



# AUSTRALIAN OLYMPIC FOUNDATION 2010 ANNUAL REPORT

ONLINE AT [OLYMPICS.COM.AU](http://OLYMPICS.COM.AU)

**AUSTRALIAN OLYMPIC FOUNDATION LIMITED**

ABN 33 934 383 633  
Level 3, 1 Atchison Street  
St Leonards, NSW 2065  
Ph: +61 2 8436 2100  
[olympics.com.au](http://olympics.com.au)

## CONTENTS

Chairman's Review	90
Statement of Comprehensive Income	93
Statement of Financial Position	94
Statement of Cash Flows	95
Statement of Changes in Equity	96
Notes to the Financial Statements	97
Statement by the Board	106
Independent Audit Report	107

On 16 February 1996, The Australian Olympic Foundation (the Foundation) was constituted by Deed of Settlement between the late Julius L. Patching as Settlor and the Australian Olympic Foundation Limited as Trustees.

The members and Directors of the Australian Olympic Foundation Limited are the voting members of the Executive of the Australian Olympic Committee Inc. (AOC) from time to time.

The Foundation has been constituted and is controlled and administered so as to develop and protect the Olympic Movement in Australia in accordance with the Olympic Charter including, in particular, funding the preparation and participation of the Australian Teams in the Olympic Games, Olympic Winter Games, Youth Olympic Games and Regional Games and the costs and expenses of the AOC.

## CHAIRMAN'S REVIEW



World financial markets generally finished higher in 2010 and whilst investors in Australia and internationally experienced periods of intense volatility the key equity indexes in the major industrial countries finished the year in positive territory compared to 2009.

In the year ended 31 December 2010 the Australian Olympic Foundation (AOF) made quarterly distributions to the AOC totalling \$6.3 million.

The AOF has now made cash distributions to the AOC of \$67.7 million since 2001.

After the distributions to the AOC, net assets at the end of 2010 were \$115.1 million compared to \$115.8 million at end 2009.

The stated investment objectives of the Foundation have been to protect and grow the capital base whilst providing sufficient income and liquidity to provide a base distribution to the AOC towards its known commitments. Despite recent volatility in equity markets these objectives have not changed.

After the quarterly cash distributions to the AOC, the Foundation's holdings in cash and short term deposits reduced from \$4.7 million at end 2009 to \$1.6 million at end 2010.

At year end the Foundation had 38.5% of its investments in managed funds in Australian shares, 21.7% in overseas shares, 21.8% in direct property, 10.9% in absolute return funds, 5.2% in fixed interest and 2.0% in cash.

The Foundation remains a very long-term investor – intended to assist in financing the AOC's activities over the indefinite future. The Foundation concentrates its investments in growth assets – property and equities, including international equities. Over time these assets can be expected to provide stronger returns and growth than investments in bonds and cash.

At end 2010 the Foundation had investments in nine managed funds:-

Australian Equities with the established funds of Schrodgers (a growth investment style) and Maple-Brown Abbot Plus Asia (a value investment style); Schroder Smaller Companies; in international equities, BlackRock; in property, Lend Lease (direct property) and Goodman Australia Industrial Fund (direct property); the BlackRock Global Ascent Fund; the BlackRock Multi Opportunity Fund and Wellington Management (Investment Grade Credit).

In February 2010 the Foundation redeemed its investment in the GMO Australia Long / Short Equity Trust.

To reduce foreign currency risk, part of the exposure in the BlackRock Global Investment Equity Fund is hedged back to the Australian dollar. At end 2010 the hedged percentage was 38.1% (2009 37.5%). This position is similar to that adopted by other long term investors.

