



**mits**

Melbourne Indigenous  
Transition School



ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2023

inspired by the Bower  
only in abiding memory  
our beloved  
LLAN VINCENT  
ROWNE  
1944 - 2015  
OLD TO THE NOW

Member of  
the AFL



Year 7 student Sophie wearing Aunty Joy Murphy Wandin's possum skin cloak at a Welcome to Country in Yarra Park

## 2023 HIGHLIGHTS

Steady from 2022

Average Year 7 maths and reading ability growth

2.0 year levels

Up from 91% in 2022

Year 7 program completion rate

92%

First time in 2023

Students in Melbourne studying at MITS or one of our Pathways Schools

96

Up from 63 of 2022

Students living with MITS

76

Up from 3 in 2022

Year 12 graduates completing school in Melbourne

6



Gunmok woman  
Lorraine Kabbindi  
White's façade to 371  
Church Street,  
entitled "First Bees",  
depicting the story of  
transformation of men  
into bees.

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# Directors' Report

The Directors submit their report for the year ended 31 December 2023

## 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 AM (Chairperson), Rick Tudor OAM, Margaret Webb AM, Edward Tudor (Chief Executive Officer), Katrina Penfold, David Heaton, Meg Hewett, Hilary Dixon (retired August 2023), Stephen Cooper (retired August 2023), Dean Rioli, Alison Wunungmurra, Keryn Nossal (joined August 2023) and Maria Wilson (joined December 2023).

## Operations and Principal Activities

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

*"I am really proud of all the friends I made, moving away from home, living in Melbourne and trying hard so I can get **a great education.**"*

MITS Year 7 student



The MITS Yidaki Boys performing in front of their Richmond Junior Football Club teammates as part of Sir Doug Nicholls Round

## Results and Review of Operations

2023 was another year of growth and achievement for MITS and for our students.

During the year, over 80 young Indigenous young people were pursuing their educational aspirations in Melbourne at MITS or at one of our Pathways Schools. From Term 3 of 2023, over 30 female students moved into our newly built boarding house at 371 Church Street, Richmond, completing our connected community of four boarding houses on Richmond Hill.

We launched our new Year 8 program, commenced important work to develop a new three-year strategy, and continued to invest in our programs, in particular our boarding and wellbeing programs. Our MITS staff grew to over 80 people and we welcomed two new Board Directors.

In December, 430 people gathered at the MCG to celebrate the achievements of our students, including six of our 2018 cohort graduating Year 12 in Melbourne.

## Students

In 2023 MITS again welcomed 22 new Year 7 students: 17 from the Northern Territory and five from regional Victoria. Our Year 7 cohort came to us from 12 communities across the Top End and four communities across Victoria.

2023 also saw the first cohort of students embark on MITS's new Year 8 program. Based at Richmond High School's Gleadell Street campus, 22 students started the year, including 3 students joining MITS for the first time in Year 8.

Our Year 7 MITS students achieved a 92% completion rate, with 23 students completing Year 7 with MITS in 2023 (including three students who joined MITS during Year 7). Over the five years from 2019 to 2023 MITS has experienced a 93% completion rate of our Year 7 program. Our Year 8 MITS students achieved an 83% completion rate for our Year 8 program in 2023.

Year 7 student attendance in 2023 remained strong at 91% and Year 8 student attendance in 2023 was 88%. This compares with a national attendance average of 88% for all students, a national Indigenous attendance average of 71% for students in Years 7-10, and Northern Territory Indigenous attendance averages of 58% in remote communities and 42% in very remote communities.

In 2023 our students again achieved extraordinary academic growth. Our Year 7s improved their reading and maths ability by an average of almost two year levels (in each case, using standardised PAT testing.)

Our school program was enriched through partnerships with many exceptional Melbourne institutions. In particular, in 2023 we formed a close partnership with the University of Melbourne's Faculty of Science, through which university staff supported the delivery of science classes both at MITS and in labs at the University's Parkville campus. This partnership greatly enhanced our delivery of science and fostered a deeper love of scientific knowledge - First Nations and Western - in our Year 7 and 8 students.

In 2023 the number of enrolment applications to MITS grew to 91 applications for our Year 7 Class of 2024. We interviewed 53 students, ultimately offering positions to 22 new students for Year 7 at MITS in 2024.

