



2011 ANNUAL REPORT  
AUSTRALIAN OLYMPIC FOUNDATION

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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 and Regional Games and the costs and expenses of the AOC.

## CHAIRMAN'S REVIEW



World financial markets experienced periods of intense volatility throughout 2011 as a result of economic uncertainty in the United States and continuing economic and monetary problems with members of the European Union and at times doubt even on the future of the Euro.

In the year ended 31 December 2011 the Australian Olympic Foundation (Foundation) made quarterly distributions to the AOC totalling \$6.3 million.

The Foundation has now made cash distributions to the AOC of \$74 million since 2001.

After the distributions to the AOC, net assets at the end of 2011 were \$106.3 million compared to \$115.1 million at end 2010.

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 the 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 \$1.6 million at end 2010 to \$0.5 million at end 2011. This improved to \$1.7 million after year end cash distributions from fund managers.

At year end the Foundation had 36.2% of its investments in managed funds in Australian shares, 19.9% in overseas shares, 23.8% in direct property, 12.9% in absolute return funds, 5.7% in fixed interest and 1.5% in cash (inc. cash held by the underlying managers).

It is important to recognise in the current economic climate that 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 2011 the Foundation had investments in ten 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 International Equity Fund and the Hedged International Equity Fund; in property, Lend Lease (direct property) and Goodman Australia Industrial Fund (direct property); the BlackRock Global Ascent Fund (absolute return); the Blackrock Multi-Opportunity Fund (absolute return) and Wellington Management (investment grade credit).

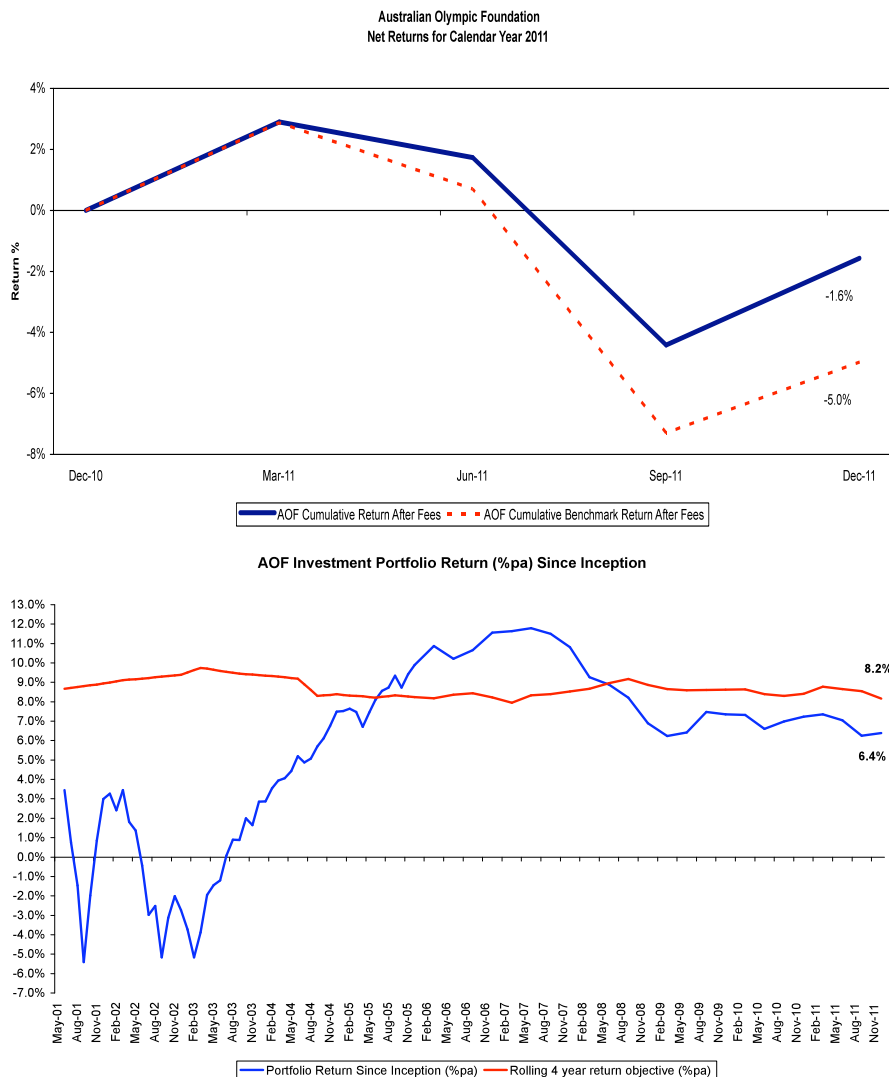
In August we were advised by BlackRock of a decision to close the hedged portion of the BlackRock International Fund in which the AOF was an investor because of a reduced number of investors. The hedged fund portion of the investment was redeemed at end August and proceeds invested in the BlackRock Scientific Hedged International Fund, thus maintaining a hedge on the total international fund investments with BlackRock. Because of the relatively weak position of international equities markets at end August a realised loss was incurred by the AOF as a result of the change.

