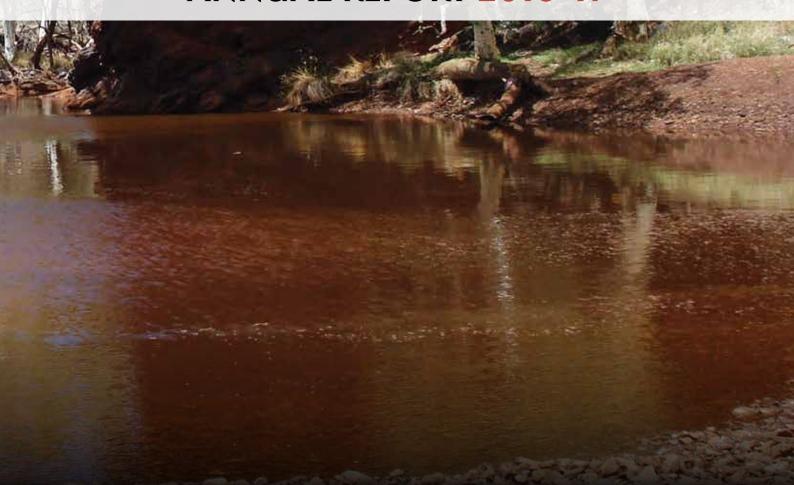
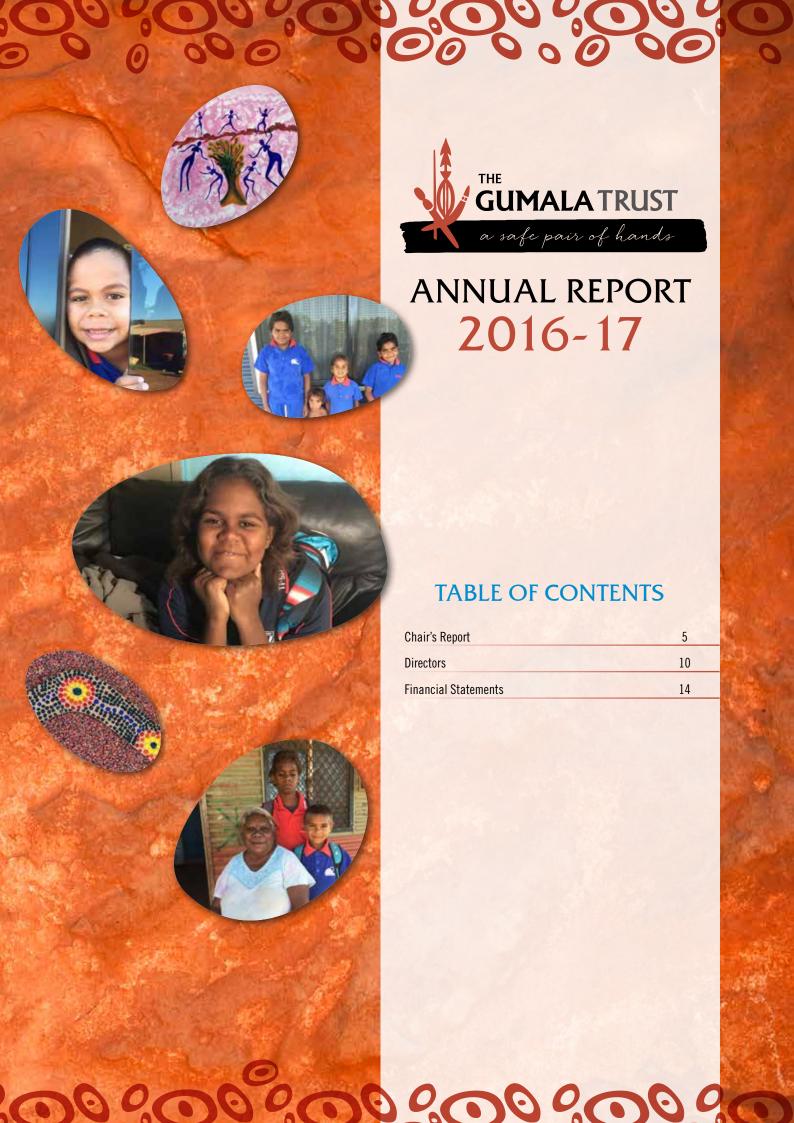




ANNUAL REPORT 2016-17









### **CHAIR'S REPORT**

It is my pleasure to offer my first report as Chair of GIPL. I also welcome the new independent directors Irina Cattalini and Ian McPherson. We thank the Gumala leadership for supporting our appointments and look forward to bringing our knowledge and expertise to the role, and thank the previous independent directors led by Prof Colleen Hayward for their years of service which concluded in May 2017.

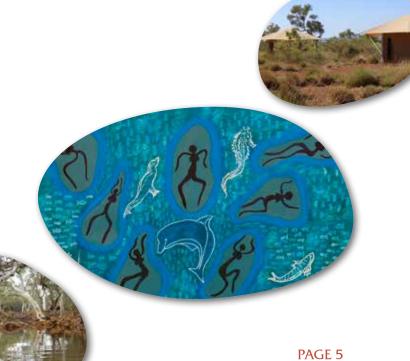
2017 saw continued volatility in Gumala Foundations Land Use Agreement revenues. Just when your leadership hoped for some stability given the challenges over the last number of years, and to be able to capitalise on the benefits of administration cost savings and policies taken to strengthen the General Gumala Foundation, Rio Tinto informed GIPL and GAC that the June quarter land use payment would slump to just \$0.2 million, when we budget for \$2.5 million.

Your Board's previous decisions to move to arrears based funding provides protection for the GGF from volatility in Land Use Payments, but it makes budgeting particularly difficult, if not impossible, and it is of your Board's opinion that a solution needs to be implemented to ensure this volatility does not continue. We support GAC's written proposal to Rio Tinto to implement a minimum floor payment for each quarter, and hope that as Rio Tinto celebrates the 20th Anniversary of the YLUA they recognise that while the YLUA has provided stability and forecastable profitability for them, the volatility of the ground disturbance model of revenue has not provided the same amount of stability and forecastable profitability for the General Gumala Foundation.

As the Corporation and Trust embark on the required 5 year review of the YLUA it is critical that Rio Tinto recognise that the current arrangements where revenue can almost cease without notice is not a sustainable, fair partnership for Gumala and is willing to resolve this in good faith. We must also grapple with the very strong growth in the numbers of beneficiaries and how we are best placed to support them in the future. Your GIPL directors will work tirelessly together with GAC to resolve and manage these issues for the benefit of the Banyjima, Innawonga and Nyiyaparli traditional owners.

### Number Of Beneficiaries

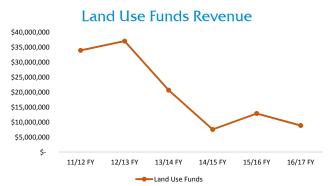




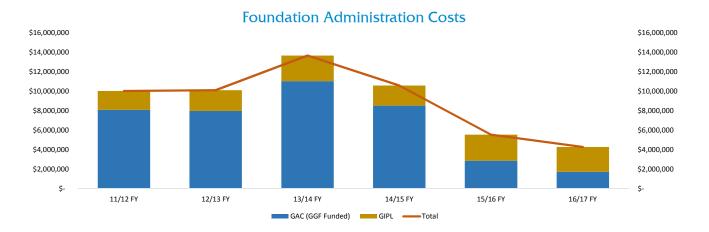
### **INVESTMENTS**

Operating revenue reduced by \$3.7 million dollars to \$13.2 million dollars off the back of a decrease in Rio Tinto land use payments of \$4 million dollars. This is a decrease of more than 30% based on land disturbance rather than volumes of iron ore mined. Investment income increased to \$3.7 million dollars and rental incomes also increased. Expenditure was substantially reduced from 2016 mainly due to reduced impacts of revaluations of the property portfolio. GGF operating costs reduced from \$2.7 million to \$2.5 million and the Manager operating costs

reduced from \$2.7 million dollars to \$2.3 million dollars. Total Assets have increased to \$101.6 million dollars with Net Assets, reflecting the future fund, increasing to \$90.6 million. The majority of liabilities is comprised of the committed funds to member programs which are funded in advance of implementation and will be rolled out over the coming 12 months. These member programs account for liabilities of \$9.4 million dollars.









### **PROGRAMS**

The GIPL Board acted quickly to assist GAC to reinstate member programs in 2017/18. The tough decisions taken by your past Board to reduce administration costs, suspend programs for a year and move to arrears based funding were

the right decisions, and they have stabilised the finances and the GGF and allowed \$9.4 million dollars to be allocated to member programs.

Funeral Assistance	\$2000 / beneficiary	\$3.20 million
Chrisco Christmas Hampers	\$707 / family	\$1.06 million
Health Assistance	\$400 / beneficiary	\$0.60 million
Tertiary Education Assist	\$5000 / beneficiary	\$0.50 million
Education Support Program	\$500 Primary-High School	\$0.58 million
	\$250 Kindergarten	
Trainee & Internship Program	2 positions	
Dialysis Tom Price	Feasibility underway	\$0.50 million
Lore Ground Maintenance		\$0.05 million
Polly Farmer Foundation		\$0.04 million
Health in Motion		\$0.10 million
3A Early Learning		\$0.15 million

### **FORMER BOARD**

The GIPL Board would like to recognise the contribution of former Chair Prof Colleen Hayward and directors Rachelle Towart and Christopher Pye. Their terms coincided with a tumultuous time for GAC and GIPL and it is clear to the new Board that the tough decisions made during that period has been critical to the success of the GGF. The professional handover to the new Board has been seamless and the effort that was made to ensure as much corporate knowledge could be transferred as possible shows the commitment of the outgoing directors. The new directors

have been grateful for the advice and local knowledge of directors Tommy, MacLean and Long and we look forward to building an enduring partnership with GAC and GEPL for the benefit of the entire Gumala family. The GIPL Board also recognises the contribution of former CEO Rewi Lyall and his leadership during the restructure of the GGF.



