



GLOBAL MASTERS FUND LIMITED

Annual Report  
30 June 2015

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# Global Masters Fund Limited

ABN 84 109 047 618

26 August 2015

Dear Shareholder

I am pleased to present the 10<sup>th</sup> Chairman's report of Global Masters Fund.

## The Year in Review

Over the past year the net tangible assets (NTA) per share of Global Masters Fund Limited increased by 17%. The listed price on ASX has increased over the year and closed the gap between it and NTA.

Revenue from ordinary activities for the year was \$ 200,274 (prior year \$348,511) a decrease of 42 % over the prior year. However the prior year revenue included gains on the sale of Berkshire Hathaway shares of \$176,484. In the current year, the income from dividends and interest has increased by 15.4 %.

The Company achieved a profit before tax of \$15,193 with total comprehensive income increasing by 25.3 % to \$1,509,190. The value of the Company's investment in Berkshire Hathaway in US dollar terms increased by 7.7% and the exchange rate to the US dollar dropped by 18%. The combination of these boosted the value of the Company substantially. On the other hand, price per share of the Company's investment in Athelney Trust plc., listed on the London Stock Exchange decreased by 6% However, the fall in the exchange rate between the British Pound and the Australian dollar was a good offset. The investment in Flagship Investments Limited, which is listed on the ASX saw its share price decline by 12% in the 12 months to 30<sup>th</sup> June 2015 over the same period the ASX 200 returned 1.3 %.

As a matter of policy your Company has never undertaken currency hedging of its foreign investments largely because investors have sought international diversification and the investments in Berkshire Hathaway and Athelney achieve this. The Board has always acknowledged that, with the global reach of the portfolio there is currency exposure that may increase the volatility of the Company's NTA and share price. The Board considers the matter on a regular basis, and we have recently re-confirmed that we have no particular insights that would lead to a change in policy. Whilst in recent years this has not benefited investors it has been a clear benefit in the last financial year, as the Australian currency has moved back to its historical levels and possibly *fair value* the Board does review this position from time to time.

## The Market Outlook

The opening sentence in a recent Buttonwood article in the Economist states:

*When a canary stops singing, it is worth a sidelong glance. When whole flocks of birds keel over, it is time to be alarmed. The warning signs in the financial markets and the global economy are mounting.*

In the first part of this year markets around the world have experienced periods of volatility because of the Greek crisis, and then uncertainty regarding the future direction of the Chinese economy, which has led to a reduction in that country's demand for commodities. We now see companies such as Glencore in strife and a Japanese shipping company, Daiichi Chuo, has filed for bankruptcy today; its revenues have been hit by falling Chinese demand for raw materials. For the first quarter of this year equity indices are continuing to fall. Inflation forecasts remain low.

Having said that, China may not be as weak as the bears fear. The USA had a good second quarter and India is escaping the downturn so far but is lowering its growth forecast and lowering interest rates.

Despite these warnings about volatile markets ahead your board remains cautiously optimistic about the longer term future and believes that the outlook for both Berkshire Hathaway and Athelney Trust is sound.

The final words in the above mentioned Buttonwood article are that:

*It all seems to be a very odd time for the Fed to be thinking of pushing up rates.*

I look forward to your continued support and all shareholders will be kept advised of any developments as they occur.

Finally, I wish to thank my fellow board members and company secretary for the hard work and support in 2015 and we (including myself as Chairman) look forward to continue to progress the company.

Yours sincerely



Jonathan L. Addison  
Chairman

## DIRECTORS' REPORT

The Directors present their report together with the financial report of Global Masters Fund Limited for the year ended 30 June 2015 and Independent Audit Report thereon. The financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards (IFRS).

### Directors

The Directors of the Company during or since the end of the financial year to the date of this report are:

Name	Date of Appointment
Jonathan Lancelot Addison	19 April 2005
Emmanuel Clive Pohl	19 April 2005
Patrick Corrigan	29 November 2006

Details of the Directors in office during the year:

#### Name And Qualification

Jonathan Lancelot Addison  
B Ec, ASIS, CFTP (Snr), MAICD

Emmanuel Clive Pohl  
Pr Eng, BSc (Eng), MBA, DBA, FAICD,  
MSDIA, SAFin

#### Experience and Special Responsibilities

##### Non-executive Chairman

Over 31 years experience in the investment management industry. Investment Consultant and former CEO of the Meat Industry Employees Superannuation Fund. Previous experience includes Director and Asset Consultant with the Corporate Finance Section of PricewaterhouseCoopers and Manager at Sedgwick Noble Lowndes.

Member of Audit Committee

##### Other current directorships

African Enterprise International Ltd (Chairman)

Hawkesbridge Private Equity Ltd

TPCG Ltd

Athelney Trust PLC (alternate to Dr E.C.Pohl)

CCSL Investment Committee Member

##### Managing Director

Over 27 years experience in the funds management industry initially as a director and head of research with leading South African broking firm Davis Borkum Hare. He was a member of the 1991 South African delegation to the Annual Meeting of the Board of Governors of the World Bank and the International Monetary Fund in Bangkok. He was a member of the South African Accounting Practices Board until he left South Africa in 1994. After arriving in Australia he joined Westpac Investment Management prior to founding Hyperion Asset Management in 1996. He resigned from Hyperion in 2012 and established ECP Asset Management, a boutique funds management business focused on quality small and mid-cap companies. He has served on the Board of a number of major corporations in South Africa and Australia.