To reduce foreign currency risk, the exposure in the BlackRock International Equity Funds as advised above is hedged back to the Australian dollar. At end 2011 the hedged percentage was 33.7% (2010 38%). This position is similar to that adopted by other long term investors.

Global Equity Markets returned -5.3% on an unhedged basis and -1.9% on a hedged basis in 2011 as the Australian dollar maintained strength being above parity to the US dollar at year end.

The Australian ASX 200 Accumulation Index returned -10.5% in 2011, and the Australian All Ordinaries Index also showed a decrease of 11.4% in 2011. The US Dow Jones Index rose 8.4% in US dollars (including dividends).

The Foundation's investments in Australian equity funds and international equity funds were under pressure during 2011 producing negative returns with positive contributions coming from the absolute return funds and our direct property fund investments in the Lend Lease property funds and the Goodman Australian Industrial Fund as well as the Wellington Investment Grade Credit Fund.



The above graphs show the composite return from the Foundation's managed fund investments in 2011 versus the composite benchmark and the composite return for the Foundation since inception versus the target objective of a rolling 4 year CPI plus 10 year bond yield which is currently 8.2%.

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 AOC Investment Advisory Committee and the Foundation's funds have been invested in accordance with the Committee's recommendations.

As I advised at the AOC 2011 Annual General Meeting, David Clarke AO, who had been a member of the AOF Investment Advisory Committee since its first meeting on 9 September 1996, passed away on 8 April 2011. On 2 May 2011 we joined the Australian business, sporting and cultural community in mourning the passing of David at a Memorial Service in The Great Hall of the University of Sydney. The AOF owes David a great debt of gratitude for his contribution through the Investment Advisory Committee to the funding of the AOC.

Ms Helen Nugent AO accepted an invitation to join the Investment Advisory Committee. Helen Nugent is a highly respected and experienced company director, including of Macquarie Group. She is Chairman of Bond University.

The independent members of the Investment Advisory Committee are Chairman Dr John Hewson (Chairman, the John Hewson Group Pty Ltd), Paul Batchelor (Company Director), Angus Douglas (Senior Advisor, RBS Morgans Stock Broking) and Helen Nugent (Company Director) and we continue to be immensely 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.

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 Senior Partner, Tony Cole, for Mercer's and his personal contribution and support in 2011.

In 2012 results are likely to be effected by the outcome of the European sovereign debt crisis and progress in this area as well as the possibility of a recession in parts of Europe. The United States economy shows signs of improvement in late 2011 and early 2012. China's growth is moderating albeit still at high levels and the demand from China and Asia for resources remains strong but likely to face price pressure. The Australian economy whilst strong by comparison to other developed countries is currently still very dependent on the mining and resources industry maintaining export levels and commodity prices.

It is in this uncertain economic climate that the AOF Board, supported by the Investment Advisory Committee and Mercer, will monitor and review the Foundation's investments in 2012.

**JOHN COATES AC**

Chairman

## FINANCIAL STATEMENTS

### Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011 \$	2010 \$
<b>Revenue</b>			
Interest		99,288	168,885
Managed Funds Distributions		8,404,363	6,497,811
Changes in Fair Values of Investments		(8,126,069)	(60,074)
Net Loss on Sale of Investments		(2,010,506)	(131,617)
<b>Total Revenue</b>		(1,632,924)	6,475,005
<b>Expenditure</b>			
Fund Manager Fees		478,074	371,241
Investment Strategy Fees		64,692	61,905
Administration		388,065	375,873
<b>Total Expenditure</b>		930,831	809,019
<b>Net (Loss)/Profit Before Income Tax</b>		(2,563,755)	5,665,986
Income Tax Expense		-	-
<b>Net (Loss)/ Profit</b>		(2,563,755)	5,665,986
<b>Other Comprehensive Income</b>		-	-
<b>Other Comprehensive Income for the year</b>		-	-
<b>Total Comprehensive (Loss) / Income for the year</b>		(2,563,755)	5,665,986
<b>Statement of Distribution</b>			
<b>Net Profit</b>		(2,563,755)	5,665,986
Transfer from Capital Reserve	9	8,126,069	60,074
Income Distribution		5,562,314	5,726,060
Capital Distribution	9	730,846	567,100
<b>Distribution paid/payable to the Australian Olympic Committee</b>	11	6,293,160	6,293,160

