



# **THE TRUST COMPANY FOUNDATION**

## Annual Report

For the financial year ended 30 June 2011

# THE TRUST COMPANY FOUNDATION

## Annual Report

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# THE TRUST COMPANY FOUNDATION

## Annual Report

### TRUSTEE'S REPORT

The directors of The Trust Company Limited ABN 59 004 027 749 (the "Trustee") submit herewith the annual financial report of The Trust Company Foundation (the "Foundation") for the year ended 30 June 2011. In order to comply with the provisions of the Trust Deed, the directors report as follows:

The names of the directors of the Trustee during or since the end of the financial year are:

John Atkin (Executive Director - Chief Executive Officer)  
Bruce Corlett (Chairman, Independent Non-Executive Director)  
John Macarthur-Stanham (Vice Chairman, Independent Non-Executive Director)  
Warren McLeland (Independent Non-Executive Director)  
Roger Davis (Independent Non-Executive Director)  
James King (Independent Non-Executive Director)  
Josephine Sukkar (Independent Non-Executive Director)

Other than noted above, the above named directors held office during the whole of the financial year and since the end of the financial year.

### Principal Activities

The Trust Company Foundation was established in 1985 in celebration of the 100th Anniversary of The Union-Fidelity Trustee Company (now The Trust Company Limited). The Foundation, originally called the Centenary Foundation, was opened with an initial balance of \$100,000 to which the trustee added \$10,000 per year for the next ten years.

The Foundation was established and is maintained exclusively for any public charitable purpose within Australia or its territories that meets the criteria of the relevant tax legislation.

Together with generous donations and bequests from the public and return on investments, the Foundation has grown to over \$30m and distributes income to organisations throughout Australia each year, across all areas of philanthropy including social welfare, health, education, medical research and the arts.

The Foundation presents the public with the opportunity to establish a named sub-account within the Foundation, and to express a wish to the trustee for distributions from this sub-account to be made to qualifying charitable organisations of their preference. There are currently 35 named sub-accounts.

We welcome tax deductible donations to the Foundation and any of its sub-accounts. Throughout 2012 we plan to simplify this process by enabling on-line donations via our website and promoting the area of preferred interest for each of the sub-funds that might appeal to donors.

In total the Foundation, through the generosity of its donors, distributed over \$1.4m to charity in the year to 30 June 2011. Natural disasters were unfortunately particularly prevalent in the distributions in the past twelve months. Over \$190,000 was distributed to the Salvation Army including \$60,000 which was raised specifically for the Queensland Flood Appeal. In addition, \$73,000 was paid to the Uniting Church to assist those in need. The Arts continued to be well supported with \$135,000 being paid to the Art Gallery NSW, much of this from the Parramore Endowment sub-account.

The Trust Deed requires the Trustee to invest assets of the Foundation in any securities listed on the Australian Stock Exchange, managed investment schemes and in any other investments or securities authorised by the Commonwealth of Australia.

The Foundation did not have any employees during the year. (2010: nil).

### Review of Operations

#### Results

The results of the operations of the Foundation are disclosed in the Income Statement of these financial statements. The net income for the year ended 30 June 2011 was \$1,363,921 (2010: \$1,879,185).

#### Donations to charitable organisations

Beneficiary payments of \$1,310,872 (2010: \$1,184,649) were made to charities during the year. In addition \$149,287 (2010: \$nil) was paid to charitable organisations from the Corpus of the Foundation.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### TRUSTEE'S REPORT (CONT'D)

#### Changes in State of Affairs

During the financial year, there was no significant change in the state of affairs of the Foundation other than that referred to in the financial statements or notes thereto.

#### Future Developments

Going forward, a strategy called "Engaged Philanthropy" is currently being embraced across The Trust Company Limited which gives greater strategic focus to our discretionary distributions from our charitable portfolio and places a greater emphasis on relationship and capacity building in the sector. This strategy also envisages the Foundation as the Public Fund that engages all our stakeholders - and particularly our philanthropic clients and our staff - with this new approach. Work to reposition the Foundation as a centerpiece of Engaged Philanthropy will commence in early 2012, and we look forward to reporting on the progress of this new approach in due course.