At the end of 2023, six MITS students completed Year 12 in Melbourne, with a number of others from their 2018 MITS cohort graduating Year 12 elsewhere. In 2024, we are hopeful that 13 students will complete Year 12 in Melbourne, and while we do not measure a MITS student's success by how long they stay at school in Melbourne, we are incredibly proud of those completing their secondary schooling in Melbourne.

## Expansion to Year 8

At the beginning of Year 8, our program focussed on identification of, in consultation with our students' families, the right Pathways School for each student. From there the students embarked on a number of initiatives over the course of the year to help build relationships and familiarity with the Pathways Schools, their students and staff.

The aim of the transition program is for MITS students to feel that they 'belong' at their Pathways School on Day 1 of Year 9, and although there have been inevitable challenges for our first Year 8 cohort at their new schools in 2024, there have also been many successes. The lessons we have learned will help us continue to build our Year 8 program to best prepare our students for their new school.



*Top: Year 7 students Jacob and Jaemon with teacher Claire in the Faculty of Science labs at the University of Melbourne*

*Bottom: Year 8 students with the Hon Linda Burney, Minister for Indigenous Australians, in MITS's classroom at Richmond Football Club*



MITS's new boarding house at 371 Church Street

### 371 Church St

In 2023, we completed the construction of our most recent, and largest, boarding house at 371 Church Street, allowing us to accommodate all our senior female students under one roof. Our senior student boarding precinct on Richmond Hill is now complete, with MITS able to accommodate up to 100 students across our four boarding houses from Year 7 to Year 12.

We continue to see the benefit of our investment in our boarding model, with strong retention of students in Melbourne and very positive student and parent feedback. In 2023 MITS had almost 60 students living across our senior boarding houses, in addition to our 22 Year 7 students.

371 Church Street is the first building that MITS has designed and built from the ground up. The building – through its architecture and design – celebrates our students and their families and incorporates First Nations cultures and expression through the fabric of the building. Our students tell us that they feel culturally strong in 371 Church Street, and that it provides a sense of “home away from home”. The large kitchen, dining and common areas allow us to serve dinner for all of our students in one place, increasing interaction between students of all ages, enhancing students’ sense of belonging, and providing opportunity for our senior students to develop into leadership roles.

371 Church Street also provides an important environment to welcome our students’ families and community members when they are in Melbourne, allowing us to grow and deepen relationships with the most important people in our students’ lives.

We are very grateful to the many individuals and organisations who supported MITS in the development of 371 Church Street. The project was primarily funded through a \$10 million contribution from the Australian Government Department of Infrastructure, Transport, Regional Development and Communications and the Arts through the Community Development Grants Program.

MITS also received the generous support of a large community of project partners, led by Kane Constructions, who acted as construction manager on a no-profit basis, and McIldowie Partners Architects. MITS also received pro bono and in-kind support for the construction of 371 Church Street from many companies, including King & Wood Mallesons, EY, Prensa, Barro Group, Kennards Hire, Dulux, Lysaght, Infrabuild, CSR and Zenith Interiors.



Year 9 students Casey and Tenielle and MITS Directors meeting Senator Jana Stewart at 371 Church Street

## Strategy

In the context of completion of construction of 371 Church Street, and the launch of our Year 8 program, as well as the other significant growth that MITS has undertaken since opening in 2016, the Board of Directors and Leadership Team took the opportunity in 2023 to review and update MITS's strategy.

The core focus of MITS's updated strategy in the short to medium term will be consolidating and building capacity within the current organisational scope. This strategy, focused on achieving MITS's Purpose of supporting Indigenous students to achieve their educational aspirations in Melbourne, will be realised through investment in 5 key platforms:

1. **Learning and Living** - building an educational and boarding experience that engages and empowers every student;
2. **Relationships** - creating deep connections with families and communities to ensure cultural strength and student success;
3. **Staff** - bringing together and developing skilled and talented people to support and enable every student;
4. **Partnering** - building a strong network of organisations that together with MITS, enable student success;
5. **Organisational Resilience** - shaping and sustaining a strong and viable organisation.

## People

In 2023 MITS grew our staff team, with 84 full time, part time and casual staff working with MITS through the course of 2024. MITS also grew our First Nations staffing, with 24 First Nations people working with MITS in 2023 (29%).

