



# **GLOBAL MASTERS FUND LIMITED**

ACN 109 047 618

## **APPENDIX 4E STATEMENT**

### **Preliminary Final Report**

**For the year ended 30 June 2016**

**(Previous corresponding period is year ended 30 June 2015)**

## **CONTENTS**

- **Results for announcement to the market**
- **Commentary on results for the period**
- **Appendix 4E Accounts**

# Appendix 4E

## Preliminary Final Report

12 months ended 30 June 2016

Herewith please find information for **Global Masters Fund Limited** in respect of the financial year ended 30 June 2016:

1. The current reporting period - year ended 30 June 2016  
Previous reporting period - year ended 30 June 2015

## Results for announcement to the market

The preliminary results are based on audited financial statements

- 2.1 Revenue from ordinary activities for the year was \$ 250,384 – an increase of 25.02% (\$ 200,274) over the previous year. Income from investments was slightly down but a gain on the sale of some BRK shares increased the profit over the prior year by \$ 55,398.
  - 2.2 The profit before tax for 2016 year was \$ 1,045 compared to a profit in the prior year of \$15,193. There is no tax expense in either year.
  - 2.3. N/A
  - 2.4 N/A
  - 2.5 N/A
  - 2.6 Whilst the profit was less than the prior year the cash balance remained much the same and the Net Assets of the Company increased due to the weak Australian dollar and the increase in the market value of the investments. Expenses were higher in the current year because the fees paid to Directors were increased to bring them into line with what the market pays Directors of listed companies of this size. The details of Directors' fees are contained in the Remuneration Report, which is in the Annual Report of the Company for 2016 year. Total fees were still less than those approved by Shareholders some years ago.
  3. Statement of Comprehensive Income for the year ended 30 June 2016
  4. Statement of Financial Position together with notes for the year ended 30 June 2016
  5. Statement of Cash flows together with notes for the year ended 30 June 2016
  6. Statement of Changes in Equity for the year ended 30 June 2016
  7. No dividends have been paid
  8. N/A
- |   | 2016     | 2015     |
|---|----------|----------|
| 9. Net tangible assets per share (cents)<br>after estimated tax on unrealised gains | 157.44 c | 149.96 c |
| 10. N/A   |          |          |
| 11. N/A   |          |          |
| 12. None  |          |          |
| 13. N/A   |          |          |
| 14. The report is based on audited accounts   |          |          |

## Commentary on the results for the period

### The earnings per security and nature of any dilution aspects:

Earnings per share was 0.01 cents (2015: 0.18 cents)

### Net Tangible Assets per security:

The Company's net tangible assets per security are as follows:

	2016	2015
Net tangible assets per share (cents)		
after estimated tax on unrealised gains	157.44 c	149.96 c

### Return to shareholders including distribution buy backs:

No dividends were declared or paid by the Company and the Company did not undertake any share buy backs during the year ended 30 June 2016.

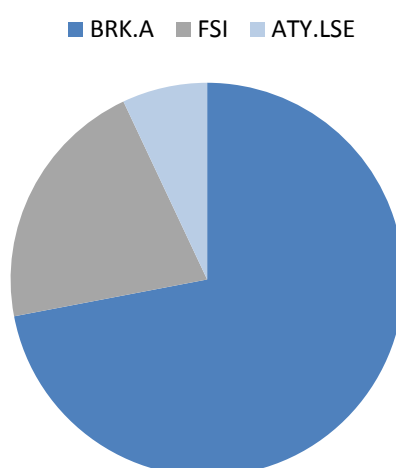
### Final dividend distributions:

None

### Significant features of operating performance:

The Company reported a profit for the year of \$ 1,045 as compared to a profit of \$ 15,193 in the prior year. This was achieved due to an increase in dividend income and a gain made on the disposal of Berkshire Hathaway shares and Flagship Investments to acquire more shares in Athelney Trust. Comprehensive income increased for the year due to unrealised gains on available-for-sale financial assets after allowing for tax. Cash flows improved due to an increase in dividend income. Whilst the profit was less than the prior year the cash balance remained much the same and the Net Assets of the Company increased due to the weak Australian dollar and the increase in the market value of the investments. Expenses were higher in the current year because the fees paid to Directors were increased, to bring them into line with what the market pays Directors of listed companies of this size. The details of Directors' fees are contained in the Remuneration Report which is in the Annual Report of the Company for 2016 year. Total fees were still less than those approved by Shareholders some years ago.