### **OUR TEAM**

Your directors would also like to recognise the hard work and diligence of the staff at the Gumala Trust. They have had to keep their eye on the main task of protecting the foundation during a period of instability, including moving away from the shared services model, a new Board and budget pressure and Acting EO John Raftis and his team have managed this well. They can be proud that costs are down, the investments are performing well, member programs have been re-instated and there has been a near \$8 million turn-around from last years loss of \$4.9 million to this years comprehensive income result of \$3.1 million in profit.

### THE FUTURE

The new Board recognise the huge effort undertaken by the previous GIPL Board and GAC leadership to turn-around the finances and rebuild a positive culture for the GGF. We give our commitment to continue this work, to learn from our history, to plan positively for the future and to never lose sight that we do this on behalf of the Banyjima, Innawonga and Nyiyaparli peoples. We know that beneficiaries want to see a close working relationship between GAC, GIPL and GEPL, they want to see administration costs minimised, investment returns maximised, programs that benefit the membership and the Gumala brand recognised and respected in the community, across the Pilbara and in St Georges Terrace. With this in mind we look forward to the year ahead.

**Brendon Grylls** 

Chair GIPL







### **DIRECTORS**



### **BRENDON GRYLLS**

Brendon Grylls brings a wealth of regional development and north west experience to the Gumala Foundation team. A background in small business, farming and manufacturing preceded a 16 year term in state parliament and he maintains an ongoing focus on indigenous policy and programs.

He is well known for his advocacy of regional issues, his commitment to expanding indigenous opportunities, the Royalties for Regions program and his leadership of the Nationals WA during the 8 year Liberal/National Government.

Brendon has developed and delivered a host of new infrastructure and service programs across the North West, and has been a strong advocate for indigenous business development in the region. Projects such as Pilbara Cities, Ord Stage 2 and the Transitional Housing Program have included substantial policy reform initiatives to assist the indigenous community.

As Chair of the Gumala Foundation looks forward tο working he closely with the traditional owners of the Innawonga, Banyjima Nyiyaparli language groups and to honour the objectives of the Trust Deed.



### IRINA CATTALINI

Irina Cattalini is a highly driven and energetic executive, with over fifteen years of experience in community and public services. She is highly regarded in Australia and abroad for her strategic thinking, exceptional management skills and personal integrity. Irina is an accomplished leader of change, skilled in navigating teams and sectors through reform. She has a talent for translating complex policy analysis with clarity and strategic influence, resulting in positive and high-impact outcomes.

Prior to her current role as Executive Manager of One Tree Community Services, Irina served as CEO of the WA Council of Social Service, the State's leading community service peak body. She has a very keen commitment to social justice and has made a strong contribution to the local, national and international community. Irina has served as Vice President of the Australian Conservation Foundation, as a founding Board member of Reconciliation WA, and on the CEO's for Gender Equity group.

### IRINA CATTALINI (CONT.)

Her international work has included hosting the Commonwealth People's Forum at CHOGM, serving as a member of the Civil Society Advisory Council at the Commonwealth Foundation, and as a member of the Alumni of the USA State Department International Visitor Leadership Program. Irina has also contributed to United Nations General Assembly hearings with civil society on the Post 2015 Global Development Agenda 17 Sustainable Development Goals.

Irina graduated from the University of WA with a Bachelor of Arts majoring in Political Science with Honours in International Relations. She also has a Diploma of Business and is an Alumni of Leadership WA. She has been awarded as one of WA Business News 40 under 40, the winner of IPAA's Non-Profit Leader of the Year and UWA's Strategic Alliance Award.



### IAN McPHERSON

Ian is a graduate of the University of WA with post graduate qualifications in financial planning, and has worked with Australia's leading banking, investment managers and financial services institutions.

He has specialised in advising, consulting, planning, supervising and managing short and long term investment funds for the last 25 years, starting with the billion dollar Queensland electricity industry employees superfund. He held the role of the investment specialist independent director of the MG Community Foundation, Kununurra, between 2011 and 2015.

He brings to the role experience in every investment cycle and skills in managing the external investment managers to maximise the returns for the short, medium and long term benefit of the Gumala people.





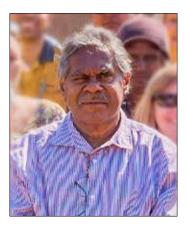
GAVIN MACLEAN ROLE: BANYJIMA DIRECTOR

After completing a Bachelor of Arts and a Law Degree at UWA, Gavin worked for four years as a tutor assisting Aboriginal law students enrolled at UWA. Gavin was admitted as a legal practitioner in 2000 after completing his article clerkship with the Aboriginal Legal Service where he worked in the Land and Heritage division on a number of native title claims throughout Western Australia.

He then managed the ALS offices in

Derby and Kununarra for a number of years where he practised over a wide range of legal areas, including criminal, property, dispute resolution and family law. In 2009, following time spent as in-house counsel at the Western Australian branch of the construction union, the CFMEU, Gavin went into private practice where he specialises in criminal, industrial and native title law.

Gavin is keen to encourage a more efficient and cooperative operation of the Gumala entities for the benefit of the three language groups.



DENNIS LONG Role: Nyiyaparli Director

Dennis previously trained at Pundulmarra College as a builder. Dennis is experienced in the Lore and Culture of the Banyjima, Nyiyaparli and Innawonga people. Dennis looks forward to shaping the future direction of one of Australia's largest Aboriginal Foundations and looks forward contributing back to Gumala.



ROY TOMMY Role: Innawonga Director

Roy Tommy (Pitithangu, meaning dry leaf) grew up on Mininer, Mount Vernon and Pingandy pastoral stations. His Innawonga (Yinhawangka) name was given to him in traditional song by his grandmother, Maggie Bimba. His mother was the last fluent speaker of Innawonga, and in 1980 commenced recording the language, songs, stories, genealogy, birth and burial places, and the names of Innawonga lands.

He was an Innawanga representative on the YLUA negotiating team, one of the founding 25 members of Gumala Aboriginal Corporation, one of its inaugural Governing Committee members, and has served on the boards of Gumala Aboriginal Corporation and Gumala Enterprises Pty Ltd on a number of occasions.

Pitithangu is currently working on a project for the preservation of Innawonga with assistance from Wangka Maya Language Centre, IBN Corporation, the Yinhawangka Trust and the Resource Network for Linguistic Diversity.



# GUMALA INVESTMENTS PTY LTD AS TRUSTEE FOR THE GENERAL GUMALA FOUNDATION

ABN 50 336 714 927

### **Financial Statements**

FOR THE YEAR ENDED 30 JUNE 2017

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Directors' Declaration

Independent Auditor's Report

### **Trustee Informationm**

### **DIRECTORS**

Brendon Grylls (Chair)

Irina Cattalini

Dennis Long

Gavin Stuart MacLean

Ian McPherson

Roy Tommy

### **COMPANY SECRETARY**

John Raftis

### **REGISTERED OFFICE**

Level 2

165 Adelaide Terrace

East Perth WA 6004

Tel: +61 8 9287 3900

Fax: +61 8 9325 2660

### **AUDITORS**

Bentleys Audit & Corporate Pty Ltd

Level 3, 216 St Georges Terrace

Perth WA 6000

Tel: +61 8 9226 4500

Fax: +61 8 9226 4300

### **WEBSITE**

www.gumalatrust.com

### **DIRECTOR'S REPORT**

The Directors of the trustee company, Gumala Investments Pty Ltd (GIPL) present their report on the operations of the General Gumala Foundation Trust (GGF) for the financial year ended 30 June 2017.

### **DIRECTORS**

The names of the Directors of GIPL in office during the year are:

	Summary of Director's Term		Summary of Board Attendance	
	Term of Office	Position on GIPL Board	Number of Meetings Eligible to Attend	Number of Meetings Attended
BANYJIMA				
Gavin MacLean	1 July 16 – 30 June 17	Director	15	11
INNAWONGA				
Roy Tommy **	1 July 16 – 30 June 17	Director	15	8
NYIYAPARLI				
Dennis Long	1 July 16 – 30 June 17	Director	15	12
INDEPENDENTS				
Brendon Grylls	26 May 17 – 30 June 17	Director / Chairperson**	1	1
Irina Cattalini	26 May 17 – 30 June 17	Director	1	1
Colleen Hayward	1 July 16 - 26 May 17	Chairperson	14	14
Ian McPherson	26 May 17 – 30 June 17	Director	1	1
Christopher Pye	1 July 16 – 26 May 17	Director	14	11
Rachelle Towart	1 July 16 - 26 May 17	Director	14	14

<sup>\*\*</sup> Mr Grylls was elected Chairperson as of 23 June 2017.

Note: During the financial year there were 15 GIPL Board Meetings.

### **DIRECTORS' REMUNERATION**

During the year the Directors of the trustee company were entitled to the following remuneration for their services as Directors.

