General Sir
John Monash
Foundation

ABN 78 099 065 184

AUDITED ANNUAL FINANCIAL REPORT

30 JUNE 2016

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 2016, and the auditor's report thereon.

DIRECTORS

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

Name		Appointed	Ceased
Mr David Justin Clarke		18 February 2009	19 November 2015
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	-
Dr Mark Schembri		29 February 2016	
Ms Jillian Shirley Segal AM	Chairman	21 November 2008	-
Mr Steven Michael Skala AO	Deputy Chair	17 May 2010	-
Mrs Wendy Susan Simpson OAM		8 December 2014	-
Dr (Elizabeth) Jane Wilson		9 September 2010	-

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.

John Monash Scholars

There are now 127 Scholars who have been awarded a John Monash Scholarship. 85 of the Scholars have completed their studies with 51 Scholars now in Australia in positions in industry, government, or academia.

The alumni of John Monash Scholars meet regularly both in Australia and overseas. In 2016, Scholars' events were held in Melbourne, Sydney, Brisbane, Adelaide, Oxford, Washington, New York, Boston and London.

John Monash Scholarship Recipients 2016

17 John Monash Scholarship winners were selected from the 327 applications received. The announcement of the new Scholars was held at the Sydney Opera House in November 2015 and the Presentation Ceremony was held in February 2016 at the Shrine of Remembrance, (Melbourne)attended by His Excellency General The Honourable Sir Peter Cosgrove, AK MC (Retd).

DIRECTORS' REPORT (continued)

A REVIEW OF OUR OPERATIONS FOR FY16

Overall financial position

The Foundation has maintained a strong financial position with equity (net assets) of $28.0m (FY15: $23.4m). Total assets of $31.2m (FY15: $26.1m) 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 2016 amounted to $4.7m (FY15: $5.1m). These results include significant financial support for scholarships from the Federal Government and the Victorian Government along with donations from corporate, philanthropic and private donors. During 2016 $4.5m (FY15: $4.9m) was transferred 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 $8.9m to ensure that it can continue to offer Scholarships to Australians. In 2016, the Foundation received the following commitments from the government and private sectors:

- The Federal Government (Department of Veteran Affairs) has continued its support of the Foundation with the grant of a perpetual scholarship to honour the ANZAC Centenary;
- The Victorian Government has committed to support a perpetual scholarship to be awarded to Victorian residents commencing in 2018;
- The Lee Liberman Foundation provided support for the John Monash Scholars Community Program and was the major donor of the 1st Scholar Symposium held in the UK in April 2016;
- University of Adelaide and UNSW agreed to join the Australian Universities Consortium; taking the total number of universities involved to fifteen;
- Two new donors: Susan and Isaac Wakil Foundation and Michael Gannon have funded three three-year scholarships and one three-year scholarship respectively;
- The Ian Potter Foundation funded a three-year scholarship;
- Woodside Energy Ltd has continued its support of the Foundation with a commitment for a further three years;
- The Chairman's Circle of private individuals expanded in the last 12 months to 22 members.

These outcomes, together with current committed supporters and income from our Endowment Fund will enable the Foundation to continue to award a minimum of ten Scholarships per year.

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. This year there has been a general decline in the value of market investments which has been reflected in the Foundation's portfolio valuation. Interest rates on term deposits remain low.

DIRECTORS' REPORT (continued)
A REVIEW OF OUR OPERATIONS FOR FY16 (continued)

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.

Likely developments

The Foundation will continue to raise funds for and administer its postgraduate scholarships through FY2016/17. It is anticipated that:

- The Board will combine the Investment Committee and the Finance, Risk and Audit Committee to enable its focus on the investment strategy of the Foundation to be integrated with its focus on finance and risk.
- 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 directors' meetings (including meetings of Board committees) held during the year ended 30 June 2016 and the number of meetings attended by each director.

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

[1] A = number of meetings eligible to attend

[2] B= number of meetings attended

COMPANY PARTICULARS

Registered office

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

DIRECTORS' REPORT (continued)
COMPANY PARTICULARS (continued)

Company Secretary

Mrs Diane Cook, Finance Director, was Company Secretary from 31 March 2015 through 7 June 2016. Mr George Halyer Rayner, Finance and Operations Manager, assumed the Company Secretary role effective 7 June 2016.

Members' guarantee

The Foundation is a company limited by guarantee incorporated under the Corporations Act 2001. If the Company is wound up, each member is required to contribute a maximum of $20 towards meeting any outstanding obligations of the Company.

