



Colonial Foundation

COLONIAL FOUNDATION TRUST

ABN: 42 062 119 572

**Annual Report
30 June 2019**

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ABOUT COLONIAL FOUNDATION

Our Vision

All Australians living a fair, healthy and fulfilling life.

Our Mission

We are committed to engendering positive social change in Australia by partnering with and assisting organisations that empower Australians to achieve the most out of life and develop a healthier, more innovative and more creative society.

Our Distinctive Approach

We apply a distinctive approach to granting that seeks to drive significant impact through a very limited number of high-value grants that extend over multiple years providing sustained support in building the capacity of the recipient organisation.

Our History

The Colonial Mutual Life Assurance Society Ltd (“CMLA”) was established in 1873 by Thomas Jacques Martin. Historical records indicate that CMLA was established to provide protection for the widows and children of miners working in the Victorian goldrush.

In 1996, CMLA, after 123 years as a mutual life insurance society, demutualised and, in 1997, was listed on the Australian Stock Exchange as “Colonial Limited”. As part of the demutualisation and to reflect in some way its origin as a mutual society, formed to provide a service to its members and the communities it served, the Colonial Foundation Trust was created.

Colonial Foundation Limited was formed to act as Trustee of the Trust.

Following the merger of Colonial Limited with the Commonwealth Bank of Australia in June 2000, Colonial Foundation Limited became fully independent, with the responsibility of carrying out the broadly defined charitable objectives of the Colonial Foundation Trust.

Since its establishment, the Colonial Foundation Trust has committed to donate more than \$136 million of philanthropic grants to date, to over 70 charitable organisations.

ANNUAL REVIEW

I am pleased to present Colonial Foundation Trust's Annual Review for the financial year ended 30 June 2019.

Our People

This year we mourned the loss of our former Chairman, Peter Smedley. Peter was a Director of the Foundation's Trustee Board from the inception of the Foundation in 1996, becoming its Chairman in October 2010 until his retirement from the Board in February 2018.

Peter provided outstanding leadership and key contributions to the Foundation's philanthropic activities since its establishment, in which he played a leading role. Over the period of his involvement, the Foundation awarded grants in excess of \$100 million across a broad spectrum of worthy causes.

Following a highly successful corporate career, Peter selflessly gave of his expertise, drive and energy to the Foundation in support of the Arts, Medical Research and to help those Australians less fortunate or in need, particularly young Australians, irrespective of their backgrounds. He genuinely cared and he made a difference.

In June 2019, we welcomed a new Director to the Trustee Board, Professor Geoffrey Donnan. Geoff brings a wealth of knowledge, skills and relevant experience to the Foundation. His experience in the field of medical science will add significantly to the Board's skill base.

The Foundation's Investment Committee was also restructured during the year with Rob Garnsworthy taking the Chair and Andrea Waters joining the Committee.

Our Grants

During the 2019 financial year, the Foundation continued the successful execution of its grant strategy focusing on making an impact in the areas of:

- Youth Well-being,
- Healthy Ageing and
- Arts & Culture.

In doing so, we are progressively transitioning our grant partnerships by applying our distinctive approach to grant-making, characterised by:

- Large value grants,
- Continuing over multiple years, and
- Assisting in building the capacity of the recipient organisation.

Over the year to June 2019 (FY2019), the Foundation donated grants totalling \$8.9 million to twelve organisations. Several the grant payments made during the year were part of current multi-year grants agreed to in prior years.

ANNUAL REVIEW (cont'd)

These included:

- Melbourne Indigenous Transition School (\$900,000 over three years),
- The Australian Ballet (\$450,000 over three years),
- SANE Australia (\$1,085,000 over five years),
- Whitelion (\$712,000 over three years),
- Haven Foundation (\$500,000),
- Bangarra Dance Theatre (\$300,000 over three years).
- DOXA (\$370,000 over three years), and
- Somebody's Daughter Theatre Company (\$150,000 over two years).

Youth Well-being

Orygen, The National Centre of Excellence in Youth Mental Health

Grant: Capacity Building Funding

Impact sought: Supporting research and translation into clinical practice that improves youth mental health

In 2001, the Colonial Foundation provided seed funding to catalyse Professor Patrick McGorry's team's initial work in early interventions for young people with mental ill-health. This led to the establishment of Orygen, a unique collaborative partnership of a philanthropic organisation (Colonial Foundation), one of Australia's leading university (University of Melbourne) and a major health care organisation (Melbourne Health), acting in concert as members/owners of the organisation.

