

ANNUAL REPORT 2019

Melbourne High
School Foundation



Melbourne High Foundation Ltd

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**MELBOURNE HIGH SCHOOL FOUNDATION LTD.
ABN 82 125 199 457**

**PRESIDENT'S REPORT
FOR YEAR ENDING 31st DECEMBER 2019**

INTRODUCTION AND MISSION

The Melbourne High School Foundation is the fundraising arm of Melbourne High School. The Foundation enables Melbourne High School to provide a variety of non-Government funded academic, sporting, cultural and wellbeing programs that ensure a rich all-encompassing education for all students regardless of their family circumstances.

Through its five distinct trusts, the Foundation provides unique opportunities for donors, including parents, past students, businesses and philanthropists to support the education and wellbeing of past, present and future students and staff.

GOVERNANCE STRUCTURE

The achievement of the aims of the Foundation rests on the governance structure comprising board members and committees which collectively:

- determine policy and direction
- create and implement plans to raise funds
- process donations
- allocate funds in conjunction with the School
- oversee five trusts and funds:
 - The MHS Arts & Cultural Trust
 - The MHS Scholarship Trust
 - The MHS General Trust
 - The Melbourne High School Foundation Health Promotion Trust
 - The Future Fund

DIRECTORS AND OFFICERS

The following directors served during the year:

- John Wertheimer (President)
- Mark Taft (Vice-President & School Council Nominee)
- Michael Hills (Secretary)
- Noel Moloney (Treasurer and Public Officer)
- Simon Evans (Building Advisor)
- Jeremy Ludowyke (School Principal)
- Sam Theodore (MHSOBA Nominee)

In 2019, the Board was also supported by an observer.

- Chitra Amaradasa

Directors' meetings have been held monthly throughout the year.

In 2019, Wendy Brooks Consulting provided strategic fundraising advice and secretariat support for the Foundation.

THE MELBOURNE HIGH SCHOOL ANNUAL APPEAL

The MHS Annual Appeal is an important source of income and is well supported by the alumni and our community of old boys. We are delighted with the strong support generated by the 2019 Appeal. The amounts raised are listed below.

In 2019, our annual end of tax year appeal raised the following:

2019 Annual Appeals	\$
Future Fund	24,140
Classrooms	26,222
River Centre	13,224
Scholarship Trust	31,100
Arts & Cultural Trust	3,916
MHSOBA – Sch Trust	6,437
Library Fund	559
Health Prom Tr	826
General Trust	97
Health Prom Centre	243
TOTAL	106,764

669 CHAPEL STREET: THE CENTRE FOR HIGHER EDUCATION STUDIES AT 669 CHAPEL ST

In 2013, the Foundation acquired land adjoining the school at 669 Chapel St. Since purchasing the land, the MHS Foundation has worked alongside the school on a proposal to government for the development of a Centre for Higher Education Studies (CHES) on the site. The Board and the School's hard work has resulted in the Victorian School Building Authority (VSBA) purchasing the land in December 2019. The MHS Principal will work alongside the VSBA on the development of the project.

CRM PROJECT

In partnership with the MHSOBA and the School, the Foundation invested in Customer Relationship Management (CRM) software that will greatly improve our data and relationship management systems, enhance efficiency and help us to fundraise more effectively.

CLASSROOM CROWDFUNDING CAMPAIGN

Due to unforeseen circumstances, the December 2019, crowdfunding campaign for classroom renovations was postponed and rescheduled for 25th March 2020. This campaign is one of our key strategies for supporting the school to undertake a phased rejuvenation of 50 classrooms by 2027. This ambitious target has been set to celebrate the centenary of the 'Castle on the Hill'. Whilst the

building is spectacular the facilities are desperately in need of attention to ensure they meet today's educational requirements. In 2018, in an extraordinary display of community determination and support we raised funds to renovate 7 classrooms. We hope to make this a reality again in 2020.