Indemnification

The Foundation has agreed to indemnify the current and former directors and senior officers 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 2016 was $3,904, (FY15: $3,603).

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

5 September 2016

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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 2016 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

Antoni Cinanni
Partner

Melbourne

5 September 2016

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STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Ref.	2016 $	2015 $
Funding revenue	A1	**6,726,440**	6,859,539
Employee expenses		**(469,437)**	(485,493)
Scholarships awarded	A2	**(1,830,000)**	(2,040,000)
Other expenses		**(330,344)**	(311,930)
Total operating expenses	A2	**(2,629,781)**	(2,837,423)
Results from operational activities		**4,096,659**	4,022,116
Finance income	B1	**593,333**	1,117,204
Finance expenses		**-**	-
Net financing income		**593,333**	1,117,204
Surplus before income tax expense		**4,689,992**	5,139,320
Income tax expense		**-**	-
Surplus for the year		**4,689,992**	5,139,320
Other comprehensive income		**-**	-
Total comprehensive income for the year		**4,689,992**	5,139,320

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 2016

	Ref.	2016 $	2015 $
Current assets			
Cash and cash equivalents	C1(ii)	**3,590,435**	2,535,606
Investments	B1,C1(ii)	**2,337,887**	2,735,538
Other receivables	C1(ii)	**1,008,652**	742,091
Total current assets		**6,936,974**	6,013,235
Non-current assets			
Investments	B1	**24,222,450**	20,055,018
Property, plant and equipment		**5,306**	5,741
Total non-current assets		**24,227,756**	20,060,759
Total assets		**31,164,730**	26,073,994
Current liabilities			
Trade and other payables	C1(iii)	**1,685,013**	1,548,593
Employee benefits		**41,389**	23,101
Total current liabilities	C1(iii)	**1,726,402**	1,571,694
Non-current liabilities			
Trade and other payables		**1,382,500**	1,140,000
Employee benefits		**9,008**	5,472
Total non-current liabilities		**1,391,508**	1,145,472
Total liabilities		**3,117,910**	2,717,166
Net assets		**28,046,820**	23,356,828
Equity			
Retained surplus	D1	**10,211,820**	8,378,034
Endowment reserve	D1	**17,835,000**	13,335,000
Other reserves	D1	**-**	1,643,794
Total equity		**28,046,820**	23,356,828

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 2016

	Ref.	Endowment reserve $	Retained surplus $	Fair value reserve $	Total $
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		-	-	-	-
Total comprehensive income		-	5,139,320	-	5,139,320
Transfers to endowment reserve					
Capital donations	D1	4,935,000	(4,935,000)	-	-
Total transfers to endowment reserve		4,935,000	(4,935,000)	-	-
Balance as at 30 June 2015		**13,335,000**	**8,378,034**	**1,643,794**	**23,356,828**
Surplus for the year		-	4,689,992	-	4,689,992
Other comprehensive income					
Total comprehensive income		-	4,689,992	-	4,689,992
Transfers to surplus or deficit					
Transfers from fair value reserve	D1	-	1,643,794	(1,643,794)	-
Total transfers to surplus or deficit		-	1,643,794	(1,643,794)	-
Transfers to endowment reserve					
Capital donations	D1	4,500,000	(4,500,000)	-	-
Total transfers to endowment reserve		4,500,000	(4,500,000)	-	-
Balance as at 30 June 2016		**17,835,000**	**10,211,820**	-	**28,046,820**

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 2016

	Ref.	2016 $	2015 $
Cash Flows from operating activities			
Cash received from benefactors	A1	**6,726,440**	6,859,539
Cash paid to suppliers, employees and scholars		**(2,235,416)**	(2,016,624)
Net cash provided by operating activities		**4,491,024**	4,842,915
Cash Flows from investing activities			
Acquisition of property, plant and equipment		**(2,926)**	(3,342)
Interest received		**131,259**	114,651
Dividends/investment income received		**970,782**	959,142
Acquisition of investments		**(4,535,310)**	(8,522,629)
Net cash provided from investing activities		**(3,436,195)**	(7,452,178)
Cash Flows from financing activities		**-**	-
Net increase(decrease) in cash and cash equivalents		**1,054,829**	(2,609,263)
Cash and cash equivalents at the beginning of the financial year		**2,535,606**	5,144.869
Cash and cash equivalents at the end of the financial year		**3,590,435**	2,535,606

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 items of 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.

