

# **The Millennium Foundation Financial Report 2006**

# Directors' Report

for the year ended 30 June 2006

The directors present their report together with the financial report of The Millennium Foundation Limited ("the Company") for the year ended 30 June 2006 and the auditor's report thereon.

## 1. Directors

The directors of the Company at any time during or since the end of the financial year are:

**Mr Patrick Aston Alfred Wilde** (President)  
BA LL.M (Hons) MBA, Grad. Diploma of Corporate Management USYD.

Age 63

Solicitor.

Director since 23 March 1998.

**Mr Phil Chronican** (Vice President)

B Com(Hons) Otago NZ, MBA (Distinction)

IMI Geneva.

Age 49

Group Executive, Westpac Institutional Bank.

Director since 29 July 2003.

**Ms Lorna Raine** (Treasurer)

B.Comm (Hons) Acc. CA (SA).

Age 36

Chief Financial Officer of Yum!

Restaurants International.

Director since 29 July 2003.

**Mr Peter Treseder AM KSJ**, (Executive Director)

Age 48

Director since 10 November 2002.

**Professor Steven Boyages**

MB BS PhD DDU FRACP FAFPHM.

Age 49

CEO Sydney West Area Health Service.

Appointed 22 January 2003, resigned 27 July 2005.

**Professor Jeremy R Chapman OAM**

MD (Camb) FRCP FRACP.

Age 52

Director since 27 November 1993.

**Professor Anthony L Cunningham**

MD MBBS, B. Med Sci (Hons) FRACP, FRCPA.

Age 58

Director of Westmead Millennium Institute.

Director since 27 November 1996.

**Mr Roger G Eaton**

B.Comm Dip Acc. (Natal) ACA.

Age 45

Managing Director of Yum! Restaurants International.

Director since 24 April 1999.

**Mr Ernest Wong**

B.Com LLB.

Age 46

Lawyer, Councillor Burwood Council.

Director since 29 August 2004.

**Mr Joseph Khattar**

Age 57

Managing Director of Dylam Developments,  
President of the Australian Lebanese Chamber of  
Commerce, Executive Board Member of Australian  
Lebanese Foundation Sydney University.

Director since 26 October 2005.

**Ms Rachel Morris**

BA.

Age 34

News Editor of Woman's Day.

Director since 27 March 2002, resigned 28 June 2006.

**Mr Trevor Oldfield AM JP**

Age 48

President of Wentworthville Leagues Club, Chairman  
of "Kids West" Children's Charity.

Director since 22 January 2003.

**Mr Alan C Overton AM**

Age 69

President Parramatta Leagues Club, Chairman  
Parramatta Stadium Trust, Vice President Scouts  
Association NSW Branch. Vice Chairman of Ronald  
McDonald House.

Director since 19 March 1992.

**Mr Vincent Pang JP**

Age 44

B.Build (UNSW), B App. Sc (Land Con.) (UTS),  
GDipURP (USYD), GDip CD (UNE),  
GDipProDev (UWS) M.Real Estate (UNSW), M.Project  
Management (UNSW) SFCDA, FAICD, AFAIM, MAIB,  
MAIC, MAIPM, AAIQS, AAPAI (Val & Econ).

Chairman Timberland Property Holdings Pty Limited.

Director since 29 April 2003.

**Mr Keith M Queen OAM JP**

Age 75

President Blacktown Workers Club.

Director since 8 June 1999.

**Mr James Wakim**

B.Ec, Fellow AIBF.

Age 50

Managing Director of Arab Bank Australia Limited.

Director since 24 May 2000.

**Mr Alan Zammit**

B.Bus ALGA, FCPA, LREA.

Age 57

Managing Director Norwest Land.

Director since 27 November 2002.

