



GLOBAL MASTERS FUND LIMITED

ACN 109 047 618

APPENDIX 4E STATEMENT

Preliminary Final Report
For the year ended 30 June 2017
(Previous corresponding period is year ended 30 June 2016)

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

Preliminary Final Report

12 months ended 30 June 2017

Herewith please find information for **Global Masters Fund Limited** in respect of the financial year ended 30 June 2017:

1. The current reporting period - year ended 30 June 2017
Previous reporting period - year ended 30 June 2016

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 \$369,162 – an increase of 47% (\$250,384 in the previous year). Income from investments was slightly down but a gain on the sale of Flagship Investments Limited (FSI) shares, increased the income over the prior year by \$118,778.
- 2.2 The profit before tax for 2017 year was \$68,267 compared to a profit in the prior year of \$1,045. There is no tax expense in either year.
- 2.3 N/A
- 2.4 N/A
- 2.5 N/A
- 2.6 Cash balance increased due to the sale of FSI shares and the Net Assets of the Company increased by 10.5% over the prior year. Expenses were higher by 21% mainly due to a new Director being appointed to the Board and additional marketing costs. The details of Directors' fees are contained in the Remuneration Report, which is in the Annual Report of the Company for 2017 year.
3. Statement of Comprehensive Income for the year ended 30 June 2017
4. Statement of Financial Position together with notes for the year ended 30 June 2017
5. Statement of Cash flows together with notes for the year ended 30 June 2017
6. Statement of Changes in Equity for the year ended 30 June 2017
7. No dividends have been paid
8. N/A
9.

	2017	2016
Net tangible assets per share (cents) after estimated tax on unrealised gains	173.98 c	157.44 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 0.80 cents (2016: 0.01 cents)

Net Tangible Assets per security:

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

	2017	2016
Net tangible assets per share (cents) after estimated tax on unrealised gains	173.98 c	157.44 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 2017.

Final dividend distributions:

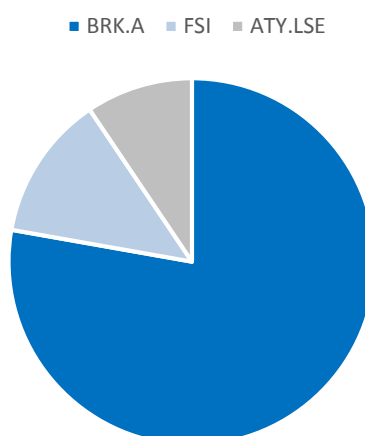
None

Significant features of operating performance:

The Company reported a profit for the year of \$68,267 as compared to a profit of \$1,045 in the prior year. This was achieved due to the disposal of shares in 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. Expenses were higher in the current year, as a new Director joined the Board and the marketing expenses increased.

Note that the NTA per share increased in the year by 10.5%. The details of Directors' fees are contained in the Remuneration Report which is in the Annual Report of the Company for 2017 year.

Major Investments June 2017



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 (78%), Athelney Trust plc listed on the London Stock Exchange (9%) and other securities in Australia (13%).

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 2017 increased due to the increase in the market value of its investments. This was against the backdrop of a stronger Australian dollar at 30 June 2017.

15. The Annual Financial Statements of the Company for the year ended 30 June 2017 have been audited and an unqualified audit report has been issued.

Attached are the financials from the Annual Report 2017.

Appendix 4E Accounts

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Revenue	5	369,162	250,384
Other expenses	6	(300,895)	(249,339)
Profit before income tax		68,267	1,045
Income tax credit	7	-	-
Profit for the year		68,267	1,045
Other Comprehensive Income, net of income tax			
Items that will be reclassified subsequently to profit & loss when specific conditions are met			
Changes in fair value of available-for-sale Financial Assets		1,350,649	642,079
Total Comprehensive Income for the year		1,418,916	643,124
Earnings per share:			
		Cents	Cents
Basic earnings per share	16	0.80	0.01
Diluted earnings per share	16	0.80	0.01
Comprehensive Income:			
Earnings per share	16	16.54	7.50

The accompanying Notes form part of these Financial Statements.

