



# ***Colonial Foundation Annual report***

**For the year ended 30 June 2023**

**Colonial Foundation Trust** ABN: 42 062 119 572

**Trustee: Colonial Foundation Limited** ACN: 075 441 815



Colonial Foundation

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# **Colonial Foundation origin**

*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 insurance protection for the widows and children of miners working in the Victorian gold rush.*

*In 1996, after more than one hundred years as a mutual life insurance society, CMLA 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.*

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# Chair's report

I am pleased to present Colonial Foundation Trust's Annual Report for the financial year ended 30 June 2023.

## NEW STRATEGY

During the year, the Foundation undertook a review of its business strategy, including confirmation of its Purpose and of its approach to achieving it.

Following this review, the Foundation's strategy for the next three years is described below.

*Our **Vision** is all Australians living a fair, healthy and fulfilling life.*

*Our **Purpose** is to drive positive social change in Australia by partnering with organisations that empower all Australians to achieve the most out of life and develop a healthy, fair and innovative society.*

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Commencing in the new financial year, our granting strategy will focus on three themes, namely:

### **Advancing and Applying Knowledge to Fight Disease**

- Supporting essential medical research to find solutions for the diagnosis, treatment and prevention of non-communicable diseases.
- Supporting initiatives that translate this research into clinical practice.

### **Advancing and Applying Knowledge to Overcome Inequity through Education**

- Supporting initiatives that reverse the high level of teacher attrition.
- Supporting initiatives that deliver equitable access for all students to both education and innovative advancements in education.

### **Advancing Regional & Rural Australia**

- Reducing inequity in comparison with urban Australia
- Ensuring environmental sustainability
- Building community and social cohesion

In implementing this, we will continue to apply our distinctive approach to grant-making, characterised by:

- Striving for significant impact,
- Maintaining a limited number of High value grants,
- Long-term support continuing over multiple years,
- Building the capacity of the recipient organisation,
- Collaborating with recipient organisations and fellow foundations, and
- Supporting the positive Environmental, Social and Governance impacts of recipient organisations.

Over the year to June 2023, the Foundation provided grants totalling \$9.2 million to nine organisations.

In line with our approach to grant-making, all of these grant payments were part of multi-year grant programs either initiated early during the current year or continuing from prior years.

*Chair's report continued.*

**PEOPLE**

In December 2022, the Chairman and longstanding Director of the Trustee Board, Alan Beanland, retired from the Board. Alan joined the Board in October 2010, becoming Chairman in February 2018. Under Alan's leadership, the Foundation refined its strategy in 2018 and adopted a more strategic approach to granting which facilitated significant philanthropic impact. Alan's contribution to the Foundation achieving its Purpose was substantial and greatly appreciated.

In November 2022, the Board welcomed two new Directors with Mette Schepers and Tom Harley joining. We look forward to their future contribution to the Foundation's success.

**OPERATIONS**

Despite the softening of the Australian economy during the year and its impact on investment markets, prudent investment management has resulted in the Foundation generating strong investment earnings and the total value of Trust Funds at 30 June 2023 increasing to \$254.5 million from \$234.1 million at the end of the prior year.

The Foundation has continued its track record of highly efficient operations with the operating expense ratio for the year at 0.30% of average total net assets.

Throughout the year-ended June 2023, the Foundation has continued to successfully achieve its Purpose. I would like to thank my fellow directors and the executive team for their contribution to this achievement.

We look forward to further progress of the Foundation in the coming year.

**ANDREA WATERS**

*Chair*



# 2023 Grants review

*The Foundation continued its distinctive approach to grant-making by funding its long-term grant partners, providing funding totalling \$9.2 million during the current year to nine organisations.*



## WEHI

<b>THEME</b>	<b>MEDICAL RESEARCH</b>
<b>CURRENT YEAR GRANT VALUE</b>	<b>\$3.0 MILLION</b>
<b>TOTAL GRANT PROGRAM</b>	<b>\$15 MILLION GRANT OVER FIVE YEARS COMMENCING IN 2020</b>



## ***Developing diagnostic tests for the early detection of neurodegenerative conditions that could cause Dementia***

This grant established the Colonial Foundation Healthy Ageing Centre. The Centre is located within the WEHI complex in the world-renowned Melbourne Biomedical Precinct and brings together researchers from WEHI and pathologists and clinicians from Royal Melbourne Hospital. The Centre is focused on a research program to develop new diagnostic tests for the early detection of Dementia.

