



Leadership Scholarship

ABN 78 099 065 184

AUDITED ANNUAL FINANCIAL REPORT

30 JUNE 2015

DIRECTORS' REPORT

The Directors present their report together with the financial report of the General Sir John Monash Foundation ("the Foundation") for the financial year ended 30 June 2015, and the auditor's report thereon.

DIRECTORS

The following persons were directors of the Foundation during the financial year:

Name		Appointed	Ceased
Dr Peter Nicholas Binks		25 August 2009	1 January 2015
Mr David Justin Clarke		18 February 2009	-
Professor Peter LePoer Darvall AO	National Panel Chair	10 March 2011	-
Mr Stephen Gerlach AM	Investment Committee Chair	13 October 2011	-
Ms (Sarah) Carolyn Hailes Kay		1 January 2015	-
Mr Leon Victor Kempler OAM		9 November 2010	-
Ms Lee Liberman		10 December 2014	-
Mrs Jan Elizabeth McCahey	Finance, Risk & Audit Committee Chair	6 March 2012	-
Professor Alan David Robson AO CitWA		5 October 2011	-
Ms Jillian Shirley Segal AM	Chairman	21 November 2008	-
Mr Steven Michael Skala AO	Deputy Chair	25 February 2010	-
Mrs Wendy Susan Simpson OAM		8 December 2014	-
Dr (Elizabeth) Jane Wilson		31 August 2009	-

WHAT WE DO

The Foundation was incorporated on 14 December 2001 for the principal activity to raise funds for and administer the General Sir John Monash Scholarships. Our mission is to invest in outstanding Australians from all fields of endeavour who demonstrate remarkable qualities of leadership and the ability to deliver outcomes for Australia and inspire others for the benefit of the nation.

Scholar Alumni

By the end of June 2015 110 Scholars have been elected. 70 have completed their studies with over half (43) of these now in Australia in positions in industry, government, or academia.

The alumni of John Monash Scholars now meet regularly. In 2015 Scholars events were held in Oxford, Melbourne, Sydney, Brisbane, Adelaide, San Francisco, New York and Washington DC.

Scholarship Winners 2015

14 John Monash Scholarship winners were selected in 2014 from 296 applications received. They were presented with their Scholarships on 18 February 2015 at the Shrine of Remembrance, Melbourne by His Excellency General The Honourable Sir Peter Cosgrove, AK MC (retd).

DIRECTORS' REPORT (continued)

A REVIEW OF OUR OPERATIONS FOR FY15

Overall financial position

The Foundation has maintained a strong financial position with equity (net assets) of \$23.4m (FY14: \$18.2m). Total assets of \$26.1m (FY14: \$20.1m) are invested in cash, term deposits and managed funds.

Significant changes to the state of affairs

There were no significant changes in the state of affairs of the Foundation during the period under review.

Operating results for the year

As detailed in this report, the surplus for the period ended 30 June 2015 amounted to \$5.1m (FY14: \$2.5m). These results arise from the Foundation's management of its Endowment Fund, together with funds gained from sponsor support. \$4.9m (FY14: \$1.0m) was transferred from this surplus to the endowment reserve for the specific purpose of providing for future scholarships.

Scholarship funding from new commitments

The Foundation had another solid year in securing funding commitments of \$4.7m to ensure that it can continue to offer Scholarships to Australians. In 2015, the Foundation received the following commitments from the government and private sectors:

- The NSW Government has continued its support of the Foundation with the grant of a perpetual scholarship to be awarded to NSW residents from 2015;
- The Federal Government funded a three year scholarship to support the centenary of ANZAC;
- The Myer Foundation funded a two year scholarship highlighting the importance of the humanities to Australia;
- Bond University and Macquarie University agreed to join the Australian University Consortium; taking the total number of universities involved to thirteen.
- The group of private individuals in the Chairman's Circle expanded in the last 12 months to 19 members, with Chairman's Circle chapters now established in Sydney, Melbourne, Brisbane and Adelaide.

These outcomes, together with current committed partners and income from our Endowment Fund, means it is likely the Foundation will be able to award a minimum of ten Scholarships per year. The Foundation has an objective to increase the number of Scholarships it offers over the next decade.