##### Other current directorships

Executive Director - Barrack Street Investments Limited

Chair of Athelney Trust Plc

Chairman of EC Pohl & Co Pty Ltd

Chairman of ECP Asset Management Pty Ltd

Chairman of EC Pohl & Co Private Equity Limited

Chairman of Pohl Pty Ltd

Chairman & President of Bond University Rugby Club

Director of Huysamer International Holdings (Pty) Ltd

Member of Bond University, Institute of Sustainable Development & Architecture

Academic Advisory Panel

Trustee of Currumbin Wildlife Hospital Foundation

## DIRECTORS' REPORT

Patrick Corrigan  
AM

### Non-executive Director

Chairman of an international freight forwarding company for numerous years. Experience in accounting, financial management and other commercial acumen including investments. One of Australia's leading contemporary art collectors. Member of the "Order of Australia". Recently awarded an honorary doctorate at Bond University.

Chairman of Audit Committee

#### Other current directorships

Chairman of Gold Coast Regional Art Gallery  
Chairman of Qantas Art Scholarship Committee  
Deputy Chair of Air Freight Export Council of NSW Inc  
Director of Gold Coast Art Centre  
Director of Flagship Investments Limited  
Director of Aboriginal Benefits Foundation Limited  
Director of Community Radio Station Jazz Radio Limited

Directors' interests in securities of the Company are set out in Note 17 of the Notes to the Financial Statements.

### Company Secretary

Mr Brian Jones (B.COM CA) was appointed company secretary on 1 March 2007. He has had many years of commercial and financial experience and has served as the company secretary and director of listed public companies in the past.

### Directors' Meetings

The number of Board meetings and the number of meetings attended by each of the directors of the Company held during the time the directors held office during the year are:

Director	Meetings Held	Meetings Attended
Mr JL Addison	3	3
Dr EC Pohl	3	3
Mr P Corrigan	3	3

### Audit Committee Meetings

Audit Committee meetings take place before each directors meeting. The following are the number of Audit Committee meetings and the number of meetings attended by each member:

Director	Meetings Held	Meetings Attended
Mr JL Addison	3	3
Dr EC Pohl	3	3
Mr P Corrigan	3	3

The Audit Committee resolved to recommend to the Board of Directors that the 2015 Financial Statements be adopted.

A circular resolution signed by all directors was made on 26 February 2015 approving the results for the company for the 6 months to 31 December 2014 and its statement of financial position at that date.

### Corporate Information

#### Corporate Structure

Global Masters Fund Limited is a company listed by shares that is incorporated and domiciled in Australia.

#### Principal Activity

The Company is an investment company seeking long term capital growth through principally investing in shares in Berkshire Hathaway Inc. listed on NYSE and Athelney Trust listed on LSE.

### Review and Results of Operations

The Company made a net profit after income tax of \$ 15,193 (2014: profit \$ 71,201)

## DIRECTORS' REPORT

### Dividends

No dividends have been declared or paid during or since the end of the financial period.

### Financial Position

The net assets of the Company in dollar terms increased during the year and the net asset value per share of the Company increased to 166.52 cents at 30 June 2015 (2014 year – 142.16 cents). The increases in share prices of investments at 30 June 2015 compared to 30 June 2014 are as follows:

Berkshire Hathaway shares on the New York Stock Exchange increased by 7.7 %

Athelney Trust PLC shares on the London Stock Exchange decreased by 9 %

Flagship Investments Limited shares on the ASX decreased by 12 %

The drop in the rate of exchange between the US Dollar, GB Pound and Australian dollar increased the Company's unrealised foreign exchange gains.

### Significant Changes in State of Affairs

There have been no significant changes in the state of affairs.

### Future Developments, Prospects and Business Strategies

Whilst the company will maintain its exposure to global equity markets principally through investing in Berkshire Hathaway shares, which remain unhedged, a review of the Company's investment strategy was undertaken in the light of the strength of the Australian dollar. At the previous AGM the shareholders approved a resolution to enable the company, whilst still maintaining the principle interest in Berkshire Hathaway shares, to invest in small to medium size unlisted companies which are profitable and growing and have good potential outcomes for shareholders. This mandate was expanded to allow the company to join with institutional investors in a Private Equity Fund when the opportunity arose.

### Environmental Legislation

The Company's operations are not subject to any environmental legislation under either Commonwealth or State Legislation.

### Event Subsequent to the Reporting Date

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

### Indemnification of Officers and Auditors

During the year, a Directors and Officers insurance policy was put in place indemnifying against any liability any person who is or has been an officer of the Company.

### Proceedings of Behalf of the Company

The Company was not a party to any such proceedings during the year.

## DIRECTORS' REPORT

### Remuneration Report

#### *Remuneration Policy*

The full Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assess 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 from the retention of a high quality board.