# Directors' report (continued)

## 2. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

### Number of Meetings

	Attended	Held
Mr Patrick Aston Alfred Wilde	9	12
Mr Phil Chronican	9	12
Ms Lorna Raine	10	12
Mr Peter Treseder	11	12
Mr Steven Boyages	0	12
Professor Jeremy R Chapman	9	12
Professor Anthony L Cunningham	6	12
Mr Roger G Eaton	8	12
Mr Joseph Khattar	7	12
Ms Rachel Morris	5	12
Mr Trevor Oldfield	9	12
Mr Alan C Overton	9	12
Mr Vincent Pang	5	12
Mr Keith M Queen	10	12
Mr James Wakim	8	12
Mr Ernest Wong	1	12
Mr Alan Zammit	8	12

## 3. Company secretary

Ms Lorna Raine B.Comm (Hons) Acc. CA (SA) was appointed to the position of company secretary in July 2003. Ms Lorna Raine is also the company treasurer.

## 4. Principal activities

The principal activity of the company during the year was raising funds and enhancing community awareness in support of medical research and related health care at Westmead Medical Campus, Sydney West Area Health Service and Westmead Millennium Institute in order to promote the prevention or the control of diseases in human beings.

There were no other significant changes in the nature of the activities of the Company during the year.

## 5. Operating and financial review

### Overview of the Company

The surplus from ordinary activities after income tax amounted to \$2,313,026 (2005: \$1,383,678).

The surplus is driven by an increase in donations and receipts from fundraising events held by the Company.

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company that occurred during the financial year under review.

# Directors' report (continued)

## 6. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## 7. Likely developments

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

## 8. Environmental regulation

The company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

## 9. Indemnification and insurance of officers and auditors

### Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

### Insurance premiums

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

## 10. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 27 and forms part of the directors' report for financial year 2006.

This report is made with a resolution of the directors:

Phil Chronican

Director

Dated at Sydney this 13th day of October 2006.

# Income statement

for the year ended 30 June 2006

	Note	2006	2005
Revenue	1	3,471,845	3,169,758
Research grants, equipment funding and other donations		(725,336)	(946,342)
Event management expenses		(442,261)	(760,902)
Employment expenses	3	(406,359)	(416,266)
Write up/(down) of investments to recoverable amounts	-	9,000	
Printing, postage and stationery		(87,161)	(103,672)
Depreciation expenses	10	(3,590)	(2,814)
Other expenses	2	(89,804)	(59,102)
<b>Profit before financing income</b>		<b>1,717,334</b>	<b>989,660</b>
Financial income		5,595,692	494,018
Financial expenses	5	-	-
<b>Net financing income</b>		<b>595,692</b>	<b>494,018</b>
<b>Profit for the year</b>		<b>2,313,026</b>	<b>1,383,678</b>

The income statement is to be read in conjunction with the notes of the financial statements set out on pages 8 to 21.

# Statement of changes in equity

for the year ended 30 June 2006

		<b>Reserves</b>	<b>Accumulated Funds</b>	<b>Total equity</b>
Opening balance at 1 July 2004		4,066,527	4,715,965	8,782,492
Net profit for the period		-	1,383,678	1,383,678
Transfer to accumulated funds	14	(1,318,757)	1,318,757	-
Transfer to reserves	14	2,378,722	2,378,722)	-
<b>Closing balance at 30 June 2005</b>		<b>5,126,492</b>	<b>5,039,678</b>	<b>10,166,170</b>
		<b>Reserves</b>	<b>Accumulated Funds</b>	<b>Total equity</b>
Opening balance at 1 July 2005		5,126,492	5,039,678	10,166,170
Net profit for the period		-	2,313,026	2,313,026
Transfer to accumulated funds	14	(37,072)	37,072	
Transfer to reserves	14		1,815,843	(1,815,843)-
<b>Closing balance at 30 June 2006</b>		<b>6,905,263</b>	<b>5,573,933</b>	<b>12,479,196</b>

The statement of changes in equity is to be read in conjunction with the notes of the financial statements set out on pages 8 to 21.