Dementia is a major global health challenge. Without breakthroughs in diagnostics and therapies, the number of Dementia patients in Australia 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 research team is well progressed in profiling the molecular information of more than 20,000 patient samples as part of the study. The Centre is building this profile and dataset to develop and provide clinicians with accredited pathology diagnostic tests for the early detection of neurodegenerative conditions that could cause Dementia and other neurological conditions.



## Hunter Medical Research Institute

<b>THEME</b>	<b>REGIONAL SUPPORT &amp; MEDICAL RESEARCH</b>
<b>CURRENT YEAR GRANT VALUE</b>	<b>\$1.5 MILLION</b>
<b>TOTAL GRANT PROGRAM</b>	<b>\$12 MILLION GRANT OVER FIVE YEARS COMMENCING IN 2022</b>



### ***Reducing the burden of Diabetes in regional and rural communities***

The Foundation recently commenced a funding relationship with the Hunter Medical Research Institute, based in Newcastle, NSW.

The Hunter Medical Research Institute is improving access to diabetes care in rural and regional areas with the Diabetes Alliance Program+ (DAP+). The program focuses on bringing the program of care directly to vulnerable communities across the Hunter New England health district, including through the creation of a bus, equipped to be a clinic on wheels.

The program is especially important for rural communities with limited access to general practitioners. It takes specialists such as diabetes nurses and podiatrists to rural and remote towns that may not have access to these services locally. These clinical teams provide training to local providers, and directly care for patients in a way that empowers them to better manage their own medical condition. DAP+ is specifically designed to improve evidence-based diabetes care in rural and remote areas, so it makes sense, given the scale of Australia, to drive medical specialists to where they're needed most and deliver the program on the ground.

A key part of the program's research is seeking evidence that the program is making an impact on reducing the burden of this disease in rural and regional communities. This evidence will not only allow the continuation of delivering DAP+ but will also show its value for rollout in other parts of NSW and further afield.

The research is also focused on proving that the model of care can also easily be customised for rapid application to other chronic and complex health conditions, which could have a big impact on health outcomes for rural and remote communities.



## Regional Australia Institute

THEME	SUPPORTING REGIONAL AUSTRALIA
CURRENT YEAR GRANT VALUE	\$1.0 MILLION
TOTAL GRANT PROGRAM	\$3 MILLION GRANT OVER THREE YEARS COMMENCING IN 2021



## *Eliminating the inequity between regional and urban Australia*

Regional Australia Institute (RAI) is Australia's only independent think tank solely focused on regional Australia. It exists to ensure all levels of government, industry and community members have access to the information they need to make decisions impacting the future of regional Australia.

Since its inception in 2011, RAI has worked in partnership with government, academia, and community and industry organisations to develop a deep portfolio of research and policy work. This work and these associated relationships have successfully positioned the RAI at the forefront of the regional Australia conversation.

The Foundation's grant supports RAI's organisational capacity to develop evidence-based research leading to better economic and social policy outcomes to transform Australia's Regions.

RAI is also actively engaging government at all levels and industry groups to promote business development and employment in Regional Australia.

In 2022, RAI released a core research paper, titled: *Regionalisation Ambition 2032 – A Framework to Rebalance the Nation*, that provided an important framework to inform regional policy development. A year on from that launch, RAI has successfully lifted the profile of Regional Australia and raised the awareness of the opportunities and challenges faced by the regions through key research reports and a variety of conventions and forums targeting business and government at all levels.





## WaterTrust Australia Limited

<b>THEME</b>	<b>REGIONAL SUPPORT &amp; NATURAL RESOURCE PRESERVATION</b>
<b>CURRENT YEAR GRANT VALUE</b>	<b>\$0.5 MILLION</b>
<b>TOTAL GRANT PROGRAM</b>	<b>\$5 MILLION GRANT OVER TEN YEARS COMMENCING IN 2021</b>



### *Improving government policy in the management of water and catchments*

In 2020, Colonial Foundation joined a greenfields initiative seeking to develop an effective and workable long-term water and catchment policy to safeguard Australia's freshwater security and ensure sustainable management of these critical resources. The initiative created a new national and fully independent water and catchment policy centre, known as WaterTrust Australia.

WaterTrust Australia's operations are being funded by a collaboration of more than fifteen philanthropic organisations, collectively committing more than \$30 million over ten years.