## Statement of Financial Position

As at 31 December 2011

	Notes	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	481,658	1,610,321
Trade & other receivables	5	1,266,968	1,390,968
Investments	6	104,713,910	112,447,230
<b>Total Current Assets</b>		106,462,536	115,448,519
<b>TOTAL ASSETS</b>		106,462,536	115,448,519
<b>Current Liabilities</b>			
Trade and other payables	7	168,254	294,250
Deferred Income	8	-	3,072
<b>Total Current Liabilities</b>		168,254	297,322
<b>TOTAL LIABILITIES</b>		168,254	297,322
<b>NET ASSETS</b>		106,294,282	115,151,197
<b>Equity</b>			
Capital reserve	9	106,294,282	115,151,197
<b>TOTAL EQUITY</b>		106,294,282	115,151,197

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



## Statement of Cash Flows

For the year ended 31 December 2011

	Notes	2011 \$	2010 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from organisations		42,132	40,679
Payments to organisations		(1,123,776)	(688,218)
Interest received		94,829	171,896
Managed funds distributions received		6,151,312	4,623,307
<b>Net cash flows from operating activities</b>	10	5,164,497	4,147,664
<b>Cash Flows from Investing Activities</b>			
Purchase of investments		(5,910,189)	(3,371,000)
Proceeds of sale of managed funds		5,910,189	2,377,138
<b>Net cash flows (used in) investing activities</b>		-	(993,862)
<b>Cash Flows from Financing Activities</b>			
Payment of distributions		(6,293,160)	(6,293,160)
<b>Net cash flows (used in) financing activities</b>		(6,293,160)	(6,293,160)
<b>Net (decrease) in cash and cash equivalents</b>		(1,128,663)	(3,139,358)
<b>Cash and cash equivalents at beginning of the year</b>		1,610,321	4,749,679
<b>Cash and cash equivalents at end of the year</b>	4	481,658	1,610,321

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

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## Statement of Changes in Equity

For the year ended 31 December 2011

	Notes	2011 \$	2010 \$
<b>TOTAL EQUITY AT THE BEGINNING OF THE YEAR</b>		<b>115,151,197</b>	<b>115,778,371</b>
(Loss) / Profit for the year		(2,563,755)	5,665,986
Other comprehensive income		-	-
<b>Total comprehensive (loss) / income for the year</b>		<b>(2,563,755)</b>	<b>5,665,986</b>
Transfers with equity holders in their capacity as beneficiaries:			
Income distribution paid/payable to the Australian Olympic Committee		(6,293,160)	(6,293,160)
<b>TOTAL EQUITY AT THE END OF THE YEAR</b>		<b>106,294,282</b>	<b>115,151,197</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, 2011

### 1 Corporate Information

The financial report of the Australian Olympic Foundation ("the Foundation") for the year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Board of the Trustee on 21 March 2012.

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.

#### (b) Statement of compliance

Certain Australian Accounting Standards and Interpretations have 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 2011 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.

## Notes to the Financial Statements

For the year ended 31 December, 2011

### 2 Summary of Significant Accounting Policies (continued)

#### (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.

#### (h) Trade and other payables

Expenditure, including distributions and administration costs, are brought to account on an accrual 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.

