

MELBOURNE GIRLS GRAMMAR
an Anglican school

ABN 81 116 806 163

ANNUAL REPORT

**FOR THE YEAR ENDED
31 DECEMBER 2019**

COMPANY DETAILS

Principal

Dr TE Meath

Chairman

Mr M Burgess

Deputy Chairman

Mrs T Brougham

Directors

Mr N Appleton

Dr C Button QC

Mrs C Clark

Dr J Faulkner

The Revd T Lauersen

The Revd Canon H Patacca

Mrs S Morgan

Mr A Mytton

Mrs A Permezel

Mr H Stockdale

Ms K Temby

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

Secretary and Principal Accounting Officer

Mr C Lawless

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 2019 there were 37 (2018: 36) Members of the Company whose names appear below:

Directors

Mr N Appleton
Mrs T Brougham
Mr M Burgess
Dr C Button QC
Mrs C Clark OAM
Dr J Faulkner
The Revd T Lauersen
Mrs S Morgan
Mr A Mytton
Mrs A Permezel
The Revd Canon H Patacca
Mr H Stockdale
Ms K Temby

Principal

Dr TE Meath

Staff

Miss RK Glenton
Miss WC Tan

Students

Miss Helena Wong Hansen
Miss Sophie Hodge
Miss Scarlet Elkins Priest

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 T 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 2019 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
96.3%	92.8%	97.0%	89.91%

STAFF RETENTION

Overall 87.4% (2018: 92.04%) of School employees have been retained from 2019 into the 2020 school year.

The average tenure of all teaching staff members employed at the end of 2019 was 7.0 years (2018: 6.4 years).

PRINCIPAL'S REPORT

TEACHER QUALIFICATIONS

Doctorate	1%
Masters	32%
Post-Graduate Certificate	9%
Bachelor with Honours	1%
Bachelor	54%
Graduate Diploma	1%
Diploma	2%

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 2020 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 205 full-time employees, 89 part-time employees and 134 casual employees (2018: 176 full-time employees, 102 part-time employees and 181 casual employees). The split of male to female staff is 21.0% to 79.0% (2018: 20.9% to 79.1%), as indicated in our annual submission to the Workplace Gender Equality Agency in 2019. 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. Fortunately, during the year there were nil staff incidents that required lodgement of claims to the WorkCover Authority. 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 2019

During 2019, 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, and interstate.

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 2019, 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, lectures and the Centre for Educational (CEE) biennial conference. 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, CEE reported the following data on the registration for internal and external professional learning opportunities:

Total Professional Learning Registrations	1590
Barbara Tolson Centre	68
Morris Hall	169
Merton Hall	1298
Artemis	55

Total Professional Learning Hours	7934
Barbara Tolson Centre	403
Morris Hall	810
Merton Hall	6419
Artemis	302

New teachers to the School were supported through regular information sessions, as well as internal opportunities to partner with colleagues to observe practice and receive feedback on their teaching. Heads of Department provided further support to new teachers through observations and feedback cycles.

In 2019, teachers participated in Professional Learning Communities in the areas of Assessment and Evidence, Concept Driven Curriculum Design, Learning Design, Personalised Learning in VCE and Visible Thinking strategies. For Heads of Department, training in the learning analytics suite TrackOne was provided, to support the work of teams to improve our use of evidence to inform practice.

PRINCIPAL'S REPORT

Furthermore, staff were given the opportunity to apply for funding through an Innovation Grant, to explore new technologies and new and innovative pedagogical approaches that have the potential to improve student learning and engagement. The 2019 Professional Learning and Innovation Grants assisted the School to build a culture of innovation whereby teachers personalise their learning through purposeful and intentional actions. The Grants supported teachers to take risks and confidently explore new approaches and implement new strategies into their instructional practices. Four teams were granted the resources to execute their projects in the following domains: Technological Innovation, Object Based Learning, STEM Philosophy and Pedagogy, and Learning Spaces.

Our performance and 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 teams, and at whole School staff meetings. In 2019, informal 'Teachmeets' were introduced to provide further opportunities for staff to share their practice; these sessions were recorded and made available online. These interactions in turn provoke dynamic professional discussions and enrich 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 2019 we had six students (2018: five students) who identified themselves to the School as being Aboriginal or Torres Strait Islander.

STUDENT ATTENDANCE

Morris Hall	Merton Hall
94.5%	95.2%

82.9% of students who completed Year 9 at MGGS in 2016 went on to complete Year 12 at MGGS in 2019 (2018: 96.5%).