WaterTrust Australia acknowledges that there are a wide range of stakeholders affected by Australia's water policy and their Vision is to convene the development of water and catchment policy and management decisions that citizens and decision-makers see as fair, reasonable and consistent with the available evidence.

The Centre continues to successfully convene and engage with a wide range of stakeholders, including policymakers, politicians, government agencies, academic experts, farmers, First Peoples, land and water managers, corporations, financiers and regional and urban communities in the collaborative evolution of water and catchment policy.



## Orygen Limited

<b>THEME</b>	<b>TRANSLATIONAL MEDICAL RESEARCH</b>
<b>CURRENT YEAR GRANT VALUE</b>	<b>\$2.0 MILLION</b>
<b>TOTAL GRANT RELATIONSHIP</b>	<b>\$65 MILLION OVER MORE THAN TWENTY YEARS</b>



## *Improving treatment and prevention of youth mental ill-health*

Colonial Foundation provided seed funding in 2001 to establish Orygen, a collaborative partnership between Colonial Foundation, University of Melbourne and Melbourne Health, acting in concert as members/owners of the organisation. Orygen was established with a purpose of striving for all young people to enjoy optimal mental health as they grow into adulthood. It is now considered a world leader in youth mental health research, knowledge translation and clinical care.

With mental ill-health increasingly being the leading cause of disability and death among Australians aged 15-25, the Foundation's support has enabled a profound impact on mental health services for young people across Australia.

Our funding has enabled increased awareness and advocating for more and better funding to support youth affected by poor mental health. Orygen has leveraged the Foundation's funding to generate over a billion dollars of Australian Government support for the youth mental health sector.

Following the recommendations of the Victorian Royal Commission review of the mental health system and funding, Orygen will become a leading service provider addressing youth mental health in Victoria.

With the organisation now well established, the Foundation has transitioned its funding from core capacity funding to that of supporting specific research projects.

## EDUCATION GRANTS

The Foundation has maintained its long-term funding of key organisations supporting Australia's Youth Education, including Indigenous student education. These organisations include Melbourne Indigenous Transition School, Ganbina, The Australian Ballet and Australian Youth Orchestra.

The Foundation has continued its support of these organisations with the following grant payments during the current year:

Organisation	Funding	Funding since
Ganbina: 'JOBS4U2 – Indigenous school to work transition program'	<b>\$0.25 million</b>	2020
Melbourne Indigenous Transition School – general capacity funding	<b>\$0.45 million</b>	2015
The Australian Ballet: 'Out There in Schools' education program	<b>\$0.4 million</b>	2013
Australian Youth Orchestra: 'Young Symphonists and Chamber Players Groups Training Programs'	<b>\$0.2 million</b>	2006

# Trustee Board Directors

## MS ANDREA WATERS, CHAIR

*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 ten years Ms Waters has been a professional Non-Executive Director and is currently a director of MyState Limited (MYS), Helia Limited, 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.

## MR MICHAEL FITZSIMMONS

Michael Fitzsimmons joined the Board in October 2020. He has had a successful career in institutional investing, with more than 30 years of experience managing equity portfolios for some of Australia's largest investment institutions.

In 1998, Michael co-founded JCP Investment Partners (JCP), in a joint venture with Jardine Fleming Asset Management (and later JP Morgan AM). He was JCP's Senior Portfolio Manager, Chief Investment Officer, and Managing Director from 1999 until 2018. Before this, Michael was the Head of Australian Equities at ANZ Funds Management. He is a Senior Fellow of the Financial Services Institute of Australasia (FINSIA).

Michael retired as an executive in 2018 and is currently studying for a Masters degree at Deakin University and managing his family farm and vineyard in Central Victoria.

## PROFESSOR GEOFFREY DONNAN AO

*MBBS, MD, FRACP, FRCP (Edin), FAHMS*

Professor Geoffrey Donnan joined the Board in June 2019. He is a Professor of Neurology at The University of Melbourne, Co-Chair of the Australian Stroke Alliance and is a 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.

## MR COLIN GALBRAITH AM

*MBBS, MD, FRACP, FRCP (Edin), FAHMS*

Colin Galbraith joined the Board in March 2013. Mr Galbraith was a partner in the law firm Allens Arthur Robinson until 2006 and then Senior Adviser to Gresham Partners Limited until the end of 2021. Mr Galbraith is a Trustee of the Royal Melbourne Hospital Neuroscience Foundation and a Director of the Susan McKinnon Foundation.

