MELBOURNE GIRLS GRAMMAR
an Anglican school

ABN 81 116 806 163

ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2018

COMPANY DETAILS

Principal
Dr TE Meath

Chairman
Mr M Burgess

Deputy Chairman
Vacant

Directors
Prof KJ Allen
Mr N Appleton
Mrs T Brougham
Mrs C Clark
Dr J Faulkner
The Revd T Lauersen
The Revd Canon H Patacca
Mrs S Morgan
Ms WW Peter
Mrs A Permezel
Mr H Stockdale
Ms K Temby

Secretary and Principal Accounting Officer
Mr C Lawless

Registered Office
86 Anderson Street, South Yarra 3141

Auditors
Deloitte Touche Tohmatsu
550 Bourke Street, Melbourne 3000

Bankers
National Australia Bank
Level 2, 330 Collins Street, Melbourne 3000

MISSION

In the pursuit of our vision, Melbourne Girls Grammar is committed to the provision of an exceptional education for girls, with an emphasis on strong Christian values, high expectations, creativity and academic challenge. Within a supportive and optimistic culture we provide opportunities for students to discover their passions and build their capacities for action and influence within their many life contexts.

MEMBERS

As at 31 December 2018 there were 36 (2017: 36) Members of the Company whose names appear below:

Directors
Prof KJ Allen
Mr N Appleton
Mrs T Brougham
Mr M Burgess
Mrs C Clark
Dr J Faulkner
The Revd T Lauersen
The Very Revd Dr A Loewe
Mrs S Morgan
Mrs A Permezel
Ms WW Peter
Mr H Stockdale
Ms K Temby

Principal
Pending commencement of Dr TE Meath on 21st January 2019

Staff
Miss RK Glenton
Miss WC Tan

Students
Miss Lexi Kelsall
Miss Beatrix Appleton
Miss Sophie Black

Old Grammarians
Mrs J Hare
Mrs R Trindade
Ms J Wilkinson
Mrs A Williams
Mrs E Harrison

Parents' Association
Mrs R Buscombe
Mr C Chipperfield
Mrs D McNamara
Ms Tamantha Read
Ms R Wilkinson

Foundation
Mr DI Clarke
Mrs K O'Sullivan

Diocese
Mr J Blanch
Mr J Castles
Rev E Fraser
Rev Canon RM McDougall
Rev D Nicholls
Rev C Taplin

PRINCIPAL'S REPORT

I have pleasure in presenting my 2018 Report.

INTRODUCTION

This report is prepared in accordance with State and Commonwealth requirements under government funding legislation, regulations and agreements. The purpose is to provide the School Community and wider public key information about the characteristics of the School and its performance for the preceding year.

Melbourne Girls Grammar has specialised in providing a quality education for girls since 1893. The School provides an education for girls from 3 year old kindergarten through to Year 12 across two campuses – Merton Hall and Morris Hall – located in the suburb of South Yarra in inner Melbourne.

VISION

Melbourne Girls Grammar aspires to develop ethical women of action. Through a focus on learning, research and innovation, we will continually be recognised by our own community, the national and international community as a leading school in girls' education.

MISSION

In the pursuit of our vision, Melbourne Girls Grammar is committed to the provision of an exceptional education for girls, with an emphasis on strong Christian values, high expectations, creativity and academic challenge. Within a supportive and optimistic culture we provide opportunities for students to discover their passions and build their capacities for action and influence within their many life contexts.

VALUES

In support of our mission, the values of Melbourne Girls Grammar are:

- Integrity
- Compassion
- Courage
- Self Discipline

STAFF

STAFF ATTENDANCE

The attendance according to employee classification is:

Teachers	School Assistants	Administrative	Grounds & Maintenance
97.9%	98.1%	98.5%	98.6%

STAFF RETENTION

Overall 92.0% (2017: 90.1%) of School employees have been retained from 2018 into the 2019 school year.

The average tenure of all teaching staff members employed at the end of 2018 was 6.4 years (2017: 6.8 years).

PRINCIPAL'S REPORT

TEACHER QUALIFICATIONS

Doctorate	1%
Masters	30%
Post-Graduate Certificate	4%
Bachelor with Honours	2%
Bachelor	57%
Graduate Diploma	2%
Diploma	4%

The above represents the highest qualification achieved by each of our staff members.

TEACHER STANDARDS

Of our teaching staff, 100% are registered with the Victorian Institute of Teaching and all registrations have been renewed for the 2019 year. On commencement by all teaching staff, the Human Resources Department obtain a copy of the registration and its corresponding expiry date which is then followed up at the appropriate time to ensure renewal is achieved.

WORKFORCE

The overall workforce of Melbourne Girls Grammar was comprised of 176 full-time employees, 102 part-time employees and 181 casual employees (2017: 144 full-time employees, 89 part-time employees and 245 casual employees). The split of male to female staff is 20.9% to 79.1% (2017: 21.0% to 79.0%), as indicated in our annual submission to the Workplace Gender Equality Agency in 2017. No employees have advised the School that they have an Aboriginal or Torres Strait Islander heritage.

OCCUPATIONAL HEALTH & SAFETY

The School has an Occupational Health & Safety Program which is administered by the Occupational Health & Safety Committee, a representative group of staff members, and ultimately the responsibility rests with the Executive team, Principal and School Council. During the year there were four staff incidents that have required lodgement of claims to the WorkCover Authority; two of which resulted in lost time for the impacted staff member. The nature of each of the incidents was such that no alterations to the School's facilities were required.

PRINCIPAL'S REPORT

EXPENDITURE AND TEACHER PARTICIPATION IN PROFESSIONAL LEARNING

During 2018, teaching staff and professional support staff were involved in a wide range of professional development programs within the School (using both internal and external facilitators) and within Victoria, interstate and overseas.

MGGS Professional Learning is aligned to the School's annual operational priorities for Wellbeing and Academic programming. Departments and individuals set their own priorities in line with the School's and document their intended actions and learning experiences they will engage with in order to move their practice forward. The fundamental purpose of professional development is to grow the expertise of our staff for the improved outcomes of our students from 3 year old kindergarten to Year 12.

In 2018, teachers accessed Professional Learning opportunities in a variety of formal and informal settings. The Professional Learning opportunities offered and accessed within MGGS took the form of mandated compliance focused Professional Learning, project and team based inquiries into elements of practice, faculty based learning initiatives and presentations, workshops and lectures offered by visiting experts. External to MGGS, teachers took the opportunity to access Professional Learning through, further studies at university, attending conferences and workshops, membership with professional associations and undertaking visits to other leading schools in Australia and overseas.