The Foundation will continue to be managed in accordance with its investment objectives and guidelines as set out in the Trust Deed. Future results will accordingly depend on the performance of the markets to which the Foundation's investments are exposed.

The results of the Foundation's operations will be affected by a number of factors, including the performance of investment markets in which the Foundation invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

#### Fees paid to the Trustee

Fees paid to the Trustee by the Foundation during the financial year are disclosed in Note 9 and 10 to the financial statements.

#### Indemnification of Officers of the Trustee and Auditors

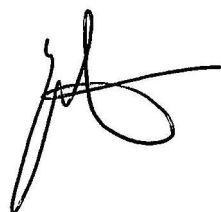
During or since the financial year ended 30 June 2011, the Foundation has not indemnified or made a relevant agreement to indemnify an officer of the Trustee or auditor of the Foundation or of any related corporate body against a liability incurred by an officer of the Trustee or auditor of the Foundation. In addition, the Foundation has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Trustee or auditor of the Foundation.

#### Environmental Regulation and Performance

The operations of the Foundation are not subject to any particular or significant environmental regulation under a law of Commonwealth or of a State or Territory. There have been no known significant breaches of any environmental requirements applicable to the Foundation.

Signed in accordance with a resolution of the Trustee.

On behalf of the Trustee



John Atkin

Director

Sydney, 15 December 2011

# THE TRUST COMPANY FOUNDATION

## Annual Report

### TRUSTEE'S DECLARATION

#### For the financial year ended 30 June 2011

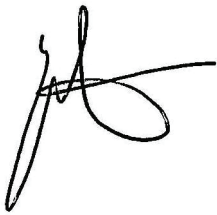
The financial statements and notes thereto of The Trust Company Foundation (the "Foundation") for the year ended 30 June 2011 have been prepared by The Trust Company Limited ABN 59 004 027 749 (the "Trustee") in accordance with the Trust Deed.

The Trustee declares that:

- a) In the Trustee's opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable; and
- b) In the Trustee's opinion, the attached financial statements and notes are in accordance with the Trust Deed, in compliance with accounting standards, and presents fairly the financial position and performance of the Foundation.

Signed in accordance with a resolution of the directors of the Trustee.

On behalf of the Trustee



John Atkin

Director

Sydney, 15 December 2011

# THE TRUST COMPANY FOUNDATION

## Annual Report

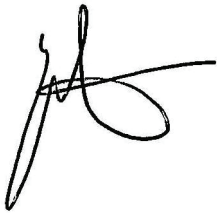
### TRUSTEE'S DECLARATION IN RESPECT OF FUNDRAISING APPEALS

**For the financial year ended 30 June 2011**

I, John Atkin, director of The Trust Company Limited, the Trustee of The Trust Company Foundation, declare on behalf of the Trustee that in my opinion:

- a) the financial statements and notes thereto presents fairly all income and expenditure of The Trust Company Foundation with respect to fundraising appeals conducted by the organisation;
- b) the balance sheet as at 30 June 2011 presents fairly the state of affairs with respect to fundraising appeals conducted by the organisation;
- c) the provisions of the Charitable Fundraising Act 1991, Charitable Collections Act (1946) and the Charitable Collections Regulation (1947) and the regulations under these Acts and the conditions attached to the authorities have been complied with; and
- d) the internal controls exercised by The Trust Company Foundation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