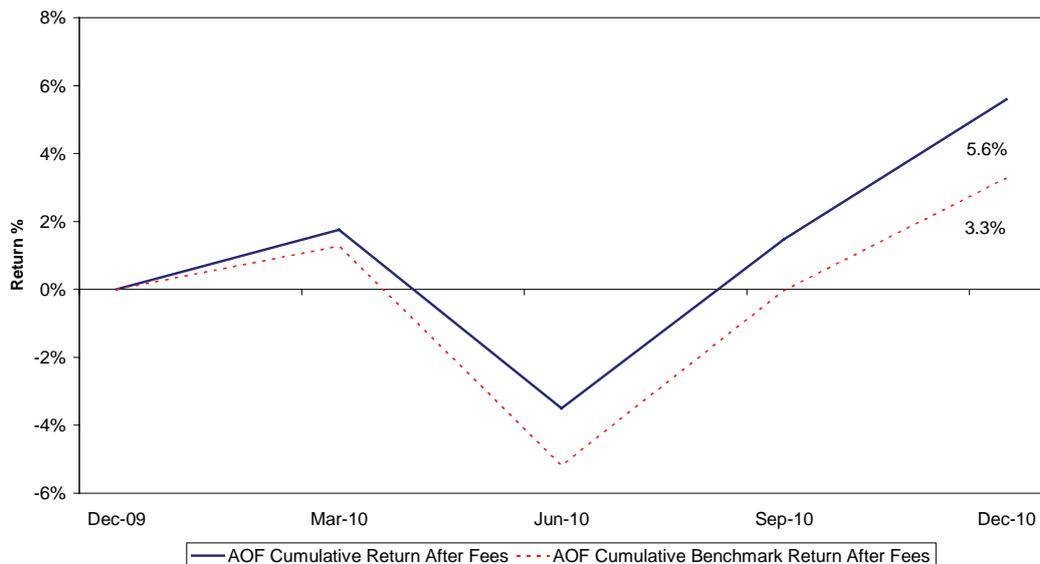
Global Equity Markets returned -2.0% on an unhedged basis and 13.2% on a hedged basis in 2010 as the Australian dollar continued to strengthen reaching just above parity at year end.

The Australian ASX 200 Accumulation Index returned 1.6% in 2010, following its strong recovery in 2009, and the Australian All Ordinaries Index also showed a slight increase of 1.9% in 2010. The US Dow Jones Index rose 14.1% in US dollars (including dividends).

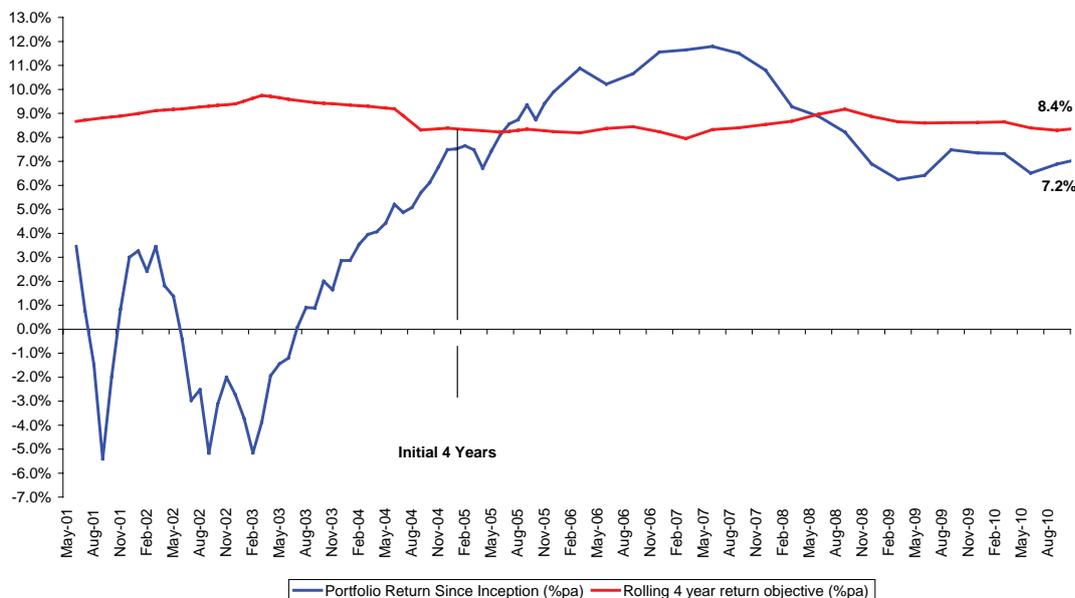
Our investments in Australian equity funds, the international equity fund and absolute return funds overall were positive contributors to the AOF managed funds valuation.

