



COLONIAL FOUNDATION LIMITED

ACN: 075 441 815

**Annual Report
30 June 2011**

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DIRECTORS' REPORT

The Directors present their report together with the financial report of Colonial Foundation Limited ("the Company") for the financial year ended 30 June 2011 and the auditors' report thereon.

The Directors of the Company at any time during or since the end of the last financial year are:

Mr David S Adam	Chairman until retirement on 27 October 2010 Director since 19 September 1996
Mr Peter J Smedley	Chairman since 27 October 2010 Director since 19 September 1996
Mr Graham Brooke	Director since 27 June 2001
Mrs Jane Harvey	Director since 16 July 2007
Mr A Peter J Kelly	Director since 19 September 1996
Professor John J McNeil	Director since 22 June 2005
Professor Robert R Officer	Director since 5 February 1997
Mr Alan Beanland	Director since 27 October 2010

All are independent Non-Executive Directors of the Company.

DIRECTORS' QUALIFICATIONS AND ATTENDANCE AT MEETINGS

Mr Peter Smedley – BCom MBA, FAICD (Chairman)

Mr Smedley is Chairman of OneSteel Ltd, Chairman of Spotless Group Pty Ltd, Chairman of Orygen Youth Health Research Centre and a Director of The Australian Ballet, and the Haven Foundation.

His previous roles included Managing Director and Chief Executive Officer of Mayne Group Limited, Managing Director and Chief Executive Officer of the Colonial Group, Chairman of the State Bank of New South Wales and Chairman of CARE Australia, Executive Director, Downstream Oil and Chemicals and Executive Director, Coal and Metals for Shell Australia Limited, Deputy Chairman of Newcrest Mining Limited and Director of Austen Butta Limited and of CARE International.

Professor John McNeil AM, – MBBS, MSc, PhD, FRACP, FAFPHM

Professor McNeil graduated in medicine from the University of Adelaide in 1971 and undertook physician training at the Royal Adelaide and Austin Hospitals. He subsequently completed his PhD in clinical pharmacology at the University of Melbourne and a Master of Science in epidemiology at the University of London.

Professor McNeil is currently a Member of the Board of Austin Health and a Director of the Orygen Youth Health Research Centre. Past Board memberships include Alfred Health, Dunlop Medical Research Foundation, Water Quality Research Australia and the Victorian Public Health Education and Research Foundation. He is the current Scientific Secretary of the International Society of Cardiovascular Pharmacology.

DIRECTORS' REPORT (continued)

Mr Graham Brooke AM

Mr Brooke practised as a partner in Coopers and Lybrand (now PriceWaterhouseCoopers) from 1963 to 1987 and was national Deputy Chairman from 1976. He has served as a Board member of Colonial Limited, NatWest Australia Bank Ltd and as Chairman of Victorian Funds Management Corporation. From 1994 to 2000 he was administrator of the State Electricity Commission of Victoria on the disaggregation of the Victorian electricity and other public utilities, which included the Gas and Fuel Corporation of Victoria and the port authorities of Melbourne, Geelong and Portland. Until April 2003, he was the Chairman of Health Super Pty Ltd and its predecessor from 1991.

From 1986 to 1989 he served as President or Board Member of the Queen Victoria Medical Centre and Prince Henry's Hospital and was the inaugural President of the Monash Medical Centre. He is currently a Director of the Orygen Youth Health Research Centre and is Chairman of their Audit and Risk Committee. Mr Brooke is a Director of The Spirit of Australia Foundation and is the independent Chairman of the Audit and Risk Committee of Country Racing Victoria Ltd.

Mrs Jane Harvey – BCom, MBA, FCA, FAICD

Mrs Harvey is a former partner of PricewaterhouseCoopers, having retired from the firm in 2002 and is currently a non-executive director with IOOF Holdings Limited, Medibank Private Ltd and the Telecommunications Industry Ombudsman. Mrs Harvey also Chairs the Department of Treasury and Finance Victoria Audit Committee and is a member of the Department's Advisory Board. Mrs Harvey has previously served on a number of Boards including the Alfred Hospital, the Victorian Managed Insurance Authority and the Lyceum Club.

Mr Peter Kelly – LL.B (Hons.)

Mr Kelly is a solicitor and former partner of Mallesons Stephen Jacques from 1970 to 2002. He was a Board Member from 1992 to 2002 and Senior Partner and Deputy Chairman from 1995 to 2002.

Mr Kelly is also a Director of The Gorman Foundation Limited and Collier Custodian Corporation. He is a member of the Supreme Court Library Investment Committee, a Trustee of the Collier Charitable Fund and a Council Member of the Friends of the Royal Botanic Gardens.

