

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Statement of Financial Performance For the year ended 31 December 2003

	Note	2003 \$	2002 \$
<b>Revenue from ordinary activities</b>	2	902,521	(955,197)
<b>Expenses from ordinary activities</b>			
Menzies Health Research Centres		(200,000)	(250,000)
Scholarships and fellowships		(216,280)	(192,241)
Other Memorial Activities		(78,689)	(139,890)
Salaries and salary on-costs		(193,493)	(191,621)
Other expenses from ordinary activities		(119,964)	(115,821)
<b>Surplus / (Deficit) from ordinary activities</b>		94,095	(1,844,770)
<b>Net surplus / (deficit)</b>	11	94,095	(1,844,770)
<b>Total increase / (decrease) in accumulated funds</b>		94,095	(1,844,770)

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Statement of Financial Position As at 31 December 2003

	Note	2003 \$	2002 \$
<b>Current assets</b>			
Cash assets	4	30,423	36,820
Receivables	5	74,062	85,187
Investments	6	12,419,046	12,352,372
Other	7	15,120	21,744
<b>Total current assets</b>		<b>12,538,651</b>	<b>12,496,123</b>
<b>Total assets</b>		<b>12,538,651</b>	<b>12,496,123</b>
<b>Current liabilities</b>			
Payables	8	46,390	101,657
Provisions	9	62,618	57,667
<b>Total current liabilities</b>		<b>109,008</b>	<b>159,324</b>
<b>Non-current liabilities</b>			
Provisions	10	2,601	3,852
<b>Total non-current liabilities</b>		<b>2,601</b>	<b>3,852</b>
<b>Total liabilities</b>		<b>111,609</b>	<b>163,176</b>
<b>Net assets</b>		<b>12,427,042</b>	<b>12,332,947</b>
<b>Accumulated Funds</b>	11	<b>12,427,042</b>	<b>12,332,947</b>

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) ABN 43 008 543 897

## Statement of Cash Flows

For the year ended 31 December 2003

	Note	2003 \$	2002 \$
<b>Cash flows from operating activities</b>			
Receipts from trade and other debtors (inclusive of goods and services tax)		126,722	100,391
Payments to creditors, employees, fellowships and similar (inclusive of goods and services tax)		(849,291)	(858,473)
Funds withdrawn from investments		715,001	750,000
Interest received		1,171	1,896
<b>Net cash inflow / (outflow) from operating activities</b>	22	<b>(6,397)</b>	<b>(6,186)</b>
<b>Net increase / (decrease) in cash held</b>		<b>(6,397)</b>	<b>(6,186)</b>
Cash at the beginning of the financial year		36,820	43,006
<b>Cash at the end of the financial year</b>	4	<b>30,423</b>	<b>36,820</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Notes to the Financial Statements

For the year ended 31 December 2003

### Note 1. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical costs convention except for certain assets which as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

#### (a) Fixed assets

Fixed assets purchased are written off in the year of acquisition. Refer also note 13.

#### (b) Taxation

The Foundation is exempt from taxation under Section 50-5 of the Income Tax Assessment Act 1997. Under recent legislative changes which came to effect on 1 July 2000 the Foundation is entitled to a refund of dividend imputation credits which arise on the Foundation's investments.

#### (c) Investments

Investments of the Foundation are recorded at market value as at the reporting date.

#### (d) Revenue recognition

Operating revenue includes interest income, dividends, donations, profit on sale of investments, unrealised gains/losses on recognition of investments at market value and rental income from Clarendon Terrace. Amounts disclosed as revenue are net of taxes paid.

Donations, contributions and imputation tax credit refunds are brought to account on a cash received basis, whereas all other revenue and expense items are accounted for on an accrual basis.