The Foundation has committed funding of \$58.0 million over a twenty-year period in support of Orygen's operations focused on the development of a comprehensive research base and service platform in youth mental health, including headspace centres and early psychosis centres throughout Australia. Orygen has leveraged the Foundation's funding to generate nearly a billion dollars of Australian Government support for the youth mental health sector.

Orygen is now considered a world leader in youth mental health research and knowledge translation. The Colonial Foundation, through its ongoing support, has enabled Orygen to build organisational capacity and to direct funding to where it is needed the most. With mental ill-health the leading cause of disability and death among Australians aged 15-24, the Foundation's support is having a profound impact on mental health services for young people across Australia. Our funding has enabled raising awareness of the issue and advocating for more and better funding to support youth affected by poor mental health. This has culminated in the Productivity Commission and Victorian Royal Commission reviews of the mental health system and funding, as well as the construction of a state-of-the-art new building for Orygen.

The FY2019 grant of \$2.7 million is the third annual payment as part of a five-year partnership agreement. In addition, a further \$2.0 million was granted in FY2019 as part of a \$5.0 million contribution towards the cost of constructing the new Orygen office and clinical service centre in Parkville.

ANNUAL REVIEW (cont'd)

Healthy Ageing

The Walter & Eliza Hall Institute of Medical Research

Grant: Colonial Foundation Healthy Ageing Centre

Impact sought: Supporting essential medical research to find solutions to the disabilities of ageing

During FY2019, in pursuit of its objective to support medical research designed to find solutions to the disabilities of ageing, Colonial Foundation committed to fund \$15 million to Walter and Eliza Hall Research Institute over five years.

This grant will enable a new research program – led by researchers at the Walter and Eliza Hall Institute and The Royal Melbourne Hospital – to develop new diagnostic tests for the early detection of dementia.

Dementia is a major health challenge in Australia. In 2016, one in 10 people aged over 65 were diagnosed with the condition. Without breakthroughs in diagnostics and therapies, the number of dementia patients is expected to more than double by 2050. Early detection of the disease is crucial because by the time symptoms occur, most of the damage cannot be reversed.

The program of research will take place within the newly established Colonial Foundation Healthy Ageing Centre located at the Institute in the heart of the world-renowned Melbourne Biomedical Precinct.

The new Centre will enable leading clinicians, pathologists and researchers to come together with the goal of developing diagnostic tests for the early detection of neurodegenerative conditions that could cause dementia in people as young as 40.

The research team, led by Associate Professor Andrew Webb, will establish a biological model for healthy ageing and profile the molecular information of more than 20,000 patients recruited to the study. They hope to provide doctors across Australia with accredited tools and tests that make a positive difference to the quality of life for patients and their loved ones.

Osteoporosis Australia

Grant: 'Know Your Bones' Consumer Awareness Initiative

Impact sought: Supporting innovative or critical projects that improve the healthcare of the Aged

Over 5.5 million Australians over 50 have poor bone health with more than 165,000 bone fractures occurring in 2018. Bone fractures are the most significant consequence of osteoporosis. Only 20% of people who come to medical attention with a 'minimal trauma' fracture are investigated for osteoporosis. There are effective treatment solutions available with proven evidence to reduce risk of fracture by 30-70%. However, early diagnosis osteoporosis is essential.

Osteoporosis Australia is a National not-for-profit organisation aiming for stronger bones for a life without fractures. One of its key objectives is improving the diagnosis and active management of people at-risk.

ANNUAL REVIEW (cont'd)

The 'Know Your Bones' Consumer Initiative is an Australian-first initiative for fracture prevention developed by Osteoporosis Australia and the Garvan Institute of Medical Research. It is an evidence-based, online consumer self-assessment tool to review risk factors for poor bone health. It summarises bone fracture risk for people aged 50 years and over with risk of fracture being assessed and reported. For users of any age the online assessment also investigates clinical and lifestyle risk factors as well as medication use. A summary report is then provided with personalised recommendations to further discuss with a general practitioner as required.

Osteoporosis Australia remains committed to driving many more Australians to the Know Your Bones tool to promote prevention and is seeking to broaden the reach of this important national initiative.