## Major Investments June 2016



### The result of segmental analysis that is significant to an understanding of the business as a whole:

The Company is domiciled and incorporated in Australia.

The Company's principal activity is investment in Listed Investment Companies (LICs), principally Berkshire Hathaway Inc, listed on the New York Stock Exchange (72%), Athelney Trust plc listed on the London Stock Exchange (7%) and other securities in Australia (21%).

A discussion of trends in performance:

The performance of the Company is influenced largely by global conditions, but the Directors believe that the strategy put in place some time ago, to reduce investments in fixed interest securities and invest in dividend paying investments, has proved correct.

Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:

Factors that may influence or affect future results either favourably or unfavourably include:

- Movements in foreign currency exchange rates – the Company does not take forward cover
- Movements in share prices on the Stock Exchanges in New York, London and Australia

The Net Asset Value per share at 30 June 2016 increased due to the increase in the value of its investments and a weaker Australian dollar at year end.

15. The Annual Financial Statements of the Company for the year ended 30 June 2016 have been audited and an unqualified audit report has been issued.

*Attached are the financials from the Annual Report 2016.*

## Appendix 4E Accounts

### FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
 FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Revenue	5	<b>250,384</b>	200,274
Other expenses	6	<b>(249,339)</b>	(185,081)
<b>Profit before income tax</b>		<b>1,045</b>	15,193
Income tax expense	7	-	-
<b>Profit for the year</b>		<b>1,045</b>	15,193

#### Other Comprehensive Income, net of income tax

Items that will not be reclassified subsequently to profit & loss when specific conditions are met

Changes in fair value of available-for-sale Financial Assets		<b>642,079</b>	1,493,997
<b>Other Comprehensive Income for the year, net of tax</b>		<b>642,079</b>	1,493,997
<b>Total Comprehensive Income for the year</b>		<b>643,124</b>	1,509,190

#### Earnings per share:

		Cents	Cents
Basic earnings per share	16	<b>0.01</b>	0.18
Diluted earnings per share	16	<b>0.01</b>	0.18

#### Comprehensive Income:

Earnings per share	16	<b>7.50</b>	17.59
--------------------	----	-------------	-------

*The accompanying notes form part of these financial statements.*

# FINANCIAL REPORT

## GLOBAL MASTERS FUND LIMITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	8	56,302	53,766
Trade and Other Receivables	9	1,787	1,321
Other assets	11	6,575	7,824
<b>TOTAL CURRENT ASSETS</b>		<b>64,664</b>	62,911
<b>NON-CURRENT ASSETS</b>			
Financial Assets	10	15,078,717	14,233,144
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,078,717</b>	14,233,144
<b>TOTAL ASSETS</b>		<b>15,143,381</b>	14,296,055
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	12	13,407	12,475
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,407</b>	12,475
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liabilities	13	1,623,812	1,420,542
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>1,623,812</b>	1,420,542
<b>TOTAL LIABILITIES</b>		<b>1,637,219</b>	1,433,017
<b>NET ASSETS</b>		<b>13,506,162</b>	12,863,038
<b>EQUITY</b>			
Issued Capital	14	8,609,085	8,609,085
Reserves	15	5,463,876	4,821,797
Accumulated losses		(566,799)	(567,844)
<b>TOTAL EQUITY</b>		<b>13,506,162</b>	12,863,038

The accompanying notes form part of these financial statements.