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 2019 are as follows:

- 12 students (11.9%) obtained an ATAR of 99 or higher (2018: 11.0%).
- 33 students (32.7%) obtained an ATAR of 95 or higher (2018: 34.7%).
- 55 students (54.5%) obtained an ATAR of 90 or higher (2018: 51.7%).
- 69 students (68.3%) obtained an ATAR of 85 or higher (2018: 63.6%).
- 73 students (72.2%) obtained an ATAR of 80 or higher (2018: 71.2%).
- 6 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 54.5% 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 90.85 (2018: 90.30, 2017: 91.95) and 68.3% (2018: 63.6%, 2017: 66.1%) of our graduates were within the top 15% of the State.

YEAR 12 DESTINATIONS

All of our 101 graduating Year 12 students were eligible for tertiary studies. All students (99%) seeking course placements for 2020 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	1%
Architecture & Building	5%
Creative Arts	11%
Education	0%
Engineering	5%
Health	8%
Information Technology	2%
Management & Commerce	20%
Natural & Physical Sciences	21%
Society & Culture	27%

PRINCIPAL'S REPORT

BENCHMARK RESULTS

2019

We are very proud of the results our Grammarians have achieved in the 2019 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 Numeracy.
- At Year 5, 100% of MGGS 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 Reading and Numeracy and 99% for Writing.
- At Year 9, 100% of students ranked at or above the minimum standard for Reading and Numeracy and 98% 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 students in the State.
The median score in Reading and Numeracy were statistically similar to the 75th percentile scores of all 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 score for Writing at MGGS was significantly above the 75th percentile score for all students in the State.
75 % of students at MGGS scored above the median State score in Numeracy and Reading.
- 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 for Writing and Numeracy were at or above the 75th percentile scores for all students in the State.
75% of students at MGGS scored above the median State score in Reading, Writing and Numeracy.
- 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 score for Writing at MGGS was significantly above the 75th percentile score for all students in the State.
75% of students at MGGS scored above the median State score in Writing and Numeracy.

2018

In the 2018 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

PRINCIPAL'S REPORT

- 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.

PRINCIPAL'S REPORT

- 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.

STAKEHOLDER FEEDBACK

Parent and Student Surveys

In my first year as Principal at MGGS I was focussed on observation and developing an understanding of the organisation. Coming into a new school I believed it was vital to watch and listen to how this School operates and how it manages to be as successful as its past achievements demonstrate. There are always opportunities for change and improvement in any school, however understandably the Community will drive more achievable and sustainable changes.

I held many forums with key stakeholders of the School including staff, parents, alumnae and students during the year which helped me form the MGGS Strategic Plan 2020 – 2025, to guide our direction over the next five years.

I am excited by the direction it is taking and shall work with the School Executive Team and School Council to convert the plan into reality.

Staff Surveys

The School engaged the services of InSync Survey to conduct its bi-annual survey of staff engagement in 2019. The outcomes were 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 5 members and the Principal and Director of Business Services. The Committee met six times in 2019 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 2019 year by funding source:

Tuition and Boarding Fees	81.2%
Other Student-related Fees	5.7%
Commonwealth Grants	8.4%
State Grants	1.8%
Interest	0.02%
Donations	0.48%
Other	2.4%
	100%

SCHOOL EXPENDITURE

The School's expenditure throughout the 2019 year is as follows:

Employee Costs	64.1%
Educational Costs	8.3%
Administrative Costs	4.3%
Finance Costs	0.5%
Facility Costs	6.2%
Depreciation & Amortisation	8.6%
Other	8.0%
	100%

SCHOLARSHIPS

The School has established many scholarships and bursaries for Grammarians and prospective Grammarians to open up an education at the School to more students. Discounts are also offered to some families based on their circumstances – primarily discounts for multiple Grammarians from the one family attending the School concurrently. A breakdown of the various concessions provided are below, in terms of the number of full-time equivalent concession provided:

	2019	2018
Bursaries	17.3	16.0
Indigenous Scholarships	6.0	5.0
Other Scholarships	47.0	46.1
Discounts	14.4	13.8
	84.7	80.9

In 2020 we will have our three 125th Anniversary Scholarship awardees commence at the School, and thanks to the generosity of the Community will be able to offer a fourth 125th Anniversary Scholarship to commence in 2021.

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.

I believe this Report to be an accurate reflection on the experiences and achievements of MGGS in 2019. 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 continue to lead this community.

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 2019 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.

Mrs Tania BROUGHAM

Qualification: BA (Hons)

Experience: Director since April 2011. Deputy Chairman since May 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. Retired May 2019.

Directors

Mr Neil APPLETON

Qualifications: BArch (1st Class Hons), March, RAIA

Experience: Director since February 2018.

Dr Catherine Button QC

Qualifications: BA, LLB (Hons), BCL (Dist) Oxon, D Phil (Oxon)

Experience: Director since May 2019.