Whilst it is by no means a comprehensive summary of the professional learning undertaken by our staff, The Centre of Educational Enterprise reported the following data on the registration for internal and external professional learning opportunities:

- Total Professional Learning registrations - 1407
    - Barbara Tolson Centre staff 105
    - Morris Hall 194
    - Merton Hall 1059
    - Artemis 49

- Total registrations in hours - 6614
    - Barbara Tolson Centre staff 277
    - Morris Hall 732
    - Merton Hall 5322
    - Artemis 283

New teachers to the School were supported through an internal Instructional Partnership program that involved goal setting, class observations and constructive feedback sessions and targeted coaching. These teachers also collect feedback from peers, managers and students to support them to identify areas of strength and future growth.

Teachers undertook professional learning programs in the areas of Assessment and Formative Practices, understanding and implementing a blended learning and designing engaging project based learning and transdisciplinary learning experiences. Heads of Department and Middle managers participated in a leadership development program 'Leading from the Middle' facilitated by Independent Schools Victoria. A number of teachers took the opportunity to intern in other schools of interest both interstate and internationally.

Our performance development culture encourages staff to value their own learning and to aim for excellence in their role. The structure is designed for teachers to connect across curriculum areas and share diverse practice in order to break down silos and experience high quality instructional practices at a variety of levels and in a variety of Departments. Staff share their learning within Departments and Level Teams and at whole School staff meetings. This in turn provokes dynamic professional discussions and enriches our collegial circles.

The professional learning budget is supported by related expenditures such as temporary teachers, travel, accommodation and catering.

PRINCIPAL'S REPORT

STUDENTS

STUDENT COMPOSITION

Our students come from Melbourne, rural Victoria and all over Australia, in particular the Northern Territory and central New South Wales. We also have many international students from Asia and elsewhere throughout the globe. In 2018 we had five students (2017: six students) who identified themselves to the School as being Aboriginal or Torres Strait Islander.

STUDENT ATTENDANCE

Morris Hall	Merton Hall
93.5%	93.9%

96.5% of students who completed Year 9 at MGGS in 2015 went on to complete Year 12 at MGGS in 2018 (2017: 93.5%).

Non-attendance is monitored by year level co-ordinators and the Directors of Students, and managed on a case-by-case basis depending on the wellbeing needs of the individual student.

YEAR 12 OUTCOMES

The key academic results from our Year 12 students in 2018 are as follows:

- 13 students (11.0%) obtained an ATAR of 99 or higher (2017: 12.8%).
- 41 students (34.7%) obtained an ATAR of 95 or higher (2017: 36.7%).
- 61 students (51.7%) obtained an ATAR of 90 or higher (2017: 52.3%).
- 75 students (63.6%) obtained an ATAR of 85 or higher (2017: 66.1%).
- 84 students (71.2%) obtained an ATAR of 80 or higher (2017: 74.3%).
- 10 perfect study scores (50) were achieved.

The ATAR (Australian Tertiary Admission Rank) is the score used for tertiary selection. It is a measure of a student's ranking within Victoria based on VCE results. Hence 51.7% of MGGS students obtaining an ATAR of 90 or above means that these students are within the top 10% of the State. Our median ATAR for the year was 90.30 (2017: 91.95, 2016: 89.55), and 63.6% (2017: 66.1%, 2016: 63.3%) of our graduates were within the top 15% of the State.

In addition to the fantastic results above, the School acknowledges that three of our students received a perfect ATAR of 99.95, an achievement only reached by 36 students throughout the State of Victoria.

YEAR 12 DESTINATIONS

All of our 119 graduating Year 12 students were eligible for tertiary studies. Virtually all students (99%) seeking course placements for 2019 have been offered a course in the career pathway of their choice. The VTAC (Victorian Tertiary Admissions Centre) offers were for the following areas of study:

Area of Study	% of Offers
Agriculture & Environmental Studies	3%
Architecture & Building	3%
Creative Arts	12%
Education	1%
Engineering	7%
Health	6%
Information Technology	1%
Management & Commerce	23%
Natural & Physical Sciences	19%
Society & Culture	25%

During the year we had 3 students complete a Vocational Education and Training (VET) subject.

PRINCIPAL'S REPORT

BENCHMARK RESULTS

2018

We are very proud of the results our students have achieved in the 2018 NAPLAN testing with 99% of MGGS students achieving at or above the national minimum standard for all literacy and numeracy measures across all levels.

National minimum standard for Year levels are as follows:
Year 3 – Band 2
Year 5 – Band 4
Year 7 – Band 5
Year 9 – Band 6

- At Year 3, 100% of MGGS students ranked at or above the minimum standard for Reading and Writing, and 97% for Numeracy.
- At Year 5, 100% of students ranked at or above the minimum standard for Reading, Writing and Numeracy.
- At Year 7, 100% of students ranked at or above the minimum standard for Writing and Numeracy and 99% for Reading.
- At Year 9, 100% of students ranked at or above the minimum standard for Reading and Numeracy and 94% for Writing.

In comparing the MGGS median score (50th percentile) with the State median score we find that:

- At Year 3
  The median scores in all testing areas for MGGS were above the median scores of other students in the State.
  The median score in Writing for MGGS was at or above the 75th percentile scores of all other students in the State.
- At Year 5
  The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.
  The median scores in Reading, Writing and Numeracy for MGGS were at or above the 75th percentile scores of all other students in the State.
- At Year 7
  The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.
- At Year 9
  The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.

2017

In the 2017 NAPLAN testing, 99% of MGGS students achieved at or above the national minimum standard for all literacy and numeracy measures across all levels.

National minimum standard for Year levels are as follows:
Year 3 – Band 2
Year 5 – Band 4
Year 7 – Band 5
Year 9 – Band 6

- At Year 3, 98% of MGGS students ranked at or above Band 4 for Reading and Writing, and 83% of students ranked at or above Band 4 for Numeracy.
- At Year 5, 100% of students ranked at or above Band 5 for Reading, 98% of students ranked at or above Band 5 for Writing and 96% of students ranked at or above Band 5 for Numeracy.
- At Year 7, 97% of students ranked at or above Band 6 for Reading and Writing and 98% of students ranked at or above Band 6 for Numeracy.
- At Year 9, 95% of students ranked at or above Band 7 for Reading, Writing and Numeracy.

In comparing the MGGS median score (50th percentile) with the State median score we find that:

- At Year 3

The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.
The median scores in Reading and Writing for MGGS were at or above the 75th percentile scores of all other students in the State.

