St. Michael's Grammar School

ACN 006 421 861

Financial report

For the year ended 31 December 2018

St. Michael's Grammar School

ABN: 006 421 861

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St. Michael's Grammar School
ACN 006 421 861

Directors' report
for the Year Ended 31 December 2018

The directors of St. Michael's Grammar School ("the Company") submit herewith the annual financial report of the consolidated entity for the financial year ended 31 December 2018.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Fiona Mead (Chair)

Qualifications	BComm, LLB (Honors), FGIA, MAICD
Experience	Appointed Director 28 April 2014
	Appointed Chair 26 April 2016
Directors' meetings attended	Five of Five

Gabriele Lakomski

Qualifications	BA. (Hons), Dip. Ed, M. Ed. PhD
Experience	Appointed Director 22 November 2000
Directors' meetings attended	Five of Five

Andrew Eddy

Qualifications	B.Com, FCA, FCPA, FAICD
Experience	Appointed Director 10 September 2012
	La Trobe University, Deputy Chancellor
Directors' meetings attended	Five of Five

Alana Killen

Qualifications	MBA, M.Ed., Dip T., GAICD
Experience	Appointed Director 27 April 2015
Directors' meetings attended	Three of Five

Jim Moser

Qualifications	BA, MBA
Experience	Appointed Director 26 April 2016, resigned 31 December 2018
Directors' meetings attended	Three of Five

Dale Fisher

Qualifications	BBA, MBA
Experience	Appointed Director 26 April 2017
Directors' meetings attended	Five of Five

Tom Angliss

Qualifications	Grad Dip Property, BB Construction Economics
Experience	Appointed Director 14 November 2017
Directors' meetings attended	Five of Five

Joanne Lonergan

Qualifications	B.Com, CA
Experience	Appointed 24 April 2018
Directors' meetings attended	Four of Four[1]

[1] Reflects number of meetings eligible to attend following appointment at April 2018 AGM

Dr Daniela Acquaro

Qualifications	PhD, MEd, GradDipEd, BA
Experience	Appointed, 15 February 2019
Directors' meetings attended	Zero of zero[2]

Professor Glenn Bowes AO

Qualifications	MBBS(Hons), PhD, FRACP
Experience	Appointed, 15 February 2019
Directors' meetings attended	Zero of zero[3]

Terrie Jones

Qualifications	BA, Grad Dip Ed, MEd. GAICD
Experience	Appointed 1 January 2018
Directors' meetings attended	Five of Five

Company secretary

The Company Secretary is Mr. Farai Mufuka.

There were five meetings of the Board of Directors held during the year.

The above named directors held office during and since the end of the financial year unless otherwise stated.

Principal activities

The principal activity of the Company and its controlled entity during the year remained unchanged and was the administration of the educational institution known as St Michael's Grammar School, St Kilda.

Review of operations

The Company has traded profitably throughout the financial year. The operating surplus supports educational delivery, servicing of debt, programmed maintenance, small projects and the facilities master plan.

The total other comprehensive income of the Company for the year amounted to $2,769,339 (2017: $2,768,101).

Objectives, achievements and specific goals of 2018

St Michael's Grammar School is a non-selective, co-educational, independent, Anglican school, which was established by the Anglican Community of the Sisters of the Church on its current site in 1895.

St Michael's is known as a creative, caring school which strives for educational excellence and celebrates the diversity of its community. The School believes in educating students to communicate and negotiate, think critically, live with dignity, care and compassion, and to respect others and the environment.

St Michael's students are educated in a learning environment that is at once, progressive and academically rigorous in keeping with the School's unique foundational traditions and values. The School is committed to diversity and inclusivity. It is well known for excellence in teaching, learning and caring and the breadth of its holistic offering program. Moreover, the School is considered a sector leader in the areas of creative and performing arts, the use of technology to support student learning and outdoor education.

The School recognises that developing every student's talents and nurturing their emotional and spiritual growth are vital components of the education process if it is to support the development of the 'whole person'. Consequently, all teaching staff are expected to take on significant pastoral responsibilities.

St Michael's has approximately 1,272 students from 3-year old kindergarten through to Year 12, and employs approximately 325 full-time, part-time and a range of casual staff.

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[2] Casual vacancy appointment in February 2019. Formal appointment at AGM, April 2019.
[3] Casual vacancy appointment in February 2019. Formal appointment at AGM, April 2019.