NAME	REMUNERATION (\$)	ALLOWANCE (\$)	SUPERANNUATION (\$)	TOTAL (\$)	TERM OF OFFICE During Financial Year
Brendon Grylls	4,731	-	449	5,181	26 May 2017 — 30 June 2017
Irina Cattalini	3,913	-	372	4,285	26 May 2017 — 30 June 2017
Colleen P Hayward	69,667	720	6,618	77,005	1 July 2016 — 26 May 2017
Dennis Long	40,000	780	3,800	44,580	1 July 2016 - 30 June 2017
Gavin S MacLean	40,000	780	3,800	44,580	1 July 2016 - 30 June 2017
lan McPherson	3,913	-	372	4,285	26 May 2017 — 30 June 2017
Christopher Pye	50,417	720	4,790	55,926	1 July 2016 — 26 May 2017
Roy Tommy	40,000	780	3,800	44,580	1 July 2016 - 30 June 2017
Rachelle A Towart	43,731	720	4,154	48,605	1 July 2016 - 26 May 2017
TOTAL	296,372	4,500	28,155	329,027	

Note 1: The Directors did not accept any performance bonus or any other incentives, though a loading was paid to the two Directors who chaired GIPL committees.

Note 2: The table refers to actual remuneration entitlements and does not include costs incurred by GIPL for travel related expenses.

### **REVIEW OF OPERATIONS**

The operating revenue for the Foundation decreased to \$13,222,211 from \$16,939,816 in 2016 as a result of Yandi Land Use Agreement ("YLUA") income decreasing by \$3,989,928 in 2017. Despite this fall in revenue the Foundation returned a higher total comprehensive net surplus for 2017 through ongoing cost management.

The total comprehensive net surplus for the 2017 financial year is \$3,066,532 (2016: Deficit of \$4,917,330), which includes unrealised losses of \$1,632,500 for changes in the values of investments properties, \$990,179 for changes in the values of available for sale investments, and unrealised gains of \$1,972,321 on available for sale assets. Excluding these unrealised revenue and expense items, the surplus for the Trust would be \$3,716,890. In terms of operating cash flow, the Trust generated a positive \$11,236,602 in 2017 (2016: \$8,366,134).

Please refer to the audited financial report from Page 23 for details on the financial performance and results for the financial year.

### **KEY HIGHLIGHTS**

The 2017 financial year has continued the period of cost consolidation for the Foundation, with funds allocated to run the administrative functions of Gumala Investments ("GIPL") and Gumala Aboriginal Corporation ("GAC") reducing a further 11% to \$4.60M in FY2017 from \$5.17M in FY2016.

Yandi Land Use Agreement compensation decreased by over 30% in 2017 to \$8.95M (FY2016: \$12.95M). With the land use payment calculation dominated by the area of land disturbed, and not by volume of ore removed from the ground, the income will rise and fall in line with mine expansion as opposed to mine production. These revenue levels pale significantly in comparison to the YLUA payments of \$34.0M received in FY2012 and \$37.1M received in FY2013.

Investment holdings increased to \$98.997M as at 30 June 2017, which is an increase of \$11.055M on the previous figure of \$87.9424M as at 30 June 2016. Trust liabilities total \$10.93M, which includes \$9.36M

for the funding of future member programs and \$0.96M for the funding of GAC for the June 2017 quarter.

Within these figures are some significant movements, as can be seen in the table below and in Note 15.

	30 JUNE 2017	30 JUNE 2016
Cash and cash equivalents	10,085,677	13,185,734
Investment properties	13,242,500	14,875,000
Available for sale financial assets	75,669,256	59,881,412
Total Investments	98,997,433	87,942,146

### **CASH POSITION**

The cash position of the Trust has decreased by \$3.10M in 2017 as the Foundation invested \$14.8M to increase its holdings in available-for-sale financial assets and obtain better rates of return than bank interest. Operating cash flow generated a positive \$11.24M to contribute the bulk of the funds that were added to the investment holdings.

### **INVESTMENT PROPERTY**

The decline in mining construction continued to affect the Pilbara economy and subsequently property prices in the region fell further in 2017 after incurring significant declines in 2015 and 2016, whilst prices for commercial property in the CBD appear to have stabilised. The Foundation has an accounting policy of performing formal valuations for investment properties at least once every three years and, given the state of the real estate market in 2017, the Foundation has had the values of its commercial and residential investment properties appraised independently again. Following this appraisal the Foundation recognised a net reduction in the fair value of \$1.63M for the investment properties portfolio (2016: Reduction in value of \$6.48M).

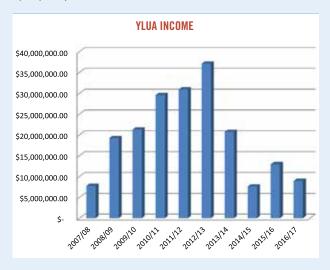
### TRADE AND RECEIVABLES

The trade and receivables position of the Trust has decreased by \$3.95M.

Trade and receivables includes the accrued income, with the primary component being the amount of dividends and distributions from investments that are declared prior to 30 June but paid in the new financial year. Other accrued income includes the amount earned from the Yandi Land Use Agreement for the final three months of the year.

### **REVENUES**

Revenue from the Yandi Land Use Agreement decreased 31% to \$8,948,656 from \$12,938,584 in 2016, with income from the March and June 2017 quarters falling significantly due to greatly reduced ground surface area disturbance. This revenue is well down on the historic high amounts received in 2013 (\$37,121,649) and 2012 (\$30,919,004).



The decline in rental property markets continued to affect rents in Perth, Tom Price and South Hedland, however the renting out of the residential properties in 2017 has resulted in an increase in rental income to \$518K compared to 2016 (\$488K).

A decline in interest rates over the year, along with a shift of cash into available-for-sale financial assets, resulted in interest received during the year decreasing slightly to \$770K from \$793K in 2016.

### **ADMINISTRATION COSTS**

GIPL decreased its employee benefits costs by \$250K with the consolidation of staffing levels within the Foundation Shared Services Team during the year. The Shared Services staff structure was terminated by GAC as of 31 May 2017 with required staff being redeployed to GAC. The Foundation Shared Services Team cost \$839K

for the period to 30 June 2017 (2016: \$1.01M).

Other management and administration costs increased by \$126K notably as a result of \$176K paid for member consultation meeting attendances in 2017 (2016: nil). Excluding that cost, shared administrative costs for GAC and GIPL under the Shared Services arrangement reduced by \$50K in total, and even further when considering that 2016 only included shared costs for 10 months.

### **PAYMENTS TO GAC**

GAC decreased its level of request for administration funding by \$420K with \$2.28M compared to \$2.70M in 2016. Funds to be made available for member benefits from 2017 total \$4.72M, with an accumulated total of \$9.36M being carried forward and made available for future member programs.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

### **BOARD AND STAFF CHANGES**

In February 2017 the 5 year period for the appointment of GIPL as the Trustee for the GGF came up for renewal as required under the Trust Deed. An appointing committee was determined by GAC, as Manager of the GGF, and an extraordinary general meeting of the GGF was held in in April for the members to vote on the matter. The result of the meeting was that the vote to appoint an external professional trustee failed to gather the required 75% of votes to pass and GIPL was therefore appointed as the Trustee for a further 5 year period. Subsequent to this meeting, GAC notified the independent directors of GIPL that GAC was exercising its rights under the Trust Deed to replace the independent directors and a new appointing committee was established to recruit 3 new independent directors. As at 26 May 2017 the incumbent independent directors, Professor Colleen Hayward, Ms Rachelle Towart and Mr Christopher Pye finished in their roles and Mr Brendon Grylls, Ms Irina Cattalini and Mr Ian McPherson were appointed to the Board of GIPL. The Traditional Owner Board members all continued from 2016 and served throughout the full 2017 financial year.

On 31 May 2017 the Foundation Shared Services Team was concluded with 3 staff retained by GIPL and the remaining staff required by GAC transitioned to that entity.

No GIPL staff were made redundant in this process.

Mr Rewi Lyall resigned from his role as CEO of GIPL in April 2017 with Mr John Raftis, the former Foundation Chief Financial Officer appointed by the Board as Acting Executive Officer. A recruitment process will be run by the GIPL Board in due course.

### PRINCIPAL ACTIVITIES

The principal activities of the GGF are the funding of community projects which benefit Beneficiaries and investment of trust funds as directed by the GGF Trust Deed.

### AFTER BALANCE DATE EVENTS

In July 2017 the Foundation was advised by Rio Tinto of the dramatic drop in YLUA income for the June quarter. The management of GIPL (together with GAC) have met with Rio Tinto representatives to discuss the forecast for YLUA income for future periods to enable both entities to effectively budget, plan and fund future operations and member benefits.

### **FUTURE DEVELOPMENTS**

GIPL will continue to review all income into the Foundation while looking to diversify income streams to grow the Future Fund. As Trustee, GIPL is also mindful of the need to provide monies to fund projects and programs that fall within approved Income Utilisation Categories.

The GIPL Board continues to look to further enhance the opportunity to work with GAC to achieve greater selfdetermination and cost efficiencies for the Foundation.

GIPL supports GAC's strategic approach to foster partnerships with specialist providers to assist the Foundation in service delivery of programs to achieve specific outcomes across the spectrum of approved Income Utilisation Categories.