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.

Mrs Sarah MORGAN

Qualifications: BEng., PGrad Dip (Contemporary Art), MBA

Experience: Director since September 2018.

Mr Alistair Mytton

Qualifications: BComm (Melb), CA GAICD

Experience: Director since May 2019.

The Revd Canon Heather PATACCA

Qualifications: BA, M.Div.

Experience: Director since January 2019.

DIRECTORS' REPORT

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. Retired May 2019

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.

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

* 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 2019 was \$3,381,498 (2018: \$3,730,218) 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.
- (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.

DIRECTORS' REPORT

- (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 2019 was 37 (2018: 36).
- (n) The auditor's independence declaration for the year ended 31 December 2019 has been received and is included on page 16.
- (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 29 April 2020.

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.

Since reporting date, the Company has entered into a new facility which increases the term for another 3 years. The loan facility with NAB has been reduced from \$20m to \$7.5m due to reducing liquidity requirements.

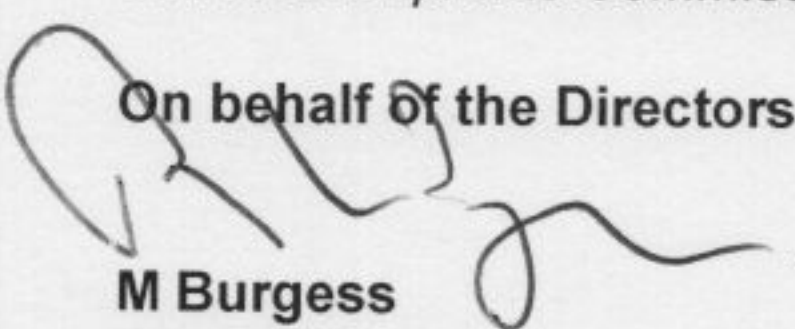
Also since reporting date, the novel coronavirus (Covid-19) outbreak in Wuhan, China has developed, which has caused worldwide uncertainties resulting in travel restrictions, self-isolation, economic distress, changes in monetary policy and closure or effective cessation of several industries (travel, hospitality, event management). The Company has reviewed the potential impact upon Other Liabilities in the Statement of Financial Position and considers any refund immaterial. The potential impact on Trade and Other Receivables has also been considered and any potential impairment considered immaterial.

The School has sent all students home as of 18 March 2020 and they are now being taught remotely. As education continues for students, no fee remission for tuition fees is to be provided. By continuing to educate students it should reduce the likelihood of families seeking a potential refund. The above has been assessed as a non-adjusting event after reporting date. Importantly, the conclusion in Note 1(m) around Going Concern have not altered.

DATED AT South Yarra this 30th day of April 2020.

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


M Burgess
Chairman

T Brougham
Deputy Chairman

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

30 April 2020

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 2019, 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



Peter Glynn
Partner
Chartered Accountants

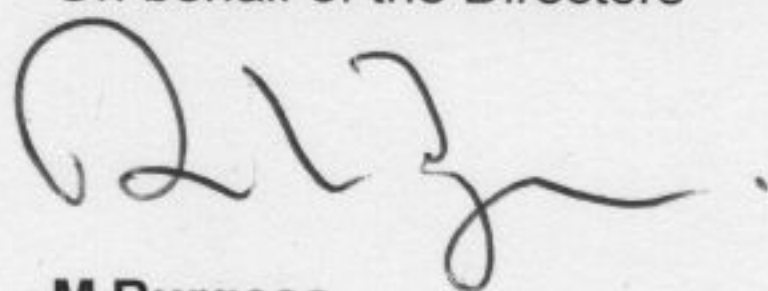
DIRECTORS' DECLARATION

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 2019 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

T Brougham
Deputy Chairman

DATED AT South Yarra this 30th day of April 2020.

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 2019

	Note	2019 \$	2018 \$
Revenue	2	41,597,287	39,622,457
Less Expenses			
Employee benefits expense	3	25,154,621	22,992,873
Direct tuition expenses		3,270,209	3,490,324
Administrative expenses		1,702,947	1,772,201
Finance costs	3	195,612	303,305
Facility costs		2,415,799	2,129,415
Depreciation and amortisation expenses	3	3,354,532	3,163,470
Other expenses		3,122,069	3,040,651
		39,215,789	36,892,239
Surplus for the year (excluding revenue for capital projects)		2,381,498	2,730,218
Revenue for capital projects	2	1,000,000	1,000,000
Surplus for the year (i)		3,381,498	3,730,218
Other comprehensive income		-	-
Total Surplus for the year		3,381,498	3,730,218