# FINANCIAL REPORT

## GLOBAL MASTERS FUND LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

<b>2015</b>	<b>Note</b>	<b>Issued Securities \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2014</b>		8,609,085	(583,037)	3,327,800	11,353,848
Profit for the Year		-	15,193	-	15,193
<b>Other comprehensive income</b>					
- Changes in fair value of available-for-sale financial assets		-	-	1,493,997	1,493,997
<b>Total comprehensive income for the year</b>		-	15,193	1,493,997	1,509,190
<b>Balance at 30 June 2015</b>		8,609,085	(567,844)	4,821,797	12,863,038

<b>2016</b>	<b>Note</b>	<b>Issued Securities \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2015</b>		8,609,085	(567,844)	4,821,797	12,863,038
Profit for the Year		-	1,045	-	1,045
<b>Other comprehensive income</b>					
- Changes in fair value of available-for-sale financial assets		-	-	642,079	642,079
<b>Total comprehensive income for the year</b>		-	1,045	642,079	643,124
<b>Balance at 30 June 2016</b>		8,609,085	(566,799)	5,463,876	13,506,162

*The accompanying notes form part of these financial statements.*

# FINANCIAL REPORT

## GLOBAL MASTERS FUND LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest, distributions and dividends received		<b>194,918)</b>	(197,441)
Payments to suppliers and employees		<b>(247,622)</b>	(184,751)
Net cash provided by/(used in) operating activities	23	<b>(52,704)</b>	12,690
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of FSI		<b>56,926</b>	52,685
Proceeds from sale of Berkshire Hathaway		<b>93,799</b>	-
Proceeds from sale of Colonial First State Units		<b>2,149</b>	-
Purchase of shares in Athelney Trust Plc		<b>(97,634)</b>	(150,078)
		<b>55,240</b>	(97,393)
Net increase/(decrease) in cash and cash equivalents held		<b>2,536</b>	(84,703)
Cash and cash equivalents at the beginning of the year		<b>53,766</b>	138,469
Cash and cash equivalents at end of year	8	<b>56,302</b>	53,766

*The accompanying notes form part of these financial statements.*



# FINANCIAL REPORT

## GLOBAL MASTERS FUND LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The functional and presentation currency of Global Masters Fund Limited is Australian dollars. Its shares are publicly traded on the Australian Stock Exchange ("ASX").

### 1. BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements and associated notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

#### Interest Revenue

Interest is recognised using the effective interest method

#### Dividend Revenue

Dividends are recognised when the entity's right to receive payment is established.

#### (b) Income Tax

The income tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### (c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (d) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (e) Financial Instruments

##### Financial Assets At Fair Value Through Profit Or Loss

Financial assets at fair value through Profit or Loss are Financial Instruments convertible in to Equity Instruments. A financial asset is classified in this category if it is so designated by management and within the requirement of AASB 9 Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the period in which they arise.

# FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2016

## **(e) Financial Instruments** *(continued)*

### **Financial Assets At Fair Value Through Other Comprehensive Income**

The Company is a long-term investor in equity instruments. Under AASB 9, these investments are classified as fair value through Other Comprehensive Income. After initial recognition at fair value (being cost), the Company has elected to present in Other Comprehensive Income changes in fair value of equity instruments investments.

Unrealised gains and losses on investments are recognised in the Asset Revaluation Reserve until the investment is sold or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Profit and Loss Statement.

The Company derecognises an investment when it is sold or it transfers the investment and the transfer qualifies for derecognition in accordance with AASB 9. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the revaluation reserve to the realisation reserve.

### **Available-For-Sale Financial Assets**

These investments are measured at fair value.

Unrealised gains and losses arising from changes in the fair value of these assets are taken directly to Other Comprehensive Income and accumulated in Equity.

When these financial Assets are sold, the accumulated fair value adjustments are reclassified from Equity to the profit or loss as gains and losses on sale.

Available-For-Sale Financial assets are assessed at each reporting date to determine whether there is an objective evidence that it is impaired. In the case of Available-For-Sale Financial Instruments, a significant or prolonged decline in the value of the instruments below cost is considered to be evidence of whether or not impairment has arisen.

Any cumulative impairment loss in respect of an Available-For-Sale Financial Asset previously recognised in equity is reclassified to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For Available-For-Sale Financial Assets that are debt securities, the reversal is recognised in profit or loss. For equity securities, the reversal is recognised in Other Comprehensive Income.