### **RISK MANAGEMENT**

### **ENVIRONMENTAL RISK MANAGEMENT**

GIPL, as GGF Trustee, acknowledges the importance of environmental regulations and is aware of its responsibilities

in this area. The Entity is not required to report on any specific issues relating to this area, nor has it received any correspondence from any regulatory body to that effect. Similarly GIPL has not received any complaints in relation to potential environmental non compliance issues.

### **INTERNAL RISKS**

Changes to the Board of Directors may affect organisational direction in a way which would be different to non-Traditional Owner controlled organisations.

### **FUNDING RISK**

The amount of compensation received from Rio Tinto under the terms of the Yandi Land Use Agreement for the benefit of the Traditional Owners decreased in 2017 and is still well down on the sums received in 2013 and 2012. For the Foundation to better manage the risk from income fluctuations the Foundation has implemented an arrears-based funding arrangement for GAC, which includes all member programs being funded from Foundation available income determined in prior years. The Foundation is aware of the importance of continually monitoring administrative costs to ensure the maximum amount of funds is made available for member programs.

### **INVESTMENT RISKS**

Listed investments held in the Trustee's portfolio are exposed to securities price risk and their market prices will fluctuate according to the market forces. Such risk is managed through diversification of investments across industries and geographic locations by the investment advisers.

### OTHER EXTERNAL RISKS

Governments, and their policies and procedures, regularly change. On a global level, the political landscape is constantly evolving. Wars and conflicts affect many countries every day and can impact on the global economy which can have a knock-on effect on the Foundation investment income.

### **BOARD COMMITTEE MEETINGS**

In 2016/17 the following Committees were operational:

- Joint Investments Committee;
- · Audit & Risk Committee; and
- Joint Applications Committee

All committees have been reconstituted as Foundation committees with membership comprising directors from both GIPL and GAC. Foundation Charters have been endorsed by both GAC and GIPL Boards in relation to both the Investments and Audit and Risk Committees.

### FOUNDATION INVESTMENTS COMMITTEE

The Investments Committee was established in 2012 to fulfil obligations by The Trustee to consult with The Manager in relation to Investments, as reflected in Clause 8 of the Trust Deed. A primary responsibility of the Foundation Investments Committee is to review the GGF policies relating to the execution of the 'Utilisation of Income' of the Trust, as well as making recommendations to the GIPL Board on matters concerning the implementation of these policies and on matters concerning implementation of the Trustee's endorsed investment strategy. The Investments Committee is an advisory committee to the Board.

### FOUNDATION AUDIT AND RISK COMMITTEE

The Audit and Risk Committee's primary role is to oversee GAC and GIPL's Governance, Risk and Internal Control Framework to ensure the organisation sustains effective and efficient operations, maintains the integrity of financial and non-financial information, protects its assets, and complies with applicable laws, standards, policies and procedures, contracts and best practice, including the fulfilment of its external accountability responsibilities. The principal responsibilities of the Foundation Audit and Risk Committee are in the areas of Risk Management, Control Framework, Legislative and Regulatory Compliance, Internal Audit and External Audit.

### FOUNDATION APPLICATIONS REVIEW COMMITTEE

The Committee is established as a sub-committee of the GIPL and GAC Boards for the purpose of reviewing and making recommendations on individual applications for Beneficiary

Status under the Trust Deed and Membership Status under the GAC Rule Book respectively. This Committee is the "representative committee" under Clause 12.4 of the GGF Trust Deed, for the purpose of deeming Traditional Owners, and making recommendations in that regard.

The major responsibilities of the Committee are to:

- Assess all received applications for Beneficiary/ Membership Status in a deliberative, consultative and good faith manner;
- Make recommendations to the GIPL and GAC Boards about received applications, with advice to accept, reject or defer;
- For Directors to provide leadership, advice and lead debate with regards to applications that are the same as their respective language group;
- Provide advice about process, policy and procedures in connection to the Traditional Owner Register and the GAC Register of Members;
- Consult with the Traditional Owners, particularly Elders; and
- Manage any risks associated with the application process.

### COMPENSATION OF KEY MANAGEMENT PERSONNEL

The aggregate compensation made to Directors and other members of key management personnel is set out below.

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### **KEY MANAGEMENT PERSONNEL**

Key management personnel of The General Gumala Foundation consists of the following:

NAME	TITLE
Rewi Lyall	GIPL Chief Executive Officer
Vic Grant	Foundation Executive Manager Governance
Laura Coe	Foundation Operations and Assets Manager
Laureen Floyd	Foundation Human Resources Manager
John Raftis	Foundation Chief Financial Officer / GIPL Acting Executive Officer

#### Note:

Mr Rewi Lyall, Mr Vic Grant and Ms Laura Coe all resigned their positions during 2017.

Ms Laureen Floyd transitioned to GAC upon the finalisation of the Shared Services Team in May 2017.

Mr John Raftis was appointed as Acting Executive Officer in April 2017 following the resignation of Mr Rewi Lyall.

### **REMUNERATION BANDS**

REMUNERATION BAND (\$)	2016/17	2015/16
0 - 50K	1	-
50 - 100K	-	-
100 - 150K	2	1
150 – 200K	1	3
200 – 250K	1	-
250 – 300K	-	1

### INDEMNIFYING OFFICERS OR AUDITORS

During the Financial Year, the Trustee has paid a premium in respect of insuring Directors and Officers of the Trustee. The terms of the premium paid are commercial-inconfidence and, therefore, have not been disclosed.

The Trustee has not entered into any arrangement to indemnify the auditors.

### PROCEEDINGS ON BEHALF OF THE ENTITY

There are no current or outstanding proceedings against the Trustee. No person has applied for leave of court to bring proceedings on behalf of the Trustee or intervene in any proceedings to which the Trustee is a party for the purpose of taking responsibility on behalf of the Trustee for all or any part of those proceedings. The Trustee was not a party to any such proceedings during the year and up to the signing of this report.

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditors Independence Declaration for the financial year ended 30 June 2017 has been received and is included on the following page.

The Director's Report is made in accordance with a resolution of the Board of Directors made pursuant to s298(2) of the Corporations Act 2001:

On behalf of the Board of Directors:

Director:

Chairperson - Brendon Grylls

Dated this 27th day of August 2017

### **AUDITOR'S INDEPENDENCE DECLARATION**



Bentleys Audit & Corporate (WA) Pty Ltd

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Perth WA 6000

PO Box 7775

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**Auditor's Independence Declaration under Section 307C** of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

**BENTLEYS** 

**Chartered Accountants** 

To The Board of Directors

Director

Dated at Perth this 27th day of August 2017



as Bentleys. All members of the Bentleys Network are affiliated only and are separate legal entities and not in Partnership. Liability limited by a scheme approved under Professional Standards Legislation.







## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 (\$)	30 June 2016 (\$)
REVENUE			
Land Use Funds	2(a)	8,948,656	12,938,584
Investment Income	2(a)	3,754,910	3,512,487
Rental Income	2(a)	518,645	488,745
Total Revenue		13,222,211	16,939,816
OTHER INCOME			
Profit on Sale of Property, Plant & Equipment		275	_
Fair value gain on disposal of available-for-sale financial assets		434,111	302,063
Reversal of Provision for Doubtful Debt	4	1,146,850	· -
Other Income		16,845	27
Total Other Income		1,598,081	302,090
Total Revenue and Other Income		14,820,292	17,241,906
EXPENDITURE			
Impairment of available-for-sale financial assets	8	990,179	1,347,509
Impairment of available for sale maneral assets	7	1,632,500	6,480,000
Employee benefits expense	2(b)	1,425,339	1,674,994
Management & administration expenses	2(c)	1,123,151	996,719
Depreciation expense	5	25,893	23,102
Amortisation expense	6	101,186	197,360
Impairment of Property Plant & Equipment	5	69,500	137,000
Home Loan Debt Forgiven	4	269,287	_
Investment rental expenses and outgoings	,	594,381	637,492
Manager operating costs	2(d)	2,280,819	2,701,430
Member benefit grant funding costs	2(e)	4,724,490	6,530,130
Total Expenditure	2(0)	13,236,725	20,588,736
INCOME (DEFICIT) FOR THE YEAR		1,583,567	(3,346,830)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:	_		,,
Net unrealised gain / (loss) on available-for-sale financial assets	8	1,972,321	(1,025,624)
Items that will not be reclassified subsequently to profit or loss:			
Unrealised loss from revaluation of property, plant and equipment	11	(50,300)	
Net realised loss from previous unrealised gains on available-for-sale financial assets	11	(439,056)	(544,876)
Total Other Comprehensive Income		1,482,965	(1,570,500)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		3,066,532	(4,917,330)

This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30 June 2017 (\$)	30 June 2016 (\$)
ASSETS			
Current Assets			
Cash and cash equivalents	3	10,085,677	13,185,734
Trade and other receivables	4	1,807,231	5,933,633
Total Current Assets		11,892,908	19,119,367
Non-Current Assets			
Trade and other receivables	4	501,185	321,719
Property, plant and equipment	5	253,726	375,035
Intangible assets	6	-	101,186
Investment properties	7	13,242,500	14,875,000
Available for sale financial assets	8	75,669,256	59,881,412
Total Non-Current Assets		89,666,667	75,554,352
TOTAL ASSETS		101,559,575	94,673,719
LIABILITIES			
Current Liabilities			
Trade and other payables	9	10,899,430	6,998,537
Provisions	10	27,190	83,389
Total Current Liabilities		10,926,620	7,081,926
Non-Current Liabilities			
Provisions	10	580	25,950
Total Non-Current Liabilities		580	25,950
TOTAL LIABILITIES		10,927,200	7,107,876
NET ASSETS		90,632,375	87,565,843
FUNDS			
Member funds		83,361,709	81,778,142
Asset revaluation reserve	11	-	50,300
Financial assets reserve	11	7,270,666	5,737,401
TOTAL FUNDS		90,632,375	87,565,843

