

Melbourne Indigenous Transition School

Directors' Report

The Directors submit their report for the year ended 31 December 2018

Directors

The names of the Directors of the Melbourne Indigenous Transition School in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Elizabeth Tudor (Chairperson), Rick Tudor OAM, Stephen Russell, Marg Webb OAM, Edward Tudor (Executive Director), Katrina Penfold, Gina Milgate (joined June 2018), David Heaton, Meg Hewett, Hilary Dixon and Stephen Cooper (Treasurer).

Nature of Operations and Principal Activities

The principal activities of MITS during the year were to provide education opportunities, pathways and support to Indigenous students living in remote and regional communities of Australia, principally through the provision of away-from-home schooling in Melbourne.

There was no significant change in the nature of these activities during the period.

Results and Review of Operations

2018 was a very successful period for the Company both financially and operationally. Financially, the Company experienced a significant surplus as a result of strong enrolments through the course of the school year, record donation receipts of \$1,704,617 and careful expense management. Strategic partnerships with leading organisations across the commercial and not-for-profit sectors continued to enhance MITS's financial performance and operations by allowing it to access high quality services and opportunities at no or low cost.

Operationally, the Company continued to apply its 3-to-5-year strategy of refining its model, consolidating its operations, securing its future and positioning itself for growth. In 2018 student retention significantly improved, with 96% of students (21 students in total) completing their MITS year, compared with 73% in 2017 and 78% in 2016. Student attendance also improved, to 95.4% (against the Australian average of 91.9% and Indigenous Australian average of 83.2%). Students continued to experience strong academic growth, with an average 2-year improvement in student reading level through the course of 2018.

Parent and community support for MITS continued to grow in 2018 with over 70 applications for MITS's Class of 2019 received from 25 communities through the Top End of the Northern Territory and regional Victoria.

In 2018 MITS expanded its Pathways Program, employing a Pathways Manager and increasing the load of its Pathways Coordinator. In response to growing demand for MITS-provided accommodation for alumni post-Year 7, MITS prepared to open the Wellington Street House in January 2019. This MITS-run home provides accommodation to six MITS alumnae girls in Year 8 at Kingswood College and Siena College. The Wellington Street House also provides a pilot model for the girls' alumnae boarding house planned to be opened in January 2020, allowing MITS to accommodate another 18 alumnae.

Significant Changes in the State of Affairs

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

Significant Events after the Balance Date

In the period since the balance date MITS has received a capital commitment of \$2.1 million from the Australian Government for the construction of a new 18-bed girls' alumni boarding house on Richmond Hill. It is anticipated that construction work on this new facility will commence in mid-2019 to enable a January 2020 opening. As at the date of this report MITS has not yet entered into a funding agreement in relation to this funding.

Other than the Australian Government funding commitment noted above, no significant events have occurred after balance date that may affect either the Company's operations or results of those operations or the Company's state of affairs.

Likely Developments and Expected Results

The Directors do not expect any significant changes to the operations of the Company other than the planned opening of the new 18 bed girls' alumnae boarding house referred to above.

Indemnification and Insurance of Committee Members

The Company provided and paid premiums for Directors and Officers Liability and Legal Expenses insurance contracts, covering the Directors, Executives and Statutory Officers of the Company.

The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omission or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as members of the Company or officers of the Company.

The total amount of insurance contract premiums paid during the period was \$18,811 (2017: \$17,953).

Members Guarantee

The Melbourne Indigenous Transition School is a company limited by guarantee. According to the Company's constitution, there is only one class of membership. In the event of, and for the purpose of, winding up the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1.

At 31 December 2018, the liability of the members was \$10 (2017: \$10).

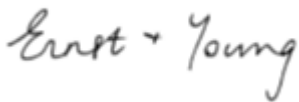
Signed in accordance with a resolution of the Board of Directors



Elizabeth Tudor
Chairperson
29 April 2019

Auditor's Independence Declaration to the Directors of Melbourne Indigenous Transition School

In relation to our audit of the financial report of Melbourne Indigenous Transition School for the financial year ended 31 December 2018, and in accordance with the requirements of Subdivision 60-C of the Australian Charities and Not-for profits Commission Act 20124, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.