This was assisted by improved revaluations in our investments in the direct property funds of Lend Lease and the Goodman Australian Industrial Fund as confidence and improved growth prospects returned to the property sectors in Australia.

**Australian Olympic Foundation  
Net Returns for Calendar Year 2010**



**AOF Investment Portfolio Return (%pa) Since Inception**



The above graphs show the composite return from the Foundation's managed fund investments in 2010 versus the composite benchmark and the composite return for the Foundation since inception versus the target return objective of a rolling 4 year CPI plus 10 year bond yield which is currently 8.4%.

## CHAIRMAN'S REVIEW CONTNUED

The Directors of the corporate trustee of the Foundation – the Australian Olympic Foundation Limited (AOF) are the voting members of the AOC Executive.

They continue to receive the advice of the AOF Investment Advisory Committee and the Foundation's funds have been invested in accordance with the Committee's recommendations.

The independent members of the Investment Advisory Committee are Chairman, Dr John Hewson (Chairman, The John Hewson Group Pty Ltd), Paul Batchelor (Company Director), David Clarke (Chairman, Macquarie Bank), Angus Douglas (Senior Advisor, RBS Morgans Stock Broking) and John McIntosh (Chairman, MM&E Capital Pty Ltd) and we are greatly indebted to them for their time, diligence and expertise. Russell Withers, Doug Donoghue and John Coates represent the AOF on the Advisory Committee, with the Foundation administered by Doug Donoghue as Director.

At the end of the year John McIntosh advised of his decision to retire from the Investment Advisory Committee. John was appointed a Member of the Investment Advisory Committee on 17 May 1996. He has brought great experience and depth of knowledge gained in a long career in the stockbroking and investment industry to the AOF Investment Advisory Committee. We have greatly valued John's advice and sincerely thank him for his contribution.

At the AOC Annual General Meeting on 15 May 2010, John McIntosh was awarded the AOC Order of Merit recognising his outstanding service to the Olympic Movement.

The Investment Advisory Committee continues to meet quarterly. It reviews the overall investment strategy annually and meets with each of the fund managers annually.

The Directors of the AOF and the members of the Investment Advisory Committee are assisted in their work by Mercer, one of the largest and most experienced investment consulting firms in the world. Mercer monitors each of the managers and overall portfolio on a continuous basis and provides quarterly reports on performance and developments to the Investment Advisory Committee, as well as drawing attention to any significant event affecting a manager or the Foundation's investments.

I thank Mercer's Executive Director, Tony Cole, for Mercer's and his personal contribution and support in 2010.

**JOHN COATES AC**  
Chairman

## FINANCIAL STATEMENTS

<b>Statement of Comprehensive Income</b> <i>For the year ended 31 December 2010</i>	Notes	2010 \$	2009 \$
<b>Revenue</b>			
Interest		168,885	632,351
Managed Funds Distributions		6,497,811	4,684,028
Changes in fair values of Investments		(60,074)	5,824,970
Net Loss on Sale of Investments		(131,617)	-
<b>Total Revenue</b>		6,475,005	11,141,349
<b>Expenditure</b>			
Fund Manager Fees		371,241	241,583
Investment Strategy Fees		61,905	58,847
Administration		375,873	435,299
<b>Total Expenditure</b>		809,019	735,729
<b>Net Profit Before Income Tax</b>		5,665,986	10,405,620
Income Tax Expense		-	-
<b>Net Profit</b>		5,665,986	10,405,620
<b>Other Comprehensive Income</b>		-	-
<b>Other Comprehensive Income for the year</b>		-	-
<b>Total Comprehensive Income for the year</b>		5,665,986	10,405,620
<b>Statement of Distribution</b>			
<b>Net Profit</b>		5,665,986	10,405,620
Transfer from / (to) Capital Reserve	9	60,074	(5,824,970)
Income Distribution		5,726,060	4,580,650
Capital Distribution	9	567,100	1,712,930
<b>Distribution paid/payable to the Australian Olympic Committee</b>	11	6,293,160	6,293,580

*The statement of comprehensive income should be read in conjunction with the accompanying notes*