# Balance sheet

as at 30 June 2006

	Note	2006	2005
<b>Assets</b>			
Cash and cash equivalents	7	13,831,571	11,068,108
Trade and other receivables	8	159,810	128,132
<b>Total current assets</b>		<b>13,991,381</b>	<b>11,196,240</b>
Investments	9	2	2
Property, plant and equipment	10	26,150	29,740
<b>Total non-current assets</b>		<b>26,152</b>	<b>29,742</b>
<b>Total assets</b>		<b>14,017,533</b>	<b>11,225,982</b>
<b>Liabilities</b>			
Trade and other payables	11	1,492,379	1,027,825
Employee benefits	12	39,670	27,024
<b>Total current liabilities</b>		<b>1,532,049</b>	<b>1,054,849</b>
Employee benefits	12	6,288	4,963
<b>Total non-current liabilities</b>		<b>6,288</b>	<b>4,963</b>
<b>Total liabilities</b>		<b>1,538,337</b>	<b>1,059,812</b>
<b>Net assets</b>		<b>12,479,196</b>	<b>10,166,170</b>
<b>Equity</b>			
Accumulated funds	13	5,573,933	5,039,678
Reserves	14	6,905,263	5,126,492
<b>Total equity</b>		<b>12,479,196</b>	<b>10,166,170</b>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 8 to 21.

# Statement of cash flows

for the year ended 30 June 2006

	Note	2006	2005
<b>Cash flows from operating activities</b>			
Donations and other charitable collections		3,592,310	3,346,305
Cash paid to suppliers and employees		(952,304)	(1,198,489)
Cash generated from operations		2,640,006	2,147,816
Interest received		443,548	379,302
Research grants, equipment funding and other donations.		(320,091)	(817,662)
<b>Net cash from operating activities</b>	19	2,763,463	1,709,456
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		-	192,855
Acquisition of property, plant and equipment		-	(12,912)
<b>Net cash from investing activities</b>		-	179,943
Net increase in cash and cash equivalents		2,763,463	1,889,399
Cash and cash equivalents at beginning of year		11,068,108	9,178,709
<b>Cash and cash equivalents at end of year</b>	7	13,831,571	11,068,108

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 21.

# Notes to the financial statements

## Significant accounting policies

The Millennium Foundation Limited (the “Company”) is a company that is limited by guarantee and domiciled in Australia.

The financial report was authorised for issue by the directors on 13th October 2006.

### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (“AASBs”) adopted by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. International Financial Reporting Standards (“IFRSs”) form the basis of AASBs adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS (“AIFRS”) to distinguish from previous Australian GAAP.

This is the Company's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 21.

### (b) Basis of preparation

The financial report is presented in Australian dollars and prepared in the historical cost basis.

#### Issued standards not early adopted

The following standards and amendments were available for early adoption but have not been applied by the Company in these financial statements:

- AASB 7 Financial instruments: Disclosure (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 2005-9 Amendments to Australian Accounting Standards (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosures and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 119 Employee Benefits (December 2004).
- AASB 2004-3 Amendments to Australian Accounting Standards (December 2004) amending AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004), AASB 101 Presentation of Financial Statements and AASB 124 Related Party Disclosures.
- AASB 2005-1 Amendments to Australian Accounting Standards (May 2005) amending AASB 139 Financial Instruments: Recognition and Measurement.
- AASB 2005-3 Amendments to Australian Accounting Standards (June 2005) amending AASB 119 Employee Benefits (either July or December 2004).
- AASB 2005-4 Amendments to Australian Accounting Standards (June 2005) amending AASB 139 Financial Instruments: Recognition and Measurement, AASB 132 Financial Instruments: Disclosure and Presentation and AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004).
- AASB 2005-5 Amendments to Australian Accounting Standards (June 2005) amending AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004), and AASB 139 Financial Instruments: Recognition and Measurement.

# Notes to the financial statements (continued)

## Significant accounting policies (continued)

- AASB 2005-6 Amendments to Australian Accounting Standards (June 2005) amending AASB 3
- AASB 2006-1 Amendments to Australian Accounting Standards (January 2006) amending AASB 121 The Effects of Changes in Foreign Exchange Rates (July 2004).
- UIG 4 Determining whether an Arrangement contains a Lease.
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies.
- UIG 8 Scope of AASB 2.