Formerly, he was a Director of Commonwealth Bank of Australia, Australian Institute of Company Directors and CARE Australia (which he also chaired and in which he continues as a member of its Advisory Board).

**Trustee Board Directors continued.**

**MS MELISSA REYNOLDS**

*BEC, MCom, GAICD*

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Melissa Reynolds joined the Board in July 2021. She is an accomplished senior executive with over 30 years' experience in ASX-listed financial services, energy and media companies, including Executive roles at AGL Energy, National Australia Bank and Sensis. Melissa has significant strategic, commercial and operational leadership expertise including digital transformations, and has worked with the Not-For-Profit sector in a commercial context across several decades.

Melissa is currently a Non-Executive Director at Teachers Mutual Bank Limited and a member of their Risk & Compliance and Remuneration Committees. In addition to her qualifications, Melissa has completed the Advanced Management Program at INSEAD, France.

**MR TOM HARLEY**

*BBus, MLitt*

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Tom Harley joined the Board in December 2022. He is Managing Director of Dragoman Pty Ltd, a political risk strategic advisory business he founded in 2009. He is a political scientist with an economics and finance background.

Tom has extensive business experience; from 2008 to 2018, he was Non-Executive Chairman of Dow Chemical (Australia) and Senior Advisor to the Dow Chemical Company's Executive Leadership Team (globally). He was previously a senior executive at BHP. He held several different roles, including President of Corporate Development for the whole group and head of Mergers and Acquisitions for BHP's Petroleum Group. Prior to his work in petroleum, Tom was involved in BHP's financial restructuring and funding in BHP's Corporate Treasury.

Tom is one of the Australian representatives on the APEC Business Advisory Council (ABAC). He is Chairman of the Australia Saudi Business Council and Chair of the Edward Wilson Trust. He has previously served as President of the Victorian Arts Centre Trust, Chairman of the Australian Heritage Council, President of UNICEF Australia and Chair of the Menzies Research Centre.

**MS METTE SCHEPERS**

*BCom, CA, GAICD*

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Mette Schepers joined the Board in December 2022. She has over 30 years international senior executive and Board experience in banking and professional services. In that capacity, she has provided commercial and operational leadership at Mercer, ANZ, Fleet Partners and the Nous Group. Her early career was spent with PwC in Australia and The Netherlands. During her career she has also worked extensively in the For-Purpose sector in a voluntary capacity, including the Arts Institute of Chicago, 3MBS and PBS community radio in Melbourne and regional and rural environmental rehabilitation projects.

Mette is an Independent Non-Executive Director at Judo Capital Holdings and member of their Board Risk and Audit committees. She is also a Non-Executive Director of the Public Interest Journalism Initiative, where she also Chairs the Finance and Risk Committee.

Mette is a Chartered Accountant. She holds a Bachelor of Commerce (MLB), a graduate diploma in Applied Finance and Investments (now FINSIA), graduate diploma in mobile banking from Illinois Institute of Tech and an Associate Degree in Design (Furniture) from RMIT.

# Trustee's report

The Directors of the Trustee present their report together with the financial report of Colonial Foundation Trust, (the "Trust"), for the year ended 30 June 2023 and auditor's report thereon.

## 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:

- Ms Andrea Waters, Director since 19 February 2018 (Chair)
- Mr Alan Beanland, Director since 27 October 2010, retired 1 December 2022
- Prof Geoffrey Donnan AO, Director since 5 June 2019
- Mr Colin Galbraith AM, Director since 4 March 2013
- Mr Michael Fitzsimmons, Director since 15 October 2020
- Ms Melissa Reynolds, Director since 1 July 2021
- Ms Mette Schepers, Director since 2 December 2022
- Mr Tom Harley, Director since 2 December 2022

## 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 Trustee Directors.

## 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.

## REVIEW AND RESULTS OF OPERATIONS

The net surplus of the Trust, before distributions, for the year ended 30 June 2023 was \$29,594,000 (2022: deficit of \$26,137,000).

## DISTRIBUTIONS

Distributions of \$9,225,000 (2022: \$9,000,750) were paid to philanthropic activities during the year.

## LIKELY DEVELOPMENTS

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

## AFTER BALANCE DATE EVENTS

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.

## ROUNDING OF AMOUNTS

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

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 15 and forms part of the Trustee's report for the financial year ended 30 June 2023.

This report is made with a resolution of the Trustee Directors.