On behalf of the Trustee



John Atkin

Director

Sydney, 15 December 2011

# THE TRUST COMPANY FOUNDATION

## Annual Report

### INCOME STATEMENT

For the financial year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Income</b>			
Interest income		52,388	45,194
Managed investment income	2	1,329,664	1,052,966
Dividend income		15,715	15,992
Imputation credits		253,203	268,627
Donation income		414,103	618,168
Fundraising income		192,319	56,517
Unrealised changes in fair value of investments		779,732	1,355,818
<b>Total income</b>		<b>3,037,124</b>	<b>3,413,282</b>
<b>Expenses</b>			
Trustee's fees	10	308,601	320,509
Accounting fees		12,850	12,300
Auditor's remuneration	7	-	-
Consulting fees		10,187	-
Donations to charities		1,310,872	1,184,649
Fundraising expenses		26,679	1,128
Other expenses		4,014	15,511
<b>Total expenses</b>		<b>1,673,203</b>	<b>1,534,097</b>
<b>Net profit for the financial year</b>		<b>1,363,921</b>	<b>1,879,185</b>
Other comprehensive income for the financial year		-	-
<b>Total comprehensive income for the financial year</b>	5	<b>1,363,921</b>	<b>1,879,185</b>

The accompanying notes on pages 11 to 19 form part of the financial statements.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### BALANCE SHEET

As at 30 June 2011

	Note	2011 \$	2010 \$
<b>Current assets</b>			
Cash and cash equivalents	6(a)	1,469,353	888,335
Non-current assets			
Financial assets	3(a)	28,828,864	28,051,150
Receivable for GST	3(b)	11,846	6,657
<b>Total assets</b>		<b>30,310,063</b>	28,946,142
<b>Current liabilities</b>			
Payables	4	-	-
<b>Total liabilities</b>		-	-
<b>Net assets</b>		<b>30,310,063</b>	28,946,142
<b>Equity</b>			
Accumulated income	5(a)	84,911	(6,388)
Corpus	5(b)	30,225,152	28,952,530
<b>Total equity</b>		<b>30,310,063</b>	28,946,142

The accompanying notes on pages 11 to 19 form part of the financial statements.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2011

	Accumulated Income	Corpus	Total
	\$	\$	\$
<b>Balance at 1 July 2009</b>	171,277	27,971,094	28,142,371
Net profit for the financial year	1,879,185	-	1,879,185
Transfers from The Trust Company Foundation (i)	-	(1,075,414)	(1,075,414)
Transfer from accumulated income to corpus	(2,056,850)	2,056,850	-
<b>Balance at 30 June 2010</b>	<b>(6,388)</b>	<b>28,952,530</b>	<b>28,946,142</b>
Net profit for the financial year	<b>1,363,921</b>	-	<b>1,363,921</b>
Transfer from accumulated income to corpus	<b>(1,272,622)</b>	<b>1,272,622</b>	-
<b>Balance at 30 June 2011</b>	<b>84,911</b>	<b>30,225,152</b>	<b>30,310,063</b>

(i) In the prior year, the Trustee determined that \$1,075,414 should be transferred to a Private Ancillary Fund Structure outside The Trust Company Foundation.

The accompanying notes on pages 11 to 19 form part of the financial statements.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### CASH FLOW STATEMENT

For the financial year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Interest received		52,388	45,194
Dividends received		15,715	15,992
Refund of imputation credits		253,203	268,627
Managed investment distributions received		1,329,664	1,052,966
Donations received		414,103	600,000
Fundraising income		192,319	56,517
Goods and service tax refunds received		28,388	23,349
Trustee fees paid		(339,460)	(343,960)
Accounting fees		(14,135)	(13,200)
Consulting fees		(11,542)	-
Donations paid to charities		(1,310,872)	(1,184,649)
Fundraising expenses		(26,679)	(1,128)
Other expenses paid		(4,076)	(16,382)
<b>Net cash provided by operating activities</b>	6(b)	<b>579,016</b>	503,326
<b>Cash flows from investing activities</b>			
Receipts and payments for units/shares		2,002	(1,714,494)
<b>Net cash provided by/(used in) investing activities</b>		<b>2,002</b>	(1,714,494)
<b>Cash flows from financing activities</b>			
Accounts removed from The Trust Company Foundation	6(c)	-	(396,229)
<b>Net cash used in financing activities</b>		<b>-</b>	(396,229)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>581,018</b>	(1,607,397)
<b>Cash and cash equivalents at beginning of financial year</b>		<b>888,335</b>	2,495,732
<b>Cash and cash equivalents at end of financial year</b>	6(a)	<b>1,469,353</b>	888,335