The quantification of the initial impact of new standards and amendments issued but not yet adopted is not known or reasonably estimable in the current financial year as an exercise to quantify the financial impact has not yet been undertaken by the Company to date. The impact of these new standards and amendments will be assessed prior to their operative date.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Company.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

## (c) Property, plant and equipment

### i. Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

### ii. Subsequent costs

The Company recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

### iii. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods for plant and equipment is 4-13.3 years. The residual value, if not insignificant, is reassessed annually.

# Notes to the financial statements (continued)

## Significant accounting policies (continued)

### (d) Trade and other receivables

Trade debtors are generally settled within 60 days. Trade and other receivables are stated at their cost less impairment losses.

### (e) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits.

### (f) Impairment

The carrying amount of the Company's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, Impairment losses are recognised in the income statement, unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

#### i. Calculation of recoverable amount

Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### ii. Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (g) Employee benefits

#### i. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

#### ii. Long-term service benefits

The Company's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations.

#### iii. Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs.

# Notes to the financial statements (continued)

## Significant accounting policies (continued)

### (h) Trade and other payables

Trade and other payables are stated cost. Trade accounts payable are normally settled within 60 days.

#### i. Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

#### i. Donation income

Donation income is recognised as income when received.

#### ii. Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

### (j) Expenses

#### i. Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

#### ii. Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method and interest receivable on funds invested.

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

### (k) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### (l) Share capital

The Millennium Foundation Limited has no share capital, as it is a company limited by guarantee.

### (m) Income tax

In accordance with the provisions of the Australian Income Tax Assessment Act 1997, the Company is exempt from income tax.

# Notes to the financial statements (continued)

<b>1. Revenue</b>	<b>2006</b>	<b>2005</b>
Donations and other charitable collections	3,468,03	3,140,732
Administration fees	3,813	23,671
Proceeds from sale of investments	-	5,355
	<b>3,471,845</b>	<b>3,169,758</b>

<b>2. Other expenses</b>		
Entertaining and catering expenses	18,339	10,973
Accountancy and audit expenses	22,953	15,523
Consultancy expenses	8,817	-
Insurance	8,518	7,086
Advertising expenses	7,164	3,189
Credit card commission	6,076	6,048
Travel expenses	3,032	2,488
Other expenses	14,905	13,795
	<b>89,804</b>	<b>59,102</b>

<b>3. Personnel expenses</b>		
Wages and salaries	360,156	376,902
Contributions to defined contribution plans	32,232	27,671
Increase in liability for employee benefits	13,971	11,693
	<b>406,359</b>	<b>416,266</b>

## **4. Auditors' remuneration**

### **Audit services**

Auditors of the Company: KPMG

Audit of financial report	15,000	10,000
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## **5. Net financing income**

Interest income	595,692	494,018
Financial income	<b>595,692</b>	<b>494,018</b>

Interest expense	-	-
Financial expenses	-	-

Net financing income	<b>595,692</b>	<b>494,018</b>
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## **6. Fundraising appeal monies**

### **Summary of fundraising income expenditure**

During the year the Company received gross income from fundraising and donations of \$3,468,033 (2005: \$3,140,732). The total costs incurred in respect of fundraising were \$442,261 (2005: \$760,902).

From the remaining amount the Company directed \$725,336 (2005: \$946,342) to research grants, funding for equipment and other donations.

### **The following table illustrates the allocation of funds**

	<b>2006</b>	<b>2005</b>
Fundraising income and donations	3,468,032	3,140,732
Costs of fundraising	(442,261)	(760,902)
Net fundraising funds	3,025,771	2,379,830
Directed donations, equipment funding and other donations	(725,336)	(946,342)
Surplus arising from fundraising activities	<b>2,300,435</b>	<b>1,433,488</b>

# Notes to the financial statements (continued)

## Fundraising appeals conducted

During the financial year the following fundraising appeals were conducted, the monetary result of which are included in the income statement:

Night with the Stars	484,734	437,152
Penrith Doll Fair	13,376	-
Rosehill Race Day	59,174	57,801
Yum! Golf Day	53,080	43,094
Newsletter, in-memoriam and bequests	127,504	408,973
Foundation and directed fund events	877,690	656,169
Capital campaign	419,351	84,668
Coin boxes	92,056	76,036
Cause related marketing	896,636	599,487
Miscellaneous	2,170	1,000
	3,025,771	2,364,380
Donations	-	15,450
	3,025,771	2,379,830

## Fundraising activity ratios

	2006	2006 (%)
Total cost of fundraising and donations	442,261	
Gross income from fundraising and donations	3,468,032	13
Net fundraising funds	3,025,772	
Gross income from fundraising and donations	3,468,032	87
Total cost of services provided	725,336	
Total expenditure	1,754,511	41
Total cost of service provided	725,336	
Total income received	4,067,537	18

## 7. Cash and cash equivalents

	2006	2005
Bank balances	1,082,129	1,211,196
Cash on hand	400	400
Short term deposits	12,749,042	12,749,042
	13,831,571	11,068,108

## 8. Trade and other receivables

	2006	2005
Trade receivables (event income)	-	7,873
Interest accrued on deposits	152,143	115,922
Other debtors	7,667	4,337
	159,810	128,132

## 9. Other assets

### Non - current liabilities

Interest in subsidiary company – at cost	2	2
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The Company owns 100% of the issued capital of Westmead Research Pty Limited. The controlled entity, whose net assets total \$2, has not traded and remained dormant throughout the year. As a result consolidated financial statements have not been prepared.

# Notes to the financial statements (continued)

## 10. Property, plant and equipment

## Furniture and equipment

### Cost In AUD

Balance at 1 July 2004	43,359
Acquisitions	28,362
Balance at 30 June 2005	71,721

Balance at 1 July 2005	71,721
Acquisitions	-
Balance at 30 June 2006	71,721

### Depreciation and impairment losses

Balance at 1 July 2004	39,167
Depreciation charge for the year	2,814
Balance at 30 June 2005	41,981

Balance at 1 July 2005	41,981
Depreciation charge for the year	3,590
Balance at 30 June 2006	45,571

### Carrying amounts

At 1 July 2004	4,192
At 30 June 2005	29,740

At 1 July 2005	29,740
At 30 June 2006	26,150

**2006** 2005

## 11. Trade and other payables

Creditors and accruals	398,922	398,922
Directed donations and research grants payable	1,093,457	688,212
	1,492,379	1,492,379

## 12. Employee benefits

### Current

Liability for annual leave	39,670	39,670
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### Non Current

Liability for long-service leave	6,288	4,963
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### Defined contribution plans

The Company makes contributions to defined contribution plans. The amount recognised as an expense was \$32,232 for the year ended 30 June 2006 (2005: \$27,671)

# Notes to the financial statements (continued)

## 13. Accumulated funds

Accumulated funds at beginning of year	5,039,678	4,715,965
Net surplus	2,313,026	1,383,678
Transfers to Ludwig Engel Fund	(124,566)	(68,617)
Transfers to directed donations and bequests reserve	(1,691,277)	(2,310,105)
Transfers from directed donations and bequests reserve	37,072	1,318,757
Accumulated funds at end of year	5,573,933	5,573,933

## 14. Reserves

### Ludwig Engel Fund

Balance at beginning of year	1,495,180	1,426,563
Transfers from accumulated funds	124,566	68,617
Balance at end of year	1,619,746	1,495,180

### Directed donations and bequests reserve

Balance at beginning of year	3,631,312	2,639,964
Transfers from accumulated funds	1,691,277	2,310,105
Transfers to accumulated funds	(37,072)	(37,072)
Balance at end of year	5,285,517	3,631,312

## Nature and purpose of reserves

### Ludwig Engel Fund

The Ludwig Engel Fund reserve is set aside for the use of the company.

The directed donations and bequests reserve record amounts set aside for specific purposes as set out below.

