

Property Industry Foundation

Annual report - 31 October 2006

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Property Insurance Foundation is a trust domiciled in Australia. Its principal place of business is:

Property Industry Foundation
Level 19, 88 Phillip Street
Sydney NSW 2000

Property Industry Foundation
Income Statement
For the year ended 31 October 2006

	Notes	2006 \$	2005 \$
Revenue	2	1,796,662	1,656,945
Other income	2	18,032	-
Less Expenses:			
Yachting regatta		(171,397)	(175,736)
Annual ball		(152,756)	(143,698)
PA exclusive campaigns		(16,791)	(15,254)
Government House cocktail party		(15,958)	(12,934)
National Hard Hat Day		(16,191)	(13,136)
Car Rally		(20,672)	-
Employee benefits expense		(344,503)	(267,475)
Depreciation	3	(4,490)	(3,989)
Project management expense		(58,388)	(11,519)
Computer and internet expense		(15,244)	(12,920)
Office supplies expense		(20,883)	(16,701)
Marketing expenses		(31,739)	(68,819)
Other expenses		(92,058)	(67,256)
Surplus before related income tax expense	3	853,624	847,508
Income tax expense	1(b)	-	-
Surplus after related income tax expense		853,624	847,508
Distributions to eligible charities		(899,539)	(467,930)
Net (deficit)/surplus		(45,915)	379,578

The above income statement should be read in conjunction with the accompanying notes.

Property Industry Foundation
Balance Sheet
As at 31 October 2006

	Notes	2006 \$	2005 \$
Current assets			
Cash assets	4	875,958	1,516,200
Receivables	5	48,423	7,599
Other	6	7,665	9,356
Total current assets		932,046	1,533,155
Non-current assets			
Other financial assets	7	1,110,813	565,476
Property, plant and equipment	8	8,465	9,721
Total non-current assets		1,119,278	575,197
Total assets		2,051,324	2,108,352
Current liabilities			
Payables	9	39,434	41,336
Provisions	10	17,329	17,971
Total current liabilities		56,763	59,307
Total liabilities		56,763	59,307
Net assets		1,994,561	2,049,045
Equity			
Units issued	11	100	100
Reserves	12	9,463	18,032
Retained surpluses	13	1,984,998	2,030,913
Total equity		1,994,561	2,049,045

The above balance sheet should be read in conjunction with the accompanying notes.

Property Industry Foundation
Statement of changes in equity
For the year ended 31 October 2006

	Note	2006 \$	2005 \$
Total equity at the beginning of the financial year		2,049,045	1,662,519
Net (deficit)/surplus for this year	13	(45,915)	379,578
Changes in the fair value of available-for-sale financial assets	12	(8,569)	6,948
Total recognised income and expense for the year		1,994,561	2,049,045
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity		-	-
Total equity at the end of the financial year		1,994,561	2,049,045

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

Property Industry Foundation
Cash flow statement
For the year ended 31 October 2006

	Notes	2006 \$	2005 \$
Cash flows from operating activities			
Receipts from donations and fundraising activities		1,650,466	1,547,847
Payments for fundraising activities		<u>(393,765)</u>	<u>(360,758)</u>
		1,256,701	1,187,089
Interest received		69,764	76,816
Payments to other suppliers and employees		(563,668)	(440,214)
Distributions to eligible charities		(899,539)	(467,930)
Dividends received		35,608	27,433
Net cash (outflow)/inflow from operating activities	18	<u>(101,134)</u>	<u>383,194</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(3,234)	(11,048)
Payments for available-for-sale financial assets		<u>(535,874)</u>	<u>(118,802)</u>
Net cash outflow from investing activities		<u>(539,108)</u>	<u>(129,850)</u>
Cash flows from financing activities			
Net cash inflow/(outflow) from financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash held		(640,242)	253,344
Cash at the beginning of the year		<u>1,516,200</u>	<u>1,262,856</u>
Cash at the end of the year	4	<u>875,958</u>	<u>1,516,200</u>

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

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Property Industry Foundation financial statements to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Property Industry Foundation until 30 October 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS.

The adoption of AIFRS by Property Industry Foundation has not resulted in any impacts on the financial statements and there are no material impacts in relation to the statement of cash flows.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

(b) Income tax

The Foundation is exempt from the payment of income tax under section 50-5 of the *Income Tax Assessment Act 1997*.

(c) Revenue recognition

Revenue is recognised for the major business activities as follows:

(i) Functions

Revenue from functions is recognised when confirmations of attendance are received and invoices raised.

(ii) Donations

Amounts disclosed as donation revenues are recognised on a cash received basis.

(iii) Interest and investment income

Interest and investment income is recognised on an accrual basis.