## FINANCIAL STATEMENTS

<b>Statement of Financial Position</b> <i>As at 31 December 2010</i>	<b>Notes</b>	<b>2010</b> \$	<b>2009</b> \$
<b>Current Assets</b>			
Cash and cash equivalents	4	1,610,321	4,749,679
Trade & other receivables	5	1,390,968	1,515,999
Investments	6	112,447,230	109,635,642
<b>Total Current Assets</b>		115,448,519	115,901,320
<b>TOTAL ASSETS</b>		115,448,519	115,901,320
<b>Current Liabilities</b>			
Trade and other payables	7	294,250	122,949
Deferred Income	8	3,072	-
<b>Total Current Liabilities</b>		297,322	122,949
<b>TOTAL LIABILITIES</b>		297,322	122,949
<b>NET ASSETS</b>		115,151,197	115,778,371
<b>Equity</b>			
Capital reserve	9	115,151,197	115,778,371
<b>TOTAL EQUITY</b>		115,151,197	115,778,371

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

## FINANCIAL STATEMENTS

<b>Statement of Cash Flows</b> <i>For the year ended 31 December 2010</i>	Notes	2010 \$	2009 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from organisations		40,679	22,446
Payments to organisations		(688,218)	(848,794)
Interest received		171,896	631,986
Managed funds distributions received		4,623,307	4,317,678
<b>Net cash flows from operating activities</b>	10	4,147,664	4,123,316
<b>Cash Flows from Investing Activities</b>			
Purchase of investments		(3,371,000)	(20,000,000)
Proceeds of sale of managed funds		2,377,138	-
<b>Net cash flows (used in) investing activities</b>		(993,862)	(20,000,000)
<b>Cash Flows from Financing Activities</b>			
Payment of distributions		(6,293,160)	(10,238,902)
<b>Net cash flows (used in) financing activities</b>		(6,293,160)	(10,238,902)
<b>Net (decrease) in cash and cash equivalents</b>		(3,139,358)	(26,115,586)
<b>Cash and cash equivalents at beginning of period</b>		4,749,679	30,865,265
<b>Cash and cash equivalents at end of period</b>	4	1,610,321	4,749,679

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

## FINANCIAL STATEMENTS

<b>Statement of Changes in Equity</b> <i>For the year ended 31 December 2010</i>	2010 \$	2009 \$
<b>TOTAL EQUITY AT THE BEGINNING OF THE YEAR</b>	<b>115,778,371</b>	<b>111,666,331</b>
Profit for the year	5,665,986	10,405,620
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>5,665,986</b>	<b>10,405,620</b>
Transfers with equity holders in their capacity as beneficiaries:		
Income distribution paid / payable to the Australian Olympic Committee	(6,293,160)	(6,293,580)
<b>TOTAL EQUITY AT THE END OF THE YEAR</b>	<b>115,151,197</b>	<b>115,778,371</b>

*The statement of changes in equity should be read in conjunction with the accompanying notes*

# Notes to the Financial Statements

For the year ended 31 December 2010

## 1. Corporate Information

The financial report of the Australian Olympic Foundation ("the Foundation") for the year ended 31 December 2010 was authorised for issue in accordance with a resolution of the Board of the Trustee on 18 March 2011.

The Foundation is a discretionary Trust constituted by a Deed of Settlement dated 16 February 1996 ("the Trust Deed") between the late Julius L. Patching as Settlor and the Australian Olympic Foundation Limited ("the Trustee") as Trustee and is domiciled in Australia.

The principal place of business is Level 3, 1 Atchison Street, St Leonards NSW 2065.

The Foundation has been constituted and is controlled and administered so as to develop and protect the Olympic Movement in Australia in accordance with the Olympic Charter including, in particular, funding the preparation and participation of the Australian Teams in the Olympic Games, Olympic Winter Games, Youth Olympic Games and Regional Games and the costs and expenses of the Australian Olympic Committee.

## 2. Summary of Significant Accounting Policies

The significant policies which have been adopted in the preparation of these financial statements are:

### a. Basis of preparation

This special purpose financial report has been prepared for distribution to the members and directors of the Trustee ("the Board") to fulfil the Board's financial reporting requirements under the Trust Deed. The accounting policies used in the preparation of this financial report, as described below, are consistent with the previous years, and are, in the opinion of the Board, appropriate to meet the needs of members and the Board:

- i. The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.
- ii. The Foundation is not a reporting entity because in the opinion of the Board there are unlikely to be users of the financial statements who are unable to gain access to the specific information they require to meet their needs.