MITS's Executive Team continued to comprise four members: Edward Tudor (CEO), Brad Carmody (Principal), Lia Bartholomew (Head of Boarding and Wellbeing) and Sammi Rioli (Head of Cultural Strength). Half of our Executive Team members are First Nations people.

We welcomed two new Board Directors, Keryn Nossal and Maria Wilson, whilst farewelling Stephen Cooper and Hilary Dixon as Directors, each after eight years' service to MITS.

Hilary and Stephen were long standing and highly valued members of the MITS Board. Both Hilary and Stephen joined the Board in 2015, and they helped oversee the formation and rapid growth of MITS, and both leave a significant legacy at MITS.



*Top: Year 7 students with Principal Brad Carmody at the MCG, as part of MITS's partnership with the MCC Foundation*

*Bottom: Year 8 students Tenielle and Lailani on their first day at Pathways School Star of the Sea with MITS Boarding Coordinator Tatiana.*



Year 7 students Satira and Latia delivering the Acknowledgment of Country at the Women's Agenda Leadership Awards

## 2023 Voice to Parliament Referendum

Having consulted with students, staff and families, MITS took the view that our role in the 2023 Voice to Parliament referendum debate was to provide a platform for *their* voices, the most obvious representation of which was the 'Yes' billboard we installed in the large first floor window at 371 Church Street.

The failure to gain sufficient national support for the referendum was hugely disappointing, and challenging for our students, First Nations staff, their families, friends and communities. There was consolation in the fact that MITS's electorate of Melbourne achieved the highest Yes vote in the nation, and every electorate of every Pathways School that our senior students attend voted Yes.

Those results were only bettered in our students' home communities - places like Wadeye, polling 93% for Yes. MITS hopes and believes that this means that our students are in great communities that care for them and respect them. And we further believe that our students are an important factor in this outcome at home and in Melbourne, contributing as they do to those home and away communities, and helping shape the minds of those around them.

## Partnerships and Philanthropy

In 2023 MITS either established or expanded on funding partnerships with major supporters including A. G. Coombs Group, Flora & Frank Leith Charitable Trust and The Jolimont Foundation. We also continued to receive major support from DECJUBA Foundation, Colonial Foundation, Kennards Hire Foundation, Macquarie Group Foundation, Sunnyside Foundation, Portland House Foundation, Shine on Foundation, MCC Foundation, Mitsubishi Corporation and many other charitable trusts and foundations.

In addition, we continued to rely upon the many individuals and families who donate their time or money and form part of our broader MITS family.

Our pro bono partners also made significant contributions to MITS in 2023. In particular, Fancy Films generously created over 20 videos which captured and celebrated our students.

Our 2023 Gala Dinner in October was our most successful fundraising dinner to date, raising over \$500,000 thanks to matching from Macquarie Group Foundation. Over 400 guests enjoyed a special evening of inspiration, hosted beautifully as always by food&desire.



MITS Founders Edward Tudor, Liz Tudor AM and Rick Tudor OAM with Deputy Prime Minister Richard Marles and Senator Jana Stewart





Top: Year 12 Calvin, MITS Alum Jordan (MITS 2016) and Year 9 Zach at the MITS Gala Dinner  
Bottom: Year 9 Lailani playing for Richmond Junior Football Club

## Financial Performance

MITS experienced a surplus in 2023. This surplus largely results from receipt of Australian Government funding contributions towards the development of 371 Church Street. These contributions are recognised as income upon receipt, and are utilised entirely on capital works, which are depreciated over the useful life of those assets for accounting purposes. Accordingly, the reported surplus is largely a reflection of capital funding receipts rather than an operating surplus.

Additionally, MITS's financial performance was positively impacted by strong enrolments through the course of the school year, donations of \$2,890,790 and careful expense management.

In 2023 MITS received operational funding support through the National Indigenous Australians Agency, in addition to ABSTUDY funding through the Department of Human Services and recurrent educational funding through the Australian and Victorian Departments of Education.

As in previous years, MITS continues to benefit from the extraordinary generosity of its corporate and individual donors and supporters, without whom MITS would not exist.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company during the reporting period.

## Significant Events after the Balance Date

There were no significant events for the Company after the Balance Date.

## Likely Developments and Expected Results

The Directors do not expect any significant changes to the operations of the Company.

## Indemnification and Insurance of Directors

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.