Professor Robert Officer – PhD MBA (Chicago), MAgEc (NE), BAgSc (Melb), FASSA, FSIA

Professor Officer is Chairman of Acorn Capital Limited, JCP Capital Partners Ltd and Deputy Chairman of TGM Ltd and a Director of the Transport Accident Commission (Vic) and Transurban Group. He was a Trustee of the William Buckland Foundation and was a Board Member of the Bank of Melbourne, the Victorian WorkCover Authority and Victorian Funds Management Corporation. He was Chairman of the Victorian Commission of Audit and the Chairman of the National Commission of Audit.

Professor Officer was the Deputy Director and AMP Professor of Finance at the Melbourne Business School from 1986 to March 2002. He is a past President of the Accounting Association of Australia and New Zealand and for eight years, was Editor of Accounting and Finance. Previously, he held a Chair at Monash University and has held positions at Universities of Chicago, Rochester, Stanford and more recently The Wharton School at the University of Pennsylvania.

DIRECTORS' REPORT (continued)

Mr Alan Beanland – BSc, FAICD

Mr Beanland has extensive international experience across four continents in roles as a Director, Senior Executive, Consultant and Business Developer within the Information Technology and Finance sectors. He has also advised major Australian and Asian companies on their international business expansion activities.

Mr Beanland is currently Chairman of Superpartners Pty Ltd and Credit Union Australia Ltd, and is a Director of Spotless Group Ltd.

Mr Beanland was recently a Director of Dragon Mountain Gold Limited, Albany Capital Pty Limited, Hancock Victorian Plantations Limited and Scarborough Group Pty Ltd.

SUMMARY OF MEETING ATTENDANCE BY DIRECTOR

Director	Board Meetings		Philanthropic Committee		Investment Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr DS Adam	1	1	-	-	-	-
Mr PJ Smedley	3	3	1	1	5	5
Mr A Beanland	3	3	-	-	3	3
Mr G Brooke	3	3	-	-	5	4
Mrs J Harvey	3	3	1	1	-	-
Mr APJ Kelly	3	2	1	1	5	5
Professor JJ McNeil	3	1	1	1	-	-
Professor RR Officer	3	3	-	-	5	5

MANAGEMENT

Executive Officer and Company Secretary - Ms Janice Robins

Ms Robins has responsibility for the operational management of the Colonial Foundation in accordance with the strategies, policies and processes adopted by the Board. Ms Robins operates under authorities delegated by the Directors and was appointed to the Foundation on 23 March 2011 following the resignation of Mr Andrew Brookes on 28 February 2011.

PRINCIPAL ACTIVITIES

The Company was incorporated on 19 September 1996 with the purpose of acting as Trustee of the Colonial Foundation Trust. The Company has acted as Trustee of the Colonial Foundation Trust from the formation of the Trust on 20 September 1996.

DIRECTORS' REPORT (continued)

Operating and financial review

The Company has continued to act as Trustee of the Colonial Foundation Trust.
The Company did not trade on its own behalf during the financial year, other than in its capacity of acting as Trustee of the Colonial Foundation Trust.

Dividends

No dividend has been paid or declared in respect of the financial year ended 30 June 2011 (2010 : \$ nil).

Likely developments

The Company intends to continue to act as Trustee of the Colonial Foundation Trust.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Indemnification of Officers and Auditors

Since the end of the previous financial year, the Company had not indemnified or made a relevant agreement for indemnifying against any person who is or has been an officer or auditor of the Company.

Insurance Premiums

During the financial year the Company has not paid any premiums in respect of Directors' and Officers' liability and legal expenses insurance contracts for the year ended 30 June 2011 and since the financial year, the Company has not paid or agreed to pay premiums in respect of such insurance contracts for the year ending 30 June 2011.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on the following page and forms part of the Directors' report for the financial year ended 30 June 2011.

This Report is made with a resolution of the Directors:


Peter J Smedley
Chairman

Dated at Melbourne this 31st day of October 2011

RSM Bird Cameron Partners
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AUDITORS' INDEPENDENCE DECLARATION

As lead audit partner for the audit of the financial report of Colonial Foundation Limited, for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Chartered Accountants

R B Miano

R B MIANO

Partner

Dated: *31* October 2011
Melbourne, Victoria

STATEMENT OF COMPREHENSIVE INCOME

	2011 \$	2010 \$
Other revenue	-	-
Gross profit	-	-
Other expenses	-	-
Profit before income tax	-	-
Income tax expense	-	-
Profit for the year	-	-
Total comprehensive income for the year	-	-

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

No revenue was earned or expenses incurred by the Company for the year ended 30 June 2011. Directors' fees of \$7,000 are paid by a related party.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

	2011 \$	2010 \$
Profit for the year	-	-
Total recognised income and expense for the year	-	-

STATEMENT OF FINANCIAL POSITION

Colonial Foundation Limited had no assets, liabilities or shareholders' equity as at 30 June 2011 and 30 June 2010.