Using resources wisely

The Foundation continued to implement its conservative investment strategy focused on protection of capital and minimising large variations in portfolio returns. Our portfolio continues to earn market based returns and while interest from term deposits is down, this still remains an important source of income and these deposits enable the Foundation to manage liquidity needs.

Events subsequent to reporting date

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

DIRECTORS' REPORT (continued)
A REVIEW OF OUR OPERATIONS FOR FY15 (continued)

Likely developments

The Foundation will continue to raise funds for and administer its postgraduate scholarships through FY2015/16. It is anticipated that:

- The Committees of the Board will continue their activities. In particular the Investment Committee will continue to review and refine the investment strategy of the Foundation. The Finance, Risk and Audit Committee will continue to monitor and improve financial reporting.
- Fundraising initiatives will be pursued with a target group of Federal and State Governments, corporates, foundations, universities and private individuals.
- Scholar events and activities will continue with an increasing number of Scholars resident in Australia. Scholar functions will be held in locations where Scholars reside, as opportunities arise, both within Australia and overseas.

DIRECTORS' MEETINGS

The following table sets out the number of director's meetings (including meetings of Board committees) held during the year ended 30 June 2015 and the number of meetings attended by each director.

Directors	Board		Finance, Risk & Audit Committee		Investment Committee		National Selection Panel	
	A ¹	B ²	A	B	A	B	A	B
Dr Peter Binks	5	3	3	3	1	1	1	1
Mr David Clarke	7	6	5	5	1	1		
Professor Peter Darvall AO	7	7					1	1
Mr Stephen Gerlach AM	7	5			1	1		
Ms Carolyn Kay	2	2						
Mr Leon Kempler OAM	7	4						
Ms Lee Liberman	2	2						
Mrs Jan McCahey	7	7	5	5				
Professor Alan Robson AO CitWA	7	7						
Ms Jillian Segal AM	7	7						
Mrs Wendy Simpson OAM	2	2						
Mr Steven Skala AO	7	7						
Dr Jane Wilson	7	5	5	4	1	0		

¹ A = number of meetings eligible to attend

² B = number of meetings attended

COMPANY PARTICULARS

Registered office

General Sir John Monash Foundation
 Level 1, Bennelong House
 9 Queen Street
 Melbourne, VIC 3000

Company Secretary

Dr Peter Nicholas Binks was Chief Executive Officer and Company Secretary from 1 September 2009 through 1 January 2015. Ms Renata Bernarde, Chief Executive Officer, was appointed Company Secretary from 1 January 2015 through 31 March 2015. Mrs Diane Cook, Finance Director, assumed the Company Secretary role effective 31 March 2015.

DIRECTORS' REPORT (continued)
COMPANY PARTICULARS (continued)

Members' guarantee

The Foundation is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Foundation is wound up, the liability of each member (during the time or within one year afterwards) is limited to \$20 dollars.

Proceeding on behalf of the Foundation

No person has applied to the Court under Section 237 of the Corporations Act 2001 for the leave to bring a proceeding on behalf of the Foundation, or to intervene in any proceeding 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.

Indemnification

The Foundation has agreed to indemnify the current and former directors and the Chief Executive Officer of the Foundation against all liabilities to another person (other than the Foundation or a related body corporate) that may arise from their position in the Foundation, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Foundation will meet the full amount of any such liabilities, including legal fees, costs and expenses.

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

Insurance premiums

During the financial year, the Foundation paid premiums to insure directors and officers of the Foundation. The professional liability insurance paid in respect of directors and officers for the year ended 30 June 2015 was \$3,603.

DIRECTORS' REPORT (continued)

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration in accordance with subdivision 60-c section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 1.

This report is made in accordance with a resolution of the directors:



Ms Jillian Segal AM
Chairman



Mrs Jan McCahey
Director and Chair: Finance, Risk and Audit Committee

Melbourne, 30 September 2015

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AUDITOR'S INDEPENDENCE DECLARATION

under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of General Sir John Monash Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'A. Cinanni', written over a horizontal line.