## 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 2023, the liability of the members was \$10.

Signed in accordance with a resolution of the Board of Directors

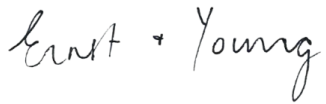
A handwritten signature in blue ink, appearing to read 'Elizabeth Tudor'.

**Elizabeth Tudor**  
Chairperson  
6 August 2024

## 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 2023, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.



Ernst & Young



Alison Parker  
Partner  
6 August 2024



Year 7 student Derek wearing his creation as part of MITS's collaboration entitled "Wear Who You Are" with the Monash University Museum of Art

# Financial Statements

ABN 12 141 611 234

## Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2023

	Note	12 months ended 31 December 2023	12 months ended 31 December 2022
		\$	\$
Revenue	3	8,862,679	7,308,906
Capital works funding	3	7,250,000	2,750,000
Employee benefits expense		(4,832,973)	(3,803,606)
Depreciation and amortisation		(1,376,652)	(942,358)
Repairs and Maintenance		(131,988)	(158,147)
Travel Costs	4(a)	(81,090)	(70,166)
Event and Engagement Costs		(234,278)	(154,222)
Other operating expense		(1,196,309)	(1,145,442)
Investment (loss)/income		51,841	(77,699)
<b>Surplus</b>		<b>8,311,229</b>	<b>3,707,264</b>
<b>Total Comprehensive income</b>		<b>8,311,229</b>	<b>3,707,264</b>

The accompanying notes form an integral part of these financial statements

## Statement of Financial Position

YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	5	2,295,560	597,723
Trade and other receivables	6	101,804	76,732
Other assets	8	141,210	52,329
<b>Total Current Assets</b>		<b>2,538,574</b>	<b>726,784</b>
<i>Non-Current Assets</i>			
Property, plant and equipment	7	22,409,404	16,172,921
Financial assets	9	537,342	985,501
Right of use assets	10	3,753,462	4,171,497
<b>Total Non-Current Assets</b>		<b>26,700,207</b>	<b>21,329,919</b>
<b>Total Assets</b>		<b>29,238,781</b>	<b>22,056,703</b>

The accompanying notes form an integral part of these financial statements

## Statement of Financial Position

	Note	2023 \$	2022 \$
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Trade and other payables	12	2,030,474	2,822,890
Employee benefits	13	183,278	116,425
Lease liabilities	11	197,873	277,746
<b>Total Current Liabilities</b>		<b>2,411,626</b>	<b>3,217,061</b>
<i>Non-Current Liabilities</i>			
Employee benefits	14	89,306	150,395
Lease liabilities	12	3,957,916	4,220,542
<b>Total Non-Current Liabilities</b>		<b>4,047,222</b>	<b>4,370,937</b>
<b>Total Liabilities</b>		<b>6,458,847</b>	<b>7,587,998</b>
<b>Net Assets</b>		<b>22,779,934</b>	<b>14,468,705</b>
<b>Equity</b>			
Reserves		-	855,000
Accumulated funds		22,779,934	13,613,705
<b>Total Equity</b>		<b>22,779,934</b>	<b>14,468,705</b>

The accompanying notes form an integral part of these financial statements

## Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2023

	Accumulated Funds \$	Capital Profit Reserve (1) \$	Total \$
<b>Balance at 1 January 2023</b>	13,613,705	855,000	14,468,705
Surplus attributable to members of the entity	8,311,229	-	8,182,630
Transfer between capital profit reserve to accumulated funds (1)	855,000	(855,000)	-
<b>Balance as at 31 December 2023</b>	<b>22,779,934</b>	<b>-</b>	<b>22,651,335</b>
<b>Balance at 1 January 2022</b>	9,861,441	900,000	10,761,441
Surplus attributable to members of the entity	3,707,264	-	3,707,264
Amortisation of capital profit reserve (1)	45,000	(45,000)	-
<b>Balance as at 31 December 2022</b>	<b>13,613,705</b>	<b>855,000</b>	<b>14,468,705</b>

(1) Transfer between capital profit reserve to accumulated funds

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 for year 7 students. 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 have transferred this amount to accumulated funds such that the treatment of this historic grant from 2016 has been treated in the same manner as the grants received for the new 384 Church Street and 371 Church Street boarding houses.

The result of this transfer does not have an impact on the Statement of Comprehensive Income nor total Equity.