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED
STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2017

	Notes	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	8	1,012,558	56,302
Trade and Other Receivables	9	2,364	1,787
Other assets	11	26,846	6,575
TOTAL CURRENT ASSETS		1,041,768	64,664
NON-CURRENT ASSETS			
Financial Assets	10	15,824,624	15,078,717
TOTAL NON-CURRENT ASSETS		15,824,624	15,078,717
TOTAL ASSETS		16,866,392	15,143,381
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	12	28,513	13,407
TOTAL CURRENT LIABILITIES		28,513	13,407
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	13	1,912,801	1,623,812
TOTAL NON CURRENT LIABILITIES		1,912,801	1,623,812
TOTAL LIABILITIES		1,941,314	1,637,219
NET ASSETS		14,925,078	13,506,162
EQUITY			
Issued Capital	14	8,609,085	8,609,085
Reserves	15	6,814,525	5,463,876
Accumulated losses		(498,532)	(566,799)
TOTAL EQUITY		14,925,078	13,506,162

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 2017

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

2017	Issued Securities	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2016	8,609,085	(566,799)	5,463,876	13,506,162
Profit for the Year	-	68,267	-	68,267
Other comprehensive income				
- Changes in fair value of available-for-sale financial assets	-	-	1,350,649	1,350,649
Balance at 30 June 2017	8,609,085	(498,532)	6,814,525	14,925,078

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 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, distributions and dividends received		189,894	194,918)
Payments to suppliers and employees		(308,941)	(247,622)
Net cash provided by/(used in) operating activities	23	(119,047)	(52,704)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of Flagship Investments Limited		1,296,539	56,926
Proceeds from sale of Berkshire Hathaway		-	93,799
Proceeds from sale of Colonial First State Units		1,513	2,149
Purchase of shares in Athelney Trust Plc		(222,749)	(97,634)
		1,075,303	55,240
Net increase/(decrease) in cash and cash equivalents held			
Cash and cash equivalents at the beginning of the year		956,256	2,536
		56,302	53,766
Cash and cash equivalents at end of year	8	1,012,558	56,302

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 2017

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 2017

(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.

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 2017

(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 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
1 July 2018	The Company complies with AASB 9

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 International 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 2017

	2017	2016
	\$	\$
5. REVENUE AND OTHER INCOME		
Dividends Received	188,063	194,749
Distributions Received	1	74
Interest Received	1,830	95
Gain on sale of Flagship Investments	178,108	2,510
Gain on Sale of Berkshire Hathaway	-	55,398
Realised Foreign Exchange Loss	-	(3,178)
Gain on Sale of Colonial Units	1,160	736
	369,162	250,384
6. OTHER EXPENSES		
Auditors Remuneration	10,250	10,250
ASX and Share Registry costs	22,231	17,695
Administration Costs	268,414	231,645
	300,895	249,340
7. INCOME TAX EXPENSE		
(a) Reconciliation of income tax to accounting profit		
Accounting profit before tax	68,267	1,045
Prima facie tax payable on ordinary activities before income tax rate at 27.5% (2016 - 30%)	18,773	313
Income tax expense	18,773	313
Tax losses not recognised		
Tax expense shown in profit and loss statement	(18,773)	(313)
	-	-
(b) Amounts recognised directly in Other Comprehensive Income		
Aggregate current and deferred tax arising in the reporting period and not recognised in Profit or Loss and Other Comprehensive Income, but directly debited or credited in Other Comprehensive Income.		
Amount before Tax	1,862,964	917,255
Tax Expense at 27.5% (2016: 30%)	(512,315)	(275,177)
Amount Net of Tax	1,350,649	642,079
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1,012,092	55,684
Short-term deposits	466	618
Balance as per Statement of Cash Flows	1,012,558	56,302
Reconciliation of cash		
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	1,012,558	56,302

