

**The Sir Robert Menzies Memorial
Foundation Limited (A Company
Limited by Guarantee)**

ABN 43 008 543 897

**Annual report
for the year ended 31 December 2015**

**The Sir Robert Menzies Memorial Foundation Limited (A
Company Limited by Guarantee)** ABN 43 008 543 897
Annual report - 31 December 2015

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Director's report

Your directors present their report on The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee), referred to hereafter as the Foundation, for the year ended 31 December 2015.

Directors

The following persons were directors of the Foundation during the whole of the financial year and up to the date of this report:

Mr BJ Doyle AM (Chairman and Secretary)
Professor S Maddocks (Deputy Chairman)
Mr AV Connon (Treasurer)
Dr J Barbaro
Mr PJ Jopling AM QC
Ms SK Mackenzie OAM
Ms DL Menzies
Mr TF Moran AC
Mr C Thorburn

Ms D de Sousa was a director from the beginning of the financial year until her resignation on 19 November 2015.

Dr J Stocker, AO was appointed as a director on 18 June 2015 and continues in office at the date of this report.

Dr AB McCallum was appointed as a director on 19 November 2015 and continues in office at the date of this report.

A list of the Directors' qualifications and experience is available on the Foundation's website at:
<http://www.menziesfoundation.org.au/about-us/directors.html>

Vision

To inspire and nurture Australia's future leaders.

Mission

The Menzies Foundation works to create a vibrant future for all Australians by:

- Providing Australia's leading postgraduate scholarships;
- Supporting and fostering health and medical research opportunities; and
- Identifying and partnering with organisations that value Australia's history for the benefit of Australians and others in the future.

Objectives

The Menzies Foundation was established in 1979 to perpetuate and honour the memory of Sir Robert Menzies, Australia's longest serving Prime Minister.

As a national, not-for-profit organisation, the Foundation awards prestigious scholarships and fellowships to talented Australians. It also invests in and supports the establishment of health and medical research institutes and supports a range of other educational and legacy activities.

Specifically, the objectives are:

- to provide postgraduate scholarships to Australians in the areas of allied health, engineering, law and medical research, and scholarships to Harvard University in a wider range of disciplines;
- to provide financial support for health and medical research institutes that deliver research outcomes to the Australian community;
- to provide financial support for Australian health and medical researchers to undertake high quality research and professional development in areas which benefit the broader Australian community;

Objectives (continued)

- to explore issues of national importance through workshops and forums;
- to support initiatives that foster knowledge about the leadership and legacy of Sir Robert Menzies.

Principal activities

In 2015, the Foundation continued to award scholarships and fellowships to Australians. We expanded our contribution to health and medical research and activities were undertaken to perpetuate the education legacy of Sir Robert Menzies.

Outcomes

The Foundation measures its performance by:

- the number of scholarships awarded each year;
- the continuing documented successes of the research institutions; and
- the dissemination of outcomes from its workshops and other initiatives.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Foundation during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2015 that has significantly affected or may significantly affect:

- (a) the Foundation's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Foundation's state of affairs in future financial years.

Likely developments and expected results of operations

The Foundation will continue to pursue its policy of increasing the scope and impact of its activities during the next financial year.

Environmental regulation

The Foundation is not affected by any significant environmental regulation in respect of its operations.

Insurance of officers and indemnities

During the financial year, the Foundation paid a premium of \$3,025 (2014: \$2,835) to insure the directors and the Foundation in respect of claims against the directors and officers.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Foundation, and any other payments arising from liabilities incurred by the officer in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Foundation. It is not possible to apportion the premium between the Directors and the Foundation.

Members' contributions

The Foundation is limited by guarantee and accordingly does not issue shares. Should the Foundation be wound up, any remaining assets shall be distributed to a public benefit institution with similar objectives, and not to members of the Foundation. If there are insufficient assets to meet the liabilities, the liability of individual members shall be limited to \$50.

Dividends

The Foundation is prohibited by its Memorandum and Articles of Association from making any distribution to its members. No dividends have been paid or declared during the year and no dividends are proposed.