- At Year 5
  The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.
  The median scores in Reading and Writing for MGGS were at or above the 75th percentile scores of all other students in the State.
- At Year 7
  The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.
  The median score in Reading for MGGS were at or above the 75th percentile scores of all other students in the State.
- At Year 9
  The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.
  The median scores in Numeracy, Reading and Writing for MGGS were at or above the 75th percentile scores of all other students in the State.

2016

In the 2016 NAPLAN testing 99% of MGGS students achieved at or above the national minimum standard for all literacy and numeracy measures across all levels.

National minimum standard for Year levels are as follows:
Year 3 – Band 2
Year 5 – Band 4
Year 7 – Band 5
Year 9 – Band 6

- At Year 3, 100% of MGGS students ranked at or above Band 4 for Reading and Writing, and 97% of students ranked at or above Band 4 for Numeracy.
- At Year 5, 96% of students ranked at or above Band 5 for Reading, 98% of students ranked at or above Band 5 for Writing and 94% of students ranked at or above Band 5 for Numeracy.
- At Year 7, 95% of students ranked at or above Band 6 for Reading, 96% of students ranked at or above Band 6 for Writing and 99% of students ranked at or above Band 6 for Numeracy.
- At Year 9, 98% of students ranked at or above Band 7 for Reading, 92% of students ranked at or above Band 7 for Writing and 100% of students ranked at or above Band 7 for Numeracy.

In comparing the MGGS median score (50th percentile) with the State median score we find that:

- At Year 3
  The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.
  The median scores in all testing areas for MGGS were at or above the 75th percentile scores of all other students in the State.
- At Year 5
  The median scores in the testing areas of Numeracy, Reading, Writing and Grammar and Punctuation at MGGS were significantly above the median scores of other students in the State.
  The median scores for in Reading and Writing for MGGS was similar to the 75th percentile scores for all students in the State
- At Year 7
  The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.
  The median scores in Numeracy, Reading and Writing for MGGS were at or above the 75th percentile scores of all other students in the State.
- At Year 9
  The median scores in all testing areas for MGGS were significantly above the median scores of other students in the State.
  The median scores in Numeracy, Reading and Writing for MGGS were at or above the 75th percentile scores of all other students in the State.

PRINCIPAL'S REPORT

STAKEHOLDER FEEDBACK

Parent and Student Surveys

In line with our 2016 - 2018 Strategic Educational Intent and as a matter of good education and professional practice, MGGS systematically measures our progress through community data collection and analysis. In 2018 feedback was again sought through surveys, forums, and Parents Association meetings and Auxiliaries. We use feedback to determine communication and operational priorities for 2019. The Principal's Newsletters, Parents Association forums, Parent Information Evenings, Old Grammarian Committee meetings and School Council meetings are used to broadly share with the MGGS community not only the issues but the actions being taken in response.

In 2018, ELC and Year 4 parents completed a survey on their experience of wellbeing and academic provisions throughout their respective programs. Student forums were held on a range of topics in Years 8 – 12, conducted by educational leaders. A series of whole cohort surveys on the social and emotional status of students in Years 5 to 8 was undertaken to identify emotional and behavioural needs of students in the Middle Years. Year 8 students were also surveyed following their journey to Arnhem land to assist us in improving the experience of that trip. A Year 12 Exit Survey was conducted by Independent Schools Victoria on our graduating students, collating feedback on areas such as Academic Programs, School Ethos and Quality of Teaching. We also surveyed Year 12 exiting students and received a high level of positive responses, in particular around wellbeing support and the range of opportunities within the School's educational offerings.

Over the next 12 months I shall be working with the Executive and School Council to develop the next iteration of the Strategic Intent for the 2020 to 2025 period, and look forward to sharing it with the School Community.

Staff Surveys

The School has employed the services of InSync Survey to conduct its bi-annual survey of staff engagement in 2019. The outcomes will be communicated to staff and to the School Council. We use this staff feedback to continuously improve staff culture and to enhance those practices that ensure we remain an employer of choice in the independent school sector.

FINANCIAL ACTIVITIES

The School's finances are overseen by the Finance Committee, which currently comprises 6 members and the Principal and Director of Business Services. The Committee met six times in 2018 to discuss the School's financial activities. The Committee has responsibility for guiding the financial operations of the School and its key functions are to recommend the annual budget to School Council, review monthly results, monitor parent debt and in conjunction with the Audit & Risk Management Committee to endorse the annual audited financial statements to School Council.

The School seeks to balance between being financially prudent to maintain fees at manageable levels for its parent cohort and generating income and operating cash flows that can be used to provide the best resources and educational environment for its students. In recent years the School has embarked on a building renewal program which has resulted in the refurbishment or development of several areas at both the Merton Hall and Morris Hall campuses. The School has funded these from a mixture of government grants, operating cash flows, fundraising and external debt.

PRINCIPAL'S REPORT

SCHOOL INCOME

The School receives funding from both the State and Commonwealth governments. The following table provides a breakdown of school income in the 2018 year by funding source:

Tuition and Boarding Fees	81.1%
Other Student-related Fees	5.7%
Commonwealth Grants	8.4%
State Grants	1.8%
Interest	0.04%
Donations	0.5%
Other	2.5%
	100%

SCHOOL EXPENDITURE

The School's expenditure throughout the 2018 year is as follows:

Employee Costs	62.3%
Educational Costs	9.5%
Administrative Costs	4.8%
Finance Costs	0.8%
Facility Costs	5.8%
Depreciation & Amortisation	8.6%
Other	8.2%
	100%

VALUE ADDED

As a School community, we regard our students as central to everything we do – our plans, our operations and our measures of success. We are a forward looking community and understand that our students must be prepared for life in an increasingly complex and globally connected world. Our focus is the development of young women with the confidence, skills and experience to excel in life beyond school. Leadership, team building, social and cultural awareness, and a strong sense of personal self-worth are crucial components of an education at Melbourne Girls Grammar. Our approach is aimed at ensuring girls are keen to learn and to extend themselves, that they seek out opportunities and are solution focused in their thinking.

The overwhelming number of MGGS students that maintain co-curricular schedules alongside their academic studies, their exemplary participation in community programs, and their keen involvement in cultural tours and exchanges are indicators of the value inherent in an MGGS education. We aspire for every girl that she become who she is meant to be, and that she optimizes her personal growth through her schooling.