Antoni Cinanni
Partner

Melbourne

30 September 2015

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Ref.	2015 \$	2014 \$
Funding revenue	A1	6,859,539	3,196,900
Employee expenses		(485,493)	(324,798)
Scholarships awarded expenses	A2	(2,040,000)	(1,475,000)
Other expenses		(311,930)	(266,030)
Total operating expenses	A2	2,837,423	2,065,828
Results from operational activities		4,022,116	1,131,072
Finance income	B1	1,117,204	774,707
Finance expenses		-	(31,881)
Net financing income		1,117,204	742,826
Surplus before income tax expense		5,139,320	1,873,898
Income tax expense		-	-
Surplus for the year		5,139,320	1,873,898
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Net change in fair value of investments classified as fair value through other comprehensive income		-	615,026
Total comprehensive income for the year		5,139,320	2,488,924

The Statement of Surplus or Deficit and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Ref.	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	C1(ii)	2,535,606	5,144,869
Investments	B1,C1(ii)	2,735,538	-
Other receivables	C1(ii)	742,091	834,221
Total current assets		6,013,235	5,979,090
Non-current assets			
Investments	B1	20,055,018	14,141,975
Property, plant and equipment		5,741	4,949
Total non-current assets		20,060,759	14,146,924
Total assets		26,073,994	20,126,014
Current liabilities			
Trade and other payables	C1(iii)	1,548,593	1,202,740
Employee benefits		23,101	21,279
Total current liabilities	C1(iii)	1,571,694	1,224,019
Non-current liabilities			
Trade and other payables	C2	1,140,000	665,000
Employee benefits		5,472	19,487
Total non-current liabilities		1,145,472	684,487
Total liabilities		2,717,166	1,908,506
Net assets		23,356,828	18,217,508
Equity			
Retained surplus	D1	8,378,034	8,173,714
Endowment reserve	D1	13,335,000	8,400,000
Other reserves	D1	1,643,794	1,643,794
Total equity		23,356,828	18,217,508

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Endowment reserve	Retained surplus	Fair value reserve	Total
Ref.	\$	\$	\$	\$
Balance as at 30 June 2013	7,400,000	7,299,816	1,028,768	15,728,584
Surplus for the year	-	1,873,898	-	1,873,898
Other comprehensive income				
Realised gains on financial assets disposed during the year	B1	-	1,199,522	1,199,522
Net change in fair value of financial assets classified at fair value through other comprehensive income		-	(584,496)	(584,496)
Total comprehensive income		1,873,898	615,026	2,488,924
Transactions with members of the Foundation		-	-	-
Transfers to endowment reserve				
Capital donations	D1	(1,000,000)	-	-
Total transfers to endowment reserve		(1,000,000)	-	-
Balance as at 30 June 2014	8,400,000	8,173,714	1,643,794	18,217,508
Surplus for the year	-	5,139,320	-	5,139,320
Other comprehensive income				
Realised gains on financial assets disposed during the year		-	-	-
Net change in fair value of financial assets classified at fair value through other comprehensive income		-	-	-
Total comprehensive income		5,139,320	-	5,139,320
Transactions with members of the Foundation		-	-	-
Transfers to endowment reserve				
Capital donations	D1	(4,935,000)	-	-
Total transfers to endowment reserve		(4,935,000)	-	-
Balance as at 30 June 2015	13,335,000	8,378,034	1,643,794	23,356,828

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
Ref.	\$	\$
Cash Flows from operating activities		
Cash received from benefactors	6,859,539	3,296,900
Cash paid to suppliers, employees and scholars	(2,016,624)	(2,082,825)
Net cash provided by operating activities	4,842,915	1,114,075
Cash Flows from investing activities		
Acquisition of property, plant and equipment	(3,342)	(1,999)
Interest received	114,651	513,657
Dividends/investment income received	959,142	391,972
Proceeds from sale of investments	-	15,105,449
Acquisition of investments	(8,522,629)	(15,369,825)
Net cash provided from investing activities	(7,452,178)	639,254
Cash Flows from financing activities		
	-	-
Net increase(decrease) in cash and cash equivalents	(2,609,263)	1,753,329
Cash and cash equivalents at the beginning of the financial year	5,144,869	3,391,540
Cash and cash equivalents at the end of the financial year	2,535,606	5,144,869

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

A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?

This section explains the main sources of our revenue and expenditure and how those are measured in accordance with relevant accounting standards

A1. WHAT ARE OUR SOURCES OF REVENUE?

Our primary sources of revenue are from State and Federal Government grants, corporates, universities and the private philanthropic sectors. This revenue funds scholarships and other support provided to our scholars.