Details of the nature and amount of each element of the emoluments of each director of the Company for the year ended 30 June 2015 are as follows:

Director	Base Fee \$	Total \$
Jon Addison	30,750	30,750
Manny Pohl	20,500	20,500
Patrick Corrigan	20,500	20,500

Dr Manny Pohl was appointed Managing Director on 25 October 2013 in terms of clause 14.4 of the Company's constitution, the total remuneration he receives from the Company (including for his services as Managing Director) remains unchanged.

Brian Edward Jones, the Company Secretary, is paid fees through Rothsay Chartered Accountants, a firm of which he is a partner.

#### **Directors' Interest in Contracts**

There are no Directors' interests in contracts other than as disclosed in this report.

#### **Non-audit Services**

No non-audit services were performed by the auditors during the year ended 30 June 2015 (2014: none).

#### **Auditor's Independence Declaration**

The Auditor's Independence Declaration as required by Section 307 of the Corporations Act 2001 is set out on page 7 and forms part of this Report for the year ended 30 June 2015.

#### **Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the directors support the principles of corporate governance and have applied these principles where appropriate.

The Company's corporate governance statement is contained in the following section of this annual financial report.

Signed in accordance with a resolution of directors:



\_\_\_\_\_  
Jonathan L Addison

Chairman

Dated this 27 August 2015

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF GLOBAL MASTERS FUND LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30<sup>TH</sup> June 2015 there have been:

- i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.



Joseph Pien  
Chartered Accountant

Date: 27 August 2015

Joseph Pien Chartered Accountants  
Suite 503  
Level 5, 276 Pitt Street  
Sydney NSW 2000

## CORPORATE GOVERNANCE STATEMENT

### Core Business and Investment Strategy

The core business and investment strategy of the Company is to provide a vehicle for Australian investors seeking long term capital growth through principally investing in shares in Berkshire Hathaway Inc. The Company's policy is not to hedge the underlying currencies of its portfolio of investments.

### Corporate Governance

The Directors support and are committed to the principles of best practice in corporate governance, applied in a manner that is suitable to the Company's particular circumstances.

The ultimate objective of the Company's core business and investment strategy is the achievement of long-term growth and profitability. The Company's corporate governance practices and procedures are directed to providing an appropriate framework for pursuit of that objective, while protecting the rights and interests of shareholders and ensuring that the Company is lawfully and ethically governed.

The Company has adopted the revised ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, second edition.

Set out below are the eight principles of good corporate governance and how the Board has sought to comply with the best practice recommendations for each. Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX, due to the nature and scope of its activities, the reasons for any departures will be explained.

#### Principle 1: Lay solid foundations for Management and Oversight.

The first principle requires the Company to establish and disclose the respective roles and responsibilities of board and management.

#### Roles of the Board and Management

The Board is accountable to shareholders for the activities and performance of the Company and has overall responsibility for furtherance of the Company's core business and investment strategy together with its corporate governance. There is no split of functions between individual board members. All decisions are made collectively. There are no senior executives in the company as the company is not of a size to justify having senior executives. The key investment decisions and instructions of the company are made by the Board and advised to the company secretary for implementation.

Due to the nature and size of the business it has been deemed unnecessary to directly employ management personnel. The responsibility for the administrative and accounting functions of the company has been outsourced to the chartered accountancy firm of the company secretary. The performance and efficiency of these functions is reviewed by the Board on an annual basis. A formal engagement notice is in place setting out the terms and conditions of the appointment.

#### Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

#### Education and induction

New directors undergo an induction process in which they are given a full briefing on the Company. In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continual professional development.

#### Independent professional advice

The Board collectively and each director has the right to seek independent professional advice at the Company's expense, up to predetermined limits, to assist them to carry out their responsibilities.

A copy of the Board Charter of the Company, is contained on the Company's website.

#### Principle 2: Structure the Board to add value.

The principle requires the Company to have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

#### Composition of the Board

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The current Board has three directors, two of whom are non-executive and independent (Mr Jon Addison being Chairman and Mr Pat Corrigan). The Managing Director is Dr Manny Pohl who is an executive director and receives a director's fee, but does not receive any remuneration as an executive director of the company.

## CORPORATE GOVERNANCE STATEMENT

The names of the directors and their qualifications and experience are stated together with the term of office held by each of them. Directors are appointed based on their industry experience and commercial acumen as well as the specific governance skills required by the Company and the independence of their decision-making and judgment. The CEO function of the company is undertaken by the board and key investment decisions and instructions of the company are made by the Board and advised to the Company Secretary for implementation.

The Board's criterion for determining the independence of a Director is whether the Director is independent of management and free from any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the exercise of unfettered and independent judgement.

In considering independence, the Board distinguishes between a relationship that may occasionally give rise to a particular discrete conflict of interest that can be addressed by appropriate conflict of interest procedures, and a relationship that may more generally impair the Director's objectivity and conflict of mind.

The composition of the Board is reviewed on an ongoing basis to ensure that the Board has an appropriate balance of expertise and experience. When a vacancy arises or where the Board considers that it would benefit from the services and skills of a new director, the Board considers potential candidates with appropriate expertise and experience.

### *Nomination committee*

The Company has not established a formal nomination committee as the principle recommends, as the Board considers that due to the scope and nature of the Company's activities, the whole Board should undertake this responsibility.