With their assistance, I believe this Report to be an accurate reflection on the experiences and achievements of MGGS in 2018. I would like to recognise and thank all our staff and School Council for their energy, talents and commitment to the School and its students and it is my great pleasure to lead this community into the future.

Although I have only recently joined the MGGS Community, I already feel very much a part of the ethos and am well supported by the dedicated team of academic and non-academic staff.

Dr Toni E. Meath

DIRECTORS' REPORT

Your Directors have pleasure in submitting herewith the financial statements for the Company for the year ended 31 December 2018 together with Notes to and forming part of the Accounts. This report is made in accordance with a resolution of the Directors.

(a) Names of Officers are as follows:

Chairman & Deputy Chairman

Mr Mark BURGESS
Qualification: BCom (Hons)
Experience: Director since April 2017. Deputy Chairman from May 2018 to February 2019. Chairman since February 2019.

Prof Katrina Jane ALLEN
Qualifications: MBBS(Hons), BMedSC(Hons), FRACP, PhD, FAHMS
Experience: Director since June 2015. Chairman from June 2015 to February 2019.

Mr James KELLY
Qualifications: BBldg (Hons) Melb
Experience: Director from January 2012 to September 2018. Deputy Chairman from May 2017 to April 2018.

Directors

Mr Neil APPLETON
Qualifications: BArch (1st Class Hons), MArch, RAIA
Experience: Director since February 2018.

Mrs Tania BROUGHAM
Qualification: BA (Hons)
Experience: Director since April 2011.

Ms Carolyn CLARK
Qualifications: BA LLB (Hons), LLM
Experience: Director since April 2015.

Dr Julie FAULKNER
Qualifications: PhD(Monash), MEdStudies (Monash), Dip Ed (Deakin), BA(Hons) Monash
Experience: Director since March 2013.

The Revd Tracy LAUERSEN
Qualifications: BTh., Dip Ed (Secondary), Dip Training & Development, Dip Divinity & Mission
Experience: Director since February 2017.

The Very Revd Dr Andreas LOEWE
Qualifications: B.A. (Hons), M.A., M.Phil. (Oxon), Ph.D. (Cantab), FRHistS
Experience: Director since February 2013. Retired January 2019.

The Revd Canon Heather PATACCA
Qualifications: B.A., M.Div.
Experience: Director since January 2019.

Mrs Sarah MORGAN
Qualifications: BEng., PGradDip(Contemporary Art), MBA
Experience: Director since September 2018.

Mrs Anna PERMEZEL
Qualifications: BA (Melb)
Experience: Director since September 2014.

Ms Wendy Wilson PETER
Qualifications: B Juris, LLB (Hons) (Monash), LLM (Cantab)
Experience: Director since April 2010.

DIRECTORS' REPORT

Mr Hayden STOCKDALE
Qualifications: BCom(Hons), LLB(Hons), Grad. Dip. App. Fin. MAICD
Experience: Director since April 2016.

Ms Kate TEMBY
Qualifications: BEc (Monash), CA
Experience: Director since January 2015.

Mr Richard UDOVENYA
Qualifications: BCom, LLB, Grad. Dip. App. Fin. And Invest (FINSIA)
Experience: Director since April 2016. Retired January 2018.

Company Secretary
Mr Christian LAWLESS
Qualifications: BCom, LLB, CA
Experience: Company Secretary since January 2012.

Directors and the Company Secretary have been in office since the start of the year to the date of this report unless otherwise stated.

(b) Attendance at Board of Director meetings during the year:

	Eligible	Attended
Prof KJ Allen (Chairman)	5*	5
Mr N Appleton	8	8
Mrs T Brougham	8	7
Mr M Burgess	8	7
Ms C Clark	8	7
Dr J Faulkner	8	7
Mr J Kelly	5	3
The Revd T Lauersen	8	6
The Very Revd Dr A Loewe	3*	1
Mrs S Morgan	2	2
Mrs A Permezel	8	7
Ms WW Peter	8	5
Mr H Stockdale	8	8
Ms K Temby	8	8
Mr R Udovenya	0	0

** Director was on a Council approved leave of absence for part of the year.*

(c) The principal activity of the Company during the year was the conduct of a day and boarding school for girls from 3-year-old kindergarten to Year 12. There has not been any significant change in the nature of the activities during this period.

(d) The surplus of the Company for the year ended 31 December 2018 was $3,730,218 (2017: $2,242,847). It was not necessary to make provision for Income Tax as the Company claims exemption from Income Tax under the *Income Tax Assessment Act 1997*.

(e) No dividends have been paid or proposed during the year. Distributions to members are absolutely prohibited under the Company's Constitution.

(f) No options to shares in the Company have been granted during the year and there were no options outstanding at the end of the year.

DIRECTORS' REPORT

(g) No Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with a Director or with a firm of which he/she is a member or with a Company in which he/she has a substantial material interest.

(h) No matters or circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent years.

(i) The Company has not, during or since the end of the year, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings except for the payment of a standard Directors' and Officers' Liability insurance premium to cover events other than wilful breach of duty.

(j) No person has applied for leave of the Court to bring proceedings to which the Company is a party and the purpose of which is to take responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

(k) The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

(l) The Directors are of the opinion that the Company has complied with all relevant environmental legislation so far as concerns the operations of the Company.

(m) The number of members of the company as at 31 December 2018 was 36 (2017: 36).

(n) The auditor's independence declaration for the year ended 31 December 2018 has been received and is included on page 14.

(o) Events other than those of a financial nature:
Comments on other aspects of the Company's activities have been omitted from this report in favour of a full coverage of events which is contained in the Principal's Report (page 3) and to be presented on behalf of the Board of Directors to the Members at the Annual General Meeting on 1 May 2019. There were no material subsequent events.

DATED AT South Yarra this 27th day of March 2019.

Signed in accordance with a resolution of Directors made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

On behalf of the Directors

Wendy Peter

M Burgess
Chairman

WW Peter
Director

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Directors
Melbourne Girls Grammar - an Anglican School
86 Anderson Street
South Yarra VIC 3141

27 March 2019

Dear Board Members

Melbourne Girls Grammar – an Anglican School

In accordance with Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Melbourne Girls Grammar - an Anglican School.

As lead audit partner for the audit of the financial statements of Melbourne Girls Grammar - an Anglican School for the financial year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Peter Glynn
Partner
Chartered Accountants

DIRECTORS' DECLARATION

The Directors declare that:

a) 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

b) in the Directors' opinion, the attached financial statements and notes thereto for the year ended 31 December 2018 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the Directors made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

On behalf of the Directors

M Burgess
Chairman

Wendy Peter

WW Peter
Director

DATED AT South Yarra this 27th day of March 2019.