	2015	2014
	\$	\$
Revenue from operating activities		
Federal and State Governments	4,415,000	240,000
Universities	280,000	210,000
Corporates	738,000	1,275,000
Private donors	1,426,539	1,471,900
Total revenue from operating activities	<u>6,859,539</u>	<u>3,196,000</u>

What are the relevant accounting policies?

Grant revenue is recognised in accordance with AASB1004 Contributions when all the following contribution have been satisfied:

- a. The entity obtains control of the contribution or the right to receive the contribution
- b. It is probable that the economic benefits comprising the contribution will flow to the entity
- c. The amount of the contribution can be measured reliability

Contributions from the Government towards the Endowment Fund or Scholarship awards are recognised as income when the Foundation receives them or becomes entitled to receive them.

Donations and bequests to enable the Foundation to fulfil its objectives to select and award scholarships and administer its scholarship program are recognised as revenue when received.

A2. WHERE HAS THE FUNDING BEEN SPENT?

The Foundation's mission is to create awareness of the scholarships and raise funds for the selection of new Scholars. Additionally, as our Scholar base grows, we support and mentor the Scholar community both past and present. We have incurred the following expenses relating to these activities over the course of this financial year. Employee expenses have been allocated across the range of our activities.

	2015	2014
	\$	\$
Operating activities		
Scholarships and Scholar related expenses	2,374,957	1,671,766
Fundraising expenses	135,066	66,401
Promotion and profiling expenses	106,193	83,298
Administration expenses	221,207	244,363
Total expenditure from operating activities	2,837,423	2,065,828

Scholarships and scholar related expenses have enabled the following:

	2015	2014
	\$	\$
Scholarships awarded	2,040,000	1,475,000
Selection of Scholars expenses	117,097	80,021
Announcement and presentation of new Scholars	90,446	60,554
Ongoing support of Scholar community	127,414	56,191
Total Scholarships and Scholar related expenses	2,374,957	1,671,766

In 2015, 14 Scholarships were awarded across a diverse field of study and universities of study.

Scholarship Winner	Proposed Degree	University	Field of Study
Lydia Braunack-Mayer	Masters	ETH Zurich	Infectious Diseases
Dr Victoria Cox	Masters	Oxford	Public Health
Claire Daniel	Masters	Bartlett Faculty, University College, London	Urban Planning
Laura Diment	DPhil	Oxford	Engineering Science
Grace Keesing	BCL	Oxford	Law
Dr Dylan Morris	DPhil	Oxford	Stoke Prevention
Jack Muir	PhD	Cal Tech	Geophysics
Dr Brent O'Carrigan	PhD	Cambridge	Health
Hugh Passmore	Masters	Harvard	Public Policy
Macushla Robinson	Masters	New School for Social Research	Fine Arts
Alies Sluiter	Masters	Columbia	Fine Arts
Lauren Ward	DPhil	Salford	Engineering Science
Phoebe Williams	DPhil	Oxford	Paediatrics
Tom Williams	MBA	Chinese University of HK/ Tsing-Hua University	Finance

The 2015 John Monash Scholars' Announcement was held at the Sydney Opera House in November 2014. The Presentation Ceremony was held in Melbourne at the Shrine of Remembrance in February 2015.

B. WHAT RESOURCES DO WE HAVE AND HOW DO WE MANAGE THEM?

B1. INVESTMENTS

The Foundation continues to implement its conservative investment strategy focused on the protection of capital. We do this in order to minimise the risk of eroding the value of the Endowment reserve. We generate returns to enable the funds to be applied for the purpose they were contributed - to award scholarships.

	2015 \$	2014 \$
Current investments		
Term deposits (maturity greater than three months)	2,735,538	-
Total current investments	2,735,538	-
Non-current investments		
<i>Fair value through profit and loss</i>		
Managed funds	20,055,018	14,141,795
Total non-current investments	20,055,018	14,141,795

Income derived from Investments and other financial assets are as follows:

	2015 \$	2014 \$
Recognised in profit or loss		
Interest on term deposits and cash at bank	139,894	444,614
Distribution income	848,649	677,753
Dividend income	2,709	380,236
Net change in fair value of units in managed funds	125,952	(727,896)
Total finance income	1,117,204	774,707
Broker management fees	-	(31,881)
Total finance expenses	-	(31,881)
Net finance income	1,117,204	742,826
Recognised in other comprehensive income		
Realised gains on financial assets disposed during the year	-	1,199,522
Net change in fair value of financial assets classified as fair value	-	(584,496)
Net comprehensive income	-	615,026

For the whole of 2015, investments were held in Schrodgers Real Return CPI plus 5% managed fund as outlined below (*see C2 Financial Risk Management*) and measured at fair market value. In 2014, following a review of its investment strategy, the Foundation sold its portfolio of equity investments and its holdings of

listed fixed income and hybrid securities which were measured at fair value through other comprehensive income.