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
9. TRADE AND OTHER RECEIVABLES		
CURRENT		
GST receivable	2,364	1,787
Total current trade and other receivables	2,364	1,787
10. OTHER FINANCIAL ASSETS		
(a) Available-for-sale Financial Assets comprise		
Listed investments, at fair value		
Shares in other Corporations	15,824,624	15,078,174
	15,824,624	15,078,174
Unlisted investments, at fair value		
	-	543
	-	543
Total Available-for-sale Financial Assets	15,824,624	15,078,717
11. OTHER ASSETS		
CURRENT		
Prepayments	26,846	6,575
	26,846	6,575
12. TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	330	1,931
Accrued expenses	28,183	11,476
	28,513	13,407
13. NON CURRENT LIABILITIES		
Deferred tax liabilities	1,912,801	1,623,812
Comprises tax on unrealised gains on currency exchange and market fluctuations of listed investments.		
14. ISSUED CAPITAL		
8,578,596 (2016: 8,578,596) Ordinary Shares	8,609,085	8,609,085
15. RESERVES		
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 2017

	2017 \$	2016 \$
16. EARNINGS PER SHARE		
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	68,267	1,045
Total comprehensive income used in calculating total comprehensive income per share	1,350,649	643,124
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	8,578,596	8,578,596
(a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	8,578,596	8,578,596
	Cents	Cents
Basis earnings per share (cents per share)	0.80	0.01
Diluted earnings per share (cents per share)	0.80	0.01
Total Comprehensive Income per share (cents per share)	16.54	7.50

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 2017

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	2017	2016
	%	%
Financial Assets		
Cash and cash equivalents	0.35	0.17
6 Months or less		
	2017	2016
	\$	\$
Financial Assets		
Cash and cash equivalents	1,012,558	56,302
Total Financial Assets	1,012,558	56,302

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	2017	2016
	AUD \$	AUD \$
Cash and cash equivalents	316	563
Investments	13,799,326	11,943,844
Total	13,799,642	11,944,407

(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 2017, 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	2017	2016
	\$	\$
Change in profit		
+/- 2% in interest rates	+/- 1,165	+/- 1,000
Change in equity		
+/- 5% in \$A/US\$	+/- 736,833	+/- 675,308
+/- 10% in listed investments	+/- 1,582,463	+/- 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 2017

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
M H d'Almeida	Director (Non-executive), appointed 10 October 2016

(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, Pat Corrigan and Murray d'Almeida.

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.

During the year, Murray d'Almeida was appointed a Director of the Company. The Board will seek Shareholders' approval to increase the maximum amount of salaries for Directors to \$200,000.

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 2017 is shown in the table of detailed remuneration disclosures, provided in section 12 (A) to (F) of the Remuneration Report on pages 9 and 10.

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

	2017	2016
	\$	\$
	10,250	10,250
	10,250	10,250

21. CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016: None).

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
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	65,190	64,332
Total	65,190	64,332

23. CASH FLOW INFORMATION

(a) Reconciliation of result for the year to cash flows from operating activities		
Profit for the year	68,267	1,045
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
- net (gain)/loss on disposal of investments	(179,268)	(58,644)
- losses on foreign exchange	(2,305)	3,178
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in prepayments	(20,270)	1,252
- (increase)/decrease in other assets	(576)	(466)
- increase/(decrease) in trade and other payables	15,105	931
Cash flow from operations	(119,047)	(52,704)

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

GLOBAL MASTERS FUND LIMITED ABN 84 109 047 618

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL MASTERS FUND LIMITED

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Global Masters Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In my opinion,

- (a) the accompanying 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 2017 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Matter

Available for Sale Financial Assets. Refer note 1(e) and 10

This matter has been recognised due to its materiality, representing 94% of total assets. Equity instruments are classified at fair value through other Comprehensive income. Initial recognition is at cost with the Company electing to present in Other Comprehensive Income changes in the fair value of the investments.

Audit procedures adopted, included: Confirmation from third parties of securities held by the Company at balance date, Agreeing the valuation of investments and reported dividend income with relevant stock exchanges and Company announcements. Reconciling the movement in fair value for the year and reviewing the Company's disclosure in the financial report to ensure compliance with applicable Australian Accounting Standard AASB 9. Audit objectives surrounding this matter were achieved.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

I have audited the Remuneration Report included in page 9 of the directors' report for the year ended 30 June 2017. 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.

Auditor's Opinion

In my opinion, the Remuneration Report of Global Masters Fund Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.



Joseph Pien

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

Dated this 22nd day of August, 2017