Accordingly, the financial report has been prepared in accordance with the Trust Deed, the basis of accounting specified by all Accounting Standards and Interpretations and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality and AASB 1048 Interpretation and Application of Standards' which are mandatory financial reporting requirements in Australia.

The Board have determined that in order for the financial report to give a true and fair view of the Foundation's performance, cash flows and financial position, the requirements of Australian Accounting Standards and other financial reporting requirements in Australia relating to the measurement of assets, liabilities, revenues, expenses and equity should be complied with.

The financial report is presented in Australian dollars.

# Notes to the Financial Statements

For the year ended 31 December 2010

## b. Statement of compliance

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Foundation for the annual reporting period ended 31 December 2010 as the Board have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Foundation) and interpretations.

This special purpose financial report complies with Australian Accounting Standards as described above.

## c. Recoverable amount of assets

At each reporting date, the Foundation assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Foundation makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and written down to its recoverable amount.

## d. Trade and other receivables

Trade receivables, which generally have 10-90 day terms, are recognised and carried at original cost less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

## e. Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments are classified as financial assets at fair value through profit or loss and measured as such. Gains or losses are recognised in the statement of comprehensive income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the statement of financial position date. Managed funds valuations are based on valuations advised by fund managers.

## f. Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise of cash on hand and in banks, and money market investments readily convertible to cash within three months or less and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

## g. Revenue

All income is brought to account as it becomes due and receivable. Amounts that have not been received at year end including distributions and interest are recorded in the statement of financial position as receivables.

### i. Distribution Revenue

Revenue is recognised when the Foundation's right to receive the payment is established.

# Notes to the Financial Statements

For the year ended 31 December 2010

## h. Trade and other payables

Expenditure, including distributions and administration costs, are brought to account on an accruals basis. Any expenses incurred but not paid at balance date are recorded as payables on the statement of financial position.

## i. Capital reserve

The capital reserve records assets gifted to the Foundation, unrealised gains/losses resulting from the revaluation of investments less Capital distributions.

## j. Income tax

Under current income tax legislation, the Foundation is not liable for income tax provided that its taxable income is fully distributed.

## k. Comparatives

Where necessary prior year comparatives have been adjusted to comply with current year disclosures.

## 3. Significant Accounting Judgements, Estimates and Assumptions

In applying the accounting policies the Foundation continually evaluates judgements, estimates and assumptions based on experience and other factors including expectations of future events. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Foundation. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by the Foundation in the preparation of these financial statements are outlined below:

### i. Classification of and valuation of investments

The Foundation has decided to classify investments as financial assets at fair value through profit or loss. Movements in fair value are recognised in the Statement of Comprehensive Income. The fair value has been determined by reference to published price quotations in an active market.

## 4. Cash and cash equivalents

	2010	2009
	\$	\$
Cash at bank and in hand	60,321	149,679
Short term deposits	1,550,000	4,600,000
	1,610,321	4,749,679

Cash at bank is available on call and has an average interest rate of 2.69% (2009: 2.59%).

Short term deposits are made for varying periods of between 1 and 90 days depending on cash requirements of the Foundation and earn interest at the respective short term deposit rate.

## 5. Trade and other receivables (current)

	2010	2009
	\$	\$
Income Accrued	1,389,409	1,509,830
Other	1,559	6,169
	1,390,968	1,515,999