	2016	2015
	$	$
Revenue from operating activities		
Federal and State Governments	**4,560,000**	4,415,000
Universities	**220,000**	280,000
Corporates	**725,000**	738,000
Private donors	**1,221,440**	1,426,539
Total revenue from operating activities	**6,726,440**	6,859,539

What are the relevant accounting policies?

Grant revenue is recognised in accordance with AASB1004 Contributions when all the following criteria 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; and

c. The amount of the contribution can be measured reliably.

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.

	2016	2015
	$	$
Operating activities		
Scholarships and Scholar related expenses	**2,153,513**	2,374,957
Fundraising, promotion and profiling expenses	**220,098**	241,259
Administration expenses	**256,170**	221,207
Total expenditure from operating activities	**2,629,781**	2,837,423

Scholarships and scholar related expenses have enabled the following:

	2016	2015
	$	$
Scholarships awarded	**1,830,000**	2,040,000
Scholar selection process	**98,176**	117,097
Announcement and presentation of new Scholars	**84,622**	90,446
Ongoing support of Scholar community	**140,715**	127,414
Total Scholarships and Scholar related expenses	**2,153,513**	2,374,957

In 2016, 17 Scholarships were awarded across a diverse field of study and universities of study.

Scholarship Winner	Proposed Degree	University	Field of Study
Arjuna Dibley	Masters	Stanford	Law
Stephen Dietz	Masters	Columbia	Law (International Trade)
Giles Dunseath-Hamilton	Masters	Oxford	Resource Economics & Policy
Reuben Finighan	DPhil / PhD	London School of Economics	Behavioural Economics
Andrew Frampton	MPhil	Oxford	Music
Michael Grebla	Masters	New England Conservatory	Music
Eloise Hamilton	Masters	Oxford	Mathematics
Emma Howard	MPhil / PhD	Oxford	Atmospheric Physics
Katherine Manstead	DPhil	Harvard	Regulation of the Sharing Economy
Timothy Matthews	Masters	Cambridge	Law (Justice)
Abigael Mawby	Masters	Columbia	Law (Corruption)
Harriet Mercer	PhD	Oxford	History
Anirudh Mukkavilli	Masters	INSEAD	Business
Jacqueline Pitt	Masters	Columbia	Law (Family Violence)
Harrison Steel	PhD	Oxford	Biology
Samuel Williams	PhD	Cambridge	Creative Writing
Sasha Zegenhagen	Masters	London School of Health & Tropical Medicine	Health Policy and Financing

The 2016 John Monash Scholars' Announcement was held at the Sydney Opera House in November 2015. The Presentation Ceremony was held in Melbourne at the Shrine of Remembrance in February 2016.

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. Our objective is to generate returns to enable the funds to be applied for the purpose they were contributed - to award scholarships.

	2016 $	2015 $
Current investments		
Term deposits (maturity greater than three months)	**2,337,887**	2,735,538
Total current investments	**2,337,887**	2,735,538
Non-current investments		
Fair value through profit and loss		
Managed funds	**24,222,450**	20,055,018
Total non-current investments	**24,222,450**	20,055,018

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

	2016 $	2015 $
Recognised in profit or loss		
Interest on term deposits and cash at bank	**145,087**	139,894
Distribution income and Imputation credits	**1,213,775**	851,358
Net change in fair value of units in managed funds	**(765,529)**	125,952
Total finance income	**593,333**	1,117,204

Investments were held in Schroders Real Return CPI plus 5% managed fund as outlined below (*see C2 Financial Risk Management*) and measured at fair market value. In 2016 the fair value of our investment portfolio was adversely affected by the general decline in the market values of similar investment portfolios.

B1. INVESTMENTS (continued)

What are the relevant accounting policies?

Financial Instruments

Purchases of financial assets

Financial assets are recognised by the Foundation 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. The fair value of these investments in listed securities has been determined by reference to published price quotations in an active market.

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

	2016 $	2015 $
Current assets	**6,936,974**	6,013,235
Current liabilities	**(1,726,402)**	(1,571,694)
Net current assets	**5,210,572**	4,441,541

(ii) Current Assets

	2016 $	2015 $
Cash and cash equivalents		
Cash at bank		
Cash management accounts	**732,424**	1,543,681
Interest bearing deposits (less than 3 months term)	**2,858,011**	991,925
Total cash and cash equivalents	**3,590,435**	2,535,606

	2016 $	2015 $
Investments		
Cash at bank		
Interest bearing deposits > 3 months terms	**2,337,887**	2,735,538
Total investments	**2,337,887**	2,735,538

	2016 $	2015 $
Other receivables		
Interest, dividends and distributions receivable	**994,583**	730,853
Prepayments	**14,069**	11,238
Total other receivables	**1,008,652**	742,091

C1. CAPITAL MANAGEMENT (continued)

(iii) Current Liabilities

	2016 $	2015 $
Trade and other payables	**1,685,013**	1,548,593
Employee entitlements	**41,389**	23,101
Total current liabilities	**1,726,402**	1,571,694

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 12 term deposits held at financial institutions. At 30 June 2016, they have stated interest rates between 2.70% to 3.00% and mature in two to twelve months. Four 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 taking into account changes in tuition fees and other factors.