### *Criteria for selection of directors*

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one director with experience in the Company's industry, appropriate to the Company's market. In addition, directors should have the relevant blend of personal experience in accounting and financial management and other commercial acumen.

### **Responsibilities of the Board**

The principal function and responsibilities of the Board include the following:

- **Leadership of the Organisation:** overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- **Strategy Formulation:** setting and reviewing the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- **Overseeing Planning Activities:** overseeing the development of the Company's strategic plan and approving that plan as well as budgets.
- **Shareholder Liaison:** ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- **Monitoring, Compliance and Risk Management:** overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- **Company Finances:** approving expenses in excess of those approved in the annual budget and approving and monitoring investment performance and financial and other reporting.
- **Delegation of Authority:** delegating appropriate powers to ensure the effective day-to-day management of the Company and establishing and determining the power and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is contained on the Company's website.

### **Performance Review and Evaluation**

Each year, the Board reviews and evaluates its performance and the individual performance of each director, including the Chairman.

The general management and oversight of the evaluation process, including identification and formulation of appropriate performance assessment issues and criteria is the responsibility of the Chairman. Primarily, the review is carried out through consultation by the Chairman with each of the other directors.

Having regard to the nature of the Company's business and the Board's composition, the Board believes this approach to performance evaluation is more useful than seeking to apply predetermined measurable performance indicators or engaging an external facilitator.

### **Principle 3: Promote ethical and responsible decision-making.**

The principle requires the Company to actively promote ethical and responsible decision-making.

## CORPORATE GOVERNANCE STATEMENT

### Company Code of Conduct

The Board has adopted a Corporate Code of Conduct to establish and encourage observance by the Company's Directors and officers of standards of ethical and responsible decision making and behaviour that are necessary to maintain confidence in the Company's integrity and to recognise and guide compliance with legal and other obligations to the Company's shareholders and other legitimate stakeholders.

The Corporate Code of Conduct is posted on the Company's website.

### Trading in company shares

The Board has adopted a Share Trading Policy that sets out principles to be observed by the Company's directors and officers in relation to buying, selling and dealing in the Company's shares.

The overriding principle is that directors and officers cannot deal in the Company's shares at any time when they possess price sensitive information.

The Share Trading Policy also precludes directors and officers from dealing in securities included in the Company's investment portfolio at any time when they possess information that is price sensitive in relation to such securities or to the detriment of the Company's investment portfolio.

The Share Trading Policy is posted on the Company's website.

### Principle 4: Safeguard integrity in financial reporting.

The principle requires that the Company should have a structure to independently verify and safeguard the integrity of their financial reporting.

### Audit and Risk Committee

The Board has established an Audit and Risk Committee which provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control systems, risk management systems, regulatory compliance and external audit.

The committee must have at least three members, therefore all of the directors currently serve on the committee. The committee is chaired by an independent director (Mr Pat Corrigan) who is not the chairman of the Board. At least one member must have financial expertise and some members shall have an understanding of the industry in which the Company operates.

The principal roles of the committee are to:

- Assess whether the accounting methods and statutory reporting applied by management are consistent and comply with accounting standards and applicable laws and regulations;
- Make recommendations on the appointment of the external auditors, assess their performance and independence and ensure that management responds to audit findings and recommendations;
- Discuss the adequacy and effectiveness of the Company's internal control systems and policies to assess and manage business risks and its legal and regulatory compliance programmes; and
- Ensure effective monitoring of the Company's compliance with its code of conduct and Board policy statements.

The external auditor attends the audit committee meetings which are held before each board meeting. The committee is authorised to seek information from any external party and obtain legal or other professional advice.

The composition of the audit committee is reviewed on an ongoing basis to ensure that the committee has an appropriate balance of expertise and experience. When a vacancy arises or where the committee considers that it would benefit from the services and skills of a new committee member the committee considers potential candidates with appropriate expertise and experience.

The committee has established a formal Charter, a copy of which is contained on the Company's website.

### Principle 5: Make timely and balanced disclosure.

The principle requires the promotion of timely and balanced disclosure of all material matters concerning the company.

### Board Policies

#### *Continuous disclosure*

The Board has put in place mechanisms designed to ensure compliance with the ASX Listing Rules Disclosure Requirements and the company has timetables in place to ensure accountability at a senior level for that compliance.

#### *Confidentiality*

In accordance with legal requirements and agreed ethical standards, directors have agreed to keep confidential information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

## CORPORATE GOVERNANCE STATEMENT

### *Conflicts of interest*

Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director and the interests of any other party in carrying out the activities of the Company. If a Director cannot or is unwilling to remove a conflict of interest then the director must, as per the *Corporations Act 2001*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

### *Related party transactions*

Related party transactions include any financial transaction between a director and the Company and are reported in writing to each Board meeting. Unless there is an exemption under the *Corporations Act 2001* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

### **Principle 6: Respect the rights of shareholders.**

The principle requires the Company to respect the rights of shareholders and facilitate the effective exercise of those rights.