(d) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

Note 1. Summary of significant accounting policies (continued)

(e) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(f) Investments and other financial assets

There has been a voluntary change in the accounting policy for investments and other financial assets in order to provide reliable and more relevant information about the entity's financial position, financial performance and cash flows.

Previous policy

Under the previous policy changes in the mark-to-market value of investments in listed securities and managed fund investments were taken to the income statement.

New policy

Investments in listed securities and managed funds investments are now designated as available-for-sale financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Interests in listed securities and managed fund investments are initially recorded at cost. Dividend income is recognised on a receivable basis and interest revenue and managed fund distributions are recognised on an accruals basis.

Available-for-sale financial assets are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. Changes in the fair value of securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

(g) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the Foundation. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Office equipment	3 years
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(h) Payables

Trade creditors and other payables are recognised when the Foundation becomes obliged to make future payments resulting from the purchase of goods and services.

(i) Employee benefits

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of annual leave and long service leave expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Note 1. Summary of significant accounting policies (continued)

(i) Employee benefits (continued)

Provisions made in respect of long service leave which are not expected to be settled within 12 months are measured as the present value of the estimated future cash flows to be made by the Foundation in respect of services provided by employees up to reporting date.

Employee benefit on-costs, including superannuation and workers compensation, are recognised and included in employee benefit liabilities when the employee benefits to which they relate are recognised as liabilities.

(j) Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(k) Reporting by Segments

The Foundation operated primarily in one segment. The principal activity of the Foundation is to undertake fundraising activities and to donate funds to charitable organisations. The Foundation operated in one geographical area being New South Wales.

(l) Comparative amounts

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented for the current year.

Note 2. Revenue

	2006	2005
	\$	\$
Revenue from operating activities		
Donations		
Platinum donations	300,000	257,600
Gold donations	175,500	240,000
Silver donations	66,000	60,000
General corporate donations	16,470	5,000
	557,970	562,600
 Fundraising revenue		
National hard hat day	185,401	170,774
Annual ball	301,206	293,147
Yachting regatta	568,122	492,126
PA exclusive campaign	13,166	12,377
Car Rally	38,380	-
Government House cocktail party	27,045	21,672
	1,133,320	990,096
	1,691,290	1,552,696
 Revenue from outside the operating activities		
Interest income	69,764	60,302
Managed fund distributions	35,608	43,947
	105,372	104,249
Total revenue	1,796,662	1,656,945
 Other income		
Gains from investment securities	18,032	-
	18,032	-

Note 3. Surplus

	2006	2005
	\$	\$
Surplus before income tax includes the following expenses:		
Depreciation of non-current assets:		
Office equipment	4,490	3,989
Net bad and doubtful debts – trade debtors	(2,727)	2,727
Other Provisions		
Employee benefits	6,055	(2,693)

Note 4. Current assets - Cash assets

	2006	2005
	\$	\$
Cash at bank and on hand	875,958	1,516,200

Property Industry Foundation
Notes to the financial statements (continued)
31 October 2006

Note 5. Current assets - Receivables

	2006	2005
	\$	\$
Trade debtors	<u>48,423</u>	<u>7,599</u>

Note 6. Current assets - Other

	2006	2005
	\$	\$
Prepayments	<u>7,665</u>	<u>9,356</u>

Note 7. Non-current assets - Other financial assets

	2006	2005
	\$	\$
Available-for-sale investments – at fair value Managed funds	<u>1,110,813</u>	<u>565,476</u>

Note 8. Non-current assets - Property, plant & equipment

	Office Equipment \$	Total \$
At 1 November 2004		
Cost	11,216	11,216
Accumulated depreciation	(8,554)	(8,554)
Net book amount	<u>2,662</u>	<u>2,662</u>
Year ended 31 October 2005		
Opening net book amount	2,662	2,662
Additions	11,048	11,048
Depreciation charge	(3,989)	(3,989)
Closing net book amount	<u>9,721</u>	<u>9,721</u>
At 31 October 2005		
Cost	19,049	19,049
Accumulated depreciation	(9,328)	(9,328)
Net book amount	<u>9,721</u>	<u>9,721</u>
Year ended 31 October 2006		
Opening net book amount	9,721	9,721
Additions	3,234	3,234
Depreciation charge	(4,490)	(4,490)
Closing net book amount	<u>8,465</u>	<u>8,465</u>
At 31 October 2006		
Cost	22,283	22,283
Accumulated depreciation	(13,818)	(13,818)
Net book amount	<u>8,465</u>	<u>8,465</u>

Note 9. Current liabilities - Payables

	2006	2005
	\$	\$
Trade creditors	10,000	7,920
Other payables and accruals	29,434	33,416
	<u>39,434</u>	<u>41,336</u>

