

**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 2016**

**The Sir Robert Menzies Memorial Foundation Limited (A
Company Limited by Guarantee) ABN 43 008 543 897**
Annual report - 31 December 2016

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Directors' 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 2016.

Directors

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

Professor S Maddocks (Deputy Chairman then Chairman from 29 April 2016)
Mr AV Connon (Treasurer)
Mr PJ Jopling, AM QC
Ms SK Mackenzie, OAM
Dr AB McCallum
Ms DL Menzies
Mr TF Moran, AC
Dr J Stocker, AO (Deputy Chairman from 18 August 2016)

Mr BJ Doyle, AM (Chairman) was a director from the beginning of the financial year until his resignation on 29 April 2016.

Dr J Barbaro was a director from the beginning of the financial year until her resignation on 9 December 2016.

Mr C Thorburn was a director from the beginning of the financial year until his resignation on 8 December 2016.

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;
- to support initiatives that foster knowledge about the leadership and legacy of Sir Robert Menzies.

Principal activities

In 2016, the Foundation continued to award scholarships and fellowships to Australians, contributed to health and medical research and undertook activities 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 initiatives through a range of communication channels.

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 2016 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 implement and maintain 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 \$3,275 (2015: \$3,025) 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.

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 2016, and the numbers of meetings attended by each director were:

Meetings of directors (continued)

	Board of Directors meetings		Investment and Finance Committee meetings		Board Appointments Sub-Committee	
	A	B	A	B	A	B
Dr J Barbaro	2	4	**	-	**	-
Mr AV Connon	4	4	4	4	**	-
Mr BJ Doyle, AM	2	2	0	2	**	-
Mr PJ Jopling, AM QC	3	4	**	-	2	3
Ms SK Mackenzie, OAM	4	4	**	-	3	3
Professor S Maddocks	4	4	**	-	**	-
Dr AB McCallum	4	4	**	-	**	-
Ms DL Menzies	4	4	**	-	3	3
Mr TF Moran, AC	4	4	**	-	2	3
Dr J Stocker, AO	4	4	**	-	2	3
Mr C Thorburn	2	4	2	4	**	-

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 60 - 40 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* is set out on page 4 and forms part of the Directors Report.

Proceedings on behalf of the Foundation

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Foundation, or to intervene in any proceedings to which the Foundation is a party, for the purpose of taking responsibility on behalf of the Foundation for all or part of those proceedings.

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



Mr AV Connon
Director



Professor S Maddocks
Director

Melbourne
24 February 2017



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 2016, I declare that, to the best of my knowledge and belief, there have been 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 blue ink, appearing to read 'M. Fitzgerald', is written over a light blue grid background.

Megan Fitzgerald
Partner
PricewaterhouseCoopers

Melbourne
24 February 2017

PricewaterhouseCoopers, ABN 52 780 433 757

2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
Telephone +61 3 8603 1000, Facsimile +61 3 8603 1999, www.pwc.com.au

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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 2016

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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 24 February 2017. 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 2016

	Notes	2016 \$	2015 \$
Revenue from continuing operations	3	1,769,574	1,945,929
Menzies health research centre grants		(302,230)	(391,875)
Scholarships and fellowships		(566,494)	(542,892)
Other memorial activities		(83,090)	(78,551)
Salaries and salary on-costs		(519,784)	(450,375)
Communications and operations		(213,111)	(201,008)
Clarendon Terrace maintenance and repair		(61,632)	(74,104)
Realised gain/(loss) on financial assets at fair value through profit or loss		(7,554)	-
Unrealised gain/(loss) on financial assets at fair value through profit or loss		(67,282)	792,724
Other expenses		-	(10,352)
(Deficit)/surplus before income tax		(51,603)	989,496
Income tax expense	1(d)	-	-
(Deficit)/surplus for the year		(51,603)	989,496
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/income for the year		(51,603)	989,496

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 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	2,919,707	2,044,253
Trade and other receivables	5	476,383	448,859
Investments	6	23,069,925	24,031,362
Total current assets		<u>26,466,015</u>	<u>26,524,474</u>
Total assets		<u>26,466,015</u>	<u>26,524,474</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7	65,145	92,602
Provisions	8	47,986	29,947
Total current liabilities		<u>113,131</u>	<u>122,549</u>
Non-current liabilities			
Provisions	9	6,837	4,275
Total non-current liabilities		<u>6,837</u>	<u>4,275</u>
Total liabilities		<u>119,968</u>	<u>126,824</u>
Net assets		<u>26,346,047</u>	<u>26,397,650</u>
EQUITY			
Accumulated funds	12	26,346,047	26,397,650
Total equity		<u>26,346,047</u>	<u>26,397,650</u>

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 2016

	Accumulated surplus \$
Balance at 1 January 2015	<u>25,408,154</u>
(Deficit)/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>
Balance at 1 January 2016	<u>26,397,650</u>
(Deficit)/surplus for the year	<u>(51,603)</u>
Total comprehensive (loss) for the year	<u>(51,603)</u>
Balance at 31 December 2016	<u>26,346,047</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 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from investments, trade and other debtors (inclusive of GST)		1,811,790	1,928,678
Payments to creditors, employees, fellowships and similar (inclusive of GST)		<u>(1,822,937)</u>	<u>(1,861,803)</u>
Net cash (outflow) inflow from operating activities	16	<u>(11,147)</u>	<u>66,875</u>
Cash flows from investing activities			
Cash flows from selling/(purchasing) marketable securities		<u>886,601</u>	<u>(158,224)</u>
Net cash inflow (outflow) from investing activities		<u>886,601</u>	<u>(158,224)</u>
Net cash inflow (outflow) from financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		875,454	(91,349)
Cash and cash equivalents at the beginning of the financial year		<u>2,044,253</u>	<u>2,135,602</u>
Cash and cash equivalents at end of the financial year	4	<u>2,919,707</u>	<u>2,044,253</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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Australian Charities and Not-for-Profits Commission Act 2012*. The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee) is a not for-profit entity for the purpose of preparing the financial statements.