#### (e) Employee entitlements

##### (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 reporting date at 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 reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### (f) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2003

### Note 1. Summary of significant accounting policies (cont.)

#### (g) Trade creditors

These amounts represent liabilities of goods and services provided to the company prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

#### (h) 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.

	2003 \$	2002 \$
<b>Note 2. Revenue</b>		
<b>Revenue from Operating Activities</b>		
Net Investments Income	569,853	729,298
Marked-to-market adjustment of investments at year end	218,118	(1,807,521)
Rent	30,630	30,501
Parking	100	1,200
Donations	8,380	27,592
Publication sales	35	142
Room hire	775	1,250
Scholarship refund	10,511	-
Imputation tax credit refund	62,698	58,232
Other income	250	2,213
Interest	1,171	1,896
<b>Revenue from ordinary activities</b>	<b>902,521</b>	<b>(955,197)</b>

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2003

	2003 \$	2002 \$
<b>Note 3. Deficit from ordinary activities</b>		
Deficit from ordinary activities includes the following specific net losses and expenses		
<b>Net Loss</b>		
Net loss on disposal and withdrawal of investments	13,578	31,145
<b>Expenses</b>		
Doubtful debt provision	5,481	–
Provision for employee entitlements	3,700	2,522
<b>Note 4. Current assets – Cash assets</b>		
Cash on hand	100	100
Cash at bank	30,323	36,720
	<b>30,423</b>	<b>36,820</b>
<b>Note 5. Current assets – Receivables</b>		
Trade debtors	5,958	7,973
Less: provision for doubtful debts	5,481	–
Net trade debtors	477	7,973
Investment income receivable	68,782	65,313
Other receivables	4,803	11,901
	<b>74,062</b>	<b>85,187</b>

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2003

### Note 6. Current assets – Investments

The existing investments consisted of Pooled Investment Trust, run by Westpac Financial Services Limited until 30 September 2003 and replaced by Institutional Diversified Balanced Fund, run by BT Financial Group since 1 October 2003; Capital Growth Fund, run by Credit Suisse and several investments managed by JB Were Investment Management.

	2003 \$	2002 \$
<b>Marketable securities (market value)</b>		
The aggregate market values of tradeable investments and those listed on a prescribed stock exchange are:		
Units in managed share funds	1,969,311	1,866,280
Units in fixed interest securities funds	2,108,705	2,044,082
Units held in property trusts	356,385	357,520
Units held in pooled investment trust	–	3,006,704
Units held in institutional diversified balanced fund	3,070,349	–
Units held in capital growth fund	4,914,296	5,077,786
<b>Total investments (at market value)</b>	<b>12,419,046</b>	<b>12,352,372</b>
<b>Marketable securities (at cost)</b>		
The aggregate cost of tradeable investments and those listed on a prescribed stock exchange are:		
Units in managed share funds	2,028,790	2,057,352
Units in fixed interest securities funds	2,092,311	1,944,071
Units held in property trusts	313,607	298,377
Units held in pooled investment trust	–	3,880,329
Units held in institutional diversified balanced fund	2,986,753	–
Units held in capital growth fund	5,680,839	5,900,968
<b>Total investments (at cost)</b>	<b>13,104,627</b>	<b>14,081,097</b>

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2003

	2003 \$	2002 \$
<b>Note 7. Current assets – Other</b>		
Prepayments	15,120	21,744
<b>Note 8. Current liabilities – Payables</b>		
Trade creditors	46,390	99,323
Other	–	2,334
	46,390	101,657
<b>Note 9. Current liabilities – Provisions</b>		
Employee entitlements	62,618	57,667
<b>Note 10. Non-current liabilities – Provisions</b>		
Employee entitlements	2,601	3,852
<b>Note 11. Accumulated funds</b>		
Accumulated Funds at the beginning of the financial year	12,332,947	14,177,717
Net surplus / (deficit)	94,095	(1,844,770)
Accumulated funds at the end of the financial year	12,427,042	12,332,947

### Note 12. Remuneration of directors

No directors or related entities have received or become entitled to receive remuneration in connection with the management of affairs of the Foundation for the 2003 and 2002 financial year.

### Note 13. Non-current assets – Property, plant and equipment

Premises occupied by the Foundation since 1980 are leased for 45 years from the National Trust. The Foundation has no residual right to the freehold property. However, the Foundation has the first right of refusal of purchase if the Trust decides to sell.

The directors consider the valuation of the property and leasehold improvements to be \$2,697,000 based on an independent insurance valuation by Jeffrey Tempany on behalf of Edward Rushton Pty Limited in July 2002. This valuation was on the basis of Reinstatement with New Value for insurance purposes and is performed periodically every two years.

As described in note 1(a), fixed assets including leasehold improvements are written off in the year of acquisition.