# Notes to the Financial Statements

For the year ended 31 December 2010

	2010 \$	2009 \$
<b>6. Financial assets at fair value through profit or loss (current)</b>		
Managed Funds	112,447,230	109,635,642
	112,447,230	109,635,642
<b>7. Trade and other payables (current)</b>		
Amounts owing to Australian Olympic Committee Inc (refer to note 11)	20,350	26,263
Other payables	273,900	96,686
	294,250	122,949
<b>8. Deferred Income (current)</b>		
Deferred Income (Interest to be recognised in 2011)	3,072	-
	3,072	-
<b>9. Capital reserve</b>		
Opening balance	115,778,371	111,666,331
Transfer to reserves:		
- Unrealised gain/ (loss) on revaluation of investments	(60,074)	5,824,970
- Settlement from the Australian Olympic Committee	-	-
	115,718,297	5,824,970
- Capital Distribution to the Australian Olympic Committee	(567,100)	(1,712,930)
Closing Balance	115,151,197	115,778,371
<b>10. Statement of cash flow reconciliation</b>		
Reconciliation of the net profit to the net cash flows from operating activities.		
Net profit	5,665,986	10,405,620
<b>Adjustments for:</b>		
Transfer to reserves	60,074	(5,824,970)
Investment income	(1,888,996)	(375,218)
Loss on realisation of units in managed funds	131,617	-
<b>Change in Assets and Liabilities</b>		
Change in other receivables	4,610	(5,141)
Change in trade and other payables	174,373	(76,975)
<b>Net Cash Flows from Operating Activities</b>	4,147,664	4,123,316

# Notes to the Financial Statements

For the year ended 31 December 2010

## 11. Related party disclosures

The Trustee is a company limited by guarantee. The Articles of Association of the Trustee prescribe that the members of the Trustee shall be the voting members of the Executive of the Australian Olympic Committee Inc. ("the Committee") from time to time. The Articles of Association further prescribe that a voting member of the Executive of the Committee on being deemed to be admitted to membership of the Trustee shall likewise be deemed to be appointed a Director of the Trustee and that the President of the Committee preside as Chairman of the Trustee.

### Australian Olympic Foundation Limited

No transactions have taken place during the year between the Foundation and the Trustee.

### Australian Olympic Committee Inc.

The Committee is the primary beneficiary of the Foundation. During the year a number of transactions have occurred between the Foundation and the Committee.

As at balance date, the Foundation owed the Committee a total of \$20,350 (2009: \$26,263) representing:

- i. The distribution of income for the period to the Committee \$6,293,160 (2009: \$6,293,580) of which \$6,293,160 (2009: \$6,293,580) has been paid in cash;
- ii. Other creditors \$20,350 (2009: \$26,263).

## 12. Key Management Personnel

### a. Meetings

The members of the Board of the Trustee during the financial year and the number of Board and committee meetings attended by each of the Board during the financial year were:

Executive Member	Board		Audit Committee		Investment Advisory Committee	
	A	B	A	B	A	B
L Bates	3	4				
H Brownlee	3	4				
I Chesterman	3	4				
J Coates (i)	4	4			4	4
P Coles (ii)	2	4				
D Donoghue	4	4	3	3	4	4
K Gosper (ii)	1	4				
N Green	4	4				
R Harvey	4	4				
P Montgomery	4	4	3	3		
A Plympton	4	4	3	3		
R Withers	3	4	3	3	4	4
J Tomkins	2	4				
T Franklin	4	4				

A = Number of meetings attended

B = Reflects the number of meetings held during the time the Member of the Executive held office during the period

- i. Whilst not a member, the Chairman attends Audit Committee meetings.
- ii. Absent on IOC business.

Except as indicated below the members of the Board serve on an honorary basis apart from the benefit of Directors' and Officers' Liability insurance provided by the Foundation.

# Notes to the Financial Statements

For the year ended 31 December 2010

## 12. Key Management Personnel (cont')

b. Remuneration of key management personnel

Remuneration of key management personnel relate to the following category only:

	2010	2009
	\$	\$
Short term employee benefits*	124,630	121,000

\*D Donoghue received \$124,630 (2009: \$121,000) in consulting fees for the provision of consulting services in his capacity as Director of the Foundation.

## 13. Financial Risk Management Objectives

The Foundation's principal financial instruments comprise investments, cash and short term deposits. The main purpose of these financial instruments is to maximise the income earned for the Foundation's operations.

The Foundation has various other financial instruments such as trade debtors and trade creditors, which arise directly from operations.

The main risks arising from the Foundation's financial instruments are price risk, interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### *Managed Funds Price Risk*

The Foundation's exposure to managed funds price risk relates primarily to the Foundation's investment portfolio.