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

Surplus before depreciation, amortisation, asset losses and write-offs and revenue for capital building projects		5,735,030	5,893,688
Depreciation and amortisation expense	3	(3,354,532)	(3,163,470)
Gain on sale or disposal of fixed assets	3	1,000	-
Revenue for capital building projects	2	1,000,000	1,000,000
Surplus for the year		3,381,498	3,730,218

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 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	4	1,385,839	735,150
Trade and other receivables	5	981,727	845,097
Inventory	6	268,771	259,281
Other assets	7	484,098	814,336
Other financial assets		-	4,696
Total Current Assets		3,120,435	2,658,560
Non-Current Assets			
Property, plant and equipment	8	66,987,712	67,207,239
Intangible assets	9	79,432	79,661
Right of use assets	10	365,779	-
Total Non-Current Assets		67,432,923	67,286,900
Total Assets		70,553,358	69,945,460
Current Liabilities			
Trade and other payables	11	1,896,047	1,937,110
Provisions	12	2,036,295	1,822,441
Other liabilities	13	13,109,763	12,924,653
Borrowings	14	3,057,000	32,000
Lease liabilities	18	90,316	-
Total Current Liabilities		20,189,421	16,716,204
Non-Current Liabilities			
Provisions	12	638,390	425,075
Other liabilities	13	689,415	
Borrowings	14	1,418,684	8,008,684
Lease liabilities	18	280,379	-
Total Non-Current Liabilities		3,026,868	8,433,759
Total Liabilities		23,216,289	25,149,963
NET ASSETS		47,337,069	44,795,497
Accumulated Funds			
Retained surplus	15	47,332,169	44,790,597
Chapel fund	16	4,900	4,900
TOTAL ACCUMULATED FUNDS		47,337,069	44,795,497

The accompanying notes form part of these financial statements

MELBOURNE GIRLS GRAMMAR
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Cash Flow from Operating Activities			
Receipts from parents		36,579,580	34,578,292
Receipts from government grants		4,720,658	4,435,180
Payments to suppliers and employees		(36,039,339)	(34,875,165)
Other receipts		1,079,859	1,102,165
Interest income		9,403	14,983
Finance costs		(195,612)	(303,305)
Donations received		1,000,000	1,000,000
		<u>7,154,549</u>	<u>5,952,150</u>
Net cash provided by operating activities	19(b)	<u>7,154,549</u>	<u>5,952,150</u>
Cash Flow from Investing Activities			
Proceeds from sale of property, plant & equipment		1,000	-
Purchase of property, plant & equipment		(3,040,379)	(2,369,388)
Purchase of intangible assets		(723)	(15,040)
		<u>(3,040,102)</u>	<u>(2,384,428)</u>
Net cash used in investing activities		<u>(3,040,102)</u>	<u>(2,384,428)</u>
Cash Flow from Financing Activities			
Net repayments of external borrowings		(4,500,000)	(2,500,000)
Principal portion of lease repayment		(88,758)	-
Net proceeds/(repayments) of borrowings from related parties		1,125,000	(1,146,000)
		<u>(3,463,758)</u>	<u>(3,646,000)</u>
Net cash used in financing activities		<u>(3,463,758)</u>	<u>(3,646,000)</u>
Net increase/(decrease) in cash and cash equivalents		650,689	(78,278)
Cash and cash equivalents at beginning of the year		735,150	813,428
Cash and cash equivalents at end of the year	19(a)	<u><u>1,385,839</u></u>	<u><u>735,150</u></u>

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 2019

	Retained Surplus \$	Chapel Fund \$	Total \$
Balance at 1 January 2018	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
Opening retained earnings adjustment (refer to note 1(p))	(839,926)	-	(839,926)
Surplus for the year	3,381,498	-	3,381,498
Total Comprehensive Income for the Year	3,381,498	-	3,381,498
Total Changes in Equity	2,541,572	-	2,541,572
Balance at 31 December 2019	47,332,169	4,900	47,337,069

The accompanying notes form part of these financial statements

MELBOURNE GIRLS GRAMMAR
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ABN 81 116 806 163

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 30th April 2020.

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. 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.

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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1 Statement of Accounting Policies cont'd

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

Depreciation and Amortisation

The depreciable amount of all tangible assets, but excluding freehold land, are depreciated over their estimated use of 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 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

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in statement of financial position.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1 Statement of Accounting Policies cont'd

(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.

(f) Revenue

Tuition income and enrolment fees

Revenue from tuition fees, subject levies and other receipts from parents are recognised upon delivery of the service or goods. Tuition fees billed in advance or prepaid portion are recognised as deferred revenue at reporting date.