St Michael's Grammar School commenced 2018 with similar challenges to the rest of the independent education sector. The continued stagnation in the broader economy, the decreasing affordability of school fees, and the rising costs of educational provision (amplified by the increasing expectations that schools provide extended educational programs, more individualised teaching and learning programs) have resulted in schools having to reassess the efficiency and effectiveness of the core value proposition and prioritise resources in areas of greatest need. This has increased the complexity of effectively running a school like St Michael's in a climate of heightened economic uncertainty and regulatory ambiguity. In response, St Michael's management team has been engaged in evaluating the School's operating costs and staffing levels with the aim of ensuring a high quality educational program that is financially sustainable.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the financial year.

Events after the reporting date

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

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends

The constitution prohibits the payment of a dividend to the members of the Company. Accordingly, the directors do not recommend any payment by way of dividend and no dividends have been declared or paid since the end of the financial year.

Members' guarantee

St. Michael's Grammar School is a Company limited by guarantee and does not have share capital. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstandings and obligations of the Company. At 31 December 2018 the number of members was 8 (2017: 8).

Indemnification of officers and auditors

During the financial year, the Company incurred a premium in respect of a contract insuring the directors of the Company, and any employee acting as an officer, against liabilities incurred as a director or officer. The contract of insurance prohibits the disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or related body corporate against a liability incurred by such an officer or auditor.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking 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 financial year.

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Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the annual report.

Signed in accordance with a resolution of the Board of Directors:

F Mead

Fiona Mead
Chair
Melbourne

Dated this 2nd day of April 2019

ShineWing Australia
Accountants and Advisors
Level 10, 530 Collins Street
Melbourne VIC 3000
T +61 3 8635 1800
F +61 3 8102 3400
shinewing.com.au

Auditor's Independence Declaration under Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012* to the directors of St. Michael's Grammar School

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there have been:

(i) No contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit, and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 2 April 2019

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Accountants and Advisors
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ST MICHAEL'S GRAMMAR SCHOOL

Opinion

We have audited the financial report of St Michael's Grammar School ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance and cash flows for the year then ended; and

b) complying with Australian Accounting Standards to the extent described in Note 1 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 Group in accordance with the auditor independence 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 confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to directors, would be in the same terms if given as at the time of this auditor's report.

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 financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2018, 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 accordingly 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 special purpose financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for Profits Commission Regulations 2013* and the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The director's responsibility also includes 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 special purpose financial report, the directors are responsible for assessing the ability of the Group 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 Group 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 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 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.

We 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 Group's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the director's 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 Group'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 Group to cease to continue as a going concern.

We 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 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.

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

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 5 April 2019

St. Michael's Grammar School
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Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2018

	Note	2018 $	2017 $
Revenue	2	**42,694,783**	42,221,867
Employee benefits expense		**(26,057,562)**	(25,596,207)
Depreciation and amortisation expense		**(3,169,035)**	(3,125,075)
Property and rental expenses		**(1,949,998)**	(1,964,822)
Educational services expenses		**(2,189,304)**	(2,149,494)
Administration expenses		**(850,654)**	(1,053,364)
Marketing expenses		**(727,387)**	(573,836)
Travel and vehicle expenses		**(997,899)**	(1,053,778)
Finance costs		**(672,540)**	(781,844)
Other personnel expenses		**(414,000)**	(508,418)
Fair value losses on financial assets		**(35,567)**	-
Other expenses		**(2,861,498)**	(2,712,204)
Surplus before income tax		**2,769,339**	2,702,825
Income tax expense		**-**	-
Surplus for the year		**2,769,339**	2,702,825
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net value gain on available-for-sale financial assets		**-**	65,276
Total other comprehensive income for the year		**-**	65,276
Total comprehensive income for the year		**2,769,339**	2,768,101

The accompanying notes form part of these financial statements.