In FY2019, Colonial Foundation committed to support the Know Your Bones program with a \$900,000 grant over three years with the objective of helping Osteoporosis Australia reach many more Australians with the Know Your Bones prevention message.

Bionics Institute

Grant: Advanced Deep Brain Stimulation Project

Impact sought: Supporting innovative or critical projects that improve the healthcare of the Aged

In 2012, Colonial Foundation commenced a partnership with the Bionics Institute to enable a more rapid progression of the development of an advanced deep brain stimulation (DBS) device to safely and effectively treat people who have severe and intractable neurological or psychiatric conditions. DBS delivers targeted electrical impulses to the brain through surgically implanted electrodes and has been an approved treatment to control debilitating tremor in people with advanced Parkinson's disease for over a decade. Funding from Colonial Foundation is allowing the Institute to complete the development of its DBS device, including clinical trials to develop and refine adaptive brain stimulation techniques, as well as studies to improve the design of deep brain electrodes. The grant of \$720,000 this year extended our funding partnership with the Bionics Institute to a total of \$2.5 million.

Arts & Culture

Australian Youth Orchestra

Grant: The Young Symphonists and The Chamber Players Groups Training Programs

Impact sought: Improving access to Arts and Culture in regional and rural Australia

Providing opportunities for young Australians to discover and be inspired by the Arts

AYO is the country's leading orchestral training organisation. Since its inception in 1948, the AYO has fired the imaginations of 8,000 young musicians, while instilling a love of music and dedication to the highest standards of performance. Their unique training programs provide a catalyst for awakening talent, nurturing confidence and laying the foundation for a lifetime of achievement and endeavour in music.

Colonial's funding partnership began in 2007 and continues to support two of AYO's main training programs: The Young Symphonists and The Chamber Players Groups. Colonial's funding has also enabled the Orchestra to perform concerts in community settings with several free public performances staged in regional/rural Australia.

ANNUAL REVIEW (cont'd)

In 2019, Colonial Foundation agreed to extend its funding of AYO by \$600,000 over 3 years, providing capacity-building support for an expansion of AYO's operations, including contributing to the funding of:

- National Music Camp Artists in Residence – where young musicians can hear from, perform with, and undertake classes with some of the world's leading freelance performers.
- Regional Residencies – where AYO musicians spend up to a week rehearsing and living in a regional location collaborating with local school groups in workshops and performances.
- Momentum Ensemble – a training program designed to shape the development of young musicians, predominantly of post-graduate age, many of whom are on the cusp of becoming professional musicians and at a critical point in their career journey.
- Momentum Ensemble members also develop the skills to take on the role of mentors in a range of settings, currently focusing on partnerships with schoolchildren who have a diagnosed intellectual disability. More than 450 Australian school children with diagnosed intellectual and physical disabilities aged 5-17 are expected to participate in these projects over the next three years.
- Australian Youth Orchestra Touring – In 2019, AYO will embark on its 23rd international tour to Europe and Asia. This tour helps promote Australia as a destination for teachers, artists and audiences to visit.
- Mentoring music teachers – making an impact in the classroom with music – the AYO pathway commences in the primary school classroom where, over the next five years, AYO will enable more than 20,000 children to benefit from quality music education. The training and placement of specialist music teachers in classes of the earliest years of school is an efficient and sustainable solution to help bridge the significant gap between students who do have access to music education at school and those that don't.

Our Operations

The total value of Trust Funds at 30 June 2019 was \$239.8 million, increasing from \$230.9 million at the end of the prior year. Our operating expense ratio for the year was 0.31% of average total net assets.

Finally, I would like to thank my fellow directors for their support on behalf of Colonial Foundation. I look forward to reporting on the further progress of the Foundation in the coming year.



Alan Beanland
Chairman

TRUSTEE'S REPORT

The Trustee presents its report together with the financial report of Colonial Foundation Trust (the "Trust") for the financial year ended 30 June 2019 and the auditor's report thereon.

1. TRUSTEE DIRECTORS

The Trustee is Colonial Foundation Limited. The Directors of the Trustee at any time during or since the end of the financial year were:

Mr Alan Beanland	Director since 27 October 2010
Prof Geoffrey Donnan, AO	Director since 5 June 2019
Mr Colin Galbraith, AM	Director since 4 March 2013
Mr Robert Garnsworthy	Director since 23 February 2015
Mrs Jane Harvey	Director since 16 July 2007
Prof Robert R. Officer, AM	Director since 5 February 1997
Ms Andrea Waters	Director since 19 February 2018

2. TRUSTEE DIRECTOR'S QUALIFICATIONS

Mr Alan Beanland - BSc, FAICD

Chairman

Alan Beanland joined the Board in October 2010. He 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 Groups on their international business expansion activities.