In addition to tuition income the Company receives a fee upon enrolment of a student into an upcoming years. This fee represents a material right to receive future tuition services (being education as the fee entitles the student to a place in the school) and thus will be recognised as revenue over the expected school life of the student at Melbourne Girls Grammar.

Government grants

The new income requirements state that in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction should be accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied, as opposed to immediate income recognition under AASB 1058.

The Company has conducted an analysis of the government grant contracts and analysed the terms of each contract to determine whether the arrangement meets the enforceability and the 'sufficiently specific' criteria under AASB 15. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058.

All government grants received during the year have been recognised as revenue in the current year as the funding agreements did not contain sufficiently specific performance obligations.

Donations and bequests

Donations and bequests are recognised on a cash basis unless the School enters into an enforceable contract which contains 'sufficiently specific' performance obligations.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1 Statement of Accounting Policies cont'd

(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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 continues to experience strong enrolments and operating cash flows which are underpinning our ability to maintain a high degree of financial stability.

The Company reported a deficiency in working capital of \$17,068,986 due to the classification of:

(i) prepaid fees and fees billed in advance of \$13,776,497 which will be fully recognised as revenue in the operations of the Company in future years.

(ii) external borrowings of \$2,500,000 which have been classified as current liabilities at reporting date as the term of the facility was due to expire within the coming 12 months, however since reporting date, the Company has entered into a new facility which increases the term for another 3 years. The facility available to the Company is \$7,500,000.

(iii) vested annual and long service leave liabilities of \$1,867,874 which the Directors do not consider will be fully paid in the next twelve months based on past experience.

Based on the above matters, the directors consider the going concern basis of preparation is appropriate.

(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 Company 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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1 Statement of Accounting Policies cont'd

(n) Financial Assets cont'd

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.

(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 2019.

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

· **AASB 16 Leases**

AASB 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

This standard is applicable to reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset and an interest expense on the recognised lease liability. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

The Company has adopted this standard by using the modified retrospective approach where the right-of-use asset equals the lease liability from 1 January 2019. The Project has applied the standard to contracts that were previously identified as leases applying AASB 117. As at 1 January 2019, the application of AASB 16 to leases previously classified as operating leases under AASB 117 resulted in the recognition of right-of-use assets of \$459,453 and lease liabilities of \$459,453. The financial impact for the year ended 31 December 2019 was to increase amortisation expense by \$93,674, increase finance costs by \$7,123 and reduce rental expenditure (other expenses) by \$80,640.

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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

(p) New and revised Accounting Standards cont'd

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

AASB 15 supersedes AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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 Company adopted AASB 15 using the modified approach. The Company has completed the full assessment of all the revenue streams and considered whether the adoption of AASB 15 had a material impact on enrolment fees. These fees are considered non-refundable upfront fees. The Standard considers these fees relate to an activity which the Company is required to undertake at the inception of the enrolment or tuition arrangement and the activity itself does not result in a transfer of a good or service. Instead, the upfront fee is considered a material right to the family to access future tuition services, and therefore is required to be recognised when those tuition services are provided. Enrolment fees have historically been recognised on a cash basis and the new Standard has resulted in these fees being deferred and recognised over the expected tuition period for each student. Adoption of new standard as at 1 January 2019 had the impact of increasing deferred income by \$862,260 and decreasing retained surplus by \$839,926 and decreasing the surplus for the 2019 year by \$22,334.

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 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

There will be no impact of the revised Standards/Interpretations on the Company's financial statements.

In addition, at the date of authorisation 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 determined they are unlikely to have a material impact on the Net Surplus of the Company.