The accompanying notes on pages 11 to 19 form part of the financial statements.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

#### 1. Summary of Accounting Policies

##### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Trust Deed and applicable Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

The financial statements were authorised for issue by the directors of the Trustee on 15 December 2011.

##### Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial assets which are carried at their fair values. Cost is based on the fair value of the consideration given in exchange for assets.

In the application of A-IFRS, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

##### Significant Accounting Policies

The Foundation has adopted all Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. These standards listed below only impacted on the Foundation's financial statements with respect to disclosure.

- AASB 101 'Presentation of Financial Statements'
- AASB 7 'Financial Instruments: Disclosures'

The significant accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented in these financial statements.

##### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments or other short-term highly liquid investments.

##### (b) Income

Dividends and distributions received from unlisted managed investment schemes and listed equities' holdings are recognised on a cash basis.

Dividend income and managed investment income comprise the income portion of distributions received from common funds and listed equities.

Imputation credits in respect of distributions and dividends received are recognised when the Foundation receives payment.

Interest income is earned from the Trust Cash Management Fund account on a quarterly basis.

##### (c) Bequeathed assets

Bequeathed assets are recognised as income when received and are valued at fair value on the date of transfer.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

#### 1. Summary of Accounting Policies (cont'd)

##### (d) Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets are managed and their performance is evaluated on a fair value basis by the Trustee, in accordance with the Foundation's documented investment strategy.

The following methods are employed to determine the fair value of financial assets:

- (i) Securities that are listed or traded on a securities exchange are valued based on quoted "bid" prices.
- (ii) Unlisted securities or securities which are thinly traded, are valued using quotes from brokers. Investments in unlisted unit trusts are valued at the redemption price as established by the underlying trust's responsible entity.
- (iii) In the absence of quoted values or brokers' representative prices, securities are valued using appropriate valuation techniques as reasonably determined by the Trustee.

##### (e) Donation income

Donated income is recognised when received.

##### (f) Taxation

The Foundation is a charitable trust in accordance with Section 50-5 of the Income Tax Assessment Act 1997 and is therefore exempt from paying income tax.

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

Revenue, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is part of the cost of acquisition of the asset or as part of the expense. Payables and receivables are recorded inclusive of GST where applicable.

##### (h) Payables

Accounts payable are recognised when the Foundation becomes obliged to make future payments.

##### (i) Corpus

Donations and fundraising to the Foundation of a capital nature are recognised as income when received and transferred to the Corpus of the Foundation. The Foundation's Corpus is invested in a range of financial assets approved by the Trustee. Changes in the value of these investments are added to Corpus. At the discretion of the Trustee, Corpus may be distributed to charitable organisations.

##### (j) Accumulated income

Donations and fundraising of an income nature, together with dividends, distributions and interest received, after deduction of the Foundations expenses, are used by the Trustee to fund beneficiary payments to charitable organisations. To the extent that distributable income is not distributed in a financial year, this is transferred to the accumulated income account and will be distributed in subsequent years.

##### (k) Fundraising income

Fundraising income is recognised when received by the Foundation. Depending on the nature of the fundraising activity, this money is either paid directly as beneficiary payments to charitable organisations or transferred to Corpus.