Supporting students

Through our Scholarship Trust, 79 students from families struggling to meet the basic costs of education were given scholarships, bursaries and prizes. Activities included school fee contributions, cash awards, the provision of laptops, and school uniform and book subsidies.

Funds from the Health Promotion Trust allowed the school to run a wellbeing program for students identified as requiring support. The 10-week program addressed exercise, sleep, nutrition, stress, mobility and cardiovascular health. The refurbishment of the Wellbeing Centre was also supported. Moveable furnishings were purchased to create a more flexible and inviting space that has increased student drop-ins and allowed the team to use the space more effectively for individual and group sessions.

THE MHS ARTS & CULTURAL TRUST

The Foundation continued to work towards increasing the financial support available for the development of arts and cultural activities within the School and the wider City of Stonnington community. In 2019 we raised funds through our Annual Appeal for the purchase of a new double bass for the music department.

STRATEGY FOR FUNDRAISING

The Foundation continued working with Wendy Brooks Consulting in 2019 to develop key fundraising strategies and activities. The Foundation's focus is on strengthening relationships with the families of students, alumni and potential supporters; identifying and articulating key programs that will support MHS students to achieve their potential, and implementing our strategic fundraising plan to attract income.

We look forward to sharing upcoming activities with you and encourage everyone in the broader school community to become involved.

IN CLOSING

We are pleased with our achievements, strengthened relationships and increased clarity in strategic direction and future activities.

I thank my fellow board members, new and existing ambassadors and patrons, MHSOBA Council, Finance and Administration Officer Jodie Gunton, MHSOBA Events Manager Jo Malley and the Wendy Brooks Consulting team for contributing to a very positive year.

My sincere thanks to each one of you who supported Melbourne High School's students and staff, past, current and future.

I look forward to seeing many of our members at the AGM at a date which cannot be advised due to the COVID-19 pandemic.

Best wishes,

A handwritten signature in purple ink, reading "John Wertheimer".

Col. John Wertheimer AM RFD
President
22nd April 2020



Melbourne High School Foundation Ltd
ACN: 125 199 457
as Trustee for
Melbourne High School Scholarship Trust,
Melbourne High School Arts and Cultural Trust,
Melbourne High School Foundation Health Promotion Trust,
Melbourne High School General Trust &
Melbourne High School Foundation Future Fund Trust

Special Purpose Financial Statements
For the period 1 January 2019 to 31 December 2019

Melbourne High School Foundation Ltd

ACN: 125 199 457

As Trustee for Melbourne High School Scholarship Trust,

**Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust,
Melbourne High School General Trust & Melbourne High School Foundation Future Fund**

Directors' Report

For the period 1 January 2019 to 31 December 2019

The directors present their report on Melbourne High School Foundation Limited (as Trustee for Melbourne High School Scholarship Trust, Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust, Melbourne High School General Trust and Melbourne High School Foundation Future Fund) for the 12 months ended 31 December 2019.

Company Strategy and Objectives

The short and long term objectives of the company and the trusts it administers are to provide assistance to past and present students and staff of Melbourne High School.

Our strategy for achieving these objectives centres on:

- Instituting a range of specific activities aimed at raising funds to finance the activities of our five trusts
- The development of a corpus the earnings on which will be used to assist with the funding of our administrative activities including the running of the five trusts.
- Seeking funding from other relevant trusts to help finance the desired activities
- Liaising as appropriate with other bodies, particularly the City of Stonnington, in relation to the joint sponsoring of arts and cultural activities.

In the 12 months, from 1 January 2019 to 31 December 2019 our principal activities were:

- The granting of a number of scholarships to students from families that are income constrained
- Co-ordinating the Annual Appeal program which provided a range of tax-deductible opportunities that will directly benefit the students and programs of Melbourne High School
- Continuing work on developing a web site for the Foundation.