The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee)
Directors' report
31 December 2015
(continued)

Meetings of directors

The numbers of meetings of the Foundation's board of directors and of each board committee held during the year ended 31 December 2015, and the numbers of meetings attended by each director were:

	Board of Directors meetings		Investment and Finance Committee meetings		Board Appointments Sub-Committee	
	A	B	A	B	A	B
Mr BJ Doyle, AM	4	4	4	4	**	-
Mr AV Connon	4	4	4	4	**	-
Professor S Maddocks	3	4	**	-	**	-
Ms D de Sousa	3	3	**	-	**	-
Ms SK Mackenzie, OAM	3	4	**	-	1	1
Ms DL Menzies	3	4	**	-	1	1
Mr PJ Jopling, AM QC	4	4	**	-	1	1
Mr C Thorburn	2	4	4	4	**	-
Dr J Barbaro	3	4	**	-	**	-
Mr T F Moran AC	2	4	**	-	**	-
Dr J Stocker, AO	3	3	**	-	**	-
Dr AB McCallum	1	1	**	-	**	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

** = Not a member of the relevant committee

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Auditor

PwC continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Mr BJ Doyle, AM
Director



Mr AV Connon
Director

Melbourne
18 February 2016



Auditor's Independence Declaration

As lead auditor for the audit of The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee) for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee).

A handwritten signature in black ink, appearing to read 'M. Fitzgerald'.

Megan Fitzgerald
Partner
PricewaterhouseCoopers

Melbourne
18 February 2016

PricewaterhouseCoopers, ABN 52 780 433 757

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**The Sir Robert Menzies Memorial Foundation Limited (A
Company Limited by Guarantee)** ABN 43 008 543 897
Annual report - 31 December 2015

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These financial statements are the financial statements of The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee) as an individual entity. The financial statements are presented in Australian currency. Its registered office and principal place of business is 210 Clarendon Street, East Melbourne, VIC 3002.

The financial statements were authorised for issue by the directors on 18 February 2016. The directors have the power to amend and reissue the financial statements.

The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee)
Statement of comprehensive income
For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Revenue from continuing operations	3	1,945,929	2,600,164
Menzies health research centre grants		(391,875)	(234,039)
Scholarships and fellowships		(542,892)	(470,064)
Other memorial activities		(78,551)	(71,836)
Salaries and salary on-costs		(450,375)	(384,390)
Communications and operations		(201,008)	(139,651)
Clarendon Terrace maintenance and repair		(74,104)	(87,706)
Realised gain/(loss) on financial assets at fair value through profit or loss		-	(136,089)
Unrealised gain/(loss) on financial assets at fair value through profit or loss		792,724	(259,411)
Other expenses		(10,352)	(9,643)
Surplus before income tax		989,496	807,335
Income tax expense	1(d)	-	-
Surplus for the year		989,496	807,335
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		989,496	807,335

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

The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee)
Statement of financial position
As at 31 December 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	2,044,253	2,135,602
Trade and other receivables	5	448,860	244,533
Investments	6	24,031,362	23,080,414
Total current assets		26,524,475	25,460,549
Non-current assets			
Total non-current assets		-	-
Total assets		26,524,475	25,460,549
LIABILITIES			
Current liabilities			
Trade and other payables	7	92,603	33,728
Provisions	8	29,947	10,582
Total current liabilities		122,550	44,310
Non-current liabilities			
Provisions	9	4,275	8,085
Total non-current liabilities		4,275	8,085
Total liabilities		126,825	52,395
Net assets		26,397,650	25,408,154
EQUITY			
Accumulated funds	12	26,397,650	25,408,154
Total equity		26,397,650	25,408,154

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

The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee)
Statement of changes in equity
For the year ended 31 December 2015

	Accumulated surplus \$
Balance at 1 January 2014	<u>24,600,819</u>
Surplus for the year	<u>807,335</u>
Total comprehensive income for the year	<u>807,335</u>
Balance at 31 December 2014	<u>25,408,154</u>
 Balance at 1 January 2015	 <u>25,408,154</u>
Surplus for the year	<u>989,496</u>
Total comprehensive income for the year	<u>989,496</u>
Balance at 31 December 2015	<u>26,397,650</u>

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

The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee)
Statement of cash flows
For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from investments, trade and other debtors (inclusive of GST)		1,928,678	2,600,564
Payments to creditors, employees, fellowships and similar (inclusive of GST)		<u>(1,861,803)</u>	<u>(1,560,286)</u>
Net cash inflow from operating activities	16	<u>66,875</u>	<u>1,040,278</u>
Cash flows from investing activities			
Cash flows from (purchasing)/selling marketable securities		<u>(158,224)</u>	<u>(76,524)</u>
Net cash (outflow) from investing activities		<u>(158,224)</u>	<u>(76,524)</u>
Net cash inflow (outflow) from financing activities		<u>-</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents		(91,349)	963,754
Cash and cash equivalents at the beginning of the financial year		<u>2,135,602</u>	1,171,848
Cash and cash equivalents at end of year	4	<u>2,044,253</u>	<u>2,135,602</u>

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

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1 Summary of significant accounting policies

The Menzies Foundation was established in 1979 to perpetuate and honour the memory of Sir Robert Menzies, Australia's longest-serving Prime Minister. The Foundation promotes excellence in medical and health research, in education through the awarding of scholarships, and in other activities of national importance. It is a non-political, not-for-profit organisation.