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
2. Revenue		
<i>Operating activities</i>		
Provision of services:		
Tuition	34,186,883	32,514,772
Scholarships, discounts & bursaries	(2,574,835)	(2,533,894)
Boarding fees	2,145,820	2,136,760
Application fees	78,352	83,482
Other fees	2,292,163	2,189,485
Government grants (recurrent)	4,291,507	4,031,982
Interest income on cash and cash equivalents	9,403	14,983
Other income	977,994	994,887
	<u>41,407,287</u>	<u>39,432,457</u>
<i>Non-operating activities</i>		
Donations for recurrent purposes from related parties	190,000	190,000
	<u>190,000</u>	<u>190,000</u>
 Revenue	 <u>41,597,287</u>	 <u>39,622,457</u>
 <i>Revenue for capital projects</i>		
Donations for capital purposes from related parties	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
 Total Revenue	 <u>42,597,287</u>	 <u>40,622,457</u>
 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:		
Employee Benefits expense:		
- short term employee benefits	23,063,936	21,007,297
- post employment benefits (defined contribution plans)	2,040,278	1,906,474
- termination benefits	50,407	79,102
Total employee benefits expense	<u>25,154,621</u>	<u>22,992,873</u>
Depreciation of non-current assets:		
- building	1,967,013	1,953,925
- improvements	26,966	22,595
- motor vehicles	34,299	54,350
- furniture & equipment	1,231,628	1,131,648
Total depreciation expense	<u>3,259,906</u>	<u>3,162,518</u>
Amortisation of right of use assets	93,674	-
Amortisation of intangible assets:		
- trademarks	952	952
Total amortisation expense	<u>952</u>	<u>952</u>
Total depreciation and amortisation expense	<u>3,354,532</u>	<u>3,163,470</u>
(Gain) on sale or disposal of fixed assets	<u>(1,000)</u>	<u>-</u>
Operating lease rental expenses	<u>144,317</u>	<u>180,149</u>
Remuneration of the auditors for:		
- audit of accounts	31,430	26,630
- OHS advisory services	-	26,000
- taxation services	7,455	7,100
The auditor is Deloitte Touche Tohmatsu.	<u>38,885</u>	<u>59,730</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2019 \$	2018 \$
3. Surplus for the Year (Continued)		
Finance costs:		
- interest paid to related parties	42,403	34,357
- interest paid to financial institutions	146,086	268,948
- interest on leased assets	7,123	-
Finance costs expensed	<u>195,612</u>	<u>303,305</u>
Fair value loss on interest rate swaps	<u>(4,696)</u>	<u>(7,081)</u>
4. Cash and Cash Equivalents		
Cash on Hand	2,900	3,900
Cash at Bank	<u>1,382,939</u>	<u>731,250</u>
	<u>1,385,839</u>	<u>735,150</u>
5. Trade and Other Receivables		
Family Debtors	1,086,607	1,072,432
Less Provision for doubtful debts (i)	<u>(303,326)</u>	<u>(330,095)</u>
	783,281	742,337
Related Parties	17,476	10,871
Other Debtors	<u>180,970</u>	<u>91,889</u>
	<u>981,727</u>	<u>845,097</u>
(i) Movement in provision for doubtful debts		
Balance at beginning of the year	(330,095)	(197,200)
Amounts recovered during the year	59,188	56,681
Impairment losses recognised on receivables	(60,599)	(201,904)
Amounts written off from provision during the year as uncollectable	<u>28,180</u>	<u>12,328</u>
Balance at the end of the year	<u>(303,326)</u>	<u>(330,095)</u>
<p>The average credit period for family debtors is 14 days. No interest is charged on outstanding trade receivables. The company measures the loss allowance for trade receivables at an amount equal to the 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.</p> <p>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. None of the trade receivables that have been written off is subject to enforcement activities.</p>		
6. Inventory		
Uniform Shop Inventory	<u>268,771</u>	<u>259,281</u>
	<u>268,771</u>	<u>259,281</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
7. Other Assets		
Prepayments	461,417	788,734
Monies held on trust	22,681	25,602
	<u>484,098</u>	<u>814,336</u>
8. Property, Plant and Equipment		
Freehold Land at cost	2,211,961	2,211,961
Freehold Land Improvements at cost	1,667,508	1,567,804
Provision for depreciation	(1,202,829)	(1,175,863)
	<u>2,676,640</u>	<u>2,603,902</u>
Buildings at cost	77,042,084	75,519,130
Provision for depreciation	(18,964,661)	(16,997,648)
	<u>58,077,423</u>	<u>58,521,482</u>
Furniture & Equipment at cost	19,787,842	18,638,963
Provision for depreciation	(14,917,638)	(13,715,848)
	<u>4,870,204</u>	<u>4,923,115</u>
Motor Vehicles at cost	437,015	437,015
Provision for depreciation	(388,408)	(354,109)
	<u>48,607</u>	<u>82,906</u>
Capital Work in Progress	<u>1,314,838</u>	<u>1,075,834</u>
Total Property, Plant and Equipment	<u>66,987,712</u>	<u>67,207,239</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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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
	\$	\$	\$	\$	\$	\$
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
2019						
Opening balance	2,603,902	58,521,482	4,923,115	82,906	1,075,834	67,207,239
Additions	67,348	281,738	1,090,721	-	1,600,572	3,040,379
Transfer	32,356	1,241,216	87,996	-	(1,361,568)	-
Depreciation	(26,966)	(1,967,013)	(1,231,628)	(34,299)	-	(3,259,906)
Closing balance	2,676,640	58,077,423	4,870,204	48,607	1,314,838	66,987,712

9. Intangible Assets

	2019	2018
	\$	\$
Trademarks	5,960	6,912
Software work in progress	73,472	72,749
	79,432	79,661