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2003

	2003 \$	2002 \$
<b>Note 14. Remuneration of auditors</b>		
Remuneration for audit of the financial reports of the Foundation:		
Audit of the company – PricewaterhouseCoopers Australia firm	15,000	15,000
Remuneration for other services – PricewaterhouseCoopers Australia firm	–	–
	<b>15,000</b>	<b>15,000</b>
<b>Note 15. Commitments for expenditure</b>		
Expenditure commitments which have not been provided for in the financial report include:		
Payable no later than one year:		
Grants:    Institutions	225,000	225,000
Scholarships and other educational	212,000	229,000
	<b>437,000</b>	<b>454,000</b>
Payable later than one year, not later than two years:		
Grants:    Institutions	12,500	25,000
Scholarships and other educational	48,000	48,000
	<b>60,500</b>	<b>73,000</b>
Payable later than two, not later than five years:		
Grants:    Institutions	–	–
Scholarships and other educational	–	–
	<b>–</b>	<b>–</b>
	<b>497,500</b>	<b>527,000</b>

The above represents the Foundation's formal commitment to institutions and scholarship holders as approved by the Board at its 28 November 2003 meeting. The Board's intention is currently to provide the scholarships on an ongoing basis and continue grants to the Menzies School of Health Research and the Menzies Research Institute. However, the above information excludes any future costs associated with the scholarships and grants to the Menzies School of Health Research and the Menzies Research Institute which may subsequently be committed.

The comparative information for 2002 year has been re-stated to ensure consistency with 2003 commitments and as such only includes formal commitments as at 31 December 2002.

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2003

	2003 \$	2002 \$
<b>Note 16. Employee entitlements</b>		
Provision for employee entitlements		
Current (note 9)	62,618	57,667
Non-Current (note 10)	2,601	3,852
	65,219	61,519

Employee numbers	Number	Number
Number of employees at the end of the financial year	2	3

Aggregate employee entitlements include entitlements measured at present values of future amounts expected to be paid based on a 3% per annum projected weighted average increase in salary rates. Present values are calculated using a weighted average rate of 5% based on government guaranteed securities with similar maturity terms.

### Note 17. Segment information

The Foundation operates as a charitable organisation primarily within Australia and derives its revenue principally from donations and investment income.

### Note 18. Share 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.

### Note 19. Dividends

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

### Note 20. Superannuation plans

The Foundation contributes to various superannuation plans for its employees and they are entitled to benefits on retirement, disability or death. All superannuation funds are defined contribution funds. The contributions are made subject to an award and are legally enforceable. Employees contribute to the plan at various percentages of their wages and salaries.

# The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

## Notes to the Financial Statements (cont.)

For the year ended 31 December 2003

### Note 21. Related parties

#### Directors

The names of persons who were directors of the Foundation at any time during the financial year are as follows:

The Hon Sir Daryl Dawson, Mr BJ Doyle, Mr PGF Henderson, Mr CPH Kiefel, Associate Professor DAF Morgan, Ms BG Gibson, Professor S Maddocks, Mr JL McLachlan, Mrs JM Trethewey, Mr KH Spencer, Mr SM Hannaford, Professor RE O'Hehir, Ms E C Menzies and Mr RA Illingworth.

All of these persons were also directors during the year ended 31 December 2002, except for Ms E C Menzies who was appointed on 28 November, 2003 and Mr RA Illingworth who was appointed on 4 December 2003.

In addition, Associate Professor W Rawlinson and Professor SR Leeder held office as a director until their resignation on 11 February 2002 and 29 November 2002 respectively.

#### Remuneration of directors

Information on remuneration of directors is disclosed in note 12.

#### Transactions with directors and director-related entities

There were no transactions with directors or director related entities during the financial year.

	2003 \$	2002 \$
<b>Note 22. Reconciliation of deficit from ordinary activities to net cash flow from operating activities</b>		
Surplus / (deficit) from ordinary activities	94,095	(1,844,770)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	11,125	(24,048)
(Increase)/decrease in investments	(66,674)	1,846,145
(Increase)/decrease in prepayments	(6,624)	(9,102)
Increase/(decrease) in employee entitlements	3,700	2,522
Increase/(decrease) in trade and other creditors	(42,019)	23,067
Net cash inflows/(outflows) from operating activities	(6,397)	(6,186)