Mr Beanland is the current Chairman of Orygen - The National Centre of Excellence in Youth Mental Health, a past Chairman of Credit Union Australia Limited and Superpartners Pty Limited; and was previously a Non-executive Director of Spotless Group Limited, Dragon Mountain Gold Limited, Albany Capital Pty Limited and Hancock Victorian Plantations Limited amongst other companies.

Professor Geoffrey Donnan AO – MBBS, MD, FRACP, FRCP (Edin), FAHMS

Professor Geoffrey Donnan joined the Board in June 2019. He is Professor of Neurology at The University of Melbourne and former Director of The Florey Institute of Neuroscience and Mental Health. He actively continues his research at the Royal Melbourne and Austin Hospitals where his major interests are in neuroimaging and clinical trials. He has made major contributions to the understanding of stroke including establishment of new risk factors, the duration and evolution of viable brain tissue after stroke, the ischaemic penumbra. More recently he has been co-chair of trials of thrombectomy in acute ischemic stroke with Professor Stephen Davis and the establishment of Australia's first mobile stroke ambulance.

Professor Donnan has previously served as a board member of the Stroke Foundation, Brain Foundation, Prince Henry's Institute of Medical Research, The Florey Institute of Neuroscience and Mental Health, Australian Clinical Trials Alliance (ACTA), Melbourne Academic Centre for Health (MACH), World Stroke Organization and World Neurology Foundation.

TRUSTEE'S REPORT (cont'd)

2. TRUSTEE DIRECTOR'S QUALIFICATIONS (cont'd)

Mr Colin Galbraith AM - LL.B (Hons) and LL.M (University of Melbourne)

Colin Galbraith joined the Board in March 2013 and is a Special Advisor to Gresham Partners Limited. Mr Galbraith joined Gresham in 2006 after retiring from the partnership of the law firm Allens Arthur Robinson.

Mr Galbraith is the Chairman of CARE Australia and a Trustee of the Royal Melbourne Hospital Neuroscience Foundation. Formerly, he was a Director of the Commonwealth Bank of Australia, LatAm Autos Limited and the Australian Institute of Company Directors.

Mr Robert Garnsworthy – BEc (Monash University)

Robert Garnsworthy joined the Board in June 2015. He worked for 17 years with Shell Australia holding executive positions in Shell's Canadian and London offices. Mr Garnsworthy joined the Colonial Group of companies in 1994 and was Managing Director of Colonial's United Kingdom's office up to 1998, thereafter, Managing Director of Colonial International from 1998 through to 2000. Mr Garnsworthy was CEO of Norwich Union Australia from 2000 to 2003. Previous Board roles included Colonial First State, Portfolio Partners and CGU Insurance.

Mrs Jane Harvey - BCom, MBA, FCA, FAICD

Jane Harvey joined the Board in July 2007. She is a former Partner of PricewaterhouseCoopers, having retired from the firm in 2002 and is currently a Non-Executive Director with IOOF Holdings Limited, Bupa Aust/New Zealand, Orygen - The National Centre of Excellence in Youth Mental Health and The Marian and EH Flack Trust.

Mrs Harvey has previously served on a number of Boards including Dulux Group Limited, Medibank Private Limited, David Jones Limited, UGL Limited, Duet Finance Limited, The Alfred Hospital and the Royal Flying Doctor Service.

Professor Robert Officer AM - PhD MBA (Chicago), MAgEc (NE), BAgSc (Melb), FASSA

Professor Officer joined the Board in February 1997 and is Chairman of Acorn Capital Limited and a Director of CP2. He was a Trustee of the William Buckland Foundation and was a Board Member of the Bank of Melbourne, Transurban Limited, Chairman of the Victorian WorkCover Authority, Transport Accident Commission and Chairman of 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.

Professor Officer is a past President of the Accounting Association of Australia and New Zealand and for eight years, was Editor of Accounting and Finance. Previously, Professor Officer held a Chair at Monash University and has held positions at the Universities of Chicago, Rochester, Stanford and The Wharton School at the University of Pennsylvania.