(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
	\$	\$	\$
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
2019			
Opening balance	6,912	72,749	79,661
Acquisitions	-	723	723
Amortisation	(952)	-	(952)
Closing balance	5,960	73,472	79,432

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	2019 \$	2018 \$
10. Right of use assets		
The tables below summarises the adjustment for each financial statement line item affected by the application AASB 16 for the current and prior years. Refer note 1(p)		
Impact on profit for the year		
Increase in amortisation of right of use assets	93,674	-
Increase in finance costs	7,123	-
Decrease in rental expenses	(80,640)	-
Increase in profit for the year	<u>20,157</u>	-
Impact on assets, liabilities and equity as at 1 January		
Right of use assets	459,453	-
Lease liabilities	(459,453)	-
Retained earnings	<u>-</u>	<u>-</u>
Amortisation for the current year	(93,674)	-
Right of use assets at 31 December 2019	<u>365,779</u>	<u>-</u>
11. Trade and other payables		
Current		
Trade creditors	434,423	179,986
Sundry creditors & accruals	1,461,624	1,757,124
	<u>1,896,047</u>	<u>1,937,110</u>
The average credit period on purchases is 30 days. No interest is charged on trade payables.		
12. Provisions		
Current		
Provisions (i)	168,421	153,215
Employee entitlements (ii):		
Annual leave	435,526	278,593
Long service leave	1,432,348	1,390,633
	<u>2,036,295</u>	<u>1,822,441</u>
Non-current		
Employee entitlements (ii):		
Long service leave	638,390	425,075
	<u>638,390</u>	<u>425,075</u>
(i) Movement in provision for Old Grammarians contribution:		
Balance at the beginning of the year	153,215	149,197
Amounts charged to profit or loss	49,506	38,143
Amount paid during the year	(34,300)	(34,125)
Balance at the end of the year	<u>168,421</u>	<u>153,215</u>
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.		
(ii) Aggregate employee entitlements	<u>2,506,264</u>	<u>2,094,301</u>

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	2019 \$	2018 \$
13. Other Liabilities		
Current		
Term Fees in Advance	9,012,190	8,540,806
Advance Fees	3,902,047	4,358,245
Monies held on trust	22,681	25,602
Deferred enrolment fees (refer to note 1(p))	172,845	-
	13,109,763	12,924,653
Non-Current		
Deferred enrolment fees (refer to note 1(p))	689,415	-
	13,799,178	12,924,653
14. Borrowings		
Current		
Secured		
Bank loans secured at amortised cost (i) (ii)	2,500,000	-
	2,500,000	-
Unsecured		
Loan from a related party at amortised cost (iii)	557,000	32,000
	557,000	32,000
Total Current Borrowings	3,057,000	32,000
Non- Current		
Secured		
Bank loans secured at amortised cost (i) (ii)	-	7,000,000
	-	7,000,000
Unsecured		
Loan from a related party at amortised cost (iii)	1,418,684	1,008,684
	1,418,684	1,008,684
Total Non-Current Borrowings	1,418,684	8,008,684
(i) Secured bank loan facility:		
Amount used	2,500,000	7,000,000
Amount unused	17,500,000	13,000,000
Total bank loan facility	20,000,000	20,000,000
The facility limit is currently \$20,000,000 (2018: \$20,000,000).		
The Company also has an asset finance lease facility for \$750,000 (2018: \$750,000). The used portion of this facility is \$Nil (2018: \$Nil).		
(ii)	Bank loans have an interest rate of 3.49% (2018: 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% (2018: 2.91%).	