This Statement of Financial Position should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 30 JUNE 2017

	Note Member Funds (\$)	Asset Revaluation Reserve (\$)	Financial Assets Reserve (\$)	Total (\$)
30 JUNE 2016 FINANCIAL YEAR				
Balance at 1 July 2015	85,124,972	50,300	7,307,901	92,483,173
Net deficit	(3,346,830)	-	-	(3,346,830)
Other comprehensive income	-	-	(1,570,500)	(1,570,500)
Total comprehensive income for the year	(3,346,830)	-	(1,570,500)	(4,917,330)
BALANCE AT 30 JUNE 2016	81,778,142	50,300	5,737,401	87,565,843
30 JUNE 2016 FINANCIAL YEAR				
Balance at 1 July 2016	81,778,142	50,300	5,737,401	87,565,843
Net income	1,583,567	-	-	1,583,567
Other comprehensive income	-	(50,300)	1,533,265	1,482,965
Total comprehensive income for the year	1,583,567	(50,300)	1,533,265	3,066,532
BALANCE AT 30 JUNE 2017	83,361,709	-	7,270,666	90,632,375

This Statement of Changes in Funds should be read in conjunction with the accompanying notes.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 (\$)	30 June 2016 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from:			
Land use YLUA funds		12,977,047	9,792,330
Dividend income		3,211,621	3,419,605
Interest income		779,201	700,372
Rental income		601,239	520,902
Other Income		16,845	27
Payments to suppliers and employees		(3,460,865)	(3,441,299)
Payment for grant funding of member benefits		(2,888,486)	(2,625,803)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	12	11,236,602	8,366,134
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		275	-
Purchase of property, plant and equipment & software		(24,384)	(45,629)
Purchase of available-for-sale investments and property investments		(21,241,576)	(15,103,603)
Proceeds from disposal of available-for-sale investments		6,430,929	6,258,429
NET CASH USED IN INVESTING ACTIVITIES		(14,834,756)	(8,890,803)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of GHOS loans		48,097	100,796
Repayment of GET loan		450,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		498,097	100,796
		,	,
Net decrease in cash held		(3,100,057)	(423,873)
Cash and cash equivalents at beginning of the financial year		13,185,734	13,609,607
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	3	10,085,677	13,185,734

There are no restrictions on any funds on deposit.

This Statement of Financial Position should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The financial statements cover the economic entity of Gumala Investments Pty Ltd as trustee for the General Gumala Foundation as a Reporting Trust which is established and domiciled in Australia with its registered office at Level 2, 165 Adelaide Terrace, East Perth, WA 6004.

The financial statements were authorised for issue on 27th August 2017 by the Directors of the trustee company.

### Note 1: Summary of Significant Accounting Policies

### (a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board as issued by the International Accounting Standards Board. The Trust is a not for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

### (b) New Accounting Standards for Application in Current and Future Periods

In the financial year ended 30 June 2017, the Trust has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Trust that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Trust accounting policies.

In addition, the AASB has issued new and amended accounting standards and interpretations that have

mandatory application dates for future reporting periods. The Trust has taken steps to ensure timely application of these standards. The new and amended standards that are relevant to the Company are listed below:

#### **AASB 9 Financial Instruments**

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date for this standard is for annual reporting periods beginning on or after 1 January 2018. GIPL is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Trust's preliminary assessment, the Standard is expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019. Assets currently recognised as "Availablefor-sale financial assets" have any decreases in value against cost recognised through the Profit or Loss whilst increases in value against cost are recognised through Other Comprehensive Income and held in the Financial Assets Reserve until they are sold, upon which any gain is transferred through to the Statement for Profit or Loss. Under the new standard, these assets will be reclassified as "Investments fair-value-through-Profit-or-Loss" (FVTPL) or "Investments fair-value-through-Other-Comprehensive-Income" (FVTOCI) with all increases/decreases in value recognised in accordance with that election.

For the FY2017 financial reports, if the standard had been implemented, the Total Comprehensive Income (Loss) for the year would not change in total however the Income (Deficit) for the Year and the Total Other Comprehensive Income would vary depending upon the treatment election made.

Investments fair value through Profit or Loss	30 June 2017 (\$)	30 June 2016 (\$)
Cash Flows From Operating Activities		
Income / (Deficit) for Year	3,116,832	(4,917,330)
Total Other Comprehensive Income	(50,300)	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	3,066,532	(4,917,330)
Investments fair value through Other Comprehensive Income	30 June 2017	30 June 2016
Income / (Deficit) for Year	2,573,746	(1,999,321)
Total Other Comprehensive Income	492,786	(2,918,009)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	3,066,532	(4,917,330)

### AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

When this Standard is first adopted for the year ending 30 June 2019, there is not expected to be any material impact on the transactions and balances recognised in the financial statements.

### AASB 16 Leases

AASB 16 introduces new requirements for the classification and measurement of operating leases. These requirements involve the recognition of a lease liability and a corresponding right-of-use asset for all lease arrangements.

The effective date for this standard is for annual reporting periods beginning on or after 1 January 2019. GIPL is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Trust's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

### (c) Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

### (i) Land Use Funds

Land use compensation payments from Rio Tinto arising from the Yandi Land Use Agreement (YLUA) are recognised at the time the right to receive payment is established.

### (ii) Interest Revenue

Interest revenue is recognised using the effective interest method, with interest accrued over the relevant period using the effective interest rate, which for floating rate financial assets is the rate inherent in the instrument.

### (iii) Dividend and distributions

Dividend revenue from the AFS financial assets are recognised at the time the right to the dividends payment is established. Distributions from GET are recognised when they are declared.

### (iv) Fair value gain on disposal of available-for-sale financial assets

Gains or losses on the disposal of AFS financial assets are calculated as the difference between the fair value at sale and the cost value when it was purchased. They are recognised in profit or loss once sold, after removing any gains that are contained in the AFS Reserve.

### (v) Rental Income

Rent received is as a result of income earned on a rental property. The rent received is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

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

#### (d) Income Tax

The Trust has been registered under the provisions of The Charitable Fundraising Act 1991 and under Subdivision 50-B of the Income Tax Assessment Act 1997, it is an income tax exempt charitable entity.

### (e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included with other receivables or payables in the 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### (f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, short term bank deposits with maturities of six months or less. Cash is recognised at its nominal value.

### (g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by key management personnel to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

### Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives using the straight-line method of depreciation. Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

The estimated useful lives used for each class of depreciable assets are:

### Class of Fixed Asset Depreciation Rate

Buildings 2 -3%Furniture and Equipment 20 - 40%

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

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.

### (h) Intangible Assets

### Recognition of intangible assets

Acquired computer software and computer licenses are capitalised on the basis of the costs incurred to acquire and install the specific software.

### Subsequent measurement

All intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

The following estimated useful lives are applied:

Software: 20 - 40%

Amortisation has been included within depreciation,

amortisation and impairment of non-financial assets. Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

### (i) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are re-valued once every 3 years and are included in the statement of financial position at their open market value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on disposal of an investment property is recognised in profit or loss in the year of disposal.

### (j) Impairment of Assets

At the end of each reporting period, the Trust assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### (k) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Trust that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### (I) Provisions

Provisions are recognised when the Trust has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### (m) Employee Benefits

Provision is made for the Trust's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Trust's obligations for short-term employee benefits are recognised as a part of current trade and other payables in the statement of financial position.

The Trust's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Trust does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### Superannuation

The Trust pays fixed contributions at the statutory rate to defined contribution plans as specified by the choice of the employees. The Trust has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

#### (n) Financial Instruments

### **Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

### **Classification and Subsequent Measurement**

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial

asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

### (i) Available-for-sale financial assets

Available-for-sale financial assets ('AFS Financial Assets') are non-derivative financial assets, principally equity securities, which are either designated as such by management or not suitable to be classified into other categories of financial assets due to their nature. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

AFS financial assets are stated at fair value and gains that arise from changes in fair value are recognised in other comprehensive income and accumulated in the financial assets reserve. Losses in fair value below cost are recognised directly in profit and loss.

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

### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

### (iii) Financial liabilities

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

### Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar

### Impairment

In the case of AFS financial assets, a significant or prolonged decline in the market value of the equity investments classified as AFS Financial Assets is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately.

### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non cash assets or liabilities assumed is recognised in profit or loss.

### (p) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

### (q) Economic Dependence

The Trust is dependent upon the ongoing receipt of land use compensation payments from Rio Tinto arising from the Yandi Land Use Agreement (YLUA) to ensure the ongoing continuance of its operations. At the date of this report, the Directors of the Trustee has no reason to believe that this financial support will not continue but note that the amount of compensation payable under the YLUA is dependent on the area of land disturbance at the Yandi mine which can change significantly from period to period.

### (r) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report 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 Trust.