## Notes to the Financial Statements

For the year ended 31 December, 2011

### 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.

	2011 \$	2010 \$
<b>4 Cash and cash equivalents</b>		
Cash at bank and in hand	81,658	60,321
Short term deposits	400,000	1,550,000
	481,658	1,610,321
Cash at bank is available on call and has an average interest rate of 2.51% (2010: 2.69%).		
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.		
<b>5 Trade and other receivables (current)</b>		
Income accrued	1,255,714	1,389,409
Other	11,254	1,559
	1,266,968	1,390,968
<b>6 Financial assets at fair value through profit or loss (current)</b>		
Managed funds	104,713,910	112,447,230
	104,713,910	112,447,230
<b>7 Trade and other payables (current)</b>		
Amounts owing to Australian Olympic Committee Inc. (refer to Note 11)	17,821	20,350
Other payables	150,433	273,900
	168,254	294,250
<b>8 Deferred Income (current)</b>		
Deferred Income	-	3,072
	-	3,072
<b>9 Capital reserve</b>		
Opening balance	115,151,197	115,778,371
Transfer to reserves:		
- Unrealised (loss)/gain on revaluation of investments	(8,126,069)	(60,074)
	107,025,128	115,718,297
- Capital Distribution to the Australian Olympic Committee	(730,846)	(567,100)
Closing balance	106,294,282	115,151,197

## Notes to the Financial Statements

For the year ended 31 December, 2011

	2011 \$	2010 \$
<b>10 Statement of cash flows reconciliation</b>		
Reconciliation of the net profit to the net cash flows from operating activities:		
Net (loss)/profit	(2,563,755)	5,665,986
<b>Adjustments for:</b>		
Transfer to reserves	8,126,069	60,074
Investment income	(2,269,560)	(1,888,996)
Loss on realisation of units in managed funds	2,010,506	131,617
<b>Change in Assets and Liabilities</b>		
Change in other receivables	(9,695)	4,610
Change in trade and other payables	(129,068)	174,373
<b>Net Cash Flows from Operating Activities</b>	<b>5,164,497</b>	<b>4,147,664</b>

## 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 \$17,821 (2010: \$20,350) representing:

- (i) The distribution of income for the period to the Committee \$6,293,160 (2010: \$6,293,160) of which \$6,293,160 (2010: \$6,293,160) has been paid in cash;
- (ii) Other creditors \$17,821 (2010: \$20,350).

## Notes to the Financial Statements

For the year ended 31 December, 2011

### 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:

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

A = Number of meetings attended.

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

(i) Whilst not a member, the Chairman attends Audit Committee meetings.

(ii) Absent on Olympic business.

(iii) Membership ceased 31 December 2011.

Except as indicated in 12(b) the members of the Board serve on an honorary basis apart from the benefit of Directors' and Officers' Liability insurance provided by the Foundation.

#### (b) Remuneration of key management personnel

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

	2011 \$	2010 \$
<b>Short term employee benefits*</b>	129,600	124,630

\*D Donoghue received \$129,600 (2010: \$124,630) in consulting fees for the provision of consulting services in his capacity as Director of the Foundation.

## Notes to the Financial Statements

For the year ended 31 December, 2011

### 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.

### 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) (resigned 18/3/2011)  
 Mr John Coates  
 Mr Doug Donoghue  
 Mr Angus Douglas (independent)  
 Ms Helen Nugent (independent) (appointed 10/5/2011)  
 Mr Russ Withers

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 and 2010 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.



## Notes to the Financial Statements

For the year ended 31 December, 2011

### 14 Corporate governance (continued)

#### 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 [www.olympics.com.au](http://www.olympics.com.au).

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:

	2011 \$	2010 \$
An audit of the financial report of the Foundation	19,426	18,355
Other services in relation to the Foundation for taxation compliance review	8,800	8,470

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, 2011

### 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 2011 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. The bank bill facility has been renewed until December 2013 and the Guarantee has been extended by the Foundation.

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

For the year ended 31 December, 2011

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 98 to 109 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 2011;
  - (b) the state of affairs of the Foundation as at 31 December 2011.
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 21st day of March 2012.



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**J D COATES**  
President



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**P G MONTGOMERY**  
Vice President

## Independent audit report to members of the Australian Olympic Foundation Limited



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

We have audited the accompanying special purpose financial report of the Australian Olympic Foundation, which comprises the statement of financial position as at 31 December 2011, 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 the Statement by the Board of the Trustee.

#### 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 basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the Trust Deed and is 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 and fair presentation 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 presents fairly, in all material respects, the financial position of the Australian Olympic Foundation as of 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

### **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 the Australian Olympic Foundation to meet the requirements of the Trust Deed. As a result the financial report may not be suitable for another purpose.

A handwritten signature in blue ink that reads 'Ernst &amp; Young'.

Ernst & Young  
Sydney  
21 March 2012













AUSTRALIAN  
OLYMPIC  
COMMITTEE

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