Ernst & Young



Alison Parker
Partner
29 April 2019

Melbourne Indigenous Transition School 2018

ABN 12 141 611 234

Statement of Comprehensive Income For the Year Ended 31 December 2018

	Note	12 months ended 31 December 2018 \$	12 months ended 31 December 2017 \$
Revenue - trading	3	3,599,181	2,741,509
Employee benefits expense		(1,722,680)	(1,271,171)
Depreciation and amortisation expense		(161,644)	(61,282)
Rent		(138,253)	(122,578)
Repairs and Maintenance		(82,984)	(16,025)
Travel Costs	4(b)	(115,906)	(178,032)
Event and Engagement Costs		(126,656)	(133,483)
Other operating expense		(539,452)	(346,160)
Surplus from continuing operations attributable to members of the entity		711,606	612,778
Total Comprehensive income for the year attributable to members of the entity		711,606	612,778

The accompanying notes form part of these financial statements.

Melbourne Indigenous Transition School 2018

ABN 12 141 611 234

Statement of Financial Position

For the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,695,646	1,745,025
Trade and other receivables	6	30,996	12,783
Other assets	8	33,452	7,500
TOTAL CURRENT ASSETS		2,760,094	1,765,308
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,426,551	1,583,493
TOTAL NON-CURRENT ASSETS		1,426,551	1,583,493
TOTAL ASSETS		4,186,645	3,348,801
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	137,498	78,335
Employee benefits	10	71,929	44,220
TOTAL CURRENT LIABILITIES		209,427	122,555
NON-CURRENT LIABILITIES			
Employee benefits	10	39,366	-
TOTAL NON-CURRENT LIABILITIES		39,366	-
TOTAL LIABILITIES		248,793	122,555
NET ASSETS		3,937,852	3,226,246
EQUITY			
Reserves		1,035,000	1,125,000
Accumulated funds		2,902,852	2,101,246
TOTAL EQUITY		3,937,852	3,226,246

The accompanying notes form part of these financial statements.

Melbourne Indigenous Transition School 2018

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Statement of Changes in Equity

For the Year Ended 31 December 2018

2018

	Accumulated Funds \$	Capital Profit Reserve (1) \$	Total \$
Balance at 1 January 2018	2,101,246	1,125,000	3,226,246
Surplus attributable to members of the entity	711,606	-	711,606
Amortisation of capital profit reserve (1)	90,000	(90,000)	-
Balance as at 31 December 2018	2,902,852	1,035,000	3,937,852

2017

	Accumulated Funds \$	Capital Profit Reserve \$	Total \$
Balance at 1 January 2017	1,488,468	1,125,000	2,613,468
Surplus attributable to members of the entity	612,778	-	612,778
Balance as at 31 December 2017	2,101,246	1,125,000	3,226,246

(1) Capital Profit Reserve

In 2016 MITS received a one-off grant of \$1.125m from the Federal Government for the capital works at the Melbourne Indigenous Transition School ('MITS') Boarding House. The one-off grant was accounted for as income in the Statement of Comprehensive Income in accordance with MITS' accounting policies. In the same year, MITS created a Capital Profit Reserve to separate the income received from the one-off grant from the accumulated funds of MITS that relates to the ordinary course of operating the school. In the current period, MITS commenced amortisation of the Capital Profits Reserve into Accumulated Funds. The amortisation profile of the Capital Profits Reserve is commensurate with the useful life of the MITS Boarding House.

The accompanying notes form part of these financial statements.

Melbourne Indigenous Transition School 2018

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Statement of Cash Flows

For the Year Ended 31 December 2018

		12 months ended 31 December 2018	12 months ended 31 December 2017
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts of donations, funding and event income		3,543,778	2,756,608
Payments to suppliers and employees		(2,584,406)	(2,143,161)
Interest received		37,189	20,183
GST (paid)/received		(19,753)	49,753
Net cash provided by/(used in) operating activities	14	976,808	683,383
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		(26,187)	(33,048)
Net cash used in investing activities		(26,187)	(33,048)
Net increase in cash and cash equivalents held		950,621	650,335
Cash and cash equivalents at beginning of year		1,745,025	1,094,690
Cash and cash equivalents at end of financial year	5	2,695,646	1,745,025

The accompanying notes form part of these financial statements.