This risk is managed by the Foundation's Investment Advisory Committee and investment consultants Mercer Investment Consulting who provide advice on the appropriate mix of investments. The members of the Foundation's Investment Advisory Committee are shown at Note 14.

### *Interest Rate Risk*

The Foundation's exposure to market risk for changes in interest rates relates primarily to the Foundation's short term deposits.

### *Credit Risk*

The group trades only with recognised, credit worthy third parties. Credit risk is typically limited to accrued income owed by managed funds for distributions that remain unpaid at year end.

In addition, receivable balances are monitored on an ongoing basis with the result that the Foundation's exposure to bad debts is not significant.

# Notes to the Financial Statements

For the year ended 31 December 2010

## 14. Corporate Governance

### Trustee and Committees of the Foundation

The Trustee has the overall responsibility for the corporate governance of the Foundation, including its strategic direction, the review of plans established by the Foundation and the monitoring of performance against these plans.

### Composition of the Board of Directors of the Trustee

The Board of the Trustee comprises those persons being voting members of the Executive of the Committee.

### Investment Advisory Committee

An Investment Advisory Committee was established in 1996 to advise the Board and comprises members of the Board and others who are "independent" of the Committee and the Foundation and who serve in an honorary and non-managerial capacity only.

The members of the Investment Advisory Committee during the year were:

Dr John Hewson, Chairman (independent)  
Mr Paul Batchelor (independent)  
Mr David Clarke (independent)  
Mr John Coates  
Mr Doug Donoghue  
Mr Angus Douglas (independent)  
Mr John McIntosh (independent)  
Mr Russ Withers

Mr John McIntosh retired from the Investment Advisory Committee following the last meeting of the Committee for 2010.

The investment objectives of the Foundation are to protect and grow the capital base while providing sufficient income and liquidity to provide a base distribution to the Committee towards its known commitments.

Mercer Investment Consulting was appointed in 2000 and reappointed in 2004 to advise the Investment Advisory Committee on the Foundation's investment strategy (i.e. the long term strategic split between asset classes) and the appointment and performance of Investment Fund Managers. The Agreement with Mercer was renewed during 2010.

### Audit Committee

To assist in the execution of its responsibilities, the Board on 20 July 2001 established an Audit Committee. The primary objective of the Audit Committee is to assist the Board to fulfil its corporate governance and overseeing responsibilities relating to the financial reporting process, the system of internal control and management of financial risk, the audit process, and the process for monitoring compliance with laws and regulations, the IOC Code of Ethics and the Code of Conduct for the Board.

The Audit Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to its Charter in order to facilitate decision making by the Board. An updated Charter for the Audit Committee was adopted by the Board on 12 August 2005. The Charter is available on the website [olympics.com.au](http://olympics.com.au).

# Notes to the Financial Statements

For the year ended 31 December 2010

## 14. Corporate Governance (continued)

The Audit Committee comprises four members of the Board. Members of the Audit Committee are R Withers (Chairman), D Donoghue, P Montgomery and A Plympton who collectively provide the mix of skills, experience and other qualities appropriate for this role.

### Indemnification and Insurance of the Board

#### Indemnification

The Foundation has indemnified members of the Board against all losses or liabilities that may arise from their position as a member of the Board, except where the liability arises out of conduct involving a lack of good faith, criminal activity or a wilful breach of employment conditions or relevant Codes of Conduct. Liability of the Foundation is limited to the maximum amount payable under the Directors' and Officers' Liability Insurance policy of the Foundation.

The Foundation has entered into Deeds of Indemnity and Access with all members of the Board. The principal provisions of the Deeds relate to:

- granting of the indemnity above;
- the provision of access to papers of the Foundation;
- confidentiality of information provided;
- an undertaking to maintain and to the extent permitted by law pay the premiums on, an insurance policy which insures members of the Board against liability incurred by them as a member during their term of office and for seven years after they cease to hold office.

#### Insurance Premium

During the year the Foundation has paid insurance premiums for cover in respect of Directors' and Officers' Liability insurance.

## 15. Segment Information

The Foundation has been constituted to operate within Australia to develop and protect the Olympic Movement.