STATEMENT OF CASH FLOWS

Colonial Foundation Limited had no cash transactions for the years ended 30 June 2011 and 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. Reporting entity

Colonial Foundation Limited (the "Company") is a Company domiciled in Australia.

The Company acts as Trustee of Colonial Foundation Trust (the "Trust") and the accounting policies reflect the fiduciary nature of the Company's responsibility for the assets and liabilities of the Trust.

2. Basis of preparation

(a) Statement of compliance

The financial report is a special purpose financial report which has been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The financial statements were approved by the Board of Directors on 31 October 2011.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian Dollars (AUD), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conforming with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

(a) Operating profit

The remuneration of the Company is set at an amount sufficient to meet the costs of the Company in carrying out its role as Trustee. This is charged by way of a fee payable by the Colonial Foundation Trust, equivalent to the costs incurred by the Company during the year. Accordingly, the result for the financial year was nil, and no information is disclosed concerning profit and loss account items other than the disclosures made in Notes 4 and 6.

(b) Right of indemnity

At balance date, the Trust's assets were sufficient to meet the Trustee's right of indemnity out of the Trust's assets for liabilities incurred on behalf of the Trust as and when they fall due. In making this assessment, the Directors had regard to the market value of the underlying assets of the Trust (refer Note 4).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (continued)

4. Right of indemnity

The Company acts solely as Trustee of the Trust and is liable for the debts of the Trust. The Company is entitled to be indemnified from the assets of the Trust to satisfy these liabilities. The Directors have assessed the market values of the underlying assets of the Trust and concluded that the Trust has sufficient assets to meet the Trust's liabilities and accordingly the Company has not recorded any Trust liabilities in its financial report.

Details of assets and liabilities of the Trust are as follows:

	Colonial Foundation Trust 30 June 2011 \$'000	Colonial Foundation Trust 30 June 2010 \$'000
Cash and cash equivalents	5,747	14,577
Trade and other receivables	2,016	1,071
Property, plant and equipment	120	-
Investments (at market rate)	150,766	135,722
Rental bond on 459 Collins Street	-	15
Rental bond on 432 St Kilda Road	25	-
Total assets	158,674	151,385
Trade and other payables	237	-
Employee entitlements	5	140
Total liabilities	242	140
Net Trust assets	158,432	151,245
Represented by:		
Trust Funds	158,432	151,245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (continued)

	2011 Number	2010 Number
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5. Directors' remuneration

The number of Directors whose income from the Company or any related party, in connection with the management of the Trusts, falls within the following bands is:

\$0 - \$9,999	7	7
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	2011 \$'000	2010 \$'000
Total income paid or payable, or otherwise made available to all Directors of the Company from the Company or any related party:	7	7

6. Share capital

The Company is a company limited by guarantee and has not issued any shares. Every Member of the Company undertakes to contribute to the property of the Company, in the event of the Company being wound up, to an amount not exceeding \$10.

	2011 \$	2010 \$
7. Auditor's remuneration		
Audit services – auditors of the Company	-	-
	-	-

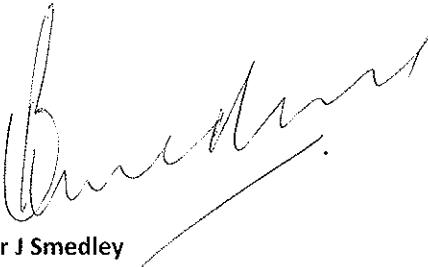
Audit fees are borne on behalf of the Company by a related party.

DIRECTORS' DECLARATION

In the opinion of the Directors of Colonial Foundation Limited ("the company"):

- (a) the Company is not a reporting entity;
- (b) the financial statements and notes, set out on pages 7 to 10, are in accordance with the Corporations Act 2001, including:
 - I. giving a true and fair view of the financial position of the Company as at 30 June 2011 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2; and
 - II. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Notes 2 and 3, and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Peter J Smedley
Chairman

Dated at Melbourne this 31st day of October 2011

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLONIAL FOUNDATION LIMITED

We have audited the accompanying financial report, being a special purpose financial report, of Colonial Foundation Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Colonial Foundation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Colonial Foundation Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 2 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



RSM BIRD CAMERON PARTNERS

Chartered Accountants



R B MIANO

Partner

Dated: 31 October 2011
Melbourne, Victoria