Note 10. Current liabilities - Provisions

	2006	2005
	\$	\$
Employee benefits	17,329	17,971
	<u>17,329</u>	<u>17,971</u>

Note 11. Units issued

	2006	2005	2006	2005
	Units	Units	\$	\$
Units issued	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Note 12. Reserves

	2006	2005
	\$	\$
Available-for-sale investments revaluation reserve	9,463	18,032
	<u>9,463</u>	<u>18,032</u>

Movements in the available-for-sale investments revaluation reserve are set out below:

	2006	2005
	\$	\$
Balance at the beginning of the year	18,032	-
Adjustment resulting from change in accounting policy for investments (note 1(f))	-	11,084
Transferred to the income statement	(18,032)	-
Revaluation	9,463	6,948
Balance at the end of the year	<u>9,463</u>	<u>18,032</u>

Note 13. Retained surpluses

	2006	2005
	\$	\$
Retained surplus at the beginning of the year	2,030,913	1,662,419
Adjustment resulting from change in accounting policy for investments (note 1(f))	-	(11,084)
Net (deficit)/surplus for the year	(45,915)	379,578
Retained surplus at the end of the year	<u>1,984,998</u>	<u>2,030,913</u>

Note 14. Financial instruments

(a) Credit risk exposure

The credit risk on financial assets of the Foundation which have been recognised on the statement of financial position is generally the carrying amount, net of any provision for doubtful debts.

(b) Interest rate risk exposures

The foundation's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the foundation intends to hold fixed rate assets and liabilities to maturity.

2006	Notes	Fixed interest maturing in:					Total \$
		Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non interest bearing \$	
Financial assets							
Cash and deposits	4	875,958	-	-	-	-	875,958
Receivables	5	-	-	-	-	48,423	48,423
Other financial assets - investments	7	-	-	-	-	1,110,813	1,110,813
		<u>875,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,159,236</u>	<u>2,035,194</u>
Weighted average interest rate		1.41%	-	-	-	-	
Financial liabilities							
Trade and other creditors	9	-	-	-	-	39,434	39,434
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,434</u>	<u>39,434</u>
Net financial assets		<u>875,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,119,802</u>	<u>1,995,760</u>

2005	Notes	Fixed interest maturing in:					Total \$
		Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non interest bearing \$	
Financial assets							
Cash and deposits	4	1,516,200	-	-	-	-	1,516,200
Receivables	5	-	-	-	-	7,599	7,599
Other financial assets - investments	7	-	-	-	-	565,476	565,476
		<u>1,516,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,075</u>	<u>2,089,275</u>
Weighted average interest rate		4.41%	-	-	-	-	
Financial liabilities							
Trade and other creditors	9	-	-	-	-	41,336	41,336
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,336</u>	<u>41,336</u>
Net financial assets		<u>1,516,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,739</u>	<u>2,047,939</u>

(c) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Foundation approximates their carrying amounts.

Note 15. Remuneration of auditors

The audit of the Foundation for the year ended 31 October 2006 was carried out by PricewaterhouseCoopers. The audit is done on an honorary basis and therefore no expense was incurred by the Foundation.

Note 16. Related parties

Directors of the trustee

The directors of the trustee during the year were:

G Paramor
G Munro
G Rothwell
T Ryan (resigned on 10/05/06)
K A Grayson
R G Campbell
C Kirk (appointed on 19/05/06)

Remuneration of trustee directors

Trustee directors are not remunerated in connection with the management of the affairs of the Foundation.

Transactions with trustee director-related entities

Several of the directors of the trustee are employees or directors of donor companies who have paid donations in the year to become members of the Foundation.

Note 17. Charitable Disbursements

During the year the Foundation made distributions to charities totalling \$899,539 (2005: \$467,930). In addition, the Foundation has approved in the current and prior years a number of projects which are expected to proceed in the 2007 year. The outstanding approvals amount to \$570,000 as at 31 October 2006.

Note 18. Reconciliation of surplus after income tax to net cash inflow from operating activities

	2006 \$	2005 \$
Surplus after income tax	(45,915)	379,578
Depreciation	4,490	3,989
Net gain on sale of available-for-sale financial assets	(18,032)	-
Change in operating assets and liabilities		
(Increase)/ decrease in receivables	(40,824)	(4,849)
Decrease/ (increase) in other assets	1,691	(7,254)
(Decrease)/ increase in payables	(1,902)	14,423
(Decrease)/ increase in provisions	(642)	(2,693)
	<u>(101,134)</u>	<u>383,194</u>

Note 19. Additional information furnished under the *Charitable Fundraising Act 1991* and the Regulations

	2006	2005
	\$	\$
a) Details of aggregate gross income and expenditure of fundraising appeals		
Gross proceeds from fundraising appeals (i)	1,133,320	990,096
Total costs of fundraising appeals	(393,765)	(360,758)
Net surplus from fundraising	739,555	629,338

(i) Gross proceeds from fundraising exclude donations

	2006	2005
	\$	\$

b) Statement showing how funds received were applied to charitable purposes

Net surplus from fundraising	739,555	629,338
This was applied to charitable purposes in the following manner:		
Distributions to eligible charities	(899,539)	(467,930)
(Deficit)/ surplus in funds available from fundraising	(159,954)	161,408

c) Fundraising appeals conducted during the year

Special events held during the year included National Hard Hat Day, Annual Charity Ball, Yachting Regatta, PA Exclusive Campaigns, Car Rally and the Government House Cocktail Party.