B1. INVESTMENTS (continued)

What are the relevant accounting policies?

Financial Instruments

Purchases of financial assets

The Foundation initially recognises financial assets on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument.

At initial recognition, the Foundation measures a financial asset at its fair value plus transaction costs that are directly attributable to the asset's acquisition. The Foundation subsequently measures investments in managed funds at fair value.

The Foundation does not enter into transactions involving derivative instruments

Financial assets measured at fair value

Investments in units in managed funds are measured at fair value and gains and losses on re-measurement are recognised in profit or loss.

Finance Income and Finance Costs

Finance income comprises interest income on funds invested, dividend and distribution income and movements in fair value of units in managed funds. Interest income is recognised as it accrues in profit and loss, using the effective interest method. Dividend and distribution income is recognised in profit and loss on the date that the Foundation's right to receive payment is established, which in the case of quoted securities is the ex-dividend or ex-distribution date.

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

This section explains the risk that the Foundation is exposed to, the policies we apply to reduce those risks and also provides the users with information on how we manage our working capital.

C1. CAPITAL MANAGEMENT

The Foundation's objectives when managing capital are to:

- Safeguard our ability to continue as a going concern to continue to provide scholarships, and
- Maintain an optimal capital structure to support efficient and effective operations.

(i) Working Capital

	2015 \$	2014 \$
Current assets	6,013,235	5,979,090
Current liabilities	(1,571,694)	(1,224,019)
Net current assets	4,441,541	4,755,071

(ii) Current Assets

	2015 \$	2014 \$
Cash and cash equivalents		
<i>Cash at bank</i>		
Cash management accounts	1,543,681	1,303,620
Interest bearing deposits (less than 3 months term)	991,925	3,841,249
Total cash and cash equivalents	2,535,606	5,144,869
Investments		
<i>Cash at bank</i>		
Interest bearing deposits > 3 months terms	2,735,538	-
Total investments	2,735,538	-
Other receivables		
Interest, dividend and distributions receivable	730,853	808,933
Prepayments	11,238	25,288
Total Other receivables	742,091	834,221

C1. CAPITAL MANAGEMENT (continued)

(iii) Current Liabilities

	2015	2014
	\$	\$
Trade and other payables	1,548,593	1,202,740
Employee entitlements	23,101	21,279
Total current liabilities	1,571,694	1,224,019

What are the relevant accounting policies?

Financial assets measured at amortised cost

A financial asset is to be measured at amortised cost using the effective interest method and net of any impairment loss, where

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest.

The Foundation's investments in term deposits and its receivables are measured at amortised cost as set out below.

Cash and cash equivalents

For cash flow statement presentation purposes, 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.

Term Deposits

Term deposits consist of eight term deposits held at financial institutions at 30 June 2015, have stated interest rates between 2.60% to 3.02% and mature in two to twelve months. Six of these term deposits have a maturity term of greater than three months and are classified as Investments.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. Other receivables are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Collectability of other receivables are reviewed on an ongoing basis.

Financial liabilities

The Foundation's liabilities comprise trade and other payables. The Foundation does not enter into transactions involving derivatives and thus has no derivative liabilities.

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. The Foundation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Foundation prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually settled within 30 days of recognition. Liability for scholarship stipends that are committed but unpaid as at the end of the financial period are included in trade and other payables. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. The carrying amount of the payable is deemed to reflect fair value. The Foundation derecognises trade and other payables when its contractual obligations are discharged or cancelled or expire.

Employee entitlements

Liabilities for wages and salaries, including superannuation contributions and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables and are measured at the amounts expected to be paid when the liability is settled.

C2. FINANCIAL RISK MANAGEMENT

The Foundation's activities expose it to a variety of financial risks: market risks (including price risk and interest rate risk) and liquidity risk. The Foundation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Foundation.