### **Loans and Receivables**

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trades receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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) are considered indicators that the trade receivable is impaired.

The amount of the provision is the different between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss in other expenses.

### **Fair Value Estimation**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current bid price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

## **(f) Trade And Other Payables**

Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

## **(g) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### **Provisions for Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## **(h) Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects

# FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

## (i) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	
Effective Date	Changes to the classification and measurement requirements for financial assets and financial liabilities
31 July 2016	The impact of AASB 9 did not have a material impact on the Company

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

### (a) Key Estimates

There are no key assumptions or sources of estimation uncertainty that have a risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period as investments are carried at their market value.

### (b) Key Judgements

The preparation of financial reports in conformity with Australian Account Standards require the use of certain critical accounting estimates. This requires the Board to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112 Income Taxes, deferred tax liabilities and deferred tax assets have been recognised for Capital Gains Tax (CGT) on the unrealised gains/losses in the investment portfolio at current tax rates.

As the Directors do not intend to dispose of the portfolio, the tax liability/benefit may not be crystallised at the amount disclosed in Note: 13. In addition, the tax liability/benefit that arises on the disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains/losses at the time of disposal.

The Company has an investment process which is anticipated will deliver medium to long-term capital growth - minimum investment period is three to five years.

The deferred tax asset has been carried forward as it believed that this process will deliver growth over this period to utilise the deferred tax asset.

The Company does not hold any securities for short term trading purposes. Therefore the investment portfolio is classified as Financial Assets at fair value through Other Comprehensive Income.

## 4. OPERATING SEGMENTS

### Segment Information

The Company operates in the investment industry. Its core business focuses on investing in Australian equities to achieve medium to long-term capital growth and income.

Operating segments have been determined on the basis of reports reviewed by the Managing Director. The Managing Director is considered to be the chief operating decision maker of the Company. The Managing Director considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The Managing Director considers the business to consist of just one reportable segment.

# FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>5. REVENUE AND OTHER INCOME</b>			
Dividends Received		194,749	197,237
Distributions Received		74	4
Interest Received		95	200
Gain on sale of Flagship Investments		2,510	2,833
Gain on Sale of Berkshire Hathaway		55,398	-
Realised Foreign Exchange Loss		(3,178)	-
Gain on Sale of Colonial Units		736	-
		<b>250,384</b>	<b>200,274</b>
<b>6. OTHER EXPENSES</b>			
ASX and Share Registry costs		17,695	18,380
Administration Costs		231,645	166,700
		<b>249,340</b>	<b>185,080</b>
<b>7. INCOME TAX EXPENSE</b>			
<b>(a) Reconciliation of income tax to accounting profit</b>			
Accounting profit before tax		1,045	15,193
Prima facie tax payable on ordinary activities before income tax rate at 30% (2015 - 30%)		313	4,558
<b>Income tax expense</b>		<b>313</b>	<b>4,558</b>
<b>Tax losses not recognised</b>			
		(313)	(4,558)
Tax expense shown in profit and loss statement		-	-
<b>8. CASH AND CASH EQUIVALENTS</b>			
Cash at bank and on hand		55,684	51,028
Short-term deposits		618	2,738
<b>Balance as per Statement of Cash Flows</b>		<b>56,302</b>	<b>53,766</b>
<b>Reconciliation of cash</b>			
Cash and Cash Equivalents reported in the Statement of Cash Flows are reconciled to the equivalent items in the Statement of Financial Position as follows:			
Cash and Cash Equivalents		56,302	53,766
<b>9. TRADE AND OTHER RECEIVABLES</b>			
<b>CURRENT</b>			
GST receivable		1,787	1,321
<b>Total current trade and other receivables</b>		<b>1,787</b>	<b>1,321</b>

# FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>10. OTHER FINANCIAL ASSETS</b>		
(a) Available-for-sale Financial Assets comprise		
Listed investments, at fair value		
Shares in other Corporations	15,078,174	14,230,352
	<u>15,078,174</u>	<u>14,230,352</u>
Unlisted investments, at fair value	543	2,892
	<u>543</u>	<u>2,892</u>
<b>Total Available-for-sale Financial Assets</b>	<u>15,078,717</u>	<u>14,233,144</u>
<b>11. OTHER ASSETS</b>		
CURRENT		
Prepayments	6,575	7,824
	<u>6,575</u>	<u>7,824</u>
<b>12. TRADE AND OTHER PAYABLES</b>		
CURRENT		
Trade payables	1,931	-
Accrued expenses	11,476	12,475
	<u>13,407</u>	<u>12,475</u>
<b>13. NON CURRENT LIABILITIES</b>		
Deferred tax liabilities	1,623,812	1,420,542
Comprises tax on unrealised gains on currency exchange and market fluctuations of listed investments.		
<b>14. ISSUED CAPITAL</b>		
8,578,596 (2015: 8,578,596 ) Ordinary Shares	<u>8,609,085</u>	<u>8,609,085</u>
<b>15. RESERVES</b>		
(a) Revaluation Reserve		
The investment revaluation reserve is used to accumulate unrealised capital profits and losses. The reserve can only be used in limited circumstances for payment of dividends.		

# FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2016

	2015 \$	2015 \$
<b>16. EARNINGS PER SHARE</b>		
Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.		
Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.		
Net gain (loss) used in calculating basic and diluted earnings per share	<b>1,045</b>	15,193
Total comprehensive income used in calculating total comprehensive income per share	<b>643,124</b>	1,509,190
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	<b>8,578,596</b>	8,578,596
<b>Total ordinary shares on issue</b>	<b>8,578,596</b>	8,578,596
 (a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		
	<b>8,578,596</b>	8,578,596
	<b>Cents</b>	Cents
Basis earnings per share (cents per share)	<b>0.01</b>	0.18
Diluted earnings per share (cents per share)	<b>0.01</b>	0.18
Total Comprehensive Income per share (cents per share)	<b>7.50</b>	17.59

## 17. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Company does not speculate in financial assets.

The most significant financial risks to which the Company is exposed to are described below:

### Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

### Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Investments in listed shares
- Trade and other payables

# FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

## 17. FINANCIAL RISK MANAGEMENT (continued)

### (a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Effective Interest Rate	2016 %	2015 %
<b>Financial Assets</b>		
Cash and cash equivalents	0.17	3.05
<b>6 Months or less</b>	2016 \$	2015 \$
<b>Financial Assets</b>		
Cash and cash equivalents	56,302	53,766
<b>Total Financial Assets</b>	56,302	53,766

All other financial assets and liabilities are non-interest bearing - apart from investment in Colonial Wholesale Funds which on average earned 2.5%

### (b) Currency Risk

The Company's investment portfolio includes investments in USA and UK, cash on deposit and interest receivable denominated in US dollars and Pounds Sterling. As such, the Company's balance sheet can be affected significantly by movements in exchange rates. The Company's current policy is not to hedge its investment portfolio. The carrying value of these foreign currency denominated assets at balance date was as follows:

Carrying Amount	2016 AUD \$	2015 AUD \$
Cash and cash equivalents	563	2,682
Investments	11,943,844	11,256,816
<b>Total</b>	11,944,407	11,259,498

### (c) Credit risk

The Company is not a trading entity. The maximum exposure to credit risk at balance date in relation to each class of financial assets (excluding investments) is the carrying amount of those assets as indicated in the balance sheet. The Company has no commercial debtors and receivables are due from reputable companies listed on the world's stock exchange or major financial banking institutions.

With respect to credit risk on cash and investment, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those investments. The Company's business activities do not necessitate the requirement for collateral.

### (d) Net Fair Value

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

#### Cash, cash equivalents and short-term investments:

The carrying amount approximates fair value because of their short term to maturity.

#### Trade receivables and payables:

The carrying amount approximates fair value as the time to receipt or payment is usually less than 30 days.

#### Listed shares:

The current quoted market bid price approximates fair value and the carrying amount.