St. Michael's Grammar School
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Consolidated statement of financial position
for the year ended 31 December 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	19(a)	**13,679,323**	13,641,076
Financial assets	4	**3,998,312**	3,368,898
Trade and other receivables	5	**2,800,790**	3,385,045
Other assets	8	**394,392**	492,516
TOTAL CURRENT ASSETS		**20,872,817**	20,887,535
NON-CURRENT ASSETS			
Property, plant and equipment	6	**55,746,099**	55,766,800
Intangible assets	7	**103,770**	111,270
TOTAL NON-CURRENT ASSETS		**55,849,869**	55,878,070
TOTAL ASSETS		**76,722,686**	76,765,605
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**15,141,632**	15,704,076
Borrowings	10	**2,502,388**	3,237,510
Other financial liabilities	11	**97,526**	106,826
Provisions	12	**2,538,943**	3,000,140
TOTAL CURRENT LIABILITIES		**20,280,489**	22,048,552
NON-CURRENT LIABILITIES			
Borrowings	10	**11,060,515**	12,103,351
Provisions	12	**127,426**	128,785
TOTAL NON-CURRENT LIABILITIES		**11,187,941**	12,232,136
TOTAL LIABILITIES		**31,468,430**	34,280,688
NET ASSETS		**45,254,256**	42,484,917
EQUITY			
Reserves	18	-	312,491
Retained earnings		**45,254,256**	42,172,426
TOTAL EQUITY		**45,254,256**	42,484,917

The accompanying notes form part of these financial statements.

St. Michael's Grammar School
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Consolidated statement of changes in equity
for the year ended 31 December 2018

	Note	Available-for-sale reserve $	Retained earnings $	Total $
Balance at 1 January 2017		247,215	39,469,601	39,716,816
Surplus for the year		-	2,702,825	2,702,825
Other comprehensive income for the year		65,276	-	65,276
Total comprehensive income for the year		65,276	2,702,825	2,768,101
Balance at 31 December 2017		312,491	42,172,426	42,484,917
Retrospective adjustment upon change in accounting policy	1(r)	(312,491)	312,491	-
Balance at 1 January 2018 (Restated)		-	42,484,917	42,484,917
Surplus for the year		-	2,769,339	2,769,339
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	2,769,339	2,769,339
Balance at 31 December 2018		-	45,254,256	45,254,256

The accompanying notes form part of these financial statements.

St. Michael's Grammar School
ACN 006 421 861

Consolidated cash flow statement
for the year ended 31 December 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from parents and customers		**37,455,076**	35,915,465
Receipts from fundraising activities		**30,513**	55,189
Proceeds from government grants		**5,222,512**	5,322,956
Payments to suppliers and employees		**(36,636,476)**	(35,550,687)
Interest received		**225,553**	243,353
Interest and other costs of finance paid		**(710,725)**	(791,738)
Net cash provided by operating activities	19(b)	**5,586,453**	5,194,538
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets		**(629,414)**	(56,771)
Proceeds from sale of property, plant & equipment		**2,160**	-
Payments for property, plant and equipment		**(3,142,994)**	(997,850)
Net cash used in investing activities		**(3,770,248)**	(1,054,621)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing facilities	19(c)	**758,894**	-
Repayment of borrowing facilities	19(c)	**(2,536,852)**	(2,981,073)
Net cash used in financing activities		**(1,777,958)**	(2,981,073)
Net increase in cash and cash equivalents held		**38,247**	1,158,844
Cash and cash equivalents at beginning of financial year		**13,641,076**	12,482,232
Cash and cash equivalents at end of financial year		**13,679,323**	13,641,076

The accompanying notes form part of these financial statements.

St. Michael's Grammar School ("the Company") is a company limited by guarantee and does not have share capital. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as "the School" in these financial statements).

St. Michael's Grammar School's registered office and its principal place of business are as follows:

25 Chapel Street
ST KILDA VIC 3182

1 Summary of significant accounting policies

Basis of preparation

The directors have prepared the financial statements on the basis that the School is a not-for-profit and is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with recognition and measurement criteria in the Australian Accounting Standards and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The significant accounting policies disclosed below are those which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The entity has adopted AASB 9: Financial Instruments with a date of initial application of 1 January 2018. As a result, the entity has changed its financial instruments accounting policies as detailed in the significant accounting policies note.

Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior periods. Refer to note 1(r) for the adjustments made to the affected financial statement line items.

(a) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the School' in these financial statements). Control is achieved where the School has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A list of subsidiaries is provided in Note 21.

All inter-company balances and transactions between entities in the School, including any unrealised profits or losses, have been eliminated on consolidation.

b) 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 at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Application fees and confirmation of enrolment fees are recognised upon receipt.