	2006	2005
Estate Betty Schofield Bequest Fund	68,209	64,567
Cecilia Kilkeary Foundation Fund	371,739	351,890
Westmead Millennium Institute Building Fund	599,840	592,340
Westmead Millennium Institute Building Fund No 2	51,692	42,765
KidsWest Building Fund	205,401	105,401
Pollie Pedal Fund	526,345	318,810
Blacktown Workers Club – Liver Fund	10,000	10,000
Westpac Banking Corporation Fund	48,139	28,802
Ovarian Cancer Building Fund	100,000	100,000
BF2 Peterson Fund	41,000	41,000
Urological Cancer Organisation Fund	260,230	198,137
Cardiac Institute Fund	11,769	-
Neo Natal Intensive Care Unit Fund	110,517	110,350
Thyroid Cancer Research Fund	1,804	1,804
Ovarian Cancer Fund	241,734	203,827
The Renaissance Event Fund	6,481	56,481
Clancey Donald Fund	37,687	7,428
Malcolm and May Perkin Fund	301,494	84,257
Hawks Nest Project Fund	3,353	3,998
Hawks Nest Fund No 2	20,050	-
Skin & Cancer Foundation Fund	3,923	20,052
Shades For Aids Fund	36,458	36,058
Breast Cancer Lab Fund	86,789	85,648
Paul Carter Memorial Fund	10,228	9,682
Doll Fair Event Fund	-	22,822
Intensive Care Simulation Education Fund	67,326	136,322

# Notes to the financial statements (continued)

	2006	2005
Phyllis Violet O'Brien Fund	4,756	4,502
United In Hope Fund	(28,631)	11,649
Westmead Hospital Intensive Care Unit Fund	23,430	31,648
Cystic Fibrosis Fund	51,090	33,226
Dystonia Australia Fund	52,753	87,562
Rural Project Fund	52,926	52,199
Radiology Fund	2,967	113
Nets Fund	-	2,408
Brain Dynamics Research Fund	7,830	6,738
Peter Moore Brain Tumour Fund	25,148	18,877
Shaken Baby Project Fund	3,865	3,865
Leukaemia Research Fund	3,698	-
C5C Radiation Oncology Fund	10,707	10,135
Huntington's Research Fund	9,140	5,111
Melanoma Research Fund	11,507	12,038
Metastatic Breast Cancer Research Fund	10,505	10,505
Vascular Biology Fund	145,294	10,250
Sydney West Cancer Network Fund	96,689	64,188
Surgical Unit Fund	450	150
Surgical Unit Raffle Fund	1,355	1,518
Mathew Bond WG Fund	6,200	6,200
Carol Martin Fund	3,400	3,400
Paul & Val Ainsworth Fund	55,688	52,714
Lavender Sale Fund	1,281	1,257
Familial Cancer Fund	16,870	16,192
Estate of Pamela Shaw – Cancer Fund	295,087	295,087
WMI Equipment Fund	533	533
Brain Injury Unit Fund	2,830	34,853
Prostate Lab Fund	10,898	10,898
Clubs NSW/Funday Fund	9,361	9,361
Community Bike Ride Fund	-	14,250
Chinese Liver Unit Fund	73,294	27,329
Chinese Community Appeal Fund	43,234	35,680
Infectious Disease Fund	4,030	-
Equipment Purchase Fund	3,000	13,082
Brain Tumour Fund	500	-
Central Venous Access Fund	5,882	10,410
AIDS Research Fund	2,000	2,000
Bone Marrow Storage Fund	2,000	2,000
Bowel Cancer Fund	1,225	500
Thyroid Cancer Fund– Steven Boyages	133	133
Westmead Institute Cancer Research Fund	199,544	63,235
Initiating Grants Fund	30,000	30,000
J & R Eastwood Trust Fund	15,004	-
Intensive Care Unit Blacktown Fund	51,557	-
John Sheard Seminar Fund	8,782	-
Centre for Virus Research Fund	1,000	-
Austrauma Fund	84,885	-
Trauma Service Education & Research	4,700	-
Breast Cancer Research Fund	80,000	-
Chris Little's Area Fund	306	-