##### (l) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Trustee's assessment of the impact of these new standards and interpretations (to the extent relevant to the Foundation) is set out below:

Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards*

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards* arising from AASB 9

Revised AASB 124 and AASB 2009-12 are applicable to annual reporting periods beginning on or after 1 January 2011 and AASB 9 and AASB 2009-11 are applicable to annual reporting periods beginning on or after 1 January 2013. The Foundation has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statement.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

	2011 \$	2010 \$
<b>2. Managed investment income</b>		
Managed investment income	1,189,737	1,025,492
Managed investment distribution	30,277	27,474
Imputation credits from 2007 and 2009 amended claim	100,855	-
Legacy receipts	8,795	-
	<b>1,329,664</b>	1,052,966
<b>3. Non-current assets</b>		
<b>(a) Financial assets</b>		
Unlisted managed investment schemes	28,639,322	27,789,416
Listed equities	188,540	260,732
Other	1,002	1,002
	<b>28,828,864</b>	28,051,150
<b>(b) Receivable for GST</b>		
Goods and Services Tax (GST) refund due	11,846	6,657
<b>4. Payables</b>		
Other	-	-
<b>5. Equity</b>		
<b>(a) Accumulated income</b>		
Accumulated income at the beginning of the financial year	(6,388)	171,277
Net profit for the financial year	1,363,921	1,879,185
Sub-total	1,357,533	2,050,462
Amount transferred to corpus	(1,272,622)	(2,056,850)
<b>Accumulated income at the end of the financial year</b>	<b>84,911</b>	<b>(6,388)</b>
<b>(b) Corpus</b>		
Opening balance	28,952,530	27,971,094
Transfers from The Trust Company Foundation	-	(1,075,414)
Amount transferred from accumulated income	1,272,622	2,056,850
<b>Closing balance</b>	<b>30,225,152</b>	<b>28,952,530</b>

# THE TRUST COMPANY FOUNDATION

## Annual Report

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

#### 6. Notes to the Cash Flow Statement

##### (a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments net of outstanding bank overdraft. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the balance sheet as follows:

	2011 \$	2010 \$
Esanda Term Deposit	-	7,500
Trust Cash Management Fund	<b>1,469,353</b>	880,835
	<b>1,469,353</b>	888,335

##### (b) Reconciliation of net income to net cash provided by operating activities:

Net income	<b>1,363,921</b>	1,879,185
Less: Items classified as investing activities and non-cash items:		
Unrealised changes in fair value of investments	<b>(779,732)</b>	(1,355,818)
Changes in net assets and liabilities:		
Increase in receivable for GST	<b>(5,173)</b>	(1,873)
Decrease in payables	-	(18,168)
<b>Net cash provided by operating activities</b>	<b>579,016</b>	503,326

##### (c) Non cash items:

Accounts removed from The Trust Company Foundation	-	(396,229)
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#### 7. Auditor Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Foundation:

Audit of the financial report	<b>15,898</b>	14,700
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The auditor of the Foundation is Deloitte Touche Tohmatsu.

The audit fees are borne by the Trustee, The Trust Company Limited.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

#### 8. Financial Instruments

##### (a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

##### (b) Financial instruments management

The investments of the Foundation (other than cash held for meeting daily administrative expenses), are managed on behalf of the Trustee by specialist investment managers in accordance with the Foundation's investment strategy.

##### (c) Financial risk management objectives

The Foundation is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, liquidity risk and market risk (including interest rate risk and price risk). The Foundation's risk management and investment policies, approved by the Trustee, seek to minimise the potential adverse effects of these risks on the Foundation's financial performance.

The Foundation's investing activities are managed by investment personnel employed by the Trustee. These managers co-ordinate access to domestic financial markets and manage the financial risks relating to the operations of the Foundation in accordance with an investment mandate set out in accordance with the Foundation's Trust Deed.

The Foundation's investment mandate is to invest in a diversified portfolio of stocks listed on the Australian Stock Exchange, managed investment schemes and any other investments or securities authorised by the Commonwealth of Australia.