Also 2019 saw the finalisation of the sale of land owned by the Foundation. The Foundation acquired land adjoining the school at 669 Chapel Street, funded primarily through a bank loan. Since purchasing the land, the MHS Foundation has worked alongside the school on a proposal to government for the development of a Centre for Higher Education Studies (CHES) to be built on the site. In December 2019, the Foundation signed a contract for the sale of the land to the Victorian School Building Authority (VSBA), with settlement taking place in January. The carrying amount of the land on the 2018 Balance Sheet was \$7,738,579. The contract signed in December 2019 was for a sale price of \$3,800,000, which was \$3,938,579 lower than the carrying amount of the land in the balance sheet. Accounting Standards require that the asset is devalued to \$3,800,000, being the fair value of the asset. This contributed significantly to the overall loss in the Profit and Loss Statement of \$1,530,336, and to the negative equity situation in the Balance Sheet. The decision to sell to the government for \$3,800,000 was made in the interests of the long-term strategy involving the government needing the land to build the CHES for the school.

Melbourne High School Foundation Ltd

ACN: 125 199 457

As Trustee for Melbourne High School Scholarship Trust,

**Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust,
Melbourne High School General Trust & Melbourne High School Foundation Future Fund**

The loss of \$3,938,579 did not impact on the Foundation's ability to operate. At the time of presentation of these financial statements, the proceeds from the sale were used to clear the remaining balance of the Foundation's loan, and to provide additional cash for the Foundation's reserves. Also, at the time of presentation of these financial statements, the MHS liability in the Balance Sheet of \$2,053,963, consisting of funds contributed by the Melbourne High School towards payment of the Bendigo Bank loan, has been forgiven by the School Council. This has contributed to the significant improvement of the Balance Sheet equity situation in 2020. Consequently, the Foundation's Directors believe that the preparation of these financial statements on the basis of the Foundation being a going concern is appropriate.

These activities contributed towards the achievement of our objectives by:

- Providing assistance to eligible students whose families are in genuine financial need
- Starting the process of putting the Foundation onto a better financial basis
- Increasing the degree of co-operation between the School and the Foundation and also the Old Boys Association
- Providing the basis for efficient contemporary methods of communicating with the community at large and for the receipt of donations etc.

Melbourne High School Foundation Ltd
ACN: 125 199 457
As Trustee for Melbourne High School Scholarship Trust,
Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust,
Melbourne High School General Trust & Melbourne High School Foundation Future Fund

Directors' Report
For the period 1 January 2019 to 31 December 2019

Directors: The following persons held office as directors of Melbourne High School Foundation Limited (the Company) between 1 January 2019 and 31 December 2019

ERIC JOHN WERTHEIMER AM RFD – President from December 2011 (Appointed 27 November 2008)

Profession: Manager

Qualifications: FRMIT, B Econ, CPEng

Experience: Army Officer, Managing Director, Engineer, Project Management, Management Consultant, Chairman

(PHILIP) MARK TAFT - Vice President (Appointed 2 May 2007)

Profession: Judge

Qualifications: BA(Hons) LLB

Experience: Barrister 1989-2008. Senior Counsel. Former Vice-Chairman, Criminal Bar Association. Former President, Melbourne High School Council.

NOEL MOLONEY – Treasurer (Appointed 27 November 2008)

Profession: Accountant/Criminology

Qualifications: B.Comm (University of Qld); CPA; Master of Criminology (University of Melbourne)

Experience: 30 years in government areas of finance, budgeting, strategic planning, internal auditing, securities administration, strategic reviews, program evaluations, policy, state and national committees, and statistics; formerly Treasurer Melbourne High School Council.

MICHAEL HILLS – Company Secretary (Appointed 1 November 2007)

Profession: Accountant

Qualifications: BEc(Hons); CPA; Registered Tax Agent; Advanced Management Programme - Australian Admin. Staff College

Experience: Senior Economics; Corporate Planning; Managerial & Financial Control positions in major Australian Bank; 18 years' experience in not for profit sector; Former Director, Company Secretary & Treasurer Foundation Boroondara Ltd; recently Director and Company Secretary Canