial statements were authorised for issue by the directors on 16 November 2017. The directors have the power to amend and reissue the financial statements.

	Notes	2017 $	2016 $ Restated
Income			
Revenue from government	3	**4,534,574**	4,254,396
Interest	3	**12,982**	18,859
Other income	4	**943,935**	376,521
		5,491,491	4,649,776
Expenses			
Employee benefits expense		**(3,322,823)**	(3,148,682)
Depreciation expense	5	**(214,404)**	(173,185)
Consultants		**(227,926)**	(66,055)
Leasehold property rental		**(192,459)**	(192,459)
Other occupancy expenses		**(49,199)**	(78,607)
Office expenses		**(443,076)**	(300,724)
Claimant meeting expenses		**(154,194)**	(134,693)
Motor vehicle expenses		**(29,998)**	(41,321)
Other expenses		**(463,712)**	(462,093)
Share of net profit of associates accounted for using equity method		**823,754**	170,329
Surplus before income tax		**1,217,454**	222,286
Income tax expense		**-**	-
Surplus for the year		**1,217,454**	222,286
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive surplus for the year		**1,217,454**	222,286

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Federation of Victorian Traditional Owner Corporation Limited
Consolidated statement of financial position
As at 30 June 2017

	Notes	2017 $	2016 $ Restated
ASSETS			
Current assets			
Cash and cash equivalents	6	**2,230,104**	1,055,241
Trade and other receivables	7	**619,034**	146,172
Current tax receivables		**2,209**	4,460
Total current assets		**2,851,347**	1,205,873
Non-current assets			
Investments accounted for using the equity method	8	**55**	170,329
Property, plant and equipment	9	**472,857**	563,191
Total non-current assets		**472,912**	733,520
Total assets		**3,324,259**	1,939,393
LIABILITIES			
Current liabilities			
Trade and other payables	10	**447,762**	382,130
Provisions	11	**504,155**	385,242
Deferred income	12	**264,332**	268,789
Total current liabilities		**1,216,249**	1,036,161
Non-current liabilities			
Trade and other payables	10	**37,143**	-
Provisions	14	**103,486**	153,305
Total non-current liabilities		**140,629**	153,305
Total liabilities		**1,356,878**	1,189,466
Net assets		**1,967,381**	749,927
EQUITY			
Accumulated surplus	15	**1,967,381**	749,927
Total equity		**1,967,381**	749,927

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Attributable to owners of Federation of Victorian Traditional Owner Corporation Limited	
	Retained earnings $	Total equity $
Balance at 1 July 2015 - restated	527,641	527,641
Surplus for the year	222,286	222,286
Total comprehensive income for the year - restated	**222,286**	**222,286**
Balance at 30 June 2016 - restated	**749,927**	**749,927**
Balance at 1 July 2016 - restated	749,927	749,927
Surplus for the year	1,217,454	1,217,454
Total comprehensive income for the year	**1,217,454**	**1,217,454**
Balance at 30 June 2017	**1,967,381**	**1,967,381**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts from course of operations		**5,289,613**	5,256,964
Payments to suppliers and employees		**(5,161,406)**	(5,390,108)
		128,207	(133,144)
Interest received		**12,982**	18,855
Income taxes paid		**2,200**	-
Net cash inflow (outflow) from operating activities		**143,389**	(114,289)
Cash flows from investing activities			
Payments for property, plant and equipment		**(124,070)**	(40,572)
Payments for investment property		**(55)**	-
Dividends received		**1,155,599**	-
Net cash inflow (outflow) from investing activities		**1,031,474**	(40,572)
Cash flows from financing activities			
Net cash inflow (outflow) from financing activities		**-**	-
Net increase (decrease) in cash and cash equivalents		**1,174,863**	(154,861)
Cash and cash equivalents at the beginning of the financial year		**1,055,241**	1,210,102
Cash and cash equivalents at end of year	6	**2,230,104**	1,055,241

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Federation of Victorian Traditional Owner Corporation Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Australian Charities and Not-for-Profits Commission Act 2012*. Federation of Victorian Traditional Owner Corporation Limited is a not-for-profit entity for the purpose of preparing the financial statements.

Federation of Victorian Traditional Owner Corporation Limited is a public company limited by guarantee, incorporated and domiciled in Australia.

Significant changes in the state of affairs
During the year, the Group has carried out a strategic restructure where Federation of Victorian Traditional Owner Corporation Limited (FVTOC) has become the sole member of Native Title Services Victoria Limited (NTSV). NTSV has become a wholly owned subsidiary of FVTOC after the restructure. The transaction has been accounted for using the predecessor accounting. Accordingly, comparatives in the report have been restated to reflect the pre-existing relationship.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The consolidated financial statements of the Federation of Victorian Traditional Owner Corporation Limited comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis.