##### (d) Capital risk management

The capital structure of the Foundation consists of cash and cash equivalents. The Trustee aims to ensure that there is sufficient capital for possible redemptions and working capital requirements by maintaining an appropriate percentage of its total investments in cash and cash equivalents.

The Foundation has no restrictions on its assets or specific capital requirements. The Foundation's overall investment strategy remains unchanged from the prior year.

##### (e) Categories of financial instruments

The Foundation has investments in the following categories of financial assets and liabilities:

	2011 \$	2010 \$
<b>Financial assets</b>		
Cash and cash equivalents	1,469,353	888,335
Financial assets	28,828,864	28,051,150
<b>Total</b>	<b>30,298,217</b>	28,939,485
<b>Financial liabilities</b>		
Payables	-	-

##### (f) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The Foundation has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the financial risk of financial loss from default. The Foundation measures credit risk on a fair value basis. The Foundation's exposure and the credit ratings of its counterparties are continuously monitored by the Trustee.

The carrying amount of financial assets recorded in the financial statements represents the Foundation's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained in relation to those assets.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

#### 8. Financial Instruments (cont'd)

##### (g) Liquidity risk

The Foundation's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities. The Foundation's investments in listed securities and management investment schemes are considered to be readily realisable.

The table below summarises the maturity profile of the Foundation's financial liabilities. The table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Scheme can be required to pay.

	Less than 1 year \$
<b>2011</b>	
Payables	-
<b>2010</b>	
Payables	-

##### (h) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is minimised by ensuring that all investment activities are undertaken in accordance with established investment mandate limits and strategies.

##### *Interest rate risk*

The Foundation's activities expose it to the financial risk of changes in interest rates. Variable rate instruments expose the Foundation to cash flow risk, whereas fixed interest rate instruments expose the Foundation to fair value interest rate risk. The Trustee monitors the Foundation's exposure to interest rate risk on a regular basis.

The tables below show the Foundation's exposure to interest rate risk at the balance sheet date by the earlier of contractual maturities or re-pricing.

	Interest Rate	1 Year or Less \$
<b>2011</b>		
<b>Financial assets</b>		
Cash, cash equivalents and unlisted managed investment schemes	4.2	1,469,353
<b>2010</b>		
<b>Financial assets</b>		
Cash, cash equivalents and unlisted managed investment schemes	2.8	7,048,821

The average interest rates are based on outstanding balances at the end of the financial year.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

#### 8. Financial Instruments (cont'd)

##### (h) Market risk (cont'd)

The sensitivity analyses below have been determined based on the Foundation's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table illustrates the effect on net income from possible changes in interest rate risk that were reasonably possible based on the risk the Foundation was exposed to at the reporting date.

	Change in variable	Change in variable	Increase/decrease in net income	
	2011 +/-	2010 +/-	2011 \$	2010 \$
Interest rate risk	0.5%	0.5%	7,347	35,244

##### Market price risk

Market price risk is the risk that investments in equity instruments of other entities and investments in managed investment schemes will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Foundation has investments in equity instruments and managed investment schemes which exposes it to market price risk. The Trustee manages the Foundation's market price risk on a daily basis in accordance with the Foundation's investment objectives and policies as outlined in Note 8 (c) above.

##### Direct market price sensitivity analysis

The sensitivity analyses below have been determined based on the Foundation's exposure to market price risk at the reporting date and the stipulated change taking place at the beginning of the financial year and being held constant throughout the reporting period.

At the reporting date, if market prices had been 7.5% higher/lower, net income would increase/decrease by \$2,140,543 (2010: \$1,625,382).

The Foundation's sensitivity to changes in market prices has increased during the current period, mainly due to the volatility of markets in which some of its financial assets are invested.

##### Indirect market price risk sensitivity analysis

The Foundation is also exposed to interest rate risk and market price risk indirectly via its investments in managed investment schemes. The impact of possible changes in these risks on net loss/income will depend on the particular asset allocations of these managed investment schemes.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

#### 8. Financial Instruments (cont'd)

##### (i) Fair value disclosures by hierarchy level

The table below sets out the Foundation's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2011. Comparative information has not been provided as permitted by the transitional provisions of the revised standard.