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

(a) Basis of preparation

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee) comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) 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, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the functional and presentation currency of the Foundation.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest income is recognised using the effective interest method. When a receivable is impaired, the Foundation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note 1(f).

Profit on sale of investments, unrealised gains/losses on recognition of investments are recorded at market value.

Imputation credits on distribution income are recognised as revenue on an accruals basis.

Government and other grants are recognised when received from government or other institutions. Donations and contributions are brought to account on a cash received basis, whereas all other revenue and expense items are accounted for on an accrual basis.

(d) Income tax

The Foundation is exempt from taxation under Section 50-5 of the *Income Tax Assessment Act 1997*. The Foundation is nevertheless entitled to a refund of any dividend imputation credits which attach to distributions from the Foundation's investments.

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Investments and other financial assets

Classification

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Foundation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Subsequent measurement

At initial recognition, the Foundation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses).

1 Summary of significant accounting policies (continued)

(f) Investments and other financial assets (continued)

Impairment

The Foundation assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(h) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the end of the reporting period at the current pay rates in respect of employees' services up to that date.

(ii) Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions to employees superannuation plans are recognised as an expense as they become payable. Superannuation contributions by the Foundation comply with the Superannuation Guarantee rate of 9.5% with the Foundation contributing additional payments.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2 Financial risk management

(a) Market risk

(i) Price risk

Exposure

The Foundation is exposed to equity securities price risk. This arises from investments held by the Foundation and classified on the balance sheet as available-for-sale or fair value through profit and loss.

To manage its price risk arising from investments in equity securities, the Foundation diversifies its portfolio in accordance with limits set by the Foundation. Analysis of the sensitivity of the market value of the equities fluctuating by +/- 10% indicates the following potential impact on surplus and equity, where the sensitivity is assessed against the fair value of the investments held, as identified in the Balance Sheet.

	Impact on equity	
	2015	2014
	\$	\$
Listed and unlisted securities	2,403,000	2,308,000

(b) Credit risk

(i) Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The Foundation considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses. See note 1(f) for information about how impairment losses are calculated.

The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee)
Notes to the financial statements
31 December 2015
 (continued)

3 Revenue

	2015 \$	2014 \$
From continuing operations		
Net investments income	1,746,754	2,234,744
Donations and grants	50,858	64,358
Publication sales	136	67
Room hire	525	1,770
Imputation tax credit refund	89,721	244,261
	<u>1,887,994</u>	<u>2,545,200</u>
 <i>Other revenue</i>		
Rent	41,427	40,417
Miscellaneous income	16,508	14,547
	<u>57,935</u>	<u>54,964</u>
 Total revenue from continuing operations	 <u>1,945,929</u>	 <u>2,600,164</u>

4 Current assets - Cash and cash equivalents

	2015 \$	2014 \$
Cash on hand	-	200
Cash at bank	2,044,253	2,135,402
	<u>2,044,253</u>	<u>2,135,602</u>

5 Current assets - Trade and other receivables

	2015 \$	2014 \$
Trade receivables	296	36
Other receivables	187,218	210,193
Prepayments	12,911	13,181
Imputation tax credit receivables	248,435	21,123
	<u>448,860</u>	<u>244,533</u>

The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee)
Notes to the financial statements
31 December 2015
(continued)

6 Current assets - Investments

During 2015, investments consisted of various managed investment funds and shares in listed companies. The aggregate market values of tradeable investments and those listed on prescribed stock exchange are:

	2015 \$	2014 \$
Shares in listed companies	2,517,059	2,228,425
Units in managed investment funds	<u>21,514,303</u>	<u>20,851,989</u>
	24,031,362	23,080,414

7 Current liabilities - Trade and other payables

	2015 \$	2014 \$
Trade payables and accruals	<u>92,603</u>	<u>33,728</u>

8 Current liabilities - Provisions

	2015 \$	2014 \$
Employee benefits (a)	<u>29,947</u>	<u>10,582</u>

(a) Leave obligations

The leave obligations cover the Foundation's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$29,947(2014: \$10,582) is presented as current, since the Foundation does not have an unconditional right to defer settlement for any of these obligations.