MELBOURNE GIRLS GRAMMAR
an Anglican school
ABN 81 116 806 163

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Revenue	2	**39,622,457**	**36,857,603**
Less Expenses			
Employee benefits expense	3	22,992,873	23,078,989
Direct tuition expenses		3,490,324	3,479,793
Administrative expenses		1,772,201	1,478,619
Finance costs	3	303,305	259,252
Facility costs		2,129,415	1,887,044
Depreciation and amortisation expenses	3	3,163,470	2,789,277
Other expenses		3,040,651	2,641,782
		36,892,239	**35,614,756**
Surplus for the year (excluding revenue for capital projects)		2,730,218	1,242,847
Revenue for capital projects	2	1,000,000	1,000,000
Surplus for the year (i)		3,730,218	2,242,847
Other comprehensive income		-	-
Total Surplus for the year		**3,730,218**	**2,242,847**

(i) Surplus for the year is represented as follows:

	Note	2018 $	2017 $
Surplus before depreciation, amortisation, asset losses and write-offs and revenue for capital building projects		5,893,688	4,058,153
Depreciation and amortisation expense	3	(3,163,470)	(2,789,277)
Loss on sale or disposal of fixed assets	3	-	(26,029)
Revenue for capital building projects	2	1,000,000	1,000,000
Surplus for the year		**3,730,218**	**2,242,847**

The accompanying notes form part of these financial statements

MELBOURNE GIRLS GRAMMAR
an Anglican school
ABN 81 116 806 163

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 $	2017 $
Current Assets			
Cash and cash equivalents	4	735,150	813,428
Trade and other receivables	5	845,097	1,073,581
Inventory	6	259,281	247,375
Other assets	7	814,336	723,756
Other financial assets		4,696	-
Total Current Assets		**2,658,560**	**2,858,140**
Non-Current Assets			
Property, plant and equipment	8	67,207,239	68,000,369
Intangible assets	9	79,661	65,573
Other financial assets		-	11,777
Total Non-Current Assets		**67,286,900**	**68,077,719**
Total Assets		**69,945,460**	**70,935,859**
Current Liabilities			
Trade and other payables	10	1,937,110	1,986,539
Provisions	11	1,822,441	2,208,210
Other liabilities	12	12,924,653	13,359,130
Borrowings	13	32,000	1,090,000
Total Current Liabilities		**16,716,204**	**18,643,879**
Non-Current Liabilities			
Provisions	11	425,075	440,017
Borrowings	13	8,008,684	10,786,684
Total Non-Current Liabilities		**8,433,759**	**11,226,701**
Total Liabilities		**25,149,963**	**29,870,580**
NET ASSETS		**44,795,497**	**41,065,279**
Accumulated Funds			
Retained surplus	14	44,790,597	41,060,379
Chapel fund	15	4,900	4,900
TOTAL ACCUMULATED FUNDS		**44,795,497**	**41,065,279**

The accompanying notes form part of these financial statements

MELBOURNE GIRLS GRAMMAR
an Anglican school
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Cash Flow from Operating Activities			
Receipts from parents		34,578,292	33,489,685
Receipts from government grants		4,435,180	3,884,298
Payments to suppliers and employees		(34,875,165)	(34,366,669)
Other receipts		1,102,165	800,414
Interest income		14,983	12,351
Finance costs		(303,305)	(259,252)
Donations received		1,000,000	1,000,000
Net cash provided by operating activities	17(b)	**5,952,150**	**4,560,827**
Cash Flow from Investing Activities			
Proceeds from sale of property, plant & equipment		-	8,246
Purchase of property, plant & equipment		(2,369,388)	(9,476,324)
Purchase of intangible assets		(15,040)	(31,322)
Net cash used in investing activities		**(2,384,428)**	**(9,499,400)**
Cash Flow from Financing Activities			
Net proceeds/(repayments) of external borrowings		(2,500,000)	3,500,000
Net proceeds of borrowings from related parties		(1,146,000)	1,500,000
Net cash (used in)/provided by financing activities		**(3,646,000)**	**5,000,000**
Net (decrease)/increase in cash and cash equivalents		**(78,278)**	**61,427**
Cash and cash equivalents at beginning of the year		813,428	752,001
Cash and cash equivalents at end of the year	17(a)	**735,150**	**813,428**

The accompanying notes form part of these financial statements

MELBOURNE GIRLS GRAMMAR
an Anglican school
ABN 81 116 806 163

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Retained Surplus	Chapel Fund	Total
Balance at 1 January 2017	**38,818,532**	**3,900**	**38,822,432**
Surplus for the year	2,242,847	-	2,242,847
Total Comprehensive Income for the Year	2,242,847	-	2,242,847
Transfer Chapel Fund Income	(1,000)	1,000	-
Total Changes in Equity	**2,241,847**	**1,000**	**2,242,847**
Balance at 31 December 2017	**41,060,379**	**4,900**	**41,065,279**
Surplus for the year	3,730,218	-	3,730,218
Total Comprehensive Income for the Year	3,730,218	-	3,730,218
Total Changes in Equity	**3,730,218**	-	**3,730,218**
Balance at 31 December 2018	**44,790,597**	**4,900**	**44,795,497**

The accompanying notes form part of these financial statements

1 Statement of Accounting Policies

Statement of Compliance
These financial statements are general purpose financial statements which have been prepared in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Regime, and comply with other requirements of the law.

The financial statements cover Melbourne Girls Grammar as an individual entity. For the purposes of preparing the financial statements, the company is a not-for-profit entity.

The financial statements were authorised for issue by the Directors on 27 March 2019.

Basis of Preparation
The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

• Level 3 inputs are unobservable inputs for the asset or liability.

The following material accounting policies have been adopted by the Company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost less accumulated depreciation and amortisation, and any impairment losses.

Property
Freehold land and buildings are measured using the cost basis. The carrying amount of freehold land and buildings is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from those assets.

Furniture and Equipment
Furniture and equipment are measured on the cost basis. The carrying amount of furniture and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from those assets.

1 Statement of Accounting Policies cont'd

(a) Property, Plant and Equipment (cont'd)

Depreciation and Amortisation
The depreciable amount of all tangible assets, including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their estimated useful lives to their residual values commencing from the time the asset is held ready for use. The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the operating surplus / (deficit) of the company in the year of disposal. The depreciation and amortisation rates used for each class of depreciable asset are:

Class of Fixed Asset	Rate
Building and Land improvements	2.50 - 10%
Furniture and Equipment	5 - 33.33%
Motor Vehicles	10 - 20%
Leasehold Improvements	5 - 10%

(b) Intangible Assets

Intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of intangible assets is 3 to 10 years.