Chair:



Ms Andrea Waters

Dated this:

29th day of November 2023



# Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for- profits Commission Act 2012

To the Trustee of Colonial Foundation Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2023 there have been:

- i. no contraventions of 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. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Adrian Nathanielsz

*Partner*

Melbourne

29 November 2023

# *Colonial Foundation Financial statements*

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**For the year ended 30 June 2023**



## **Statement of surplus or deficit and other comprehensive income**

### **For the year ended 30 June 2023**

	Note	2023 \$ '000	2022 \$ '000
<b>Revenue</b>			
Dividend and distribution income		6,565	11,101
Interest income		1,412	80
Net foreign exchange gain		10	108
Other income		587	2,219
<b>Total revenue</b>		<b>8,574</b>	<b>13,508</b>
<b>Changes in fair value of investments</b>			
Fair value gains / (losses) on investments		23,329	(38,900)
		<b>31,903</b>	<b>(25,392)</b>
<b>Expenses</b>			
Employee expenses		(322)	(311)
Audit and accounting fees		(107)	(102)
Rental and rental outgoings		(15)	(6)
Investment advisory fees		(95)	(90)
Impairment losses arising from financial assets		(1,516)	-
Depreciation expense	9, 10	(126)	(124)
Finance costs		(37)	(40)
Other expenses from ordinary activities		(91)	(72)
<b>Total expenses</b>		<b>(2,309)</b>	<b>(745)</b>
<b>Surplus / (deficit) before income tax expense</b>		<b>29,594</b>	<b>(26,137)</b>
Income tax expense	1(g)	-	-
<b>Net surplus / (deficit) for the year before distributions</b>		<b>29,594</b>	<b>(26,137)</b>
Distributions to philanthropic activities		(9,225)	(9,001)
<b>Surplus / (deficit) for the year after distributions</b>		<b>20,369</b>	<b>(35,138)</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>20,369</b>	<b>(35,138)</b>

## **Statement of financial position**

### **As at 30 June 2023**

	Note	2023 \$ '000	2022 \$ '000
<b>Current assets</b>			
Cash and cash equivalents	5	18,032	20,473
Other receivables	6	2,433	7,828
Other financial assets	7	25,262	-
Prepayments		18	7
<b>Total current assets</b>		<b>45,745</b>	<b>28,308</b>
<b>Non-current assets</b>			
Other receivables	6	55	58
Investments	8	209,324	205,826
Plant and equipment	9	128	142
Lease assets	10	686	789
<b>Total non-current assets</b>		<b>210,193</b>	<b>206,815</b>
<b>Total assets</b>		<b>255,938</b>	<b>235,123</b>
<b>Current liabilities</b>			
Trade and other payables	11	618	106
Employee benefits	12	59	51
Lease liabilities	10	90	81
<b>Total current liabilities</b>		<b>767</b>	<b>238</b>
<b>Non-current liabilities</b>			
Lease liabilities	10	699	788
Employee benefits	12	13	7
<b>Total non-current liabilities</b>		<b>712</b>	<b>795</b>
<b>Total liabilities</b>		<b>1,479</b>	<b>1,033</b>
<b>Net assets</b>		<b>254,459</b>	<b>234,090</b>
<b>Trust funds</b>			
Trust funds		254,459	234,090
<b>Total trust funds</b>		<b>254,459</b>	<b>234,090</b>

***Statement of changes in trust funds***  
***For the year ended 30 June 2023***

	<b>Endowed Funds \$ '000</b>	<b>Accumulated Surplus \$ '000</b>	<b>Total \$ '000</b>
<b>Balance as at 1 July 2021</b>	<b>142,827</b>	<b>126,401</b>	<b>269,228</b>
Deficit for the year before distributions	-	(26,137)	(26,137)
Other comprehensive income for the year	-	-	-
Distributions to philanthropic activities	-	(9,001)	(9,001)
<b>Balance as at 30 June 2022</b>	<b>142,827</b>	<b>91,263</b>	<b>234,090</b>
<b>Balance as at 1 July 2022</b>	<b>142,827</b>	<b>91,263</b>	<b>234,090</b>
Surplus for the year before distributions	-	29,594	29,594
Other comprehensive income for the year	-	-	-
Distributions to philanthropic activities	-	(9,225)	(9,225)
<b>Balance as at 30 June 2023</b>	<b>142,827</b>	<b>111,632</b>	<b>254,459</b>