## 16. Auditor's Remuneration

Total amounts received or due and receivable by Ernst & Young Australia for:

	2010	2009
	\$	\$
An audit of the financial report of the Foundation	18,355	17,845
Other services in relation to the Foundation for taxation compliance review	8,470	8,140

In accordance with the Foundation's published Audit Committee Charter it is believed that the non-audit services provided are in the nature of taxation compliance reviews and as such the existing knowledge of the statutory auditor brings insight and synergy to the Foundation without impacting the actual or perceived independence of the quality of the auditor's ongoing assurance engagements.

# Notes to the Financial Statements

For the year ended 31 December 2010

## 17. Financial Instruments

The Foundation's accounting policies, terms and conditions in relation to financial assets and liabilities are included in the notes to the financial statements.

The Foundation's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. There is no concentration of credit risk.

## 18. Capital Commitments

At 31 December 2010 the Foundation had no capital commitments.

## 19. Subsequent Events

There have been no significant events subsequent to the balance date.

## 20. Contingent Liabilities

The Foundation has provided the Westpac Banking Corporation ("Westpac"), with a Guarantee and Indemnity dated 20 September 2001 in respect of all liabilities and obligations of the Committee under a foreign exchange facility. As at balance date there were no forward foreign exchange contracts under the facility.

On 6 February 2002 the Foundation provided a Guarantee and Indemnity to Westpac in respect of all liabilities and obligations of the Committee under a \$5 million Bill Acceptance Facility Agreement with Westpac dated 5 February 1998. On 10 February 2003 the Foundation extended the Guarantee and Indemnity to Westpac in respect of all liabilities and obligations of the Committee to an \$8 million Bill Acceptance Facility Agreement with Westpac. On 31 July 2008 the Foundation extended the Guarantee and Indemnity to Westpac from \$8 million to \$10 million in respect of all liabilities and obligations of the Committee under the Bill Acceptance Facility Agreement with Westpac.

As the Foundation does not believe the Guarantee and Indemnity will be called, no liability has been recorded at year end in the financial statements.

## STATEMENT BY THE BOARD

As detailed in Note 2 to the financial statements, this is a special purpose financial report that has been prepared for distribution to the members and the Board.

The financial statements have been prepared in accordance with applicable accounting standards, the disclosure requirements of the law and the Trust Deed dated 16 February 1996.

1. In the opinion of the Board of the Trustee, the financial statements as set out on pages 93 to 105 present fairly, in accordance with applicable accounting standards, the requirements of the law and the Trust Deed:
  - (a) the result and cash flows of the Foundation for the year to 31 December 2010;
  - (b) the state of affairs of the Foundation as at 31 December 2010.
2. In the opinion of the Board of the Trustee, at the date of this statement there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

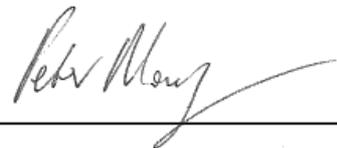
This statement is made out in accordance with a resolution of the Board.

Signed on behalf of the Board at Sydney this 18th day of March 2011.



---

**J D COATES**  
President



---

**P G MONTGOMERY**  
Vice President



Ernst & Young Centre  
680 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001  
Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
www.ey.com/au

## **Independent auditor's report to the members of Australian Olympic Foundation**

We have audited the accompanying special purpose financial report of Australian Olympic Foundation which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and a statement by the Board.

### **Trustee's Responsibility for the Financial Report**

The Trustee's of the Foundation are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 2 to the financial report, which form part of the financial report, are appropriate to meet the financial reporting requirements of the trust deed and are appropriate to meet the needs of the members. The trustees are also responsible for such controls as they determine are 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. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

### **Opinion**

In our opinion the financial report is prepared, in all material respects, in accordance with the accounting policies described in Note 2.

Liability limited by a scheme approved  
under Professional Standards Legislation



### Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist Australian Olympic Foundation to meet the requirements of trust deed. As a result the financial report may not be suitable for another purpose.

A handwritten signature in cursive script that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Daniel Cunningham'.

Daniel Cunningham  
Partner

Sydney  
18 March 2011



**AUSTRALIAN OLYMPIC COMMITTEE INCORPORATED**

Level 3, 1 Atchison Street, St Leonards, NSW 2065

+61 2 8436 2100 | [olympics.com.au](http://olympics.com.au)