*The accompanying notes form an integral part of these financial statements*

## Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2023

	Note	12 months ended 31 December 2023 \$	12 months ended 31 December 2022 \$
<b>Cash Flows From Operating Activities</b>			
Receipts of donations, funding and event income		16,112,679	10,058,906
Payments to suppliers and employees		(8,515,766)	(2,988,048)
GST (paid)/received		198,340	(2,480)
<b>Net cash provided by operating activities</b>	18	<b>7,795,253</b>	<b>7,068,378</b>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(5,733,992)	(5,554,473)
<b>Net cash used in investing activities</b>		<b>(5,733,992)</b>	<b>(5,554,473)</b>
<b>Cash Flows From Financial Activities</b>			
Repayments of borrowings		-	(963,147)
Payment of lease liabilities		(363,424)	(469,366)
<b>Net cash used in financing activities</b>		<b>(363,424)</b>	<b>(1,432,513)</b>
Net increase in cash and cash equivalents held		1,697,837	81,391
Cash and cash equivalents at beginning of year		597,723	516,332
<b>Cash and cash equivalents at end of financial year</b>	5	<b>2,295,560</b>	<b>597,723</b>

The accompanying notes form an integral part of these financial statements

# Notes to the Financial Statements

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

The registered office is located at 371 Church Street, 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 Material Accounting Policies

### (a) Basis for 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. It contains only those disclosures considered necessary by the directors to meet the needs of members.

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

### Going Concern

The company has prepared a cash flow forecast to support the going concern assumption based on the expectation that operational and development funding income from the Commonwealth and State Government Departments in addition to Donation income from its corporate and private supporters remains an open source of income.

At the date of this report the Board of Directors have no reason to believe the Departments or the key donors to MITS will not continue to support the Company. On this basis the directors have determined that it is appropriate to prepare the financial report on a going concern basis.

### (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) 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. The Company applied AASB 1058 which sets out the principles for the recognition, measurement, presentation and disclosure for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives and the receipt of volunteer services.

Such transfers with consideration significantly less than fair value primarily to enable a not-for-profit entity to further its objectives may be called grants, bequests, donations or appropriations and are usually made voluntarily.

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

### Grant revenue (Departments of Education Funding)

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.

#### **ABSTUDY Funding**

Abstudy funding is recognised in the statement of comprehensive income when it is probable that the economic benefits gained from the Abstudy funding claim will flow to the entity and the amount of the funding can be measured reliably.

#### **Donations**

Donations and bequests are recognised as revenue when received.

#### **Interest revenue**

Interest is recognised using the effective interest method.

#### **Event and Other income**

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

#### **(d) 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.

#### **(e) 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 asset's 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:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Buildings	4-5%
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.

#### **(f) Impairment of non-financial assets**

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

#### **(g) 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.

#### **(h) 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.

#### **(i) Right of Use assets and lease liabilities**

##### **Right-of-use assets**

At commencement date of the lease, a right-of-use asset is recognised and measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use asset are subject to impairment.

Low-value assets recognition exemption to leases has also been applied. Lease payments on low-value assets are recognised as expense on a straight-line basis over the lease term.

##### **Lease liabilities**

At commencement date of the lease, a lease liability is recognised and measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date, if the rate implicit in the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed leased payments, a change in the assessment to purchase the underlying asset, or a change in the amounts expected to be payable under a residual value guarantee.

##### **Significant judgements**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the lease commencement date, the lease term is reassessed if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

#### **(k) Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified as Financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

#### **(l) Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payable.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- (i) Financial liabilities at fair value through profit or loss
- (ii) Financial liabilities at amortised cost (loans and borrowings)

### **Financial liabilities at amortised cost (loans and borrowings)**

This is the category most relevant to the entity. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## 2. Significant Accounting Estimates and Judgements

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 Material 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.

## 3. Revenue and Other Income

	2023 \$	2022 \$
<b>Revenue from continuing operations</b>		
<b>Recurring revenue</b>		
Donations	2,890,790	2,667,685
ABSTUDY Funding	1,665,122	1,148,569
Departments of Education Funding	4,157,141	2,730,768
Event Income	149,626	141,772
Other Revenue	-	20,113
<b>Non-Recurring revenue</b>		
Donations (1)	-	600,000
Capital Works funding (2)	7,250,000	2,750,000
<b>Total Revenue</b>	<b>16,112,679</b>	<b>10,058,906</b>

- (1) Non-recurring donations in the prior year related to a bequest. Bequests are ordinarily considered recurring; however, the prior year bequest was significant in magnitude compared to recurring donations and bequests and therefore was considered non-recurring.
- (2) Capital works funding relates to grant monies received from Government Departments used for the construction and capital works of boarding houses. As construction of boarding houses is not a recurring activity and the receipt of these monies is not in the ordinary course of business, this funding is considered to be non-recurring in nature.