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

(c) Income tax

The School is exempt from paying income tax and consequently no charge is made in respect of capital gains or income tax expense. No provision for income tax has been raised as the School is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) 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. Bank overdrafts, when applicable, are shown within borrowings in current liabilities in the statement of financial position.

(e) Trade and other receivables

Trade and other receivables include amounts due from customers in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(f) Financial Instruments – policy applicable from 1 January 2018

Financial assets measured at amortised cost

The School classifies its financial assets as at amortised cost only if both of the following criteria are met:

a) The asset is held within a business model with the objective of collecting the contractual cash flows; and

b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the School 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 and 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 in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The School's trade and most other receivables fall into this category of financial instruments as well as bonds that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVTPL)

All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. The School's investment in equity instruments are through a managed fund. Under the guidance of AASB the School does not have the option to irrevocably elect to account for these as equity FVTOCI (see below) due to the limited life of a managed fund.

Equity instruments at fair value through other comprehensive income (Equity FVTOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

Impairment of financial assets

AASB 9's new forward looking impairment model applies to the School's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The School 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 School uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. At 31 December 2018, the School applies a standardised 1.87% across all debtors under the expected credit loss model.

(g) Property, plant and equipment

Buildings, plant and equipment, furniture and fittings, motor vehicles and library books are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to its present value as at the date of acquisition.

In the event the carrying amount of Property plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(p) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the School and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Buildings	2.5%
Plant and equipment (including ICT hardware and software)	15-25%
Furniture and fittings	15%
Motor vehicles	20%
Library books	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(h) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(i) Trade and other payables

Trade and other payables are recognised when the School becomes obliged to make future payments resulting from the purchase of goods and services. Other financial liabilities are initially measured at fair value, net of transaction costs.

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the School during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Employee benefits

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. Academic staff do not accrue annual leave as they are deemed to take their leave entitlement during the school holidays.

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 recognised and measured as the present value of the estimated future cash flows to be made by the School in respect of all employees at the reporting date. Determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for these long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The School's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the School does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) Leases

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

School as lessee

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 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, in which case they are capitalised in accordance with the School's general policy on borrowing costs (Refer to note 1(l)).

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. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(l) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(m) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

(n) Critical accounting judgements and key sources of estimation uncertainty

In the application of the School's accounting policies, management is required to make judgments, 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 other factors that are considered to be relevant. 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 directors evaluate estimates and judgments incorporated into the financial report based upon historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within.

Key estimates - impairment

The Directors assess impairment of assets at each reporting date by evaluating market and economic conditions at balance date. If an impairment trigger occurs, the market value of the asset is determined and adjustments made to the carrying value where appropriate.

Key judgements - doubtful debts provision

The doubtful debts provision is determined based on the expected credit loss model as defined under AASB 9. This takes into effect the historical losses over the average life of a student, and is then adjusted for current and potential future events.

Employee benefits provision

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes.

(o) Fair value of assets and liabilities

The School measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the School would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

(p) Impairment of other tangible assets

At each reporting date, the School reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use (based upon depreciated replacement cost), is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to determine the recoverable amount of an individual asset, the School estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

(r) First time adoption of *AAS9: Financial Instruments* – applicable from 1 January 2018

AASB 9: Financial Instruments replaces *AASB 139 Financial Instruments: Recognition and Measurement* for the annual period beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The School has applied AASB 9 retrospectively with an initial application date of 1 January 2018. The School has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in retained earnings and other components of equity.

The nature and effect of the changes as a result of adoption of AASB 9 are described as follows:

In summary, upon the adoption of AASB 9, the School had the following required or elected reclassifications as at 1 January 2018.

Changes in classification on transition to AASB 9

Financial instrument as at 31/12/17	AASB 139 measurement	AASB 9 classification	Carrying amount as at 31/12/17 under AASB 139	Carrying amount as at 1/1/18 under AASB 9
			$	$
Trade and other receivables	Loans and Receivable	Amortised cost	$3,385,045	$3,385,045
Investments	Available for sale	Fair value through P/L	$3,368,898	$3,368,898
Trade and other payables	Amortised cost	Amortised cost	$15,704,076	$15,704,076
Borrowings	Amortised cost	Amortised cost	$12,103,351	$12,103,351

Impact on retained profits and changes in classification due to transition to AASB 9

Financial assets	Carrying amount under AASB 139	Reclassification	Remeasure-ments	Carrying amount under AASB 9	Retained earnings adjustment
	31 December 2017			1 January 2018	1 January 2018
FVTOCI Reclassified from: (equity instruments)					
Available for sale (AASB 139)	312,491	(312,491)	-	-	-
Allocated to (equity):					
Available for sale (AASB 139) to fair value through profit and loss (AASB 9):	-	312,491	-	312,491	312,491
Total	312,491	-	-	312,491	312,491

Impairment

Upon adoption of AASB 9 the School has found that fundamentally there was no change in accounting for impairment losses for the financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss approach.