## ***Statement of cash flows***

### ***For the year ended 30 June 2023***

	Note	2023 \$ '000	2022 \$ '000
<b>Cash flow from operating activities</b>			
Imputation credits refunded		2,484	670
Distributions and fee rebates received		10,346	9,411
Interest received		1,311	64
Interest paid		(36)	(40)
Cash paid to suppliers and employees		(405)	(809)
<b>Net cash provided by operating activities</b>	<b>13(a)</b>	<b>13,700</b>	<b>9,296</b>
<b>Cash flow from investing activities</b>			
Purchase of plant and equipment		(10)	(13)
Proceeds from the sale of plant and equipment		1	-
Acquisition of other financial assets		(25,262)	-
Proceeds from the sale of investments		37,475	52,167
Acquisition of investments		(19,049)	(39,585)
<b>Net cash (used in) / provided by investing activities</b>		<b>(6,845)</b>	<b>12,569</b>
<b>Cash flow from financing activities</b>			
Lease repayments		(81)	(73)
Distributions paid to philanthropic activities		(9,225)	(9,001)
<b>Net cash used in financing activities</b>		<b>(9,306)</b>	<b>(9,074)</b>
<b>Reconciliation of cash</b>			
Net (decrease) / increase in cash held		(2,451)	12,791
Cash at the beginning of the financial year		20,473	7,574
Foreign exchange differences on cash holdings		10	108
<b>Cash at the end of the financial year</b>	<b>5</b>	<b>18,032</b>	<b>20,473</b>

## Notes to financial statements

### For the year ended 30 June 2023

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The Directors of the trustee have determined that the Trust is not publicly accountable on the basis that, in the opinion of the trustee, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012.

The financial report covers Colonial Foundation Trust as an individual entity. Colonial Foundation Trust is a Trust, formed and domiciled in Australia. Colonial Foundation Trust is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the Trustee as at the date of the Trustee's report.

The financial report has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the *Australian Charities and Not-for-profits Commission Regulations 2022*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 124:	Related Party Disclosures (to the extent required by the <i>Australian Charities and Not-for-profits Commission Regulations 2022</i> and the ACNC Commissioner's discretion)
AASB 1048:	Interpretation of Standards
AASB 1054:	Australian Additional Disclosures

The financial statements do not comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

#### (a) Basis of preparation of the financial report

##### **Historical Cost Convention**

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

##### **Fair value measurement**

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

##### **Significant accounting estimates and judgements**

The preparation of the financial report requires the use of certain estimates and judgements in applying the Trust's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3 to the financial statements.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Foreign currency transactions and balances**

***Functional and presentation currency***

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

***Transactions and balances***

Transactions undertaken in foreign currencies are recognised in the Trust's functional currency, using the spot rate at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date.

All exchange gains or losses are recognised in the statement of surplus or deficit and other comprehensive income for the period in which they arise.

**(c) Rounding of amounts**

The amounts in the financial statements and in the Trustee's report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

**(d) Plant and equipment**

Each class of plant and equipment is measured at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

***Depreciation***

The depreciable amount of plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Plant and equipment at cost	3 to 10 years	Straight line

**(e) Employee benefits**

***(i) Short-term employee benefit obligations***

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the

reporting period are measured at the undiscounted amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

***(ii) Long-term employee benefit obligations***

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in the statement of surplus or deficit and other comprehensive income in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the Trust does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

***(iii) Retirement benefit obligations***

***Defined contribution superannuation plan***

The Trust makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The Trust's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the undiscounted amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Revenue**

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

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

The Trust's revenue also includes:

- imputation credits receivable on dividend and distribution income;
- net foreign currency gains or losses on financial assets.

Net gains or losses on financial assets at FVTPL are disclosed as Changes in Fair Value of Investments in the Statement of Surplus or Deficit and Other Comprehensive Income.

**(g) Income tax**

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

**(h) Goods and services tax (GST)**

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(i) 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.

On initial recognition of an equity investment that is not held for trading, the Trust may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment- by-investment basis. 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
- Financial assets at FVOCI

**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

**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.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Financial assets at fair value through other comprehensive income (FVOCI)***

Financial assets at FVOCI are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in other comprehensive income.

***Financial liabilities***

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 exactly 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.

***Trade and other receivables***

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.