As at 30 June 2011	Level 1*	Level 2*	Level 3*	Total
	\$	\$	\$	\$
Financial assets				
Unlisted managed investment schemes	-	28,639,322	-	28,639,322
Listed equities	188,540	-	-	188,540
Other	-	1,002	-	1,002
<b>Total</b>	<b>188,540</b>	<b>28,640,324</b>	<b>-</b>	<b>28,828,864</b>

There were no transfers between level 1 and 2 in the period.

\* Level 1 – Fair value based on quoted prices in active markets

\* Level 2 – Fair value based on inputs other than quoted prices

\* Level 3 – Fair value not based on observable market data

#### 9. Related party disclosures

##### (a) Trustee

The Trustee of the Foundation is The Trust Company Limited (ABN 59 004 027 749) to whom trustee fees were paid during the year. The Trust Company Limited is the head entity of The Trust Company Limited Group. Accordingly, transactions with entities related to the The Trust Company Group are disclosed below.

##### (b) Holding of units

During or since the end of the financial year, none of the directors or director related entities held any interests in the Foundation, either directly, indirectly or beneficially (2010: Nil).

##### (c) Transactions with related parties

Transactions with related parties have taken place at arms length and in the ordinary course of business.

Trustee fees of \$308,601 (2010: \$320,509), calculated in accordance with Note 10, were paid to the Trustee.

Donations/fundraising of \$48,578 (2010: \$3,486 ) were received from The Trust Company Limited's directors and employees.

No amounts were paid by the Foundation directly to the directors of The Trust Company Limited.

# THE TRUST COMPANY FOUNDATION

## Annual Report

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

#### 9. Related party disclosures (cont'd)

##### (d) Investments in related parties

	2011 \$	2010 \$
Trust Cash Management Fund	1,469,353	880,835
Equity Common Fund QE1	272,336	286,924
General Equity Common Fund	18,774,539	18,049,577
The Trust Company Diversified Property Fund (formerly Infrastructure & Property Related Common Fund No.4)	3,203,815	3,183,073
Trust Bond Fund CFT18	6,388,632	109,356
Fixed Term Mortgage Common Fund No.2	-	6,160,486
	<b>30,108,675</b>	<b>28,670,251</b>

#### 10. Trustee fees

In accordance with the Trust Deed, the Trustee shall be entitled to an annual trustee fee of 1% of the annual capital value of the Foundation. The fees are calculated and payable quarterly in arrears. Trustee fees are separately disclosed in the income statement.

#### 11. Subsequent Events

No matter or circumstance has arisen since 30th June 2011 that has significantly effected, or will significantly effect;

- i) the operations of the Foundation in future financial years;
- ii) the results of those operations in future financial years; or
- iii) the state of affairs of the Foundation in future financial years.

#### 12. Additional Information

The Trust Company Limited (ABN 59 004 027 749) is the Trustee of the Foundation.

Principal Place of Business and Registered Office  
Level 15, 20 Bond Street  
Sydney, NSW 2000  
Australia

# THE TRUST COMPANY FOUNDATION

## Annual Report

### ADDITIONAL INFORMATION

For the financial year ended 30 June 2011

Information & Declarations to be Furnished Under the Charitable Fundraising Act 1991 (NSW), the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulation (1947) (WA).

Under these acts, The Trust Company Foundation holds authority to fundraise for charitable purposes.

Preparation of the following information reflects the level of disclosure existing in management systems in use by the organisation.