TRUSTEE'S REPORT (cont'd)

2. TRUSTEE DIRECTOR'S QUALIFICATIONS (cont'd)

Ms Andrea Waters – BCom, FCA, GAICD

Andrea Waters joined the Board in February 2018. She is a Fellow of Chartered Accountants Australia & New Zealand, a member and accredited facilitator of the Australian Institute of Company Directors and a former partner with KPMG (until 2012) specialising in Financial Services Audit. For the past seven years Ms Waters has been a professional Non-Executive Director and is currently a director of MyState Limited (MYS), Grant Thornton Australia Limited, Bennelong Funds Management Group and Citywide Service Solutions Pty. Ltd. She was previously a Director of Cash Converters International Limited (CCV), CareSuper, The Lord Mayors Charitable Foundation, Chartered Accountants Australia & New Zealand and Cancer Council Victoria.

3. TRUST MANAGEMENT

The Chief Executive Officer (Mr André Carstens) has responsibility for the operational management of the Trust in accordance with the strategies, policies and processes adopted by the Trustee Directors and operates under authorities delegated by the Directors.

4. PRINCIPAL ACTIVITIES

The principal activities of the Trust during the course of the financial year have been those of investing and philanthropic activities in accordance with the Trust Deed. There were no significant changes in the scope of the activities of the Trust during the year.

5. REVIEW AND RESULTS OF OPERATIONS

The net surplus of the Trust, before distributions, for the year ended 30 June 2019 was \$17,727 thousand (2018: \$18,912 thousand).

6. DISTRIBUTIONS

Distributions of \$ 8,806 thousand (2018: \$7,343 thousand) were paid to philanthropic activities during the year.

7. LIKELY DEVELOPMENTS

The Trust will continue to operate in accordance with the terms of the Trust Deed, as amended.

8. 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 and unusual nature likely, in the opinion of the Directors of the Trustee, to significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

TRUSTEE'S REPORT (cont'd)

9. ROUNDING OFF

Amounts in the financial report and Trustee's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

10. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 11 and forms part of the Trustee's report for the financial year ended 30 June 2019.

This report is made in accordance with a resolution of the Trustee Directors:

A handwritten signature in black ink, appearing to read "Alan Beanland". The signature is written in a cursive style with a long, sweeping underline.

**Alan Beanland
Chairman**

Dated at Melbourne this 25th day of November 2019

The Board of Directors
Colonial Foundation Limited as Trustee of
Colonial Foundation Trust
Level 9
432 St Kilda Road
MELBOURNE VIC 3004

25 November 2019

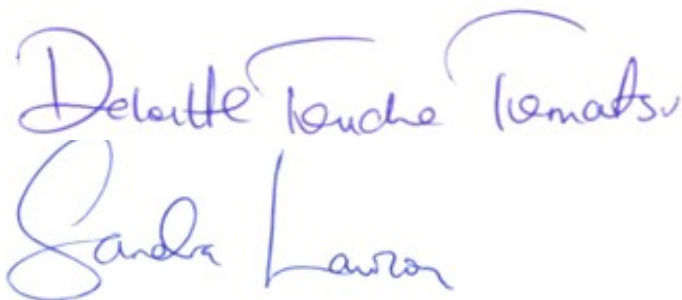
Dear Board Members,

Colonial Foundation Trust

In accordance with the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Colonial Foundation Limited, Trustee of Colonial Foundation Trust.

As lead audit partner for the audit of the financial statements of Colonial Foundation Trust for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Australian Charities and Not-for profits Commission Act 2012* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



Sandra Lawson
Partner
Chartered Accountant

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Revenue			
Unrealised gains/(losses) on investments		1,421	5,087
Realised gains/(losses) on investments		813	(670)
Revenue distributions received		12,370	9,984
Capital distributions received		1,778	3,155
Foreign exchange gain/(loss)		(217)	296
Interest		200	387
Other revenue		2,097	1,389
Total Revenue		18,462	19,628
Expenses			
Employee expenses		(299)	(297)
Audit and accounting fees		(76)	(70)
Rent and rental outgoings		(94)	(88)
Investment advisory fees		(209)	(202)
Other expenses from ordinary activities		(57)	(59)
Total expenses		(735)	(716)
Surplus before income tax		17,727	18,912
Income tax expense	3(e)	-	-
Surplus for the year before distribution		17,727	18,912
Distributions to philanthropic activities		(8,806)	(7,343)
Surplus for the year after distributions		8,921	11,569
Other comprehensive income		-	-
Total comprehensive income for the year		8,921	11,569