## 4. Expenses

### (a) Travel Costs

	2023 \$	2022 \$
<b>Travel Costs</b>	<b>81,090</b>	<b>70,166</b>

Travel costs related primarily to travel by MITS students between their homes and MITS, as well as travel by MITS staff to remote communities when chaperoning students home or as part of our community engagement program. A large proportion of travel costs may be reimbursed by ABSTUDY.

### (b) Auditors' Remuneration

The auditor of MITS is Ernst & Young Australia.

	2023 \$	2022 \$
Amounts received or due and receivable by Ernst & Young for:	-	-
<b>Audit of financial statements</b>	<b>-</b>	<b>-</b>

## 5. Cash and Cash Equivalents

	2023 \$	2022 \$
Cash at bank and on hand	2,295,560	597,723
<b>Total Cash and cash equivalents</b>	<b>2,295,560</b>	<b>597,723</b>

## 6. Trade and Other Receivables

	2023 \$	2022 \$
<b>Current</b>		
Trade receivables	101,804	-
GST receivable	-	76,732
<b>Total current trade and other receivables</b>	<b>101,804</b>	<b>76,732</b>

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.

## 7. Property, Plant and Equipment

	2023 \$	2022 \$
<b>Buildings</b>		
At cost	24,586,086	16,122,878
Accumulated depreciation	(2,196,372)	(1,078,325)
<b>Total Buildings</b>	<b>22,389,715</b>	<b>15,044,554</b>
<b>Fixtures and fittings</b>		
At cost	102,454	102,454
Accumulated depreciation	(82,764)	(69,901)
<b>Total Fixtures and fittings</b>	<b>19,689</b>	<b>32,552</b>
<b>Computer equipment</b>		
At cost	8,824	236,942
Accumulated depreciation	(8,824)	(230,933)
<b>Total Computer equipment</b>	<b>-</b>	<b>6,009</b>
<b>CAPITAL WORK IN PROGRESS</b>		
At cost	-	1,089,806
Accumulated depreciation	-	-
<b>Total capital Work in Progress</b>	<b>-</b>	<b>1,089,806</b>
<b>Total Property, plant and equipment</b>	<b>22,409,404</b>	<b>16,172,922</b>

The increase in buildings at cost reflects the boarding house at 371 Church Street, Richmond which was completed during the year ended 31 December 2023.

## 7. Property, Plant and Equipment (cont.)

### (a) Movement 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:

YEAR ENDED 31 DECEMBER 2023	Buildings \$	Fixtures and fittings \$	Computer Equipment \$	Capital Work In Progress \$	Total \$
Balance at beginning of period	15,044,554	32,552	6,010	1,089,806	16,172,922
Additions at cost	7,171,177	-	2,815	-	7,173,992
Transfer from Capital work in progress	1,089,806	(2,909)	-	(1,089,806)	(2,909)
Depreciation expense	(915,822)	(9,955)	(8,824)	-	(934,601)
<b>Balance at the end of the year</b>	<b>22,389,715</b>	<b>19,689</b>	<b>0</b>	<b>-</b>	<b>22,409,404</b>
YEAR ENDED 31 DECEMBER 2022	Buildings \$	Fixtures and fittings \$	Computer Equipment \$	Capital Work In Progress \$	Total \$
Balance at beginning of period	10,657,889	42,507	14,755	-	10,715,151
Additions at cost	4,797,867	218	70,453	1,089,806	5,958,345
Depreciation expense	(411,202)	(10,172)	(79,199)	-	(500,573)
<b>Balance at the end of the year</b>	<b>15,044,554</b>	<b>32,552</b>	<b>6,010</b>	<b>7,874,473</b>	<b>16,172,922</b>

## 8. Other Assets

	2023 \$	2022 \$
<b>Current</b>		
Prepayments	133,710	35,529
Rental Bond	7,500	16,800
<b>Total Current trade and other receivables</b>	<b>141,210</b>	<b>52,329</b>

## 9. Financial Assets

	2023 \$	2022 \$
<b>Financial assets</b>		
Investments at fair value	507,883	456,042
Bank Guarantee	29,459	529,459
<b>Total Financial assets</b>	<b>537,342</b>	<b>985,501</b>

Financial asset investments at fair value through profit or loss include a portfolio of non-derivative equity instruments and interest rate securities that is managed by Macquarie Bank Limited. Fair values of these equity shares are determined by reference to published price quotations in an active market.