9 Non-current liabilities - Provisions

	2015 \$	2014 \$
Employee benefits	<u>4,275</u>	<u>8,085</u>

10 Remuneration of auditors

(i) Audit and other assurance services

	2015 \$	2014 \$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	18,000	18,000
Other assurance services		
Compilation of statutory financial statements	2,500	-
Total remuneration for audit and other assurance services	<u>20,500</u>	<u>18,000</u>

11 Commitments

Expenditure commitments which have not been provided for in the financial statements include:

	2015 \$	2014 \$
<i>Grants: Institutions</i>		
Within one year	300,000	375,000
Later than one year but not later than two years	300,000	225,000
Later than two years	300,000	-
	<u>900,000</u>	<u>600,000</u>
<i>Grants: Scholarships and other educational</i>		
Within one year	431,000	487,500
Later than one year but not later than two years	128,000	264,000
Later than two years	30,000	-
	<u>589,000</u>	<u>751,500</u>

The above includes the Foundation's formal commitment to institutions and scholarship holders as approved by the Board. However, the above information excludes any future costs associated with the scholarships or institutional grants which may subsequently be approved and committed by the Board.

12 Accumulated surplus

Movements in accumulated surplus were as follows:

	2015 \$	2014 \$
Balance 1 January	25,408,154	24,600,819
Net profit for the year	989,496	807,335
Balance 31 December	<u>26,397,650</u>	<u>25,408,154</u>

13 Related party transactions

(a) Directors

The names of persons who were directors of the Foundation at any time during the financial year are as follows: Dr J Barbaro, Mr AV Connon, Ms D de Sousa, Mr BJ Doyle AM, Mr P Jopling AM, Ms SK Mackenzie OAM, Professor S Maddocks, Dr AB McCallum, Ms DL Menzies, Mr TF Moran AC, Dr JW Stocker AO and Mr C Thorburn.

(b) Remuneration of directors

There was no payment made to any of the directors during the year.

(c) Transactions with directors and director-related entities

There were no transactions with any directors during the financial year.

(d) Key management personnel compensation

	2015 \$	2014 \$
Short-term employee benefits	155,150	148,040
Post-employment benefits	26,575	24,969
	<u>181,725</u>	<u>173,009</u>

14 Events occurring after the reporting period

The directors are not aware of any other matters or circumstances not otherwise dealt with in the Directors' Report of the financial statements that has or may significantly affect the operations of the Foundation, the results of those operations or the state of affairs of the Foundation in subsequent financial years.

15 Capital

The company is limited by guarantee which means the Foundation was formed on the principle of having the liability of its members limited by the Memorandum of Association to the respective amounts that the members undertake to contribute to the property of the company if it is wound up.

16 Cash flow information

Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 \$	2014 \$
Profit for the year	989,496	807,335
Unrealised (gain)/loss on investments	(792,724)	259,411
Realised profit/(loss) on investments	-	136,089
Change in operating assets and liabilities:		
(Increase) in receivables	(204,326)	(139,547)
Increase (decrease) in trade and other creditors	58,874	(13,754)
Increase (decrease) in employee benefits	15,555	(9,256)
Net cash inflow from operating activities	<u>66,875</u>	<u>1,040,278</u>

The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee)
Directors' declaration
31 December 2015

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Mr BJ Doyle, AM
Director



Mr AV Connon
Director

Melbourne
18 February 2016



Independent auditor's report to the members of The Sir Robert Menzies Memorial Foundation Limited

Report on the financial report

We have audited the accompanying financial report of The Sir Robert Menzies Memorial Foundation Limited (the company), which comprises the statement of financial position as at 31 December 2015, 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 directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Act 2001* and Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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 *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

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Independent auditor's report to the members of The Sir Robert Menzies Memorial Foundation Limited (continued)

Report on the financial report (continued)

Auditor's opinion

In our opinion, the financial report of The Sir Robert Menzies Memorial Foundation Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of The Sir Robert Menzies Memorial Foundation Limited (the company) for the year ended 31 December 2015 is included on The Sir Robert Menzies Memorial Foundation Limited's web site. The company's directors are responsible for the integrity of The Sir Robert Menzies Memorial Foundation Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

M. Fitzgerald

Megan Fitzgerald
Partner

Melbourne
18 February 2016