***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.

**(j) Leases**

At the commencement date of a lease (other than leases of 12-months or less and leases of low-value assets), the Trust recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

***Lease assets (As a lessee)***

As a Lessee lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Trust, and an estimate of costs to be incurred by the Trust in

dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

***Lease liabilities***

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Trust's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in the statement of surplus or deficit and other comprehensive income (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

***Leases of 12-months or less and leases of low value assets***

Lease payments made in relation to leases of 12-months or less and leases of low-value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

**(k) Comparatives**

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



## NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Trust. The Trust has decided not to early adopt any of these new and amended pronouncements. Management has assessed that none of these standards will have a material impact on the Trust's financial statements in the period of initial application.

## NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Trust's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. In addition, the determination of carrying amounts of some assets and liabilities require estimation of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of those assets and liabilities affected by the assumption.

The following outlines the major judgements made by management in applying the Trust's accounting policies and/or the major sources of estimation uncertainty, that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

### (a) Private equity investments

The valuation of private equity investments is considered a key estimate for the year. 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.

## NOTE 4: REMUNERATION OF AUDITORS

	2023 \$ '000	2022 \$ '000
KPMG		
• Audit of the financial report	34	33

## NOTE 5: CASH AND CASH EQUIVALENTS

	2023 \$ '000	2022 \$ '000
Cash and cash equivalents	18,032	20,473

## NOTE 6: OTHER RECEIVABLES

	2023 \$ '000	2022 \$ '000
<b>CURRENT</b>		
Other receivables		
• Accrued interest	117	16
• Accrued dividend and distribution income	1,339	4,245
• Unsettled sales of investments	93	191
• GST recoverable	20	18
• Tax withholding refundable	-	874
• Imputation credits refundable	864	2,484
	<b>2,433</b>	<b>7,828</b>
<b>NON CURRENT</b>		
Other receivables		
• Imputation credits refundable	<b>55</b>	<b>58</b>

**NOTE 7: OTHER FINANCIAL ASSETS**

	2023 \$ '000	2022 \$ '000
Other financial assets at fair value		
Fixed term deposits	25,262	-

Fixed term deposits held with Commonwealth Bank at a rate of 4.69% p.a. are due for maturity on 8 September 2023.

**NOTE 8: INVESTMENTS**

	2023 \$ '000	2022 \$ '000
At fair value through profit and loss:		
Investments in equity and debt securities	209,324	204,309
	<b>209,324</b>	<b>204,309</b>
At fair value through OCI:		
Investments in private equity	-	1,517
	<b>209,324</b>	<b>205,826</b>

**NOTE 9: PLANT AND EQUIPMENT**

	2023 \$ '000	2022 \$ '000
<b>Plant and equipment</b>		
Plant and equipment at cost	193	201
Accumulated depreciation	(65)	(59)
<b>Total plant and equipment</b>	<b>128</b>	<b>142</b>
<b>(a) Reconciliations</b>		
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the financial year		
<i>Plant and equipment</i>		
Opening carrying amount	142	150
Additions	10	13
Disposals	(1)	-
Depreciation expense	(23)	(21)
<b>Closing carrying amount</b>	<b>128</b>	<b>142</b>

**NOTE 10: LEASE ASSETS AND LEASE LIABILITIES**

The Trust entered into a lease relating to the office property at Level 4, 111 Collins St Melbourne VIC which commenced from 1 March 2020. The lease has a non-cancellable lease period of 10 years with no options to extend at the end of the lease.

	2023 \$ '000	2022 \$ '000
<b>(a) Lease assets (Right-of-use)</b>		
Buildings		
<b>Buildings under lease</b>	<b>686</b>	<b>789</b>
<b>Reconciliations</b>		
Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:		
<i>Buildings under lease</i>		
Opening carrying amount	789	892
Depreciation	(103)	(103)
<b>Closing carrying amount</b>	<b>686</b>	<b>789</b>
<b>(b) Lease liabilities</b>		
<b>CURRENT</b>		
<b>Lease liabilities</b>	<b>90</b>	<b>81</b>
<b>NON CURRENT</b>		
<b>Lease liabilities</b>	<b>699</b>	<b>788</b>
<b>Total carrying amount of lease liabilities</b>	<b>789</b>	<b>869</b>
<b>(c) Lease expenses and cashflows</b>		
Interest expense on lease liabilities	36	40
Expense relating to short term leases	-	-
Depreciation expense on lease assets	103	103
Cash outflow for leases	116	113

**NOTE 11: TRADE AND OTHER PAYABLES**

	2023 \$ '000	2022 \$ '000
<b>CURRENT</b>		
Payables and accrued expenses	618	106

**NOTE 12: EMPLOYEE BENEFITS**

	2023 \$ '000	2022 \$ '000
<b>CURRENT</b>		
Employee benefits	59	51
<b>NON CURRENT</b>		
Employee benefits	13	7