(s) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the School. The School has decided not to early adopt any of the new and amended pronouncements. The School's assessment of the new and amended pronouncements that are relevant to the School but applicable in future reporting periods is set out below:

AASB 15: Revenue from contracts with customers *(applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015 8: Amendments to Australian Accounting Standards, Effective Date of AASB 15).*

When effective, this standard will replace the current accounting requirements applicable to revenue with a single, principles based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. The School is in the process of considering the impacts of AASB 15, however early indications are that they are unlikely to have a material impact.

AASB 16: Leases *(applicable to annual reporting periods beginning on or after 1 January 2019).*

When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new standard include:

- Recognition of a right to use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- Depreciation of right to use assets in line with AASB 116: property, plant and equipment in profit or loss and unwinding of the liability in principal and interest components;
- Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- By applying a practical expedient, a lessee is permitted to elect not to separate non lease components and instead account for all components as a lease; and
- Additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the standard to comparatives in line with AASB 108: Accounting policies, changes in accounting estimates and errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The School is in the process of considering the impacts of AASB 16, however early indications are that they are unlikely to have a material impact.

AASB 1058: Income recognition by not-for-profits (NFPs) *(applicable to annual reporting periods beginning on or after 1 January 2019).*

When effective, this Standard will replace most of the NFP income recognition requirements in AASB 1004 Contributions. The scope of AASB 1004 is now limited mainly to parliamentary appropriations, administrative arrangements and contributions by owners.

The purpose of AASB 1058 is to more closely recognise NFP income transactions that are not contracts with customers in accordance with their economic reality. AASB 1058 needs to be considered in conjunction with AASB 15 Revenue from contracts with customers which will also apply to NFPs from 2019.

The main impacts of AASB 1058 are:

- The timing of income recognition will depend on whether there is any performance obligation or other liability. This will result in better matching of income related expenses
- All NFP entities can elect to recognise volunteer services if they can be reliably measured
- NFPs lessees will now recognise peppercorn leases as right- of-use assets at fair value.

The transitional provisions of AASB 1058 allow two options for the entity to adopt; being a full retrospective transition, which will require the standard to be applied to current year and prior year comparatives, or a modified retrospective transition which will require the standard to be applied to the current year as though the standard has always applied.

The School is in the process of considering the impacts of AASB 1058, however early indications are that they are unlikely to have a material impact..

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Notes to the financial statements for the year ended 31 December 2018

2 Revenue

Operating activities

	Note	Consolidated 2018 $	2017 $
Tuition fees		**29,912,038**	29,241,675
Less allowances		**(2,316,807)**	(2,437,554)
		27,595,231	26,804,121
Donations	20	**192,039**	407,324
Subject charges		**724,198**	763,611
Out of school care charges		**160,624**	230,685
Government grants received – recurrent		**5,220,036**	5,320,051
Government grants received – other		**2,476**	2,906
Development levy		**6,650,174**	6,535,857
Interest received – other persons		**220,282**	241,039
Rent received		**521,443**	458,336
Commission		**3,036**	19,766
Entry and placement fees		**689,420**	508,605
Functions		**38,882**	34,205
Programs income		**364,407**	469,268
Information technology		**77**	10,068
Sundry income		**312,458**	416,025
		42,694,783	42,221,867

3 Result for the year

The result for the year was derived after charging / (crediting) the following items:		
Rental expense on operating leases	**(178,604)**	(431,317)
Bad and doubtful debts:		
- impairment losses recognised on trade receivables	**120,051**	214,640

4 Investments

Endowment fund	**2,647,264**	2,588,676
SMGS scholarship fund	**1,351,048**	780,222
	3,998,312	3,368,898

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Notes to the financial statements
for the year ended 31 December 2018