Bank guarantee relates to amount held by Macquarie on behalf of MITS in respect to the 371 Church Street, Richmond building.

## 10. Right of Use Assets

	2023 \$	2022 \$
Balance at beginning of period	4,171,497	4,371,967
Additions	29,710	236,950
Depreciation expense	(447,746)	(437,420)
<b>Total Right of use asset</b>	<b>3,753,462</b>	<b>4,171,497</b>

The right of use assets relate to MITS's leases of its Lockington Year 7 Boarding House, Year 8 board house, Alumni Boarding House for Girls, Alumni boarding house for boys, its classroom spaces and vehicles.

## 11. Lease Liabilities

	2023 \$	2022 \$
Current	197,873	277,747
Non-current	3,957,916	4,220,541
<b>Total Lease liabilities</b>	<b>4,155,789</b>	<b>4,220,541</b>
	2023 \$	2022 \$
Balance at beginning of period	4,498,288	4,591,317
Additions	20,926	236,951
Interest payments	121,243	134,386
Payments	(484,667)	(464,366)
<b>Total Lease liabilities</b>	<b>4,155,790</b>	<b>4,498,288</b>

## 12. Trade and Other Payables

	2023 \$	2022 \$
<b>Current</b>		
Trade payables	1,868,744	2,655,893
Other payables	82,318	166,997
GST Payable	79,412	-
<b>Total Trade and other payables</b>	<b>2,030,474</b>	<b>2,822,890</b>

## 13. Employee Benefits

	2023 \$	2022 \$
<b>Current</b>		
Provision for employee benefits	183,278	116,425
<b>Non-Current</b>		
Provision for employee benefits	89,306	150,395
<b>Total Employee benefits</b>	<b>272,584</b>	<b>266,820</b>

## 14. Capital and Leasing Commitments

The Company has nil capital and leasing commitments as at 31 December 2023.

## 15. 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 2023, the liability of the members was \$10 (2022: \$10).

## 16. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2023 (31 December 2022: Nil).

## 17. Cash Flow Information

### (a) Reconciliation of result for the year to cash flows from operating activities

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

	2023 \$	2022 \$
<b>Surplus for the year</b>	8,311,229	3,707,264
<b>Non-cash flows in surplus:</b>		
- Depreciation	1,376,652	942,358
- fair value of investments	(51,841)	77,699
- Interest expense on lease liability	121,243	136,931
<b>Changes in assets and liabilities:</b>		
- (increase) in trade and other receivables	(25,072)	-
- (increase)/decrease in other assets	(88,881)	3,132
- increase/(decrease) in trade and other payables	(1,933,253)	1,837,783
- increase in GST receivable/(payable)	79,412	2,480
- Increase in employee benefits	5,764	134,223
<b>Cashflow from operations</b>	<b>7,795,253</b>	<b>6,841,871</b>

## 18. Events after the end of the Reporting Period

The financial report was authorised for issue on 6 August 2024 by the Board of Directors.

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.

## 19. Company Details

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

Melbourne Indigenous Transition School  
371 Church Street, RICHMOND  
VIC 3121



# Directors' Responsibilities Statement

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 2023 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-Profit 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  
Chief Executive Officer  
Melbourne  
6 August 2024



A student bedroom  
in MITS's new  
boarding house at  
371 Church Street

# Independent Auditor's Report

To the members of Melbourne Indigenous Transition School



Ernst & Young  
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Melbourne VIC 3000 Australia  
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## Opinion

We have audited the financial report, being a special purpose financial report, of Melbourne Indigenous Transition School (the School), which comprises the statement of financial position as at 31 December 2023 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 School is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the School's financial position as at 31 December 2023 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 School in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 on the other information obtained prior to the date of this auditor's report, 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 School 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 School'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 School 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: [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

Ernst & Young

Alison Parker  
Partner

6 August 2024