### Key Estimates - Impairment

The Trust assesses impairment at each reporting date by evaluating conditions specific to the Trust that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

As a result of this impairment assessment, the following has been recorded:

- A value of \$1,632,500 (2016: \$6,480,000)
  has been recorded as impairment of investment
  properties in the statement of profit or loss and other
  comprehensive income. Refer to Note 7;
- A value of \$50,300 (2016: Nil) has been recorded as other comprehensive loss due to the revaluation of the property, plant and equipment. Refer to Note 5;
- A value of \$990,179 (2016: \$1,347,509) has been recorded as impairment of AFS financial assets during the year in line with the policy at Note 1(n). This amount has been recorded in the statement of profit or loss and other comprehensive income. Refer to Note 8.

### **Key Judgement – Receivables**

The Trust assesses at each reporting date the recoverability of its receivable balances. Where evidence exists that the amount might not be recoverable, the recoverable amount to be recorded is considered.

In the 2015 financial year, based on the financial position of the Gumala Enterprises Trust ("GET"), the Trust provided fully for a debt of \$3,329,302 owing from distributions from the GET. During the 2017 year the GET and the Trust finalised a repayment arrangement with \$1,308,785 being forgiven, the 2015 distribution being amended from \$901,929 to \$28,262, and \$450,000 being paid back in accordance with the agreed schedule. Due to the demonstration of capacity to repay the debt, the Trust has reversed the previously provided-for balance of \$1,146,850 and the full remaining debt of \$696,850 is now recognised as fully recoverable.

### Note 2

### (a) Revenue

	30 June 2017 (\$)	30 June 2016 (\$)
Land use funds	8,948,656	12,938,584
TOTAL LAND USE FUNDS	8,948,656	12,938,584

The above represents land use compensation payments from Rio Tinto arising from the Yandi Land Use Agreement (YLUA).

	30 June 2017 (\$)	30 June 2016 (\$)
Investment Income		
Dividend and distributions	2,984,592	2,718,758
Interest income	770,318	793,729
TOTAL INVESTMENT INCOME	3,754,910	3,512,487

The above relates to the return of income from term deposits and available-for-sale financial investments. Refer to Note 8.

	30 June 2017 (\$)	30 June 2016 (\$)
Rental Income		
Rental income – Tom Price and South Hedland Houses	512,692	413,042
Rental income — 165 Adelaide Terrace	5,953	75,703
TOTAL RENTAL INCOME	518,645	488,745

The above relates to the receipt of gross rental income which is derived from investment properties. Refer to Note 7.

	30 June 2017 (\$)	30 June 2016 (\$)
GET Distribution	-	-
DECLARED DISTRIBUTION FROM GUMALA ENTERPRISES TRUST	-	-

The above represents the profit distribution declared from the Gumala Enterprises Trust for the 2017 and 2016 financial years. There was no distribution for 2017 or 2016.

### (b) Employee benefits expense

	30 June 2017 (\$)	30 June 2016 (\$)
Wages & Salaries	1,311,745	1,483,073
Superannuation	123,717	135,176
Employee benefit provisions	(10,123)	56,745
TOTAL EMPLOYEE BENEFITS EXPENSE	1,425,339	1,674,994

The majority of employee benefit expenses relate to employees whose duties comprised of providing services to both GAC and GIPL under a Shared Services approach implemented on 1 September 2015 and discontinued on 31 May 2017. The 'employee benefit provisions' expense accounts for the increase/(decrease) in accrued annual and long service leave entitlements for employees during this period.

	30 June 2017 (\$)	30 June 2016 (\$)
GIPL	586,429	668,320
Foundation Shared Services (GIPL & GAC)	838,910	1,006,674
TOTAL EMPLOYEE BENEFITS EXPENSE	1,425,339	1,674,994

For 2017 the GIPL employee benefits costs includes directors' remuneration, the CEO and Acting EO salary costs for the full year in addition to the costs of all other staff for the period 1 June – 30 June 2017. The Foundation Shared Services Team performed work for both GIPL and GAC until 31 May 2017, at which point the structure was terminated.

For 2016 the GIPL employee benefits costs includes directors' remuneration, the CEO salary costs for the full year in addition to the costs of all other staff for the period 1July – 31 August 2016. The Foundation Shared Services Team was created on 1 September 2015 and the costs for those team members are recognised from that date until 30 June 2016. The Foundation Shared Services Team performed work for both GIPL and GAC.

### (c) Management and administration expenses

	30 June 2017 (\$)	30 June 2016 (\$)
Auditors	28,726	57,000
Investment adviser fees	230,398	203,468
Legal fees	46,459	71,782
Consultant fees - Administration	58,986	28,139
Other management and administration expenses	758,582	636,330
TOTAL MANAGEMENT AND ADMINISTRATION EXPENSES	1,123,151	996,719

Included above are amounts recorded as an expenses to auditors, consultants, lawyers, and investment advisers for the financial year.

	30 June 2017 (\$)	30 June 2016 (\$)
GIPL	580,708	565,999
Foundation Shared Services (GIPL & GAC)	542,443	430,720
TOTAL MANAGEMENT AND ADMINISTRATION EXPENSES	1,123,151	996,719

The Foundation Shared Services Team was created on 1 September 2015 and the costs incurred for providing support services for both GIPL and GAC are recognised from that date until 30 June 2017.

### (d) Manager operating cost

	30 June 2017 (\$)	30 June 2016 (\$)
Manager operating costs	2,280,819	2,701,430
TOTAL MANAGER OPERATING COSTS	2,280,819	2,701,430

Administration expenses, requested by and paid to the Foundation Manager, Gumala Aboriginal Corporation for the financial year.

### (e) Member grant funding expenses

	30 June 2017 (\$)	30 June 2016 (\$)
Business Development Grants	31,862	176,411
Community Development Grants	277,075	175,690
Cultural Purposes Grants	90,489	-
Education & Training Grants	347,647	515,648
Health & Wellbeing Grants	76,477	99,836
Other Grant Funding	22,360	1,094
Unassigned Grant Funding	3,878,580	5,561,451
TOTAL MEMBER GRANT FUNDING EXPENSE	4,724,490	6,530,130

Grant funding expenses, requested by and paid to the Foundation Manager, Gumala Aboriginal Corporation for the financial year, and unassigned grant funding as at 30 June 2017 calculated according to the General Gumala Foundation Trust Deed.

### Note 3 Cash and Cash Equivalents

	30 June 2017 (\$)	30 June 2016 (\$)
Current		
Cash at bank	5,185,677	5,317,505
Short-term deposits with banks	4,900,000	7,868,229
TOTAL	10,085,677	13,185,734

Cash at bank earns interest at floating rates based on daily deposit rates. Short term deposits are held with reputable financial institutions and earn interest at market rates.

### Note 4 Trade and Other Receivables

	Note	30 June 2017 (\$)	30 June 2016 (\$)
Current			
Trade receivables		34,987	33,214
Distribution receivable from - GET	(b)	200,000	-
Accrued income		875,026	5,216,823
Prepayments		111,555	163,125
Franking credits receivable		585,663	520,471
TOTAL		1,807,231	5,933,633
Non-Current			
Gumala Housing Scheme loans receivable	(a)	4,335	321,719
Distribution receivable from - GET	(b)	496,850	3,329,302
Provision for doubtful debt	(b)	-	(3,329,302)
TOTAL		501,185	321,719

Current trade receivables are non interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised for the financial year.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

### Credit Risk

The Trust has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 4.

- (a) During the year, for consistency and equitability for remaining beneficiaries under the Gumala Home Ownership Scheme, the Board agreed to forgive \$67,321.83, being the highest amount granted to other Beneficiaries in prior years, from the balance of each of the remaining 4 home loans. The total forgiven was \$269,287.
- (b) In the 2015 financial year, based on the financial position of the Gumala Enterprises Trust ("GET"), the Trust provided fully for a debt of \$3,329,302 owing from prior year profit distributions from the GET. During the 2017 year the GET and the Trust finalised a repayment arrangement, with:
  - (i) \$1,308,785 being forgiven and written off as non-recoverable,
  - (ii) the 2015 distribution being amended from \$901,929 to \$28,262, and
  - (iii) a repayment plan for the balance of \$1,146,850 at \$50,000 per quarter, with payments to be completed in 2020. Of this balance, \$450,000 was paid back in accordance with the agreed schedule during the current year. Due to the demonstration of capacity to repay the debt, the Trust has reversed the previously provided-for balance of \$1,146,850 and the full remaining debt of \$696,850 is now recognised as fully recoverable.

### Note 5 Property, Plant and Equipment

Details of the Trust's property, plant and equipment and their carrying value are as follows:

### (i) Carrying amount as at 30 June

	30 June 2017 (\$)	30 June 2016 (\$)
Land and buildings	210,000	340,000
Office Equipment	107,096	120,979
Accumulated Depreciation	(63,370)	(85,944)
TOTAL	253,726	375,035

### (i) Carrying amount as at 30 June

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land and Buildings (\$)	Office Equipment (\$)	Total (\$)
Balance at 1 July 2015	340,000	12,508	352,508
Additions	-	45,629	45,629
Revaluation decrease	-	-	-
Depreciation expense	(10,200)	(12,902)	(23,102)
CARRYING AMOUNT AT 30 JUNE 2016	329,800	45,235	375,035
Additions	-	24,384	24,384
Revaluation decrease through Asset Revaluation Reserve *	(50,300)	-	(50,300)
Revaluation decrease through Impairment expense	(69,500)	-	(69,500)
Depreciation expense	-	(25,893)	(25,893)
CARRYING AMOUNT AT 30 JUNE 2017	210,000	43,726	253,726

All depreciation charges are included within the depreciation expense in the statement of comprehensive income.