(c) Income Tax

The income of the Company is exempt from income tax by virtue of the *Income Tax Assessment Act 1997.*

(d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>Company as lessee</u>
Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(e) Employee Entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred and paid by the Company on behalf of employees.

1 Statement of Accounting Policies cont'd

(f) Revenue

Revenue from tuition fees, subject levies and other receipts from students are recognised upon the delivery of the service or goods. Government grants are recognised when the right to receive a grant has been established. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(g) Cash and Cash Equivalents

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

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except;

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow on a gross basis. The GST component of cash flows is classified as an operating cash flow.

(i) Inventory

Inventories are measured at the lower of cost and net realisable value. Cost of inventories is determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as a surplus or deficit in the period in which they are incurred.

(k) Impairment of Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In respect of not-for-profit entities, where the future economic benefits of an asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciable replacement cost of an asset less, where applicable, accumulated depreciation and amortisation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in surplus or deficit immediately.

MELBOURNE GIRLS GRAMMAR
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 Statement of Accounting Policies cont'd

(l) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The provision for doubtful debts is determined by performing an individual assessment on each debtor account as to their recoverability. Refer to note 5.

(m) Going Concern

The Company is experiencing strong enrolments and in turn positive operating cash flows which are underpinning our ability to maintain a high degree of financial stability.

Despite the deficiency in working capital of $14,057,644 (2017: $15,785,739), the financial statements have been prepared on a going concern basis as: (i) Fees in Advance of $8,540,806 (2017: $8,241,061) and (ii) Prepaid Fees of $4,358,245 (2017: $5,099,604) are classified as current liabilities and are expected to be recognised as income in the operations of the Company in future years. The Company has a debt facility of $20,000,000 of which $13,000,000 is currently available and unused and is not repayable within the next 12 months, provided the loan agreement conditions are met.

(n) Financial Assets

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of Financial Assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:
• The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Initial Measurement of Financial Assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs.

Impairment of Financial Assets
The entity recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade and Other Receivables and Contract Assets
The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

1 Statement of Accounting Policies cont'd

(o) Financial Liabilities and Equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities measured subsequently at amortised cost
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(p) New and revised Accounting Standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 9 Financial Instruments and related amending Standards

The adoption of this standard did not have a material impact on the amounts reported in these financial statements.

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1058 'Income of Not-for-Profit Entities'	1 January 2019	31 December 2019
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	31 December 2019
AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities	1 January 2019	31 December 2019
AASB 16 Leases	1 January 2019	31 December 2019
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019	31 December 2019
AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements	1 January 2019	31 December 2019
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020	31 December 2020
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	31 December 2020

In addition, at the date of authorization of the financial statements the following IASB Standards and IFRIC Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued.

The Company does not intend to adopt any of these pronouncements before their effective dates. The Company has assessed the potential effects of these pronouncements and has determinded they are unlikely to have a material impact on the Net Surplus of the Company.

1 Statement of Accounting Policies cont'd

(p) New and revised Accounting Standards

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**
Amendments to References to the Conceptual Framework in IFRS	1 January 2020

AASB 16 'Leases'

AASB 16 Leases will replace existing accounting requirements for leases under AASB 117 Leases. Under current requirements, leases are classified based on their nature as either finance leases, which are recognised on the Statement of Financial position, or operating leases, which are not recognised on the Statement of Financial Position.
The Company's accounting for operating leases as a lessee will result in the recognition of a right-of-use (ROU) asset and an associated liability on the Statement of Financial Position. The lease liability represents the present value of future lease payments, with the exception of short-term leases. An interest expense will be recognised on the lease liabilities, and a depreciation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Company will apply AASB in the financial year beginning 1 January 2019. At 31 December 2018 the Company had non-cancellable undiscounted operating lease commitments of $1,005,936. These commitments may require recognition of ROU assets and lease liabilities. Based on the assessment to date, the impact is expected to 'gross up' the Company's Statement of Financial Position, impacting key financial ratios.

AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new income recognition requirements shift the focus from a reciprocal/ non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

The core principle of the new income recognition requirements in AASB 1058 is when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

The adoption of these standards is not expected to have a material impact on the financial statements.

2. Revenue

	2018 $	2017 $
Operating activities		
Provision of services:		
Tuition	32,514,772	30,555,034
Scholarships, discounts & bursaries	(2,533,894)	(2,390,184)
Boarding fees	2,136,760	2,188,828
Application fees	83,482	86,966
Other fees	2,189,485	1,926,689
Government grants (recurrent)	4,031,982	3,531,180
Interest income on cash and cash equivalents	14,983	12,351
Other income	994,887	756,739
	39,432,457	36,667,603
Non-operating activities		
Donations for recurrent purposes from related parties	190,000	190,000
	190,000	190,000
Revenue	**39,622,457**	**36,857,603**
Revenue for capital projects		
Donations for capital purposes from related parties	1,000,000	1,000,000
	1,000,000	1,000,000
Total Revenue	**40,622,457**	**37,857,603**
Included in Total Revenue above were:		
Total donations	1,190,000	1,190,000

3. Surplus for the Year

Surplus for the year has been derived after the following items of expenditure:

	2018 $	2017 $
Employee Benefits expense:		
- short term employee benefits	21,007,297	20,884,026
- post employment benefits (defined contribution plans)	1,906,474	2,118,754
- termination benefits	79,102	76,209
Total employee benefits expense	**22,992,873**	**23,078,989**
Depreciation of non-current assets:		
- building	1,953,925	1,666,658
- improvements	22,595	20,218
- motor vehicles	54,350	50,469
- furniture & equipment	1,131,648	1,050,980
Total depreciation expense	3,162,518	2,788,325
Amortisation of intangible assets:		
- trademarks	952	952
Total amortisation expense	952	952
Total depreciation and amortisation expense	**3,163,470**	**2,789,277**
Loss on sale or disposal of fixed assets	-	26,029
Operating lease rental expenses	180,149	205,989
Remuneration of the auditors for:		
- audit of accounts	26,630	25,730
- internal audit services	26,000	-
- taxation services	7,100	6,950
The auditor is Deloitte Touche Tohmatsu.	59,730	32,680