### *Shareholder communication*

The Company is committed to effective shareholder communication:

- Through releases to the market via ASX, the Company's website, information mailed to shareholders and general meetings of the Company;
- Providing balanced and understandable information about the Company and its investment strategy;
- Encouraging shareholders to participate in general meetings of the Company; and
- Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

### **Principle 7: Recognise and Manage Risk.**

The principle requires the Company to establish a sound system of risk oversight and management and internal control. Identification of material business risks are discussed at the audit and risk committee meetings and a formal policy on risk oversight and management of material business risks is being formulated and a copy will soon be available on the Company's website.

### *Investment Risk*

The Board is responsible for dealing with issues arising from investment risk. By its nature the Company will always carry risk because it must invest its capital in securities which are not risk free. The Company's charter is to invest in Berkshire Hathaway Inc., accepting the risks associated with that investment, and companies operating in various sectors of the market through the medium of Berkshire Hathaway.

### *Attestations by Chairman and CFO*

In accordance with the Board's policy and in terms of the declaration required under section 295 A of the *Corporations Act 2001*, the Chairman and CFO have prior to the Board signing the Annual Report, made the attestation that:

- the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies determined by the Board, and
- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects

The Board is also not aware of any departures from best practice recommendations.

### **Principle 8: Remunerate fairly and responsibly.**

The principle requires the Company should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

### *Remuneration committee*

The company has not established a remuneration committee as the principle recommends. The Board consider that due to the scope and nature of the Company's activities, the whole Board should undertake this responsibility. The remuneration of the directors is reviewed annually by the Board as detailed in the Board Charter, a copy of which is posted on the Company's website.

## CORPORATE GOVERNANCE STATEMENT

### *Remuneration policy*

The Company does not deem it necessary to have a Senior Executive Remuneration Policy as no personnel are employed directly. All executive and administrative services are provided to the Company by the company secretary and his chartered accountancy firm of which he is a partner.

### *Non-executive director remuneration policy*

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors. Non-executive directors do not receive performance based bonuses and do not participate in equity schemes of the Company. No additional schemes for retirement benefits exist for the directors.

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

		2015	2014
	Note	\$	\$
<b>Revenue</b>	3	200,274	348,511
Other expenses	4	(185,081)	(277,310)
Profit (Loss) before income tax		15,193	71,201
Income tax expense	5	-	-
<b>Net Profit (Loss) for the year</b>		<u>15,193</u>	<u>71,201</u>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Profit or Loss</b>			
Write off of capital raising costs		-	(10,490)
<b>Items that will be reclassified subsequently to Profit or Loss when specific conditions are met</b>			
Changes in fair value of available-for-sale financial assets	11	1,493,997	1,143,380
Total Other Comprehensive Income for the year		<u>1,493,997</u>	<u>1,132,890</u>
<b>Total Comprehensive Income for the year</b>	15	<u>1,509,190</u>	<u>1,204,091</u>

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Note	30 June 2015 \$	30 June 2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	53,766	138,469
Trade and other receivables	7	1,321	1,648
Other current assets	8	7,826	8,359
<b>Total current assets</b>		<b>62,913</b>	<b>121,105</b>
<b>Non-current assets</b>			
Available-for-sale financial assets	9	14,233,144	12,061,181
<b>Total non-current assets</b>		<b>14,233,144</b>	<b>12,061,181</b>
<b>Total assets</b>		<b>14,296,057</b>	<b>12,209,657</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	12,475	12,472
Deferred tax liabilities	11	1,420,542	843,335
<b>Total current liabilities</b>		<b>1,433,017</b>	<b>855,807</b>
<b>Total liabilities</b>		<b>1,433,017</b>	<b>855,807</b>
<b>Net assets</b>		<b>12,863,040</b>	<b>11,353,850</b>
<b>Equity</b>			
Issued securities	12	8,609,085	8,609,085
Reserves	13	4,821,797	3,327,800
Accumulated losses		(567,842)	(583,035)
<b>Total equity</b>		<b>12,863,040</b>	<b>11,353,850</b>

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Issued Securities \$	(Accumulated Losses) \$	Reserves \$	Total Equity \$
<b>Balance at 1 July 2013</b>	8,598,595	(643,746)	2,184,420	10,139,269
Profit for the Year		71,201		71,201
Change in fair value of available-for-sale of financial assets			1,143,380	1,143,380
Write off of capital raising costs	10,490	(10,490)		
<b>Balance at 30 June 2014</b>	8,609,085	(583,035)	3,327,800	11,353,850
<b>Balance at 1 July 2014</b>	8,609,085	(583,035)	3,327,800	11,353,850
Profit for the Year		15,193		15,193
Change in fair value of available-for-sale of financial assets			1,493,997	1,493,997
Write off of capital raising costs	-			
<b>Balance at 30 June 2015</b>	8,609,085	(567,842)	4,821,797	12,863,040

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	2015 \$	2014 \$
Note	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>		
Interest, distributions and dividends received	3 197,441	171,061
Payments to suppliers	(184,751)	(206,839)
Net cash flows (used in) / from operating activities	14 12,690	(35,778)
<b>Cash flows from investing activities</b>		
Proceeds from sale of Flagship Investments Limited	52,685	
Proceeds from sale of Berkshire Hathaway shares		284,784
Proceeds from sale of Colonial First State units		5,665
Purchase of shares in Athelney Trust plc	(150,078)	(227,246)
Net cash inflows / (outflows) in investing activities	(97,393)	63,203
Net increase (decrease) in cash held	(84,703)	27,425
Cash and cash equivalents at beginning of financial year	138,469	111,044
Cash and cash equivalents at end of financial year	6 53,766	138,469

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### Notes to the Financial Statements

#### 1. CORPORATE INFORMATION

The Company is limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange ("ASX").