<sup>\*</sup>The revaluation of the Limpet Crescent property has resulted in a decrease of \$119,800 with \$50,300 being taken to the Asset Revaluation Reserve (Refer to Note 11) and the balance of \$69,500 being expensed in the Statement of Profit or Loss.

# Note 6 Intangible Assets

Details of the Trust's intangible assets and their carrying value are as follows:

# (i) Carrying amount as at 30 June

	30 June 2017 (\$)	30 June 2016 (\$)
Software	493,401	493,401
Accumulated amortisation	(493,401)	(392,215)
TOTAL	-	101,186

# (ii) Movements in carrying amounts

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year.

	Software Costs (\$)	Total (\$)
Balance at 1 July 2015	298,546	298,546
Amortisation expense	(197,360)	(197,360)
CARRYING AMOUNT AT 30 JUNE 2016	101,186	101,186
Amortisation expense	(101,186)	(101,186)
CARRYING AMOUNT AT 30 JUNE 2017	-	-

All depreciation charges are included within the depreciation expense in profit or loss.

# **Note 7 Investment Properties**

	30 June 2017 (\$)	30 June 2016 (\$)
Balance at beginning of the period	14,875,000	21,355,000
Fair value adjustments	(1,632,500)	(6,480,000)
BALANCE AT END OF THE PERIOD	13,242,500	14,875,000

During the year the investment properties held by the Foundation were appraised to fair value. This resulted in a reduction in the current year of \$1,632,500 (2016: \$6,480,000) being recognised directly in the profit or loss as the fair values of these properties are below their carrying value.

The property appraisals were performed by external real estate organisations experienced in property appraisals and who are unrelated to the GGF.

The methodology used was a comparison to similar sales in each of the regions for similar properties.

Refer to Note 16 for disclosures regarding the fair value measurement of the Trust's investment properties.

#### **Note 8 AFS Financial Investments**

	30 June 2017 (\$)	30 June 2016 (\$)
AFS financial assets comprise:		
Fixed interest securities, at fair value	23,808,085	17,719,961
Listed equities securities, at fair value	51,861,171	42,161,451
TOTAL AFS FINANCIAL ASSETS	75,669,256	59,881,412

### **Reconciliation of AFS Financial Assets:**

	30 June 2017 (\$)	30 June 2016 (\$)
Balance at the start of the financial year	59,881,412	53,571,884
Purchases	21,241,576	15,103,603
Disposals	(6,435,874)	(6,420,944)
Revaluation increase/(decrease) through AFS Reserve	1,972,321	(1,025,622)
Impairment of AFS financial assets	(990,179)	(1,347,509)
BALANCE AT 30 JUNE	75,669,256	59,881,412

Available-for-sale financial assets (AFS) are stated at fair value (Note 16). The equity securities are denominated in AUD and are publicly traded and listed in Australia. The Trust holds a variety of AFS investments which generate a return based on income from those investments and changes in their market value. The growth in the values of the investments held over and above the original cost price is recognised in the Financial Assets Reserve (Note 11) until the investments are physically sold.

# Note 9 Trade and Other Payables

	30 June 2017 (\$)	30 June 2016 (\$)
Current		
Trade payables	286,320	542,342
Other payables and accruals	10,613,110	6,456,195
TOTAL	10,899,430	6,998,537

The fair value of financial liabilities (including trade and other payables) is equivalent to their carrying amount. All the above liabilities are short term and the Trust expects to meet its obligations.

Other payables and accruals for 30 June 2017 includes an amount of \$9,356,271 (2016:\$5,561,451) for unassigned member grant funding which has been made available for future member programs. (Refer Note 2(e))

# Note 10 Provisions

	Employ	Employee Benefits	
	30 June 2017 (\$)	30 June 2016 (\$)	
Current			
Annual leave	27,190	83,389	
TOTAL CURRENT	27,190	83,389	
Non-Current			
Long Service Leave	580	25,950	
TOTAL NON-CURRENT	580	25,950	

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Trust does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months, however these amounts must be classified as current liabilities since the Trust does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion includes the total amount accrued for long service leave entitlements that have not vested as at 30 June 2017 due to employees not having completed the required period of service.

#### Note 11 Reserves

This reserve is used to record the increases in fair value of land and buildings, and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the reserve.

	30 June 2017 (\$)	30 June 2016 (\$)
Balance at 1 July	50,300	50,300
Revaluation of land and buildings	(50,300)	-
BALANCE AT 30 JUNE	-	50,300

This reserve is used to record the increases in fair value of land and buildings, and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the reserve. During the 2017 financial year, an amount of \$50,300 was recognised as a reduction to the asset revaluation reserve due to the revaluation of property, plant & equipment. Refer to Note 5.

## **Financial Assets Reserve**

This reserve is used to record the increases in fair value of assets-held-for-sale, and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the reserve.

	30 June 2017 (\$)	30 June 2016 (\$)
Balance at 1 July	5,737,401	7,307,901
Profits realised on sale of AFS Investments	(439,056)	(544,876)
Revaluation increment of AFS Investments	1,972,321	(1,025,624)
BALANCE AT 30 JUNE	7,270,666	5,737,401

#### Note 12 Cash Flow Information

	30 June 2017 (\$)	30 June 2016 (\$)
RECONCILIATION OF SURPLUS/(DEFICIT)TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	1,583,567	(3,346,830)
Add (less) non-cash items:		
Depreciation	25,893	23,102
Amortisation	101,186	197,360
Gain on disposal of intangible assets	(275)	-
Forgiveness of beneficiary loans	269,287	-
Reversal of Provision for doubtful debt	(1,146,850)	-
Impairment of AFS investment	990,179	1,347,509
(Gain)/loss on sale of AFS investments	(434,111)	(302,063)
Impairment of investment properties	1,632,500	6,480,000
Impairment of Property, Plant & Equipment	69,500	
INCREASES AND DECREASES IN OPERATING ASSETS AND LIABILITIES:		
(Increase)/decrease in trade and other receivables	4,326,402	(2,541,108)
Increase/(decrease) in provisions	(81,569)	80,271
Increase/(decrease) in trade and other payables	3,900,893	6,427,893
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,236,602	8,366,134

Note: There were not any non-cash financing or investing transactions.

There are no restrictions on cash held.

# Note 13 Auditor's Remuneration

	30 June 2017 (\$)	30 June 2016 (\$)
Fees paid or payable to the auditor, Bentleys, for:		
Auditing the financial report	28,000	-
Fees paid or payable to the auditor, Grant Thornton Audit Pty Ltd, for:		
- Auditing the financial report	-	39,000
- Additional fees in respect to prior year audits	1,400	16,000
TOTAL	29,400	55,000

These fees relate to the audit of the financial statements of GIPL.

#### **Note 14 Related Party Transactions**

#### **Related Parties**

The Trust's main related parties are as follows:

a. Key management personnel

The Directors of Gumala Investments Pty Ltd, being the trustee company of the General Gumala Foundation Trust, have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and are considered key management personnel of the trust. Directors during the year are listed on Page 16 in the Directors Report. Other key management personnel (other than Directors) are detailed on Page 21 of the Directors Report.

The totals of remuneration paid to key management personnel (KMP) of the Trust during the year are as follows:

	30 June 2017 (\$)	30 June 2016 (\$)
Short-term employee benefits	947,676	1,060,737
Post-employment benefits *	86,279	100,770
TOTAL	1,033,955	1,161,507

<sup>\*</sup> Post-employment benefits comprise contributions paid to defined contribution superannuation plans on behalf of the KMP.

#### b. Other Gumala entities

The Statement of Profit or Loss and Other Comprehensive Income for the General Gumala Foundation includes the following expenses arising from transactions with related entities:

	30 June 2017 (\$)	30 June 2016 (\$)
Gumala Aboriginal Corporation (GAC)		
Expenses from provision of funding and acquisition of services from GAC	3,426,031	3,740,396
Recovery of expenses from GAC	15,077	32,584
Gumala Enterprises Trust (GET)		
Reversal of Doubtful Debt Provision	1,146,850	-

The Balance Sheet for the General Gumala Foundation includes the following assets and liabilities arising from transactions with related entities.

	30 June 2017 (\$)	30 June 2016 (\$)
Gumala Aboriginal Corporation (GAC)		
Accounts Receivable (Current)	13,311	483
Accounts Payable	272,774	329,335
Other Payable	1,137,335	840,528
Gumala Enterprises Trust (GET)		
Accounts Receivable (Current)	200,000	-
Accounts Receivable (Non-Current)	496,850	-

#### c. Other related parties

Other related parties include close family members of KMP, and entities that are controlled or jointly controlled by those KMP or their close family members, individually or collectively with family members or KMP.

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

The following transactions occurred with related parties:

Mr Gavin MacLean, a current director of GIPL, was the recipient of a loan under the Gumala Home Ownership Scheme (GHOS) program offered to beneficiaries in 2008 and 2009. Under that program beneficiaries were able to apply for assistance to purchase their own home through the provision of an interest free loan to supplement borrowing from their primary lender. Applicants could apply for loan assistance up to \$100,000 with a 30 year repayment schedule, secured with a caveat against the property.