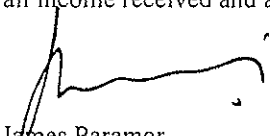
d) Comparison of monetary figures and percentages

	2006		2005	
	\$	%	\$	%
Total cost of fundraising/ Gross income from fundraising	393,765/ 1,113,320	35	360,758/ 990,096	36
Surplus/ Revenue	853,624/ 1,796,662	48	847,508/ 1,656,945	51
Total distributions to eligible charities/ Surplus	899,539/ 853,624	105	467,930/ 847,508	55

Property Industry Foundation
Declaration by the Chairman of the Trustee
31 October 2006

I, Gregory James Paramor, Chairman of the trustee for the Property Industry Foundation declare that in my opinion:

- (a) the income statement gives a true and fair view of all income and expenditure of the Property Industry Foundation; and
- (b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- (c) the provisions of the *Charitable Fundraising Act 1991*, the Regulations under the Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by the Property Industry Foundation are appropriate and effective in accounting for all income received and applied by the Property Industry Foundation from any of its fundraising appeals.


Gregory James Paramor
Chairman of the trustee

6 March 2007
Sydney

Independent audit report to the trustee of Property Industry Foundation

Qualified audit opinion

In our opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph, the financial report of Property Industry Foundation presents fairly in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and the provisions of the Trust Deed dated 24 October 1995, the financial position of Property Industry Foundation as at 31 October 2006 and the results of its operations, changes in equity and cash flows for the year ended on that date.

This opinion must be read in conjunction with the rest of our audit report.

Qualification

Cash donations are a significant source of revenue for Property Industry Foundation (the Foundation). The Foundation's committee of management has determined that it is impracticable to establish controls over the collection of revenue from these sources prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from cash donations was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the Foundation's financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations is complete.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the trustee's declaration for the Foundation, for the year ended 31 October 2006.

The directors of the trustee of the Foundation are responsible for the preparation and presentation of the financial statements in accordance with the Trust Deed. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the trustee of the Foundation. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Accounting Standards and other mandatory financial reporting requirements in Australia, and the Trust Deed dated 24 October 1995, a view which is consistent with our understanding of the Foundation's financial position and the results of its operations, changes in equity and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors of the trustee.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.


Our audit did not involve an analysis of the prudence of business decisions made by the directors of the trustee or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



BK Hunter
Partner

Sydney
6 March 2007

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Independent Audit Report to the trustee of Property Industry Foundation

Audit opinion

In our opinion:

- 1) the financial report of Property Industry Foundation gives a true and fair view of the financial result of fundraising appeals for the period 1 November 2005 to 31 October 2006;
- 2) the financial report and associated records have been properly kept in accordance with
 - sections 20 (1), 22 (1-2), 24 (1-3) of the NSW Charitable Fundraising Act 1991 (“the Act”);
 - sections 4 (1-3), 7 (1-5), 7 (7), 7 (9), 8, 18, 20 (1-2), 21, 22 and 26 of schedule 1 to the Authority to Fundraise Under the Charitable Fundraising Act dated 6 August 2003; and
 - sections 8 (6) and 9 of the NSW Charitable Fundraising Regulations 1993 (the Regulations”)during the period 1 November 2005 to 31 October 2006; and
- 3) the money received as a result of fundraising appeals conducted during the year ended 31 October 2006 have been properly accounted for and applied in accordance with the above mentioned sections in the Act and the Regulations during the period 1 November 2005 to 31 October 2006.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope

The fundraising appeals report and directors’ responsibility

The preparation of the financial report for the year ended 31 October 2006 is the responsibility of the directors of the trustee of Property Industry Foundation.

Audit approach

We conducted an independent audit in order to express an opinion to the trustee of the Foundation. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the relevant sections of the Act and the Regulations (as defined above), a view which is consistent with our understanding of the Foundation's financial position, and of its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

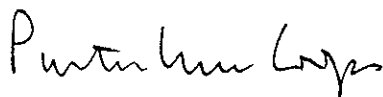
- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors of the trustee.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by the directors of the trustee or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



BK Hunter
Partner

Sydney
6 March 2007