The nature of the operations and principal activities of the Company are described in Note 20.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Board and the Corporations Act 2001.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Global Masters Fund Limited complies with International Financial Reporting Standards (IFRS).

These financial statements have been prepared on an accruals basis and based on historical costs except for Available-For-Sale Financial Assets which are measured at fair value.

##### (b) Foreign currency

Both the functional and presentation currency of the Company is Australian dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the financial statements are taken to the statement of comprehensive income with the exception of differences on Available-For-Sale Financial Assets. These are taken directly to equity until the disposal of the Available-For-Sale Financial Assets at which time they are recognised in the statement of comprehensive income.

##### (c) Trade receivables

Trade receivables generally have a 30 day term and are recognised at the original transaction amount and where applicable converted to the equivalent Australian dollar value based on the ruling exchange rate on the day of transaction.

##### (d) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash flow equivalents consist of cash as disclosed above.

##### (e) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available-for-sale, are measured at fair value.

See note (n) and (o) for further information on investment assets and the accounting treatment of the impairment of those investment assets.

##### (f) 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 where the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### (h) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense (income) in the income statement is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the income statement when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated on 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 enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that further taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legal enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement 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 are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### (j) Earnings per share

Basic earnings (or loss) per share is calculated as net profit (loss) attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### (k) Comparatives

Where necessary comparatives have been reclassified for consistency with current year disclosures.

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### (l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### *Interest*

Interest revenue is recognised as the interest accrues (using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

#### *Dividends and distributions*

Dividend revenue is recognised when the right to receive the dividend has been established.

### (m) Finance costs

Finance costs are recognised as an expense when incurred.

### (n) Available-For-Sale Financial Assets ("Investments")

The company does not hold any securities for short term trading purposes. Therefore the investment portfolio is classified as Available-For-Sale Financial Assets. After initial recognition investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments in unlisted unit trusts, fair value is determined by reference to redemption value.

#### *Derecognition of investments*

On disposal of an investment the gain or loss on the net proceeds received less the original purchase cost of the investment is recorded through the statement of comprehensive income.

### (o) Impairment of investments

If there is objective evidence that an investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit.

### (p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgement incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

#### *Key Estimates – Impairment*

The Company assesses impairment at each year end by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

### (q) New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 July 2013.

New and amended standards dealing with Consolidated Financial Statements, Separate Financial Statements, Joint Arrangements, Disclosure of interests in Other Entities and Fair Value Measurement have been released. These standards are effective from 1 January 2013. The Company does not plan to adopt these standards early nor does it expect there to be any recognition of measurement impacts as a result of the application of these new standards.

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

		2015 \$	2014 \$
<b>3. REVENUE</b>			
Dividends Received	197,237		
Distributions Received	4		
Interest Received	<u>200</u>	197,441	171,061
Gain on Sale of Berkshire Hathaway		-	176,484
Gain on Sale of Colonial Units		-	966
Gain on Sale of Flagship Investments		<u>2,833</u>	-
		<u>200,274</u>	<u>348,511</u>

### 4. OTHER EXPENSES

ASX and share registry costs		(18,380)	(26,144)
Loss on realisation of Colonial Units		-	-
Realised Foreign Exchange Loss		-	(71,359)
Administration Costs		<u>(166,701)</u>	<u>(179,807)</u>
		<u>(185,081)</u>	<u>(277,310)</u>

### 5. INCOME TAX EXPENSE/(INCOME)

A reconciliation between the income tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

	2015 \$	2014 \$
Accounting profit before tax	<u>15,193</u>	<u>71,201</u>
Prima facie (tax benefit) from ordinary activities before income tax at 30% (2015: 30%)	4,558	21,360
Add Tax losses not recognized	<u>(4,558)</u>	<u>(21,360)</u>
Tax expense shown in income statement	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rates are:	-	-

### 6. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	51,028	134,100
Short-term deposits	<u>2,738</u>	<u>4,369</u>
	<u>53,766</u>	<u>138,469</u>

### 7. TRADE AND OTHER RECEIVABLES (CURRENT)

GST receivable	<u>1,321</u>	<u>1,648</u>
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### 8. OTHER CURRENT ASSETS

Prepayments	<u>7,826</u>	<u>8,359</u>
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## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Investments are classified as available-for-sale financial assets

Securities listed on a prescribed stock exchange at fair value:

-Shares	14,230,253	12,058,873
Unlisted investments at fair value	2,891	2,308
	14,233,144	12,061,181

### 10. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables and accruals	12,475	12,472
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Trade payables are non-interest bearing and are normally settled on 30 day terms.