Melbourne Indigenous Transition School 2018

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Notes to the Financial Statements For the Year Ended 31 December 2018

The financial report covers Melbourne Indigenous Transition School as an individual entity. Melbourne Indigenous Transition School is a not-for-profit Company limited by guarantee, incorporated and domiciled in Victorian, Australia.

The registered office is located at 16 The Vacluse, Richmond, Victoria, 3121.

The functional and presentation currency of Melbourne Indigenous Transition School is Australian dollars.

Where necessary, comparative figures have been reclassified and repositioned for consistency with current year disclosures.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The directors have prepared the financial report that complies with the recognition and measurement requirements of Australian Accounting Standards as issued by the Australian Accounting Standards Board, and other professional reporting requirements, with the exception of certain disclosure requirements of the following:

- AASB 7: Financial Instruments: Disclosures;
- AASB 13: Fair Value Measurement;
- AASB 116: Property, Plant and Equipment
- AASB 119: Employee Benefits;
- AASB 124: Related Party Disclosures; and
- AASB 132: Financial Instruments: Presentation

The financial statements have been prepared on an accruals and historical cost basis.

The financial statements have been prepared under the going concern assumption. The company is dependant on Funding income from the Department of Education, Department of Education and Training (Victoria) and Department of Human Services in addition to Donation income from its corporate and private supporters for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Departments or the key donors to MITS will not continue to support the Company.

(b) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements
For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies continued

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Grant revenue

Grant revenue is recognised in the statement of comprehensive income 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.

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.

Melbourne Indigenous Transition School receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(e) 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.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies continued

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Buildings	4%
Fixtures and Fittings	10%
Computer Equipment	33%
Computer Software	33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

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Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies continued

(j) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

Melbourne Indigenous Transition School 2018

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Notes to the Financial Statements For the Year Ended 31 December 2018

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

Estimation is involved in accounting for the useful lives of property, plant and equipment and employee benefits provision. Further detail is contained in Note 1 Summary of Significant Accounting Policies.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired.

3 Revenue and Other Income

Revenue from continuing operations	12 months ended 31 December 2018 \$	12 months ended 31 December 2017 \$
Donations	1,704,617	1,277,066
ABSTUDY Funding	521,255	509,127
Departments of Education Funding	925,153	849,990
Event Income	404,900	81,900
Other Revenue	43,255	23,426
Total Revenue	3,599,181	2,741,509

Melbourne Indigenous Transition School 2018

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Notes to the Financial Statements For the Year Ended 31 December 2018

4 Surplus from Operations

(a) Travel Costs

	12 months ended 31 December 2018	12 months ended 31 December 2017
	\$	\$
Travel costs	115,906	178,032

Travel costs related primarily to travel by MITS students between their homes and MITS, as well as travel by MITS staff to remote communities as part of our community engagement program. A large proportion of travel costs may be reimbursed by ABSTUDY. Of travel costs incurred to 31 December 2018, it is anticipated that up to approximately \$40,000 will be reimbursed by ABSTUDY.

(b) Auditors' remuneration

The auditor of MITS is Ernst & Young Australia.

	2018
	\$
Amounts received or due and receivable by Ernst & Young for:	
Audit of financial statements	10,000

5 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and on hand	1,142,889	845,025
Short-term deposits	1,350,000	900,000
Scholarship fund (Restricted cash) (1)	202,757	-
	2,695,646	1,745,025

(1) Restricted Cash

Funding for the Rona Pamkal Scholarship has been set aside in a specific account. This monies have a specific purpose, being the support of the scholarship and as such are not available to MITS for day to day use.