The carrying value of all the financial assets and liabilities of the Company as disclosed in the balance sheet and notes to the financial statements is the same as the net fair value.

### (e) Sensitivity Analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates, exchange rates and commodity and equity process. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

6 Months or less	2016 \$	2015 \$
Change in profit +/- 2% in interest rates		+/- 1,000
Change in equity +/- 5% in \$A/US\$		+/- 675,308
+/- 10% in listed investments		+/- 1,507,871

## 18. SEGMENT INFORMATION

Company is domiciled and incorporated in Australia.

The Company's principal activity is investment in quoted equities, Berkshire Hathaway Inc listed on the New York Stock Exchange, Athelney Trust Plc listed on the London Stock Exchange and Flagship Investments Limited listed on the Australian Securities Exchange.

# FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

## 19. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Details of Key Management Personnel (KMP) for all of the financial year unless otherwise shown were

#### Directors

JL Addison	Chairman (Non-executive), appointed 19 April 2005
Dr EC Pohl	Managing Director (Executive), appointed 19 April 2005
P Corrigan AM	Director (Non-executive), appointed 29 November 2006

### (b) Other Key Management Personnel Transactions

#### Compensation Policy

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the key management personnel. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit.

#### Executive Personnel

The Managing Director Dr Manny Pohl is an Executive Director but only gets remunerated as a Director as has been the case in prior years. The Company's Non-executive Directors are Jon Addison and Pat Corrigan.

#### Non-Executive Director Compensation

In accordance with the Company's Constitution and the ASX Listing Rules, the aggregate amount of remuneration payable to the Non-executive Directors (including the Managing Director) in any year is determined from time to time by Shareholders in a General Meeting. The last determination was at a General Meeting on 10 May 2006 when Shareholders fixed an aggregate amount not exceeding \$150,000.

Within the limit of aggregate amount determined by the Shareholders, the Board determines the remuneration for Non-executive Directors. The remuneration arrangements for the Non-executive Directors are reviewed annually by the Board.

The Board assess the appropriateness of the remuneration for Non-executive Directors, having regard to market practice, the duties and accountability of the Non-executive Directors and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

The compensation of Non-executive Directors (including the Managing Director) for the year ending 30 June 2016 is shown in the table of detailed remuneration disclosures, shown in the Remuneration Report within the Annual Report.

2016	2015
\$	\$

## 20. AUDITORS REMUNERATION

Remuneration of the auditor of the company, Joseph Pien

- audit of the half year and annual financial report of the Company

#### Total

11,275	11,275
11,275	11,275

## 21. CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2016 (30 June 2015: None).

## 22. RELATED PARTIES

There were no related party transactions during the year, other than shown below:

Brian Jones (Company Secretary) is a partner of Rothsay Chartered Accountants, which provides company secretarial, accounting and taxation services to the Company at normal commercial rates.

Fees Charged

#### Total

64,332	56,375
64,332	56,375



# FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$

## 23 CASH FLOW INFORMATION

### (a) Reconciliation of result for the year to cash flows from operating activities

Profit for the year	1,045	15,193
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
- net (gain)/loss on disposal of investments	(58,644)	(2,833)
- losses on foreign exchange	3,178	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in prepayments	1,252	-
- (increase)/decrease in other assets	(466)	327
- increase/(decrease) in trade and other payables	931	3
<b>Cash flow from operations</b>	<b>(52,704)</b>	<b>12,690</b>

## 24 EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

# INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT

To the members Of Global Masters Fund Limited

### Report on the Financial Report

I have audited the accompanying financial report of Global Masters Fund Limited, which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company at the year's end.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, 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 Note 1, the directors also state, in accordance with Australian Accounting Standard 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).)

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company'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 company'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Global Masters Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### Auditor's Opinion

In my opinion:

- (a) the financial report of Global Masters Fund Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with international Financial Reporting Standards as disclosed in Note 1.

### Report on the Remuneration Report

I have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

### Opinion

In my opinion, the Remuneration Report of Global Masters Fund Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



**Joseph Pien CA**  
**Chartered Accountant**

Dated: 29 August 2016