The Foundation provides payments to its Scholars in Australian dollars and therefore is not exposed to foreign currency risk on these payments. Scholarship stipends are reviewed from time to time to take into account changes in tuition fees.

The Foundation holds the following financial instruments:

	2015	2014
	\$	\$
Financial assets		
Cash and cash equivalents	2,535,606	5,144,869
Investments	22,790,556	14,141,975
Other receivables	742,091	834,221
Financial liabilities		
Trade and other payables		
Scholarship payments	2,655,000	1,837,500
Trade and other payables	33,593	30,240

Non-current investments are managed by a third party, Schrodgers, on behalf of the Foundation. In 2014, the Foundation purchased units in Schrodgers Real Return CPI plus 5% managed fund which targets an investment of 5% p.a. (pre fees) above Australian inflation over rolling three year periods. The Foundation's investment can be redeemed at the market value of the investment at the date of redemption less certain fees and charges.

The Investment Committee meets regularly to review the investment strategy and the portfolio's performance and makes changes as appropriate to ensure the Foundation can meet its obligations.

The liability for scholarship payments of \$ 2,655,000 includes \$1,515,000 which is payable within 12 months and is included in current liabilities in C1 (iii).

D. RESERVES

This section provides details of the reserves held, indicating the financial strength of the Foundation.

D1. RESERVES AND RETAINED SURPLUS

	2015 \$	2014 \$
Retained surplus		
Balance at 1 July	8,173,714	7,299,816
Net surplus for the year	5,139,320	1,873,898
Funds transferred to endowment reserve	(4,935,000)	(1,000,000)
Balance at 30 June	8,378,034	8,173,714
Other reserves		
Endowment reserve	13,335,000	8,400,000
Fair value reserve	1,643,794	1,643,794
Movements		
<i>Endowment reserve</i>		
Balance at 1 July	8,400,000	7,400,000
Perpetual sponsorships received	4,935,000	1,000,000
Balance at 30 June	13,335,000	8,400,000
<i>Fair value reserve</i>		
Balance at 1 July	1,643,794	1,028,768
Revaluation of financial assets	-	615,026
Transfer funds to profit and loss	-	-
Balance at 30 June	1,643,794	1,643,794

Fair value reserve

In 2014, following a review of its investment strategy, the Foundation sold its portfolio of equity investments and its holdings of listed fixed income and hybrid securities (which were measured at fair value through other comprehensive income) and purchased units in Schroders Real Return CPI plus 5% managed fund. The Foundation's investment can be redeemed at the market value of the investment at the date of redemption. Returns earned and changes in market value are recognised in profit and loss.

What are the relevant accounting policies?

Endowment reserve

We recognise government grants in accordance with AASB 1004 *Contributions* which requires government grants to be recognised as revenue when received.

The Foundation's policy is to transfer funds received which are provided for the specific purpose of a perpetual scholarship from Retained surplus to Endowment reserve.

E. OTHER INFORMATION

This section covers other information that is not directly related to items in the financial statements, including information about related party transactions, significant accounting policies not disclosed elsewhere and other statutory information.

E1. RELATED PARTIES

Directors

The names of persons who were directors of the Foundation at any time during this financial year and unless otherwise indicated were directors for the entire period:

Name		Appointed	Ceased
Dr Peter Nicholas Binks		25 August 2009	1 January 2015
Mr David Justin Clarke		18 February 2009	-
Professor Peter LePoer Darvall AO	National Panel Chair	10 March 2011	-
Mr Stephen Gerlach AM	Investment Committee Chair	13 October 2011	-
Ms (Sarah) Carolyn Hailes Kay		1 January 2015	-
Mr Leon Victor Kempler OAM		9 November 2010	-
Ms Lee Liberman		10 December 2014	-
Mrs Jan Elizabeth McCahey	Finance, Risk & Audit Committee Chair	6 March 2012	-
Professor Alan David Robson AO CitWA		5 October 2011	-
Ms Jillian Shirley Segal AM	Chairman	21 November 2008	-
Mr Steven Michael Skala AO	Deputy Chair	25 February 2010	-
Mrs Wendy Susan Simpson OAM		8 December 2014	-
Dr (Elizabeth) Jane Wilson		31 August 2009	-

Director and key management personnel compensation

Compensation paid or payable to directors of the Foundation is as follows:

	2015	2014
	\$	\$
Employee entitlements	234,121	196,310

Dr Peter Nicholas Binks, appointed Chief Executive Officer on 1 September 2009, resigned on 1 January 2015. Although Dr Binks was a director of the Foundation during the year, employee expenses paid to him, including superannuation and wages, represent expenses in relation to his role as Chief Executive Officer and therefore, do not represent wages in respect to directors' duties. Effective 1 January 2015, Renata Bernarde was appointed as Chief Executive Officer.