6 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	30,996	12,783
Total current trade and other receivables	30,996	12,783

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Melbourne Indigenous Transition School 2018

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Notes to the Financial Statements For the Year Ended 31 December 2018

7 Property, plant and equipment

	2018	2017
	\$	\$
BUILDINGS		
At cost	1,522,306	1,523,449
Accumulated depreciation	(181,172)	(68,142)
Total buildings	1,341,134	1,455,307
FIXTURES AND FITTINGS		
At cost	99,545	99,545
Accumulated depreciation	(29,864)	(4,654)
Total fixtures and fittings	69,681	94,891
COMPUTER EQUIPMENT		
At cost	73,116	67,271
Accumulated depreciation	(57,380)	(33,976)
Total computer equipment	15,736	33,295
Total property, plant and equipment	1,426,551	1,583,493

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Fixtures and Fittings	Computer Equipment	Total
	\$	\$	\$	\$
Year ended 31 December 2018				
Balance at beginning of period	1,455,307	94,891	33,295	1,583,493
Additions at cost	19,375	-	5,845	25,220
Depreciation expense	(113,030)	(25,210)	(23,404)	(161,644)
Asset write-off	(20,518)	-	-	(20,518)
Balance at the end of the year	1,341,134	69,681	15,736	1,426,551
Year ended 31 December 2017				
Balance at beginning of period	1,474,841	94,891	41,995	1,611,727
Additions at cost	20,528	-	12,520	33,048
Depreciation expense	(40,062)	-	(21,220)	(61,282)
Balance at the end of the year	1,455,307	94,891	33,295	1,583,493

8 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	16,652	-
Rental Bond	16,800	7,500
	33,452	7,500

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Notes to the Financial Statements For the Year Ended 31 December 2018

9 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	44,529	158
Amounts due under contract of sale	25,010	14,649
Borrowings	23,642	13,775
GST payable	30,000	49,753
Other payables	14,317	-
	<u>137,498</u>	<u>78,335</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

10 Employee Benefits

	2018	2017
	\$	\$
CURRENT		
Provision for employee benefits	71,929	44,220
NON-CURRENT		
Provision for employee benefits	39,366	-
	<u>111,295</u>	<u>44,220</u>

11 Capital and Leasing Commitments

(a) Operating Leases

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	289,565	140,136
- between one year and five years	422,001	314,539
- later than five years	1,085,967	1,036,514
	<u>1,797,533</u>	<u>1,491,189</u>

12 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstandings and obligations of the Company. At 31 December 2018 the number of members was 11 (2017: 11).

Melbourne Indigenous Transition School 2018

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Notes to the Financial Statements For the Year Ended 31 December 2018

13 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2018 (31 December 2017: Nil).

14 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Surplus for the year	711,606	612,778
Non-cash flows in surplus:		
- depreciation and asset write-off	182,161	61,282
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(18,213)	35,282
- (increase)/decrease in other assets	(25,952)	3,090
- increase/(decrease) in trade and Other payables	79,884	21,272
- increase/(decrease) in GST payable	(19,753)	49,753
- increase/(decrease) in employee benefits	67,075	(16,986)
Cashflow from operations	976,808	766,471

15 Events after the end of the Reporting Period

The financial report was authorised for issue on 29 April 2019 by the Board of Directors.

In the period since the balance date MITS has received a capital commitment of \$2.1 million from the Australian Government for the construction of a new 18-bed girls' alumni boarding house on Richmond Hill. It is anticipated that construction work on this new facility will commence in mid-2019 to enable a January 2020 opening. As at the date of this report MITS has not yet entered into a funding agreement in relation to this funding.

Other than this, no matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

16 Company Details

The registered office of and principal place of business of the company is:

Melbourne Indigenous Transition School 2017
16 The Vacluse
RICHMOND VIC 3121

Directors' Declaration

In accordance with a resolution of the directors of Melbourne Indigenous Transition School, I state that in the opinion of the directors:

- (a) the Company is not a reporting entity as defined in the Australian Accounting Standards;
- (b) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements and complying with the *Australian Charities and Not-for-Profits Commission Regulation 2013*;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Edward Tudor
Executive Director
Melbourne
29 April 2019

Independent Auditor's Report to the Members of Melbourne Indigenous Transition School

Opinion

We have audited the financial report, being a special purpose financial report, of Melbourne Indigenous Transition School (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1a, and 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 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 statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' 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 obtained at the date of this auditor's report is the directors' report accompanying the financial report.

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

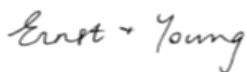
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' 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 financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

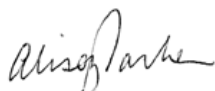
Auditor's Responsibilities for the Audit of the Financial Report

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report



Ernst & Young



Alison Parker
Partner
Melbourne
29 April 2019