(iii) New and amended standards adopted by the company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The Company has elected not to apply any pronouncements to the annual reporting period beginning 1 July 2016.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments

AASB 15 and AASB 9 are mandatory for financial years commencing on or after 1 January 2018, and the company has not chosen to early adopt. At this stage, the company is not able to estimate the effect of the new rules on the company's financial statements. The company will make more detailed assessments of the effect over the next twelve months.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New standards and interpretations not yet adopted (continued)

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 is mandatory for financial years commencing on or after 1 January 2019, and the company has not chosen to early adopt. At this stage the company is not able to estimate the effect of the new rules on the company's financial statements. The company will make more detailed assessment of the effect prior to application of the standard.

AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of $420k, see note 15. However, the company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the company's profit and classification of cash flows. At this stage, the company does not intend to adopt the standard before its effective date. The standard is mandatory for financial year commencing on or after 1 January 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Critical accounting estimates

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for business combinations by the Group other than for business combinations involving entities or businesses under common control, where predecessor accounting is used (refer to note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated consolidated income statement, statement of comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

The investments in subsidiaries are accounted for at cost in the separate financial statements of Federation of Victorian Traditional Owner Corporation Limited.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation and equity accounting (continued)

(ii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1(g).

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

Government grants

Government grants are recognised as revenue when the company obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt and the timing of commencement of control depends upon the arrangements that exist between the grantor and the entity. Where the company considers the grant to be reciprocal in nature, the grant will be treated as deferred income and the grant will be progressively brought to account as revenue in the statement of comprehensive income over the period.

Services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(d) Income tax

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

1 Summary of significant accounting policies (continued)

(e) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Business combinations

The acquisition method of accounting is used to account for business combinations, excluding business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Consideration is measured as the fair value of assets given, shares issued or liabilities incurred assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are initially measured at their fair values at the acquisition date, irrespective of the extent of minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Predecessor accounting is adopted to recognise business combinations involving entities or businesses under common control. Assets and liabilities are recognised at their pre-combination carrying amounts from the highest level of common control without fair value uplift. No goodwill arises under predecessor accounting. Any difference between the consideration for the transaction and the carrying value of the net assets is recorded in equity as a separate business combination reserve. Comparative information is restated to reflect the business combination from the commencement of the comparative period.

(g) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

1 Summary of significant accounting policies (continued)

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Class of fixed asset	Depreciation rate
• Office Fit Out	20%
• Computers	40%
• Plant and Equipment	20%
• Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1 Summary of significant accounting policies (continued)

(l) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

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 taxation authority, are presented as operating cash flows.

(n) Economic dependence

To the extent that the company performs functions prescribed by the *Native Title Act 1993(Cth)* it is dependent on the continued funding of its operations by the federal authority.

(o) Deferred income

The liability for deferred income is the unutilised amounts of grants re-earned on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided on the conditions usually fulfilled within 12 months of receipt of the grant.

(p) Comparatives

Where necessary, comparatives information has been reclassified and repositioned for consistency with current year disclosures.

2 Financial risk management

The entity's activities exposes it to a variety of financial risk; foreign exchange risk, credit risk and liquidity risk. The entity's overall risk management and strategy and framework recognises the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance and future financial security of the entity.

(a) Market risk

(i) Foreign exchange risk

The group predominantly receives funding in Australian Dollars (AUD) and all the program commitments are in AUD hence, there is no foreign currency risk.

(b) Credit risk

(i) Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within other expenses.

Subsequent recoveries of amounts previously written off are credited against other expenses. No impairment has been recognised at 30 June 2017 (2016: $nil).

(c) Liquidity risk

Liquidity risk arises from the financial liabilities of the entity and its ability to meet its obligations to repay these liabilities as and when they fall due. The group manages its liquidity risk by monitoring total cash inflows and outflows expected on a monthly basis and maintaining sufficient cash and liquid investments to meet its operating requirements.