**NOTE 13: CASH FLOW INFORMATION**

	<b>2023</b>	<b>2022</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>(a) Reconciliation of cash flow from operating activities</b>		
Surplus / (deficit) for the year before distributions	31,110	(26,137)
<b>Adjustments and non-cash items</b>		
Depreciation	126	124
Fair value (gains) / losses on investments	(23,329)	38,900
Net Foreign exchange gains	(10)	(108)
Management fees reinvested	(13)	(9)
<b>Changes in operating assets and liabilities</b>		
Decrease / (increase) in trade and other receivables	5,302	(3,479)
(Increase) / decrease in prepayments	(11)	9
Increase / (decrease) in trade and other payables	511	(18)
Increase / (decrease) in employee benefits	14	14
<b>Cash flows from operating activities</b>	<b>13,700</b>	<b>9,296</b>

**NOTE 14: COMMITMENTS**

The Trust does not have any present obligations at the end of the reporting period.

**NOTE 15: FINANCIAL RISK MANAGEMENT**

The Trust is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- (a) Market risk
- (b) 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.

**(a) 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.

**(b) 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.

	<b>2023</b>		<b>2022</b>	
	<b>\$ '000</b>		<b>\$ '000</b>	
	<b>AUD</b>	<b>USD</b>	<b>AUD</b>	<b>USD</b>
Investments – equity and debt securities	6,172	4,091	5,366	3,696
Cash denominated in USD	251	166	240	165
	6,423	4,257	5,606	3,861

#### **NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2023, of the Trust, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2023, of the Trust.

#### **NOTE 17: TRUST DETAILS**

The registered office of the Trust and Trustee is:

**Colonial Foundation Limited**

Level 4, 111 Collins Street  
Melbourne VIC 3000

The registered office of the auditor is:

**KPMG**

Tower Two Collins Square  
727 Collins Street  
Melbourne VIC 3000

# *Directors' declaration of the trustee company*

The directors have determined that the Trust is not publicly accountable as defined in the *Australian Accounting Standards* and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Trust declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 17-29, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - (a) complying with Australian Accounting Standards as detailed in Note 1 to the financial statements and the *Australian Charities and Not-for-profits Commission Regulations 2022*; and
  - (b) giving a true and fair view of the financial position as at 30 June 2023 and performance for the year ended on that date of the Trust in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Trust is able to pay all of its debts, as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2022*.

Chair:



Ms Andrea Waters

Dated this:

29th day of November 2023



# Independent Auditor's Report

To the Trustee of Colonial Foundation Trust

## Opinion

We have audited the **Financial Report**, of the Colonial Foundation Trust (the Trust).

In our opinion, the accompanying Financial Report of the Trust is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Trust's financial position as at 30 June 2023, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards* to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)*.

The **Financial Report** comprises:

- i. Statement of Financial Position as at 30 June 2023.
- ii. Statement of Surplus or Deficit and Other Comprehensive Income, Statement of Changes in Trust Funds, and Statement of Cash Flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Trustee's declaration of the Trust.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Trust in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that the independence declaration required by the *ACNC Act 2012*, which has been given to the Trustees of the Trust on 29 November 2023, would be in the same terms if given to the Trustees as at the time of this Auditor's Report.



### Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Trustee's financial reporting responsibilities under the *ACNC Act 2012*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Trustee of the Trust and ACNC and should not be used by any other party. We disclaim any assumption of responsibility for any reliance on this Auditor's Report, or on the Financial Report to which it relates to any person other than the Trustee of the Trust and ACNC.

### Other information

Other Information is financial and non-financial information in the Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Trustee is responsible for the Other Information.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Trustee for the Financial Report

The Trustee is responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC and ACNCR.
- ii. Determining that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the requirements of the ACNC. The basis of preparation is also appropriate to meet the needs of the Trustee.
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iv. Assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.





## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. 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.
- ii. 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 registered Trust's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- iv. Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Trust'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 registered Trust to cease to continue as a going concern.
- v. 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 the Trustee of the registered Trust 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.

A handwritten signature of 'KPMG' in blue ink, written in a cursive style.

KPMG

A handwritten signature in blue ink, appearing to be 'A. Nathanielsz'.

Adrian Nathanielsz

*Partner*

Melbourne

5 December 2023