5 Trade and other receivables

	Consolidated 2018	Consolidated 2017
	$	$
Trade receivables	**3,441,591**	4,064,369
Allowance for doubtful debts	**(746,999)**	(777,050)
	2,694,592	3,287,319
Other receivables	**106,198**	97,726
	2,800,790	3,385,045

6 Property, plant and equipment

	2018	2017
Freehold land at cost	**1,294,712**	1,294,712
Buildings at cost	**70,833,505**	70,014,756
Accumulated depreciation	**(20,754,468)**	(19,021,649)
	50,079,037	50,993,107
Plant and equipment at cost	**8,933,506**	7,202,150
Accumulated depreciation	**(5,880,101)**	(4,623,153)
	3,053,405	2,578,997
Furniture and fittings at cost	**2,164,218**	2,143,220
Accumulated depreciation	**(1,918,906)**	(1,822,745)
	245,312	320,475
Motor vehicles at cost	**102,687**	102,687
Accumulated depreciation	**(64,278)**	(48,632)
	38,409	54,055
Library books at cost	**1,039,046**	1,014,290
Accumulated depreciation	**(945,679)**	(913,560)
	93,367	100,730
Work in progress at cost	**941,857**	424,724
Total property, plant and equipment	**55,746,099**	55,766,800

6 Property, plant and equipment (continued)

Movement in carrying amounts

	Land	Buildings	Plant and equipment	Furniture and fittings	Motor vehicles	Library books	Work in progress	Total
	$	$	$	$	$	$	$	$
1 January 2017	**1,294,712**	**52,678,515**	**3,163,178**	**392,115**	**19,961**	**103,531**	**234,513**	**57,886,525**
Additions	-	63,230	624,842	45,426	41,948	32,193	190,211	997,850
Depreciation expense	-	(1,748,638)	(1,209,023)	(117,066)	(7,854)	(34,994)	-	(3,117,575)
Transfers	-	-	-	-	-	-	-	-
31 December 2017	**1,294,712**	**50,993,107**	**2,578,997**	**320,475**	**54,055**	**100,730**	**424,724**	**55,766,800**
Additions	-	431,753	1,723,630	20,998	-	24,756	941,857	3,142,994
Net disposals for the year	-	(2,160)	-	-	-	-	-	(2,160)
Depreciation expense	-	(1,760,215)	(1,257,394)	(96,161)	(15,646)	(32,119)	-	(3,161,535)
Transfers	-	416,552	8,172	-	-	-	(424,724)	-
31 December 2018	**1,294,712**	**50,079,037**	**3,053,405**	**245,312**	**38,409**	**93,367**	**941,857**	**55,746,099**

7 Intangible assets

	Consolidated 2018	Consolidated 2017
	$	$
Advertising board	**150,000**	150,000
Accumulated amortisation	**(46,230)**	(38,730)
Total intangibles	**103,770**	111,270

8 Other assets

	2018	2017
Prepayments	**394,392**	492,516

9 Trade and other payables

	2018	2017
CURRENT		
Trade payables	**224,563**	506,285
Fees in advance	**13,926,405**	14,196,199
Sundry payables and accrued expenses	**990,664**	1,001,592
	15,141,632	15,704,076

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Notes to the financial statements
for the year ended 31 December 2018

10 Borrowings

	Consolidated	
	2018	2017
	$	$
CURRENT		
Secured liabilities:		
Finance lease	**402,388**	352,891
Bills payable	**2,100,000**	2,884,619
	2,502,388	3,237,510
NON-CURRENT		
Secured liabilities:		
Finance lease	**420,515**	244,817
Bills payable	**10,640,000**	11,858,534
	11,060,515	12,103,351

The financing facilities are secured by:

- Registered first mortgages over properties: Units 1, 2, 3, 4, 5, 6 & 8,10 Redan Street, St Kilda; Units 2, 4 & 6, 29 Chapel Street, St Kilda; 4 Chapel Street, St Kilda; 4 Marlton Crescent, St Kilda; and 8 Redan Street, St Kilda

11 Other financial liabilities

CURRENT		
Compulsory loans, enrolment and other deposits	**97,526**	106,826

12 Provisions

CURRENT		
Employee benefits	**2,538,943**	3,000,140
NON-CURRENT		
Employee benefits	**127,426**	128,785

Provision for employee entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(j).