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents	5	8,708	9,688
Trade and other receivables	6	6,509	6,222
Prepayments		24	8
Total current assets		15,241	15,918
Investments	7	224,624	215,049
Plant and equipment	8	30	39
Other assets		25	25
Total non-current assets		224,679	215,113
Total assets		239,920	231,031
Liabilities			
Trade and other payables	9	107	138
Employee benefits	10	21	22
Total current liabilities		128	160
Total liabilities		128	160
Net assets		239,792	230,871
Trust funds			
Trust funds		239,792	230,871
Total trust funds		239,792	230,871

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

**STATEMENT OF CHANGES IN EQUITY/TRUST FUNDS FOR THE YEAR ENDED
30 JUNE 2019**

2019	Endowed Funds \$'000	Accumulated Surplus/(Deficit) \$'000	Total \$'000
Opening balance at 1 July 2018	142,827	88,044	230,871
Surplus for the year before distribution	-	17,727	17,727
Distributions to philanthropic activities	-	(8,806)	(8,806)
Other comprehensive income	-	-	-
Closing balance at 30 June 2019	142,827	96,965	239,792

2018	Endowed Funds \$'000	Accumulated Surplus/(Deficit) \$'000	Total \$'000
Opening balance at 1 July 2017	142,827	76,475	219,302
Surplus for the year before distribution	-	18,912	18,912
Distributions to philanthropic activities	-	(7,343)	(7,343)
Other comprehensive income	-	-	-
Closing balance at 30 June 2018	142,827	88,044	230,871

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Imputation credits refunded		1,511	1,276
Distributions and fee rebates received		14,684	12,841
Interest received		192	447
Cash paid to suppliers and employees		(1,015)	(1,092)
Net cash from operating activities	11	15,372	13,472
Cash flows from investing activities			
Proceeds from sale of investments		16,058	33,652
Acquisition of investments		(23,604)	(46,667)
Net cash from/(used in) investing activities		(7,546)	(13,015)
Cash flows from financing activities			
Distributions paid to philanthropic activities		(8,806)	(7,343)
Net cash used in financing activities		(8,806)	(7,343)
Net increase/(decrease) in cash and cash equivalents		(980)	(6,886)
Cash and cash equivalents at 1 July		9,688	16,574
Cash and cash equivalents at 30 June	5	8,708	9,688

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

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Colonial Foundation Trust (the "Trust") is a Trust domiciled in Australia. The Trust is a not-for-profit entity, primarily involved in investing and philanthropic activities in accordance with the Trust Deed.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures' and in compliance with the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements were approved by the Directors of the Trustee on 25th November 2019.

Colonial Foundation Trust is not a reporting entity as in the opinion of the Directors of the Trustee there are no users of the financial report that exist, who are unable to command the preparation of reports tailored so as to satisfy, specifically, all their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Directors of the Trustee's reporting requirements under the *Australian Charities and Not-for-Profits Commission Act (ACNC) 2012*.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Trust's functional currency.

Amounts in the financial report and Trustee's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity 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 estimates are revised and in any future periods affected.

No material estimates or judgements were applied in preparing the financial statements for the current year.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the comprehensive income statement.

(b) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gains or losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Trust. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of plant and equipment are depreciated on a straight-line basis in the profit or loss over the estimated useful lives of each component.

Items of plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

	2019	2018
Plant and equipment	3 to 10 years	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Other long-term employee benefits

The Trust's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Trust's obligations, and that are denominated in the same currency in which the benefit is to be paid. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(d) Revenue

Interest income is recognised as it accrues in the income statement, using the effective interest method.

Dividend and distribution income is recognised in the income statement on the date that the Trust's right to receive payment is established.

(e) Income tax

The Colonial Foundation Trust is exempt from paying income tax as it is endorsed by the Australian Taxation Office as an Income Tax Exempt Charity.

(f) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial assets

Financial instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. All financial assets are initially measured at fair value adjusted for transaction costs.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at amortised cost
- Financial assets at FVTPL

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (cont.)