(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) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The Foundation has elected not to apply any pronouncements to the annual reporting period beginning 1 January 2016.

(iii) 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.

(iv) Comparatives

Comparative information is reclassified where appropriate to enhance comparability.

(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.

1 Summary of significant accounting policies (continued)

(b) Foreign currency translation (continued)

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.

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.

1 Summary of significant accounting policies (continued)

(f) Investments and other financial assets (continued)

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).

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	
	2016	2015
	\$	\$
Listed and unlisted securities	2,306,993	2,403,000

(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 2016
 (continued)

3 Revenue

	2016	2015
	\$	\$
From continuing operations		
Net investments income	1,592,200	1,785,022
Donations and grants	82,340	50,858
Publication sales	265	136
Room hire	-	525
	1,674,805	1,836,541
<i>Other revenue</i>		
Rent	42,463	41,427
Interest from financial assets not at fair value through profit or loss	52,131	51,453
Miscellaneous income	175	16,508
	94,769	109,388
Total revenue from continuing operations	1,769,574	1,945,929

4 Current assets - Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank	769,707	2,044,253
Deposits at call	2,150,000	-
	2,919,707	2,044,253

5 Current assets - Trade and other receivables

	2016	2015
	\$	\$
Other receivables	213,305	187,513
Prepayments	13,685	12,911
Imputation tax credit receivables	249,393	248,435
	476,383	448,859

6 Current assets - Investments

During 2016, 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:

	2016 \$	2015 \$
Shares in listed companies	2,455,640	2,517,059
Units in managed investment funds	20,614,285	21,514,303
	23,069,925	24,031,362

7 Current liabilities - Trade and other payables

	2016 \$	2015 \$
Trade payables and accruals	65,145	92,602

8 Current liabilities - Provisions

	2016 \$	2015 \$
Employee benefits (a)	47,986	29,947

(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 \$47,986 (2015: \$29,947) 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

	2016 \$	2015 \$
Employee benefits	6,837	4,275

10 Remuneration of auditors

(i) *Audit and other assurance services*

	2016	2015
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	15,000	18,000
Other assurance services		
Compilation of statutory financial statements	2,500	2,500
Total remuneration for audit and other assurance services	17,500	20,500

11 Commitments

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

	2016	2015
	\$	\$
<i>Grants: Institutions</i>		
Within one year	300,000	300,000
Later than one year but not later than two years	300,000	300,000
Later than two years	150,000	300,000
	750,000	900,000
 <i>Grants: Scholarships and other educational</i>		
Within one year	510,000	431,000
Later than one year but not later than two years	249,000	128,000
Later than two years	65,000	30,000
	824,000	589,000

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:

	2016	2015
	\$	\$
Balance 1 January	26,397,650	25,408,154
Net (deficit)/surplus for the year	(51,603)	989,496
Balance 31 December	26,346,047	26,397,650

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, 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

	2016	2015
	\$	\$
Short-term employee benefits	160,072	155,150
Leave benefits	12,359	26,575
	<u>172,431</u>	<u>181,725</u>

14 Events occurring after the reporting period

The directors are not aware of any matters or circumstances 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

	2016	2015
	\$	\$
(Deficit)/surplus for the year	(51,603)	989,496
Unrealised loss/(gain) on investments	74,836	(792,724)
Change in operating assets and liabilities:		
(Increase) in receivables	(27,524)	(204,326)
(Decrease)/increase in trade and other creditors	(27,457)	58,874
Increase in employee benefits	20,601	15,555
Net cash inflow from operating activities	<u>(11,147)</u>	<u>66,875</u>

The Sir Robert Menzies Memorial Foundation Limited (A Company Limited by Guarantee)
Directors' declaration
31 December 2016

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 18 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements, *the Australian Charities and Not-for-profits Commission Act 2012* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 31 December 2016 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 AV Connon
Director



Professor S Maddocks
Director

Melbourne
24 February 2017



Independent auditor's report

To the members of The Robert Menzies Memorial Foundation Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of The Sir Robert Menzies Memorial Foundation Limited (the Entity) is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- a) giving a true and fair view of the Entity's financial position as at 31 December 2016 and of its financial performance for the year then ended
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirement.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2016
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the director's declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Director's Report included in the Annual Report, but does not include the financial report and our auditor's report thereon.

PricewaterhouseCoopers

2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001
T +61 3 8603 1000, F +61 3 8603 1999, www.pwc.com.au

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Independent auditor's report

To the members of The Robert Menzies Memorial Foundation Limited

Report on the audit of the financial report (continued)

Other information (continued)

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosures Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.



PricewaterhouseCoopers



Megan Fitzgerald
Partner

Melbourne
24 February 2017