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Notes to the financial statements
for the year ended 31 December 2018

13 Auditors' remuneration

	Consolidated 2018 $	Consolidated 2017 $
Amount received or due and receivable by the auditors for:		
- auditing the financial report	**37,000**	39,600
- other services	**5,000**	5,000
	42,000	44,600

14 Operating lease commitments

	2018	2017
Computer leases payable:		
No longer than 1 year	**5,286**	66,167
Longer than 1 year but not longer than 5 years	**9,305**	75,729
	14,591	141,896
Photocopier leases payable:		
No longer than 1 year	**-**	160,020
	-	160,020
Other leases payable:		
No longer than 1 year	**1,924**	4,932
Longer than 1 year but not longer than 5 years	**-**	1,924
	1,924	6,856

15 Members' guarantee

St. Michael's Grammar School is a Company limited by guarantee and does not have share capital. If the School is wound up, the constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstandings and obligations of the Company. At 31 December 2018 the number of members was 8 (2017: 8).

16 Key management personnel compensation

The aggregate compensation made to directors and other key members of management of the School is set out below:

	2018	2017
	$	$
Short-term employee benefits:		
Salary	**1,873,832**	2,119,343
Superannuation	**175,085**	175,861
	2,048,917	2,295,204

Key management personnel have not received any bonuses or non-cash benefits throughout the years.

Non-executive directors received no compensation.

17 Related party transactions

Transactions between St Michael's Grammar School and its related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following directors have/had children attending the School and as such have paid tuition and other fees to the School during the year:

Mrs F Mead
Ms D Fisher
Mr T Angliss
Ms J Lonergan

18 Reserves

The available-for-sale reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to the surplus or deficit when those assets have been disposed of or are determined to be impaired.

As at 1 January 2018 the School adopted *AASB 9: Financial Instruments*, and as per the effects of note 1(r) all historically reserves from available-for-sale assets were transferred to retained earnings due to reclassification of the asset classes.

St. Michael's Grammar School

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Notes to the financial statements

for the year ended 31 December 2018

19 Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

	Consolidated 2018 $	Consolidated 2017 $
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash on hand	**6,050**	6,050
Cash at bank	**13,673,273**	13,635,026
	13,679,323	13,641,076

(b) Reconciliation of result for the year net to cash flows from operating activities

	2018 $	2017 $
Surplus for the year	**2,769,339**	2,702,825
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in the surplus:		
- depreciation	**3,161,535**	3,117,575
- amortisation	**7,500**	7,500
- decrease in doubtful debts provision	**(30,051)**	(170,592)
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	**614,307**	(2,145,765)
- increase in other assets	**72,700**	(137,780)
- (decrease)/increase in trade and other payables	**(267,228)**	191,367
- (decrease)/increase in fees in advance	**(269,794)**	1,680,202
- decrease in provisions	**(462,555)**	(29,104)
- decrease in compulsory loans, enrolments & other deposits	**(9,300)**	(21,690)
Cash flows from operations	**5,586,453**	5,194,538

(c) Reconciliation of cash flows from financing activities

	Bank Loans $	Finance Leases $	Total $
Balance at 1 January 2017	17,346,154	975,780	18,321,934
Drawdowns	-	-	-
Repayments	(2,603,001)	(378,072)	(2,981,073)
Balance at 31 December 2017	14,743,153	597,708	15,340,861
Drawdowns	-	758,894	758,894
Repayments	(2,003,153)	(533,699)	(2,536,852)
Balance at 31 December 2018	12,740,000	822,903	13,562,903

20 Analysis of donations

	$	$
Donations comprise the following components:		
General donations	-	25,424
Scholarship fund	**161,526**	352,135
Building fund	**30,513**	29,765
	192,039	407,324

21 Information about principal subsidiaries

The proportion of ownership interests held equals the voting rights held by the School. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the School		Proportion of Non-controlling Interests	
		2018	2017	2018	2017
Scholarship Fund	25 Chapel Street ST KILDA VIC 3182	100%	100%	0%	0%

Interest in subsidiaries

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the School's financial statements.

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Directors' declaration
for the year ended 31 December 2018

The directors have determined that the Company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 29, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

    (a) comply with Australian Accounting Standards as stated in Note 1; and

    (b) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date in accordance with the accounting policy described in Note 1 of the financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

On behalf of the directors

FMead

Fiona Mead
Chair
Melbourne

Dated this 2nd day of April 2019