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2019 \$	2018 \$
15 Retained Surplus		
Balance at the beginning of the year	44,790,597	41,060,379
Total comprehensive income for the year	3,381,498	3,730,218
Impact of adopting AASB 15 (refer to note 1(p))	(839,926)	-
	<u>47,332,169</u>	<u>44,790,597</u>
Balance at the end of the year	<u>47,332,169</u>	<u>44,790,597</u>
16 Chapel Fund Reserve		
Balance at the beginning of the year	4,900	4,900
Income received during the year	-	-
	<u>4,900</u>	<u>4,900</u>
Balance at the end of the year	<u>4,900</u>	<u>4,900</u>
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.		
17 Commitments		
(a) Future Lease Commitments		
Payable not later than 1 year	136,404	369,788
Payable later than 1 but not later than 5 years	136,404	636,148
	<u>272,808</u>	<u>1,005,936</u>
Lease commitments in 2019 consist of leased printers and photocopiers. As the value of each printer and photocopier did not meet the minimum cost threshold for recognition within AASB 16, they have not been capitalised in the balance sheet. In 2018, the lease commitments consist of leased printers and photocopiers, boat shed and laptops. The lease arrangement for laptops ended in 2019, whilst the leased boat shed has been capitalised under the requirements of AASB 16.		
(b) Capital Expenditure Commitments		
Capital expenditure commitments		
Contracted for capital expenditure projects	560,538	1,063,446
	<u>560,538</u>	<u>1,063,446</u>
The capital commitments are payable not later than 1 year.		
18 Lease Liability		
Current		
Lease liability (refer to note 1(p))	90,316	-
	<u>90,316</u>	<u>-</u>
Non-Current		
Lease liability (refer to note 1(p))	280,379	-
	<u>280,379</u>	<u>-</u>
19 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:		
Cash on hand	2,900	3,900
Cash at bank	1,382,939	731,250
Cash and cash equivalents	<u>1,385,839</u>	<u>735,150</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
19. Notes to the Statement of Cash Flows (cont'd)		
(b) Reconciliation of Cash Flow from Operations with Operating Surplus		
Surplus for the year	3,381,498	3,730,218
<i>Non Cash Flows in Operating Surplus:</i>		
(Gain)/ Loss on sale or disposal of fixed assets	(1,000)	-
Depreciation and Amortisation	3,354,532	3,163,470
Fair value loss to derivatives	4,696	7,081
Doubtful debt provision	(26,769)	132,895
Revenue offset against related party loan (i)	(190,000)	(190,000)
<i>Change in Assets & Liabilities:</i>		
Decrease / (Increase) in Trade and Other Receivables	(109,861)	95,589
Decrease / (Increase) in Inventory	(9,490)	(11,906)
Decrease / (Increase) in Other Assets	330,238	(90,580)
Increase / (Decrease) in Trade and Other Payables	(41,063)	(49,429)
Increase / (Decrease) in Provisions	427,169	(400,711)
Increase / (Decrease) in Other Liabilities	34,599	(434,477)
Net Cash Provided by Operating Activities	7,154,549	5,952,150

(i) During the year the Merton Hall Endowment Fund made a donation to the School of \$190,000 (2018: \$190,000) which was a non-cash transaction and treated as a deduction in the related party loan.

20. 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 37 members at 31 December 2019 (2018: 36).

21. 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.

Since reporting date, the Company has entered into a new facility which increases the term for another 3 years. The loan facility with NAB has been reduced from \$20m to \$7.5m due to reducing liquidity requirements.

Also since reporting date, the novel coronavirus (Covid-19) outbreak in Wuhan, China has developed, which has caused worldwide uncertainties resulting in travel restrictions, self-isolation, economic distress, changes in monetary policy and closure or effective cessation of several industries (travel, hospitality, event management). The Company has reviewed the potential impact upon Other Liabilities in the Statement of Financial Position and considers any refund immaterial. The potential impact on Trade and Other Receivables has also been considered and any potential impairment considered immaterial.

The school has sent all students home as of 18 March 2020 and they are now being taught remotely. As education continues for students, no fee remission for tuition fees is to be provided. By continuing to educate students it should reduce the likelihood of families seeking a potential refund. The above has been assessed as a non-adjusting event after reporting date. Importantly, the conclusion in Note 1(m) around Going Concern have not altered.

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22. Contingent Assets & Liabilities

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

23. Key Management Personnel Compensation

	2019	2018
	\$	\$
Compensation to key management personnel	2,009,523	1,715,422

The number of personnel within this group averaged 9 during the year (2018: 7.75).

Building Fund.

A donation of \$190,000 (2018: \$190,000) has been made by the Merton Hall Foundation Endowment Fund.

An amount of \$58,430 (2018: \$10,871) owed by the Merton Hall Foundation has been recognised in Trade and other receivables, and \$ 52,889 (2018: \$54,969) 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 \$1,918,684 (2018: \$1,008,684) and by the Gilman Jones Scholarship Trust Fund of \$57,000 (2018: \$32,000) as detailed in Note 14. Interest charged to profit and loss of \$42,403 (2018: \$34,357) as discussed in Note 3. In 2019, Gilman Jones Scholarship Trust Fund became part of Merton Hall Foundation.

25. Financial Instruments

	2019	2018
	\$	\$
The Company holds the following financial instruments:		
Trade and other receivables	981,727	845,097
Derivatives - FVTPL	-	4,696
	981,727	849,793
Trade and other payables	1,896,047	1,937,110
Other liabilities	13,799,178	12,924,653
Borrowings	4,475,684	8,040,684
	20,170,909	22,902,447

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 2019, 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 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 2019 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.

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.
- 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.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Peter Glynn".

Peter Glynn
Partner
Chartered Accountants
Melbourne, 30 April 2020