#### (a) Statement of Fundraising Income and Expenditure

	2011	2010
	\$	\$
Staff Fundraising Activities	48,578	3,486
Other Fundraising Activities	143,741	51,781
Sale of Merchandise	-	1,250
<b>Gross proceeds from fundraising activities</b>	<b>192,319</b>	<b>56,517</b>
Costs of Merchandise	-	1,128
Other Fundraising Expenses	26,679	-
<b>Total cost of fundraising activities</b>	<b>26,679</b>	<b>1,128</b>
<b>Net proceeds from fundraising</b>	<b>165,640</b>	<b>55,389</b>

#### (b) Accounting Principles and Methods adopted in Fundraising accounts

The fundraising financial statements have been prepared on an cash basis and in accordance with Australian Accounting Standards as per Note 1.

#### (c) Application of Fundraising

	2011	2010
	\$	\$
Opening balance	-	-
Net proceeds from fundraising	165,640	55,390
Programs being funded	(92,110)	(55,390)
<b>Total reserve</b>	<b>73,530</b>	<b>-</b>

# THE TRUST COMPANY FOUNDATION

## Annual Report

### ADDITIONAL INFORMATION (CONT'D)

For the financial year ended 30 June 2011

#### (d) Details of Gross Income and Aggregate Expenditure of Appeals Conducted Jointly with Traders

For the purpose of this note all fundraising involving the Sale of Merchandise is deemed to have involved a trader.

	2011	2010
	\$	\$
Gross income received from sale of merchandise	-	1,250
Total expenditure incurred	-	1,128

#### (e) Forms of Fundraising Appeals Conducted in 2011

For the purposes of reporting under the requirements of the Charitable Fundraising Act 1991, The Trust Company Foundation classifies all fundraising activities under four categories; events, staff fundraising, sale of merchandise and interest.

#### (f) Key Indicators for 2011 Fundraising Activities

Total Cost of Fundraising (\$26,679) divided by Gross Income from Fundraising (\$192,319) equals 13.87%.

# Deloitte.

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1220 Australia

DX: 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001  
www.deloitte.com.au

## Independent Auditor's Report to the Trustee of The Trust Company Foundation

We have audited the financial report of The Trust Company Foundation (the "Foundation"), which comprises the balance sheet as at 30 June 2011, the income statement, the cash flow statement and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, the Trustee's declaration and the Trustee's declaration in respect of fundraising appeals as set out on pages 5 to 19. In addition, we have audited the Foundation's compliance with the specific requirements *Charitable Fundraising Act 1991*, the *Charitable Collections Act (1946)* and the *Charitable Collections Regulations (1947)* (collectively referred to as the "Charitable Fundraising Acts") for the year ended 30 June 2011.

### *Trustee's Responsibility for the Financial Report and Compliance with the Charitable Fundraising Acts*

The directors of The Trust Company Limited, the Trustee of the Foundation, are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Trust Deed and compliance with the Charitable Fundraising Acts and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit and on the Foundation's compliance with the specific requirements of the Charitable Fundraising Acts. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and whether the Foundation has complied with the specific requirements of the Charitable Fundraising Acts.

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

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

## Deloitte.

### *Inherent Limitations*

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error, or non-compliance with the Charitable Fundraising Acts may occur and not be detected. An audit is not designed to detect all weaknesses in Foundation's compliance with the Charitable Fundraising Acts as an audit is not performed continuously throughout the period and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the Charitable Fundraising Acts to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

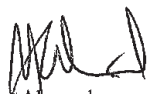
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial report of the Foundation is in accordance with the Charitable Fundraising Acts, including:

- (a) Present fairly of the Foundation's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Trust Deed.
- (c) the financial report agrees to the underlying financial records of the Foundation that have been maintained, in all material respects, in accordance with the Charitable Fundraising Acts and its regulations for the year ended 30 June 2011; and
- (d) monies received by the Foundation as a result of fundraising conducted during the year ended 30 June 2011 have been accounted for and applied, in all material respects, in accordance with the Charitable Fundraising Acts and its regulations.

  
DELOITTE TOUCHE TOHMATSU

  
Stuart Alexander  
Partner  
Chartered Accountants  
Sydney, 15 December 2011