Impairment of financial assets

The Trust recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade and other receivables and contract assets

The Trust makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Trust uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Financial liabilities and Equity

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(h) Adoption of new and revised accounting standards

During the current year, the Trust adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these Standards has not had a significant impact on the recognition, measurement and disclosure of transactions.

AASB 9 Financial instrument:

In the current year, the Trust has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018.

AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities, and
- Impairment of financial assets

The Trust has the following financial instruments:

- Cash
- Investments
- Trade and other receivables
- Trade and other payables

There was no change to the classification of any financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Adoption of new and revised accounting standards (continued)

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Trust has assessed its existing financial assets and financial liabilities in terms of the requirements of AASB 9) is 1 July 2018. Accordingly, the Trust has applied the requirements of AASB 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Given the nature of assets held, irrecoverable elections were not made.

No financial impact resulted on transition to AASB 9. All instruments, whether at amortised cost or fair value, continue with the same classification and measurement basis.

Impairment of financial assets

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Entity's financial assets do not have a significant financing component. Therefore the entity has adopted the simplified approach for measuring expected credit losses at an amount equal to lifetime expected loss allowance for its financial assets.

None of the reclassifications or assessment of impairment of financial assets have had a material impact on the Trust's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New accounting standards for application in future periods

At the date of authorisation of the financial statements, the entity has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective.

Standard/amendment	Effective for Annual Reporting Periods Beginning On Or After
AASB 15 Revenue from Contracts with Customers, 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15, 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2019
AASB 1058 Income of Not-for-Profit Entities , and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019
AASB 16 Leases	1 January 2019
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	1 January 2019
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2019

At the date of these financial statements, the potential impact of these standards has been determined as follows:

AASB 1058 – Income of Not-for-Profit Entities and AASB 15 – Revenue from Contracts with Customers

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NDP entities) as well as current revenue recognition guidance including AASB 118 Revenue, and the related Interpretations when it becomes effective.

The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or Service), or a contribution by owners, related to an asset (such as cash or another asset) receive by a Trust. The Trust's current practice for the recognition of revenue will not change under the new standard.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New accounting standards for application in future periods (continued)

AASB 16 Leases

AASB 16 Leases is effective for years commencing on or after 1 January 2019. AASB 16 eliminates the classification of leases as either operating leases or finance leases for lessees as required by AASB 117 Leases and instead, introduces a single lessee accounting model.

On initial application of AASB 16, for all leases, the entity will:

- a) Recognise right of use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognise depreciation of right of use assets and interest on lease liabilities in the statement of profit or loss; and
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

Under AASB 16, the Trust will recognise a right of use asset and a corresponding lease liability in relation to the non-cancellable operating leases of office premises. Upon adoption, a right-of-use asset will be recognised at an amount equal to the corresponding lease liability. As at 30 June 2019 the Trust has one property lease which will be impacted by the new accounting standard.

	2019 '000	2018 '000
4. AUDITOR'S REMUNERATION		
Statutory audit services by Deloitte Touche Tomatsu	23	20
	23	20
5. CASH AND CASH EQUIVALENTS		
Current		
Bank balances	5,105	3,153
Call deposits	3,603	6,535
	8,708	9,688
6. TRADE AND OTHER RECEIVABLES		
Current		
GST recoverable	34	21
Accrued interest	50	41
Accrued distributions	4,061	4,629
Imputation credits refundable	2,364	1,531
	6,509	6,222
7. INVESTMENTS		
Non-current		
Investments in equity and debt securities	218,519	206,954
Investments in private equity partnerships	6,105	8,095
	224,624	215,049

	2019 '000	2018 '000
8. PLANT AND EQUIPMENT		
Cost		
Balance at 1 July of Financial Year	139	132
Additions	5	7
Balance at 30 June of Financial Year	<u>144</u>	<u>139</u>
Depreciation and impairment losses		
Balance at 1 July of Financial Year	100	87
Depreciation for the year	14	13
Balance at 30 June of Financial Year	<u>114</u>	<u>100</u>
Carrying amount at end of Financial Year	<u>30</u>	<u>39</u>
9. TRADE AND OTHER PAYABLES		
Current		
Payables and accrued expenses	107	138
	<u>107</u>	<u>138</u>
10. EMPLOYEE BENEFITS		
Current		
Employee entitlements	21	22
	<u>21</u>	<u>22</u>