# Notes to the financial statements (continued)

	2006	2005
Ward D4C Fund	171	-
Patrick & Jane Wilde Fund	11,000	-
Samantha Allende Fund	9,129	-
Liver Cancer Research Fund	5,095	-
Liver Research Fund	2,000	-
Motor Neurone Research Fund	500	-
Multiple Sclerosis Fund	570	-
Neurology Research	50	-
Ovarian Cancer Fund	1,225	-
Renal Research Fund	3,365	-
Princess Quest Diabetes Fund	91,848	-
TMF Hospital Fund	855	-
Westlink M7 Fund	20,000	-
Rotary 9690 Diabetes Fund	3,100	-
Sovereign Order of St John Fund	(816)	-
Heptology Fund	450	-
Spinal Research Fund	50	-
Macquarie Matrons Fund	(486)	-
Pancreatic Transplant Fund	200	-
Cardiac Research Fund	800	-
Throat Cancer Fund	500	-
Paul Ainsworth Charity Foundation Fund	400,000	-
Baxter Make a Difference Fund	15,000	-
	5,285,517	3,631,312

## 15. Financial instruments

### Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk represents the loss that would be recognised on the income statement is generally the carrying amount, net of any provisions for doubtful debts. The company minimises trade credit risk by collection of receivables within 30 days.

Credit risk also rises from investments and financial institutions. The company minimises its credit risk on investment by investing only with reputable institutions. As at 30 June 2006, amounts invested were spread as follows:

Arab Bank Australia Limited	36.50%
Westpac Banking Corporation	63.50%

### Interest rate risk

The Company takes a conservative approach to investing, investing in only term deposits. As such the assets bears interest at a fixed rate and not exposed to interest rate risk.

### Fair values

The net fair value of all assets and liabilities in the balance sheet approximates their carrying values.

### Effective interest rates and repricing analysis

In respect of income-earning financial assets, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Effective interest rate	2006		Effective interest rate	2005	
		Total	6 months or less		Total	6 months or less
Cash and cash equivalents	5.65%	13,831,172	13,831,172	5.50%	11,068,108	11,068,108

# Notes to the financial statements (continued)

## 16. Contingencies and commitments

The company has entered into an agreement to fund repairs and maintenance to the Westmead Millennium Institute building. From July 2005 to June 2006, the maximum liability of the company will be \$100,000. Any costs arising from this agreement are expensed as incurred.

## 17. Company details

The Company is limited by guarantee. In the event of winding up of the company, a Member may be required to contribute a maximum of \$5.00 for the purpose of winding up.

The registered office of the company is Westmead Millennium Institute, Darcy Road, Westmead NSW 2145.

## 18. Segment information

The company operates predominately in the medical research industry, and the principal activity of the company is the raising of funds for medical research and related healthcare within the Sydney West Area Health Service. The company operates predominately in one geographical area, being Sydney, New South Wales, Australia.

## 19. Reconciliation of cash flows from operating activities

	2006	2005
<b>Cash flows from operating activities</b>		
Surplus for the period	2,313,026	1,383,678
Adjustments for:		
Depreciation	3,590	2,814
Write up of investments to recoverable amount	-	(9,000)
Contribution of assets	-	(15,450)
Profit on sale of investments	-	(5,355)
<b>Operating profit before changes in working capital and provisions</b>	<b>2,316,616</b>	<b>1,356,687</b>
(Increase)/decrease in trade and other receivables	(31,678)	181,902
Increase in payables	464,554	159,235
Increase in employee benefits	13,971	11,632
<b>Net cash from operating activities</b>	<b>2,763,463</b>	<b>1,709,456</b>

## 20. Key management personnel

The following were key management personnel of the Company at any time during the year and unless otherwise indicated were key management personnel for the entire year:

# Notes to the financial statements (continued)

## Non-executive directors

Mr Patrick Aston Alfred Wilde  
Mr Phil Chronican  
Ms Lorna Raine  
Mr Steven Boyages (retired)  
Professor Jeremy R Chapman  
Professor Anthony L Cunningham  
Mr Alan Zammit  
Mr Joseph Khattar  
Ms Rachel Morris (retired)  
Mr Trevor Oldfield  
Mr Alan C Overton  
Mr Vincent Pang  
Mr Keith M Queen  
Mr James Wakim  
Mr Ernest Wong

## Executive director

Peter Treseder

## Key management personnel compensation

The key management personnel compensation included in 'personnel expense' (see note 3) totalled \$114,190 (2005: \$106,380).