In 2011, Foundation Chairman Ms Jillian Segal AM formed the Chairman's Circle, a group of supporters which funds a Scholarship each year for five consecutive years. During the year the directors contributed \$116,000 in support of the Chairman's Circle. (2014: \$38,000).

Foundation Chairman Ms Jillian Segal AM and her husband Mr John Roth have committed to support a perpetual Scholarship to Harvard through a donation to the Foundation. \$1 million was received from them in 2015 (\$1 million in 2014). The selection of the Scholars for this Scholarship will be determined independently by the National Selection Panel and the funds are to be managed by the Foundation's Investment Committee.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Foundation since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end. The directors have not received fees for their services as directors.

E2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity

The General Sir John Monash Foundation (“the Foundation”) is a not-for-profit company limited by guarantee. The address of the Foundation’s registered office is Level 1 Bennelong House, 9 Queen Street, Melbourne, VIC 3000, Australia.

Share capital

As at 30 June 2015 there were 52 members, each with a liability of \$20 in the event of wind up. As a result the Foundation does not have any issued share capital.

Basis for preparation

The financial report is a Tier 2 general purpose financial report which has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-Profits Commission Act 2012.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except that investments in units in managed funds are measured at fair value.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Foundation’s functional currency.

Critical accounting estimates

The preparation of financial statements in conformity with AASBs requires management to use certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundations’ accounting policies. There are no critical accounting estimates and judgements as at 30 June 2015.

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 and in any future periods affected.

Income tax

The Foundation is a tax-exempt entity for the purposes of Division 50 of the Income Tax Assessment Act 1997. In addition, the Foundation is a rebateable employer for the purposes of section 65J of the Fringe benefits Assessment Act 1986

E2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

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

Depreciation is recognised in the profit and loss statement and is calculated using the straight line and diminishing cost basis over the estimated useful lives of each part of an item of property, plant & equipment as follows:

Office Equipment	2½ - 9 years
Sculpture	20 years

The residual value, the useful life and depreciation method applied to an asset are reassessed at each reporting date.

Employee provisions

Long-term service benefits

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period using the projected unit credit method. The entity provides for these benefits once an employee has had one year of continuous service. (The entity has a legal obligation after 7 years of continuous service)

Subsequent events

There are no significant events subsequent to year end which require reporting in the financial statements of the Foundation for the year ended 30 June 2015.

DIRECTORS' DECLARATION

In the opinion of the directors of The General Sir John Monash Foundation:

- 1) The financial statements and notes, set out on pages 1 to 16 are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
 - i) giving a true and fair view of the Foundation's financial position as at 30 June 2015 and of its performance for the financial year ended on that date
 - ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Australian Charities and Not-for-Profit Regulations 2012;
- 2) 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 accordance with a resolution of the directors.



Ms Jillian Segal AM
Chairman



Mrs Jan McCahey
*Director and Chair: Finance, Risk
and Audit Committee*



Independent auditor's report to the members of the General Sir John Monash Foundation

We have audited the accompanying financial report of the General Sir John Monash Foundation (the Foundation), which comprises the statement of financial position as at 30 June 2015, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes A to E comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Foundation.

This audit report has also been prepared for the members of the Foundation in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC).

Directors' responsibility for the financial report

The directors of the Foundation 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 and the ACNC 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. These Auditing 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 Foundation's preparation of the financial report that gives a true and fair view 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 Foundation'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 performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC, a true and fair view which is consistent with our understanding of the Foundation's financial position and of its performance.

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



Independent auditor's report to the members of the General Sir John Monash Foundation (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Auditor's opinion

In our opinion, the financial report of the General Sir John Monash Foundation is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Foundation's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

KPMG
KPMG

A handwritten signature in blue ink, appearing to read 'Antoni Cinanni'.

Antoni Cinanni
Partner

Melbourne

30 September 2015