3 Revenue

	2017 **$**	2016 $
From continuing operations		
Revenue from government	**4,534,574**	4,254,396
Interest	**12,982**	18,859
Total revenue from continuing operations	**4,547,556**	4,273,255

4 Other income

	2017 $	2016 $
Dividends	161,516	-
Franking credits	495,257	-
Other income	287,162	376,521
	943,935	376,521

5 Expenses

	2017 $	2016 $
Employee costs		
Wages and salaries	3,025,124	2,855,129
Superannuation	281,121	271,582
Other	16,578	21,971
Depreciation		
Plant and equipment	214,404	173,185

6 Current assets - Cash and cash equivalents

	2017 $	2016 $
Cash at bank	2,230,104	1,055,241

The cash at bank includes monies held for third parties of $38,505 (2016:$32,940)

7 Current assets - Trade and other receivables

	2017 $	2016 $
Trade receivables	76,098	61,789
Other receivables	13,703	51,921
Prepayments	33,976	32,462
Franking credit receivables	495,257	-
	619,034	146,172

8 Non-current assets - Investments accounted for using the equity method

	2017 $	2016 $ Restated
Investments in Barpa Pty Ltd	-	170,329
Investment in On Country Heritage and Consulting Pty Ltd	55	-
	55	170,329

Restatement of prior period error

The Group has a 51% equity interest in Barpa Pty Ltd (as it did in FY16 and FY15). In the prior year, the Group's share of profit/(loss) was not brought to account, nor was the Group's equity accounted share of the investment.

At 30 June 2015, Barpa Pty Ltd had a net asset deficiency of $72,234 as a result of a net loss after tax of $72,334 for the year then ended. As such, the equity accounted investment on the Group's statement of financial position should have been $nil, whereas it was $51. Hence, the investment balance has been restated to $nil at 30 June 2015 with a corresponding decrease in net profit after tax of $51. Net assets and retained earnings of the Group both decreased accordingly. There was no impact on the Group's cash flows for the year ended 30 June 2015.

For the year ended 30 June 2016, Barpa Pty Ltd generated a net profit after tax of $406,213 and had net assets of $333,979. As such, the equity accounted investment on the Group's statement of financial position should have been $170,329, whereas it was $51. Hence, the investment balance has been restated to $170,329 at 30 June 2016 with a corresponding increase in net profit after tax of $170,277 (net of the impact of the prior period accumulated loss). Net assets and retained earnings of the Group both increased accordingly. There was no impact on cash flows for the year ended 30 June 2016.

Movement of investment in Barpa Pty Ltd:

	2017 $	2016 $
Investment in Barpa Pty Ltd		
Opening balance	170,329	-
Add: Share of profit (a)	823,754	170,329
Less: Dividends (b)	(994,083)	-
Closing balance	-	170,329

(a) The Group's share of profit of Barpa Pty Ltd for 30 June 2016 was $207,169. However, given Barpa Pty Ltd was in a negative net asset position of $72,234 at 30 June 2015 (the Group's share: $36,839), the Group's share of net profit brought to account in the year ended 30 June 2016 was reduced by this amount and was $170,329.

(b) Because Barpa Pty Ltd was in a negative net asset position of $316,698 at 30 June 2017 not all of the $1,155,599 dividend received by the Group during the year has been recognised as a reduction in the equity accounted investment balance. $994,083 has been recognised as a reduction in the equity accounted investment balance and the remaining $161,516 as dividend income in the statement of comprehensive income.

9 Non-current assets - Property, plant and equipment

Non-current	Plant and equipment $	Office fit out $	Motor vehicles $	Computers $	Total $
At 30 June 2016					
Cost	102,107	707,921	91,787	405,859	1,307,674
Accumulated depreciation	(102,107)	(265,470)	(9,999)	(366,907)	(744,483)
Net book amount	-	442,451	81,788	38,952	563,191
Year ended 30 June 2017					
Opening net book amount	-	442,451	81,788	38,952	563,191
Additions	-	-	-	124,070	124,070
Depreciation charge	-	(141,584)	(9,162)	(63,658)	(214,404)
Closing net book amount	-	300,867	72,626	99,364	472,857
At 30 June 2017					
Cost	-	707,921	91,787	529,929	1,329,637
Accumulated depreciation	-	(407,054)	(19,161)	(430,565)	(856,780)
Net book amount	-	300,867	72,626	99,364	472,857

10 Current liabilities - Trade and other payables

	2017 $	2016 $
Trade payables	**178,840**	54,371
Sundry creditors and accruals	**186,178**	294,819
Staright line lease adjustment	**44,239**	-
Payable to other third parties	**38,505**	32,940
	447,762	382,130

11 Current liabilities - Provisions

	2017 $	2016 $
Employee benefits	**504,155**	385,242

12 Current liabilities - Deferred income - unexpended grants

	2017 $	2016 $
Unexpended grants - Federal	**246,406**	234,583
Unexpended grants - State	**17,926**	34,206
	264,332	268,789