### 11. CHANGES IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 \$	2014 \$
(a) Gross change in fair value of available-for-sale assets	2,071,204	1,986,715
(b) Deferred tax on changes in fair value of available-for-sale financial assets	577,207	843,335
	1,493,997	1,143,380

The calculation of deferred tax takes into account carried forward tax losses and is shown under current liabilities

(c) Deferred tax liability shown in balance sheet	1,420,542	843,335
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### 12. ISSUED SECURITIES

	2015	2014
Ordinary shares fully paid	\$ 8,609,085	\$ 8,598,595
Write back of capital raising costs	-	10,490
Total share capital	8,609,085	8,609,085
Number of shares in issue	8,578,596	8,578,596

### 13. RESERVES

Investment revaluation reserve

*Nature of 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 FOR THE YEAR ENDED 30 JUNE 2015

### 14. CASH FLOW INFORMATION

	2015 \$	2014 \$
Reconciliation of the net gain (loss) after tax to the net cash flows from operations		
Gain (Loss) after income tax	15,193	71,201
Adjust for non cash items: - income tax		
-gain on sale of investments	(2,833)	(176,484)
- loss on withdrawal of funds from Colonial First State		
- loss on foreign exchange	-	71,359
Adjusted Gain (Loss) for the year	<u>12,360</u>	<u>(33,924)</u>
Changes in assets and liabilities		
-Decrease / (Increase) in receivables		
-Decrease / (Increase) in other current assets	327	54
-(Decrease) / Increase in payables	<u>3</u>	<u>(1,908)</u>
Net cash flow (used in) / from operating activities	<u><u>12,690</u></u>	<u><u>(35,778)</u></u>

### 15. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2015 \$	2014 \$
Net gain (loss) used in calculating basic and diluted earnings per share	<u>15,193</u>	<u>71,201</u>
Total comprehensive income used in calculating total comprehensive income per share	1,509,190	1,204,091
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	8,578,596	8,578,596
Total ordinary shares on issue at 30 June 2015	<u>8,578,596</u>	<u>8,578,596</u>
Basic earnings per share (cents per share)	0.18	0.83
Diluted earnings per share (cents per share)	0.18	0.83
Total comprehensive income per share (cents per share)	17.59	14.04

### 16. CONTINGENT LIABILITIES

The Directors of the Company are of the view that no contingent liabilities exist as at the date of this report.

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 17. KEY MANAGEMENT PERSONNEL COMPENSATION

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

##### *Directors*

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

#### (b) Compensation of Key Management Personnel

##### *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 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 the 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 assesses 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 2015 is shown in the table below:

		Base Fee \$	Total \$
Jon Addison	2015	30,750	30,750
	2014	30,750	30,750
Emmanuel Pohl	2015	20,500	20,500
	2014	20,500	20,500
Patrick Corrigan	2015	20,500	20,500
	2014	20,500	20,500
Total	2015	71,750	71,750
Total	2014	71,750	71,750

#### Number of shares held by key management personnel or related parties

	Balance 1 July 2014	Net Change	Balance 30 June 2015
Jon Addison	-	-	-
Emmanuel Pohl <sup>(*)</sup>	-	-	-
Patrick Corrigan	-	-	-

<sup>(\*)</sup> In addition to the securities owned directly by Dr Pohl, there are 4,639,049 shares registered in entities associated with E.C. Pohl & Co Pty Limited, of which he is a director and shareholder.

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 18. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

#### Key management personnel

Rothsay Chartered Accountants provides accounting, taxation and secretarial services to the company at normal commercial rates. Brian Jones, Company Secretary of Global Masters Fund Limited, is a partner.

	2015	2014
	\$	\$
Fees Charged	<u>56,375</u>	<u>63,499</u>

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
<b>19. AUDITOR'S REMUNERATION</b>		
The auditor of the Company is Joseph Pien		
Amounts received or due and receivable by Joseph Pien for:		
-audit of the half year and annual financial report of the Company	11,275	10,250
	11,275	10,250

No other services were provided by the auditor

### 20. SEGMENT INFORMATION

The Company is domiciled and incorporated in Australia.

The Company's principal activity is investment in quoted equities, principally Berkshire Hathaway Inc listed on the New York Stock Exchange and other securities on a worldwide basis. Details of these investments are disclosed in the List of Investments on page 30. The Company operates in only one business and geographic sector.

### 21. FINANCIAL INSTRUMENTS

#### Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and listed and unlisted securities. The main risks the Company is exposed to through the financial instruments are interest rate risk and currency risk.

#### (a) Interest rate risk

The Company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities at balance date, both recognised and unrecognised at the reporting date, are as follows:

	Effective interest rate %	6 months or less \$	Total \$
<b>2015</b>			
<b>Financial assets</b>			
Cash and cash equivalent	3.05	55,611	1.696

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

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 21. FINANCIAL INSTRUMENTS (CONT)

#### (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:

	2015	2014
	Carrying amount AUD \$	Carrying amount AUD \$
Cash and cash equivalents	2,682	4,369
Investments	11,256,816	8,618,462
	<u>11,259,498</u>	<u>8,622,831</u>

#### (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 investments, 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 Group'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.