	2018 $	2017 $
3. Surplus for the Year (Continued)		
Finance costs:		
- interest paid to related parties	34,357	40,257
- interest paid to financial institutions	268,948	318,800
	303,305	**359,057**
- amount capitalised	-	(99,805)
Finance costs expensed	**303,305**	**259,252**
Fair value (losses)/gains on interest rate swaps	(7,081)	11,777

4. Cash and Cash Equivalents

	2018 $	2017 $
Cash on Hand	3,900	3,500
Cash at Bank	731,250	809,928
	735,150	**813,428**

5. Trade and Other Receivables

	2018 $	2017 $
Family Debtors	1,072,432	1,081,848
Less Provision for doubtful debts (i)	(330,095)	(197,200)
	742,337	884,648
Related Parties	10,871	45,144
Other Debtors	91,889	143,789
	845,097	**1,073,581**

(i) Movement in provision for doubtful debts

	2018 $	2017 $
Balance at beginning of the year	(197,200)	(197,200)
Amounts recovered during the year	56,681	38,005
Impairment losses recognised on receivables	(201,904)	(129,749)
Amounts written off from provision during the year as uncollectable	12,328	91,744
Balance at the end of the year	**(330,095)**	**(197,200)**

The average credit period for family debtors is 14 days. No interest is charged on outstanding trade receivables. The company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The adoption of AASB 9 had not had a material impact to the financial statements.

6. Inventory

	2018 $	2017 $
Uniform Shop Inventory	259,281	247,375
	259,281	**247,375**

	2018 $	2017 $
7. Other Assets		
Prepayments	788,734	705,291
Monies held on trust	25,602	18,465
	814,336	**723,756**
8. Property, Plant and Equipment		
Freehold Land at cost	2,211,961	2,211,961
Freehold Land Improvements at cost	1,567,805	1,376,128
Provision for depreciation	(1,175,864)	(1,153,269)
	2,603,902	**2,434,820**
Buildings at cost	75,519,130	75,015,086
Provision for depreciation	(16,997,648)	(15,043,723)
	58,521,482	**59,971,363**
Furniture & Equipment at cost	18,638,963	17,874,364
Provision for depreciation	(13,715,848)	(12,584,200)
	4,923,115	**5,290,164**
Motor Vehicles at cost	437,015	410,245
Provision for depreciation	(354,109)	(299,759)
	82,906	**110,486**
Capital Work in Progress:		
WIP - Deposits	57,929	153,648
Anderson Street Fence	-	39,888
Wildfell	214,465	-
The Hub	803,439	-
	1,075,834	**193,536**
Total Property, Plant and Equipment	**67,207,239**	**68,000,369**

8. Property, Plant and Equipment (cont'd)

(a) Movements in Carrying Amounts
Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

	Land & Improvements	Buildings	Furniture & Equipment	Motor Vehicles	Capital Work in Progress	Total
	$	$	$	$	$	$
2017						
Opening balance	2,346,938	34,210,721	3,199,653	125,925	21,463,408	61,346,645
Additions	108,100	24,890	587,493	35,030	8,720,811	9,476,324
Disposals	-	-	(34,275)	-	-	(34,275)
Transfer	-	27,402,410	2,588,273	-	(29,990,683)	-
Depreciation	(20,218)	(1,666,658)	(1,050,980)	(50,469)	-	(2,788,325)
Closing balance	**2,434,820**	**59,971,363**	**5,290,164**	**110,486**	**193,536**	**68,000,369**
2018						
Opening balance	2,434,820	59,971,363	5,290,164	110,486	193,536	68,000,369
Additions	162,658	111,270	717,129	24,097	1,354,234	2,369,388
Transfer	29,019	392,774	47,470	2,673	(471,936)	-
Depreciation	(22,595)	(1,953,925)	(1,131,648)	(54,350)	-	(3,162,518)
Closing balance	**2,603,902**	**58,521,482**	**4,923,115**	**82,906**	**1,075,834**	**67,207,239**

9. Intangible Assets

	2018	2017
	$	$
Trademarks	6,912	7,864
Software work in progress	72,749	57,709
	79,661	**65,573**

(a) Movements in carrying amounts for each class of Intangible Assets between the beginning and the end of the year:

	Trademarks	Work in Progress	Total
	$	$	$
2017			
Opening balance	8,816	26,387	35,203
Acquisitions	-	31,322	31,322
Amortisation	(952)	-	(952)
Closing balance	**7,864**	**57,709**	**65,573**
2018			
Opening balance	7,864	57,709	65,573
Acquisitions	-	15,040	15,040
Amortisation	(952)	-	(952)
Closing balance	**6,912**	**72,749**	**79,661**

MELBOURNE GIRLS GRAMMAR
an Anglican school
ABN 81 116 806 163

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 $	2017 $
10. Trade and Other Payables		
Current		
Trade creditors	179,986	271,876
Sundry creditors & accruals	1,757,124	1,714,663
	1,937,110	**1,986,539**

The average credit period on purchases is 30 days. No interest is charged on trade payables.

11. Provisions

	2018 $	2017 $
Current		
Provisions (i)	153,215	149,197
Employee entitlements (ii):		
Annual leave	278,593	488,084
Long service leave	1,390,633	1,570,929
	1,822,441	**2,208,210**
Non-current		
Employee entitlements (ii):		
Long service leave	425,075	440,017
	425,075	**440,017**

(i) Movement in provision for Old Grammarians contribution:

	2018 $	2017 $
Balance at the beginning of the year	149,197	149,197
Amounts charged to profit or loss	38,143	35,000
Amount paid during the year	(34,125)	(35,000)
Balance at the end of the year	153,215	149,197

A portion of enrolment fees received from parents is set aside to be paid to the Old Grammarians Society following the departure of the student from the School. On departure from the School, a payment of $175 is paid to the Society. The provision represents the present value of these future payments.

	2018 $	2017 $
(ii) Aggregate employee entitlements	2,094,301	2,499,030

12. Other Liabilities

	2018 $	2017 $
Term Fees in Advance	8,540,806	8,241,061
Advance Fees	4,358,245	5,099,604
Monies held on trust	25,602	18,465
	12,924,653	**13,359,130**

13. Borrowings

	2018 $	2017 $
Current		
Unsecured		
Loan from a related party at amortised cost (iii)	32,000	1,090,000
	32,000	**1,090,000**
Non- Current		
Secured		
Bank loans secured at amortised cost (i) (ii)	7,000,000	9,500,000
	7,000,000	**9,500,000**
Unsecured		
Loan from a related party at amortised cost (iii)	1,008,684	1,286,684
	1,008,684	**1,286,684**
	8,008,684	**10,786,684**

(i) Secured bank loan facility:

Amount used	7,000,000	9,500,000
Amount unused	13,000,000	10,500,000
Total bank loan facility	**20,000,000**	**20,000,000**

The facility limit is currently $20,000,000 (2017: $20,000,000).