13 Non-current liabilities - Trade and other payables

	2017 $	2016 $
Staright line lease adjustment	**37,143**	-

14 Non-current liabilities - Provisions

	2017 $	2016 $
Employee benefits - long service leave	**103,486**	153,305

15 Accumulated surplus

Movements in accumulated surplus were as follows:

	2017 $	2016 $ Restated
Balance 1 July	**749,927**	527,641
Net surplus for the year	**1,217,454**	222,286
Balance 30 June	**1,967,381**	749,927

16 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) PwC Australia

(i) Audit and other assurance services

	2017 $	2016 $
Audit and review of financial statements	**46,500**	17,800
Total remuneration for audit and other assurance services	**46,500**	17,800

(ii) Other services

	2017 $	2016 $
Other services	**16,150**	-
Total remuneration for other services	**16,150**	-
Total remuneration of PwC Australia Australia	**62,650**	17,800

17 Contingent liabilities and contingent assets

The group had no contingent liabilities at 30 June 2017 (2016: nil).

18 Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is as follows:

	2017 $	2016 $
Legal Practice Management Software	-	107,454

(b) Lease commitments: group as lessee

(i) Non-cancellable operating leases

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance after the rent free period of ten months. Rental to be increased by 3% on each anniversary of commencement save for in years in which there is a market review. An option exists to renew the lease at the end of the five-year term for an additional three terms of five years each.

	2017 $	2016 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**236,698**	193,877
Later than one year but not later than five years	**182,849**	336,803
	419,547	530,680

19 Related party transactions

(a) Key management personnel compensation

	2017 $	2016 $
Total compensation	**904,915**	888,053

The number of key management personnel included is 9 (2016: 12)

(b) Transactions with other related parties

During the year consultancy fees were paid to entities controlled by the directors totalling $nil (2016: $1,442).

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

The company also holds money for Taungurung, Wauthurong, Wotjobaluk, Wadi Wamba Barapa (refer to note 6 and 10).

20 Interests in other entities

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding ** 2017 %	2016 %
Native Title Services Victoria Limited	Australia	Ordinary	**100**	100
Federation Enterprises Pty Ltd	Australia	Ordinary	**100**	100
Barpa Pty Ltd	Australia	Ordinary	**51**	51
On Country Heritage and Consulting Pty Ltd	Australia	Ordinary	**55**	-

** The proportion of ownership interest is equal to the proportion of voting power held.

21 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.

22 Financial assets held on trust

The organisation holds cash on deposit for a number of third parties on trust. These assets are not recognised in the statement of financial position as in substance they are owned by third parties. The amounts held in trust on behalf of these third parties are as follows:

	2017 $	2016 $
Liability to third parties	**621,363**	1,450,741
Represented by:		
Term deposits	**553,610**	1,468,216
Net transactions entered into by Native Title Services Victoria on behalf of the third parties	**67,753**	(17,475)
	621,363	1,450,741

Included in $67,753 is the monies held for third parties of $38,505 held within the company's bank account (refer to note 6).

23 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2017 **$**	2016 $
Balance sheet		
Current assets	**1,457,083**	55,779
Non-current assets	**1**	1
Total assets	**1,457,084**	55,780
Current liabilities	**58,194**	876
Total liabilities	**58,194**	876
Shareholders' equity		
Retained earnings	**1,398,890**	54,904
	1,398,890	54,904
Profit or loss for the year	**1,343,986**	31,697
Total comprehensive income	**1,343,986**	31,697

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

In the directors' opinion:

(a) the financial statements and notes set out on pages 7 to 26 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

 (i) complying with Accounting Standards - Reduced Disclosure Requirements, and

 (ii) giving a true and fair view of the consolidated company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company 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 directors.

Janine Coombs
Chairperson

Marcus Stewart
Deputy Chairperson

Melbourne
16 November 2017

Independent auditor's report

To the members of Federation of Victorian Traditional Owner Corporation Limited

Our opinion

In our opinion:

The accompanying financial report of Federation of Victorian Traditional Owner Corporation Limited (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2017
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Independent auditor's report (continued)

To the members of Federation of Victorian Traditional Owner Corporation Limited (continued)

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Director's Report included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter: prior period financial report audited by another auditor

The financial report of the Group, for the year ended 30 June 2016, was audited by another auditor who expressed a disclaimer of opinion on that report on 10 October 2016 as they were unable to audit the financial information of the Barpa Pty Ltd investment.

Further details of the treatment of the Barpa investment in the current year are provided in Note 8 to this financial report.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report (continued)

To the members of Federation of Victorian Traditional Owner Corporation Limited (continued)

Auditor's responsibilities for the audit of the financial report

Our objectives 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 our 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

David Kennett
Partner

Melbourne
16 November 2017