	Profit	Equity
	\$	\$
<b>Year Ended 30 June 2015</b>		
+/- 2% in interest rates	+/-2,000	
+/- 5% in \$A/US\$		+/-350,000
+/- 10% in listed investments		+/-1,423,314

### 22. SUBSEQUENT EVENTS

No matters or occurrences have arisen subsequent to balance date that materially effects the operations of the Company.

### 23. ECONOMIC DEPENDENCY

All revenues consisting of interest, dividends and distributions are dependent on the profitability of those entities in which investments are held.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Global Masters Fund Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 13 - 26 , are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Company;
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Board



**Jonathan L Addison**  
*Chairman*  
Sydney  
27 August 2015

## INDEPENDENT AUDIT 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 2015, the statement of 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.

### *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 is free from material misstatement, whether due to fraud or error. In Note 2 (a), the directors also state, in accordance with Accounting Standard AASB 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. Those 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 entity'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 entity'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.

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GLOBAL MASTERS FUND LIMITED

### *Auditors 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 2015 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 2(a)

### **Report on the Remuneration Report**

I have audited the Remuneration Report included on page 6 of the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.



Joseph Pien CA  
Chartered Accountant

Dated  
27 August 2015

## SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows:

### (a) Distribution of shares (as at 10 August 2015)

The number of holders, by size of holding:	Number of holders	Number of Shares
1 - 1,000	86	49,753
1,001 - 5,000	130	471,199
5,001 - 10,000	66	557,214
10,001 - 100,000	60	1,484,784
100,001 and over	8	6,015,646
	<u>350</u>	<u>8,578,596</u>

Included above are 5 shareholders holding less than a marketable parcel of shares (513 shares)

### (b) Twenty largest shareholders (as at 10 August 2015)

The names of the twenty largest holders of quoted Ordinary Shares are:

		%
1 Citicorp Nominees Pty Limited	4,639,049	54.08
2 Mara Super Pty Ltd	390,000	4.55
3 Lic Investments Pty Ltd	310,000	3.61
4 Tradlaw Pty Ltd	180,000	2.10
5 Securities & Estates Pty Ltd	140,519	1.64
6 Mr Peter Lees	120,737	1.41
7 Mr Franco Di Lorenzo & Mrs Angela Di Lorenzo	120,067	1.40
8 Peter IH Wong Pty Ltd	120,000	1.40
9 One Managed Invnt Funds Ltd	115,274	1.34
10 J Barlow Consultants Pty Ltd	86,473	1.01
11 Mrs Sylvia Maria Valmadre	60,000	0.70
12 Howzat Services Pty Ltd	50,000	0.58
13 Ritchie Family Super Pty Ltd	50,000	0.58
14 Mr William Paul Chun Tie & Ms Moo	48,623	0.57
15 Mrs Lynette Joy White	41,000	0.48
16 Mr Kenneth Murray Bartley	31,602	0.37
17 Poseidon Developments Pty Ltd	31,260	0.36
18 Ms Helen-Louise Brown	30,000	0.35
19 Dr Robert John Lugton	30,000	0.35
20 Mr Charles Ronald Smith	30,000	0.35
Total	<u>6,624,604</u>	<u>77.22</u>
<b>Total shares on issue at 13 August 2015</b>	<u><b>8,578,596</b></u>	

### (c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Ordinary Shares	% of Ordinary Shares
EC Pohl & Co Pty Ltd & associated entities	4,639,049	54.08

### (d) Voting rights

On a show of hands every Shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## INVESTMENTS

### ( a ) List of investments as at 30 June 2015

	Shares held	A\$ value	% of total
<b>United States</b>			
Berkshire Hathaway Inc "A" Stock	27	7,201,758	50.6
Berkshire Hathaway Inc "B" Stock	15,800	2,800,180	19.7
<b>United Kingdom</b>			
Athelney Trust PLC	275,509	1,254,877	8.8
<b>Australia</b>			
Flagship Investments Limited	2,170,392	2,973,437	20.9
Total Listed Investments		14,230,252	100.0
<b>Non-listed Australia</b>			
Colonial First State Wholesale Income Fund	1,812	2892	-
Total portfolio		14,233,144	100.0

### ( b ) Portfolio transactions and brokerage

There were 5 (2014: 3) transactions in securities during the year on which brokerage of \$ 650 (2014: \$ 560) was paid.

## CORPORATE INFORMATION

### Directors

Jonathan Addison (Chairman)  
Emmanuel Clive Pohl (Managing Director)  
Patrick Corrigan

### Company Secretary

Brian Edward Jones  
Rothsay Chartered Accountants  
Level 1  
12 O'Connell Street  
Sydney NSW 2000

### Registered Office

Level 1  
12 O'Connell Street  
Sydney NSW 2000  
Tel: 02 8815 5400  
Fax: 02 8815 5401

### Share Register

Boardroom Pty Ltd  
Level 12 225 George Street  
SYDNEY NSW 2000

### Auditor

Joseph Pien – Chartered Accountant  
Suite 503, Level 5  
276 Pitt Street  
SYDNEY NSW 2000

### Internet Address

[www.globalmastersfund.com.au](http://www.globalmastersfund.com.au)



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