## 21. Explanation of transition to AIFRSs

As stated in significant accounting policies note (a), these are the Company's first financial statements prepared in accordance with AIFRS.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the Company's date of transition).

In preparing its opening AIFRS balance sheet, the Company has not identified any material differences of amounts reported previously in the financial statements in accordance with its old basis of accounting previous AGAAP). Accordingly, no adjustments have been made in the transition from previous AGAAP to AIFRS.

# Directors' Declaration

In the opinion of the directors of The Millennium Foundation Limited ("the Company"):

- (a) the financial statements and notes, set out on pages 4 to 21, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the company as at 30 June 2006 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (c) the income statement is drawn up so as to give a true and fair view of income and expenditure of the company for the year ended 30 June 2006 and a true and fair view with respect to fundraising appeals;
- (d) the balance sheet and statement of cash flows are drawn up so as to give a true and fair view of the state of affairs of the company and cash flows as at 30 June 2006 with respect to fundraising appeals;
- (e) the provisions of the Charitable Fundraising (NSW) Act 1991, the Regulations under the Act and the conditions attached to the fundraising authority have been complied with for the financial year ended 30 June 2006; and
- (f) the internal controls exercised by the company are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Dated at Sydney this 13th day of October 2006.

Signed in accordance with a resolution of the directors.

# Declaration by Executive Director in respect of fundraising appeals

I, Peter Treseder, Executive Director of The Millennium Foundation Limited, declare in my opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of The Millennium Foundation Limited with respect to fundraising appeal activities for the financial year ended 30 June 2006;
- (b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2006;
- (c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2006; and
- (d) the internal controls exercised by The Millennium Foundation Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Peter Treseder  
Executive Director

Dated at Sydney this 13th day of October 2006.

# Independent audit report

to the members of The Millennium Foundation Limited

## Scope

### The financial report and directors' responsibility

The financial report comprises the income statement, statement of changes in equity, balance sheet, statement of cash flows, accompanying notes to the financial statements (Notes 1 to 21) and the directors' declaration for The Millennium Foundation Limited (the "Company") for the year ended 30 June 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. 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. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 First-time Adoption of Australian equivalents to International Financial Reporting Standards.

### Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. 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.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, of its performance as represented by the results of its operations 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.

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.

### Additional scope pursuant to the Charitable Fundraising (NSW) Act 1991

- In addition, our audit report has also been prepared for the members of the company in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991. The Charitable Fundraising (NSW) Act 1991 commenced 1 September 1993. Accordingly we have performed additional work which included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising (NSW) Act 1991 and Regulations.
- It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.
- The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial report. This review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems.
- The audit opinion expressed in this report pursuant to the Charitable Fundraising (NSW) Act 1991 has been formed on the above basis.

# Independent audit report (continued)

## Qualification

### Donation income

Donation income totalling \$3,468,032 is a significant source of revenue for the company. It is not always practicable for the company to establish controls over the collection of all sources of donation income prior to entry into its financial records. Accordingly as the evidence available to us regarding revenue from these sources was limited, our audit procedures with respect to donation income had to be restricted to amounts recorded in the financial records. We are therefore unable to express an opinion whether the donation income of the company is complete.

### Qualified audit opinion pursuant to the Corporations Act 2001

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitations referred to in the qualification paragraphs not existed, the financial report of the company is in accordance with:

- (a) the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

### Qualified audit opinion pursuant to the Charitable Fundraising (NSW) Act 1991

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitations referred to in the qualification paragraphs not existed:

- (a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2006;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the year, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the year has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

KPMG

Brett Mitchell  
Partner

Sydney  
2006

# Lead auditor's independence declaration

under Section 307C of the Corporations Act 2001

To: the directors of The Millennium Foundation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2006 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Brett Mitchell  
Partner

Sydney  
2006