The Foundation holds the following financial instruments:

	2016	2015
	$	$
Financial assets		
Cash and cash equivalents	**3,590,435**	2,535,606
Investments	**26,560,337**	22,790,556
Other receivables	**1,008,652**	742,091
Financial liabilities		
Trade and other payables		
Scholarship payments (i)	**3,015,936**	2,655,000
Other	**51,577**	33,593

Non-current investments are managed by Schroders, on behalf of the Foundation and comprise units in Schroders 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. The Committee makes changes as appropriate to ensure the Foundation can meet its obligations.

(i) The liability for scholarship payments of $3,015,936 includes $1, 633,436 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

	2016 $	2015 $
Retained surplus		
Balance at 1 July	**8,378,034**	8,173,714
Net surplus for the year	**4,689,992**	5,139,320
Funds transferred from fair value reserve	**1,643,794**	-
Funds transferred to endowment reserve	**(4,500,000)**	(4,935,000)
Balance at 30 June	**10,211,820**	8,378,034
Other reserves and movements		
Endowment reserve		
Balance at 1 July	**13,335,000**	8,400,000
Funds transferred from Retained surplus	**4,500,000**	4,935,000
Balance at 30 June	**17,835,000**	13,335,000
Fair value reserve		
Balance at 1 July	**1,643,794**	1,643,794
Transfer funds to retained surplus	**(1,643,794)**	-
Balance at 30 June	**-**	1,643,794
Total Equity		
Retained surplus	**10,211,820**	8,378,034
Endowment reserve	**17,835,000**	13,335,000
Fair value reserve	**-**	1,643,794
	28,046,820	23,356,828

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
Mr David Justin Clarke		18 February 2009	19 November 2015
Professor Peter LePoer Darvall AO		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	-
Dr Mark Schembri		29 February 2016	-
Ms Jillian Shirley Segal AM	Chairman	21 November 2008	-
Mr Steven Michael Skala AO	Deputy Chair	17 May 2010	-
Mrs Wendy Susan Simpson OAM		8 December 2014	-
Dr (Elizabeth) Jane Wilson		9 September 2010	-

Director and Key management personnel compensation

	2016	2015
	$	$
No income was paid or payable to any director by the company and any related entity for their services as directors.	**Nil**	Nil
Employee entitlements	**239,563**	234,121

Directors and Related Entities

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 $106,000 in support of the Chairman's Circle (2015: $116,000).

The Foundation Chairman, Ms Jillian Segal AM and her husband Mr John Roth have established a perpetual scholarship to Harvard University through a donation to the Foundation's Endowment. As with the other scholars the selection of the scholars for this Scholarship is determined by the National Selection Panel and the Foundation's Endowment is managed by the Foundation's Investment Committee.

The Lee Liberman Foundation which is chaired by Ms Lee Liberman contributed $85,000 in 2016 to support the Foundation's Scholars and Alumni programs.

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.

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 Ground Floor, Bennelong House, 9 Queen Street, Melbourne, VIC 3000, Australia.

Share capital

The Company is a company limited by guarantee and does not have share capital. If the Company is wound up, the Constitution states each member is required to contribute a maximum of $20 towards meeting any outstanding obligations of the Company. There were 53 members at 30 June 2016 (FY15: 52 members).

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 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 2016.

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

A provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date as follows:

Short-term employee benefits

Employee benefits that are expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long-term employee 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. The entity provides for these benefits once an employee has had one year 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 2016.

DIRECTORS' DECLARATION

In the opinion of the directors of The General Sir John Monash Foundation (the 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 2016 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 2013;
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 on 5 September 2016 in 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 2016, and 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. The Directors' responsibility also includes such internal control as the Directors determine 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.

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 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.

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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:

a) giving a true and fair view of the Foundation's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013.*

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Antoni Cinanni
Partner

Melbourne

5 September 2016