	2019 '000	2018 '000
11. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES		
Cash flows from operating activities		
Surplus for the year before distributions	17,727	18,912
Adjustments for:		
Depreciation	15	13
Unrealised (gains)/losses on investments	(1,421)	(5,087)
Realised (gains)/losses on investments	(813)	670
Foreign exchange (gains)/losses	217	(296)
Management fees/(rebates) reinvested	(110)	(110)
Operating surplus before changes in working capital and provisions	(2,112)	(4,810)
Movement in trade and other receivables	(204)	(461)
Movement in trade and other payables	(37)	(17)
Movement in provisions	(2)	(152)
Net cash from operating activities	15,372	13,472

12. COMMITMENTS

The uncalled commitments relate to the Trust's private equity investments. Due to the nature of the investments, the exact timing of future capital calls is unknown.

The Trust had the following commitments representing the uncalled elements in respect of the Trust's investments.

Goldman Sachs Private Equity Partners IX Private Equity Fund	1,775	1,655
Goldman Sachs Private Equity Partners X Private Equity Fund	1,563	1,399
	3,338	3,054

13. FINANCIAL INSTRUMENTS

Overview

The Trust has exposure to the following risks arising from financial instruments:

- Market risk
- Currency risk

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk.

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 Trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Trust is exposed to currency risk on investments that are denominated in a currency other than the respective functional currencies of the Trust, primarily the Australian dollar (AUD), but also the United States dollar (USD). The currencies in which these transactions are primarily denominated are AUD and USD.

The Trust's exposure to foreign currency risk was as follows, based on notional amounts.

	AUD		USD	
	2019		2018	
	\$'000		\$'000	
Investments – Goldman Sachs Private Equity Partners	6,105	4,286	8,095	5,983
Net exposure	6,105	4,286	8,095	5,983

The following significant exchange rates applied during the year:

AUD/USD	2019	2018		2019	2018
July	0.7409	0.7987	January	0.7245	0.8073
August	0.7262	0.7898	February	0.7141	0.7792
September	0.7231	0.7839	March	0.7097	0.7665
October	0.7105	0.7673	April	0.7058	0.7570
November	0.7318	0.7585	May	0.6913	0.7564
December	0.7045	0.7800	June	0.7021	0.7391

TRUSTEE'S DECLARATION

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

- (a) The Trust is not a reporting entity. The financial report has been prepared as a special purpose financial report in accordance with the accounting policies described in Note 2 and Note 3 to the financial statements;
- (b) In accordance with the *Australian Charities and Not-for-profits Commission Act 2012* the financial statements and notes set out on pages 12 to 27 are drawn up so as to give a true and fair view of the results and cash flows of the Trust for the year ended 30 June 2019 and the state of affairs at 30 June 2019 of the Trust;
- (c) The financial statements and notes have been made out in accordance with Australian Accounting Standards, to the extent described in Note 2(a) to the financial statements; and the Trust Deed dated 20 September 1996, as amended;
- (d) The Trust has operated during the year ended 30 June 2019 in accordance with the provisions of the Trust Deed dated 20 September 1996, as amended; and
- (e) At the date of this statement there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors of the Trustee made pursuant to s. 60.15 of the Australian Charities and Not-for-profit Commission Regulation 2013.



Alan Beanland
Chairman

Dated at Melbourne this 25th day of November 2019

Independent Auditor's Report to the members of Colonial Foundation Limited

Opinion

We have audited the financial report, being a special purpose financial report, of Colonial Foundation Trust (the "Entity") which comprises the statement of financial position as at 30 June 2019, the statement of 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 other explanatory information, and declaration by the Trustee as set out on pages 12 to 28.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the accounting policies described in note 2 and 3.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet the financial reporting requirements of the Trust Deed and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Trustee and should not be distributed or used by parties other than the Trustee. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Entity's Annual Review and Trustee's Report or the year ended 30 June 2019, 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 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 Directors of the Trustee for the Financial Report

The Directors of the Trustee are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation and accounting policies described in Note 2 and 3 to the financial report is appropriate to meet the requirements of the Trust Deed and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and is appropriate to meet the needs of the Trustee. Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.
- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity 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.

We communicate with management and 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

Deloitte Touche Tomatsu

Sandra Lawson

Sandra Lawson
Partner
Chartered Accountants
Melbourne, 25 November 2019