The Company also has an asset finance lease facility for $750,000 (2017: $750,000). The used portion of this facility is $Nil (2017: $Nil).

(ii) Bank loans have an interest rate of 3.49% (2017: 3.49%) which equals the weighted average rate for the year. The Company has provided security in the form of a first registered mortgage over the Merton Hall campus situated at 62-86 Anderson Street, South Yarra, Victoria.

(iii) The Company has unsecured loans with related parties, The Merton Hall Foundation and the Gilman Jones Scholarship Trust Fund, which both have an interest rate of 2.91% (2017: 2.91%).

14. Retained Surplus

	2018 $	2017 $
Balance at the beginning of the year	41,060,379	38,818,532
Total comprehensive income for the year	3,730,218	2,242,847
Income transferred to Chapel Fund	-	(1,000)
Balance at the end of the year	**44,790,597**	**41,060,379**

		2018	2017
		$	$
15.	**Chapel Fund Reserve**		
	Balance at the beginning of the year	4,900	3,900
	Income received during the year	-	1,000
	Balance at the end of the year	**4,900**	**4,900**

The Chapel Fund Reserve arises when donations are received from the School Chapel and reduced when expenditure is incurred specifically for the School Chapel. All transactions are recognised in the surplus or deficit.

16. Commitments

		2018	2017
(a)	**Future Lease Commitments**		
	Payable not later than 1 year	369,788	1,004,417
	Payable later than 1 but not later than 5 years	636,148	303,203
		1,005,936	**1,307,620**
(b)	**Capital Expenditure Commitments**		
	Capital expenditure commitments		
	Contracted for capital expenditure projects	1,063,446	141,436
		1,063,446	**141,436**

The capital commitments are payable not later than 1 year.

	2018 $	2017 $

17. Notes to the Statement of Cash Flows

(a) Reconciliation of cash for the purposes of the Statement of Cash Flows. Cash includes cash on hand and at call deposits with banks or financial institutions.

Cash at the end of the year is shown in the Statement of Financial Position as:

	2018 $	2017 $
Cash on hand	3,900	3,500
Cash at bank	731,250	809,928
Cash and cash equivalents	**735,150**	**813,428**

(b) Reconciliation of Cash Flow from Operations with Operating Surplus

	2018 $	2017 $
Surplus for the year	3,730,218	2,242,847
Non Cash Flows in Operating Surplus:		
Loss on sale or disposal of fixed assets	-	26,029
Depreciation and Amortisation	3,163,470	2,789,277
Fair value loss to derivatives	7,081	17,646
Doubtful debt provision	132,895	(85,963)
Revenue offset against related party loan (i)	(190,000)	(190,000)
Change in Assets & Liabilities:		
Decrease / (Increase) in Trade and Other Receivables	95,589	(256,184)
Decrease / (Increase) in Inventory	(11,906)	50,630
Decrease / (Increase) in Other Assets	(90,580)	(260,909)
Increase / (Decrease) in Trade and Other Payables	(49,429)	(760,449)
Increase / (Decrease) in Provisions	(400,711)	213,569
Increase / (Decrease) in Other Liabilities	(434,477)	774,334
Net Cash Provided by Operating Activities	**5,952,150**	**4,560,827**

(i) During the year the Merton Hall Endowment Fund made a donation to the School of $190,000 (2017: $190,000) which was a non-cash transaction and treated as a deduction in the related party loan.

18. Members' Guarantee

The Company is incorporated as a company limited by guarantee and does not have share capital. The contribution of each member to its debts and liabilities in the event of a winding up is restricted to an amount not exceeding $10.00. There were 36 members at 31 December 2018 (2017: 36).

19. Events After The Reporting Date

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

20. Contingent Assets & Liabilities

The Directors are unaware of any contingent assets or liabilities in existence at reporting date.

21. Key Management Personnel Compensation

The aggregate compensation made to key management personnel of the School is set out below:

	2018 $	2017 $
Compensation to key management personnel	1,715,422	1,937,940

The number of personnel within this group averaged 7.75 during the year (2017: 8.75).

22. Related Party Transactions

A capital donation of $1,000,000 (2017: $1,000,000) has been made by the Merton Hall Foundation Building Fund.

A donation of $190,000 (2017: $190,000) has been made by the Merton Hall Foundation Endowment Fund.

An amount of $10,871 (2017: $45,144) owed by the Merton Hall Foundation has been recognised in Trade and other receivables, and $54,969 (2017: $50,825) owed to the Merton Hall Foundation has been recognised in trade and other payables.

Loans have been made to the Company by the Merton Hall Foundation of $1,008,684 (2017: $2,286,684) and by the Gilman Jones Scholarship Trust Fund of $32,000 (2017: $90,000) as detailed in Note 13. Interest charged to profit and loss of $34,357 (2017: $40,257) as discussed in Note 3.

23. Financial Instruments

	2018 $	2017 $
The Company holds the following financial instruments:		
Financial Assets - amortised cost		
Trade and other receivables	845,097	1,073,581
Derivatives - FVTPL	4,696	11,777
	849,793	**1,085,358**
Financial Liabilities - amortised cost		
Trade and other payables	1,937,110	1,986,539
Other liabilities	12,924,653	13,359,130
Borrowings	8,040,684	11,876,684
	22,902,447	**27,222,353**

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Independent Auditor's Report to the Members of Melbourne Girls Grammar - an Anglican School

Opinion

We have audited the financial report of Melbourne Girls Grammar - an Anglican School, which comprises the statement of financial position as at 31 December 2018, the statement of profit and loss and other 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 declaration by the Directors.

In our opinion, the accompanying financial report of Melbourne Girls Grammar - an Anglican School is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the ACNC Act 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. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the ACNC Act. Our report is intended solely for the members, the Directors and the *Australian Charities and Non-for-profits Commission* (ACNC) and should not be distributed to or used by parties other than the members, the Directors and the ACNC. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information comprises the Principal's report and the Directors' report, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the ACNC Act 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

Our 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 our 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our 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.

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- 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.

We 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 we identify during our audit.

Deloitte Touche Tohmatsu

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Peter Glynn
Partner
Chartered Accountants
Melbourne, 27 March 2019