In 2010 the program was redesigned so that the assistance to buy a home was provided by non-repayable grants. In line with this a number of the original GHOS loans were partially converted to a grant and the balance of debt was reduced accordingly. In Febrary 2017 the GIPL Board reviewed the four remaining and outstanding GHOS loans granted and, for consistency and equitable purposes, resolved to apply a similar conversion to grants with balances reduced by \$67,321.83 for each of those loans. Mr MacLean received the benefit of \$67,321.83 against his loan and repaid the balance to finalise his loan. As at 30 June 2017 his loan balance was nil (2016: Loan balance of \$75,329.00).

#### Note 15 Financial Risk Management

# Risk management objectives and policies

The Trust is exposed to various risks in relation to financial instruments. The Trust's financial instruments consist mainly of deposits with banks, equity securities, accounts receivable and payable, and loans.

The risk management is monitored by the board of directors in consultation with the investment advisors, and focuses on actively securing the Trust's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

Given the investment nature of the Trust's operations, the directors of the trustee company do not consider that the trust is exposed to any significant financial risks. Notwithstanding this, the trustee monitors the trust's financial position and liquidity on a monthly basis.

The main risks that the Trust is exposed to are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Trust is exposed to, how these risks arise, or the trustee's objectives, policies and processes for managing or measuring the risks from the previous period.

The Trust does not actively engage in the trading of financial assets for speculative purposes and does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. The most significant financial risks to which the Group is exposed are described below.

	Note	30 June 2017 (\$)	30 June 2016 (\$)
Classes of financial assets			
CARRYING AMOUNTS:			
Cash and cash equivalents	3	10,085,677	13,185,734
Trade and other receivables	4	1,607,231	6,255,352
Available-for-sale financial investments	8	75,669,256	59,881,412
TOTAL		87,362,164	79,322,498

The credit risk for cash and cash equivalents and term deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The carrying amounts disclosed above are the Trust's maximum possible credit risk exposure in relation to these instruments.

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The Trust is exposed to two sources of market price risk in fluctuations in interest rates applicable to its financial cash at bank and term deposits assets and fluctuations in the market value of its available-for sale investment assets. The Trust has taken steps to increase its exposure to intermediate-risk assets through the investment with NWQ Investments.

The Trust is reviewing the appointment of a consolidated investment manager with proposed risk benefits resulting from better co-ordination of investments across the various asset classes.

#### (i) Interest rate risk

The Trust is exposed to interest rate risk, which is the risk that a financial instrument's fair value and future cash flow will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The company does not use derivatives to mitigate these exposures.

The Trust adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents on term deposits at interest rates maturing from three to six month rolling periods.

The financial instruments that expose the Trust to interest rate risk are limited to cash and cash equivalents (see Note 3).

# (ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of available-for-sale (AFS) securities held.

The available-for-sale securities are publically listed and tradeable on the Australian Stock Exchange.

The Trust is exposed to securities price risk on investments held for medium-to-longer terms. Such risk is managed through

diversification of investments across industries and geographic locations. The Board has approved risk and return parameters for investments in AFS investments and receives timely reports from its investment advisors on the performance of the respective investment portfolios.

At the reporting date the market value of AFS investments was:

	30 June 2017 (\$)	30 June 2016 (\$)
Available-for-sale financial assets comprise:		
Fixed interest securities, at fair value	23,808,085	17,719,961
Listed equities securities, at fair value:	51,861,171	42,161,451
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	75,669,256	59,881,412

The listed securities are classified as available-for-sale, therefore an effect on profit and loss would have occurred if values decreased below cost or if the assets were sold, however if values increased above cost the gains would be recognised in the Financial Assets Reserve until the assets were sold. There were impairment losses of \$990,179 recognised at reporting date 30 June 2017 (2016: losses of \$1,347,509).

# Sensitivity Analysis

The following table illustrates sensitivities to the Trust's exposures to changes in interest rates and equity prices of AFS investments. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	Profit (\$)	Trust Funds (\$)
YEAR ENDED 30 JUNE 2017		
+/- 1% in interest rates	51,857	51,857
+/– 10% in equity prices	5,186,117	5,186,117
YEAR ENDED 30 JUNE 2016		
+/- 1% in interest rates	53,175	53,175
+/– 10% in equity prices	4,216,145	4,216,145
YEAR ENDED 30 JUNE 2015		
+/- 1% in interest rates	99,991	99,991
+/– 10% in equity prices	3,655,158	3,655,158

These sensitivities assume that the movement in a particular variable is independent of other variables.

The columns for Profit and Equity reflect the same amount due to any increase or decrease in interest rates or investment equity prices impacting the operating surplus and flowing through equally to the Trust Funds.

## **Liquidity Risk**

Liquidity risk arises from the possibility that the Trust might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Trust manages liquidity risk by monitoring cash flows and ensuring that adequate cash funds are maintained and available to meet its liquidity requirements for 30 day periods at a minimum.

The Trust considers expected cash flows from financial assets in assessing and managing liquidity risk, particularly its cash resources. The Trust's existing cash resources (see Note 3) exceed the current cash outflow requirements.

As at 30 June 2017, the table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Trust does not directly hold any derivative financial liabilities.

#### Financial liability analysis

	Current		Non-current		
	Carrying Amount (\$)	Within 6 months (\$)	6 to 12 months (\$)	1 to 2 years (\$)	More than 2 years (\$)
30 June 2017					
Trade and other payables	286,320	286,320	-	-	-
TOTAL FINANCIAL LIABILITIES	286,320	286,320	-	-	-
30 June 2016					
Trade and other payables	542,342	542,342	-	-	-
TOTAL FINANCIAL LIABILITIES	542,342	542,342	-	-	-

#### Note 16 Fair Value Measurements

#### Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (c) Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The following tables provide the fair values of the Trust's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Note	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
30 June 2017					
Financial assets					
Available-for-sale financial investments	8	75,669,256	-	-	75,669,256
NET FAIR VALUE		75,669,256	-	-	75,669,256
Non-financial assets					
Investment properties	7	-	13,242,500	-	13,242,500
Property, plant and equipment - buildings	5	-	210,000	-	210,000
NET FAIR VALUE		-	13,452,500	-	13,452,500
30 June 2016					
Financial assets					
Available-for-sale financial investments	8	59,881,412	-	-	59,881,412
NET FAIR VALUE		59,881,412	-	-	59,881,412
Non-financial assets					
Investment properties	7	-	14,875,000	-	14,875,000
Property, plant and equipment - Buildings	5	-	329,800	-	329,800
NET FAIR VALUE		-	15,204,800	-	15,204,800

### Valuation techniques

The Trust selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Trust are consistent with one or more of the following valuation approaches:

*Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

*Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Trust gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The fair value of the investment property assets is determined based on appraisals performed by independent, professionally qualified property valuers at least every three years. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies. The fair values of all investment property holdings were reviewed by third parties and their values adjusted accordingly for 30 June 2017.

#### Note 17 Contingent Assets and Contingent Liabilities

The Gumala Foundation is a beneficiary of the Gumala Enterprises Trust ("GET") and may be entitled to a distribution of profits for the year ended 30 June 2017.

### Note 18 Events after the End of the Reporting Period

In July 2017 the Foundation was advised by Rio Tinto of a further dramatic drop in YLUA income for the June quarter. Executive and Board representatives of GIPL (together with GAC) have met with Rio Tinto representatives to discuss the forecast for YLUA income for future periods to enable both entities to effectively budget, plan and fund the Foundation's future operations and member benefits. Other than the above matter, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Trust, the results of those operations of the Trust or the state of affairs of the Trust in future financial years.

#### Note 19 Trust Details

The Trust is known as The General Gumala Foundation. The trustee of the General Gumala Foundation is Gumala Investments Pty Ltd (ACN 077 593 581).

The registered office of the trustee and the principal place of business of the General Gumala Foundation is:

Level 2, 165 Adelaide Terrace East Perth WA 6004

As at 30 June 2017, Gumala Investments Pty Ltd had 3 employees and 6 Directors. The principal activities of the General Gumala Foundation are the funding of benefits to members and investment of trust funds as directed by the Trust Deed.

# DIRECTOR'S DECLARATION OF THE TRUSTEE COMPANY

In accordance with a resolution of the Directors of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation Trust, the Directors of the Trustee Company declare that:

- (a) the financial statements and notes, as set out on page 23 to 47 present fairly the Trust's financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with Australian Accounting Standards; and
- (b) in the Directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to s295(5) of the Corporations Act 2001:

Director: \_\_\_\_\_

Chairperson – Brendon Grylls for and on behalf of the Board of Gumala Investments Pty Ltd Dated this 27th day of August 2017

# INDEPENDENT AUDITOR'S REPORT

# **Independent Auditor's Report**

To the Members of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation ("the Company"), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

#### In our opinion:

- a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission ("ACNC") Act 2012, including:
  - giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended;
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001 and the ACNC Regulations 2013.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001*; the *Australian Charities and Not-for-profits Commission ("ACNC") Act 2012* and 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.

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



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# INDEPENDENT AUDITOR'S REPORT

# **Independent Auditor's Report**

To the Members of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation (Continued)



#### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, 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 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, 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.

#### 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 and the *Corporations Act 2001*; the *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 Company'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 the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 this financial report.

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

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# INDEPENDENT AUDITOR'S REPORT

# **Independent Auditor's Report**

To the Members of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation (Continued)



- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BENTLEYS

**Chartered Accountants** 

CHRIS NICOLOFF CA

Director

Dated at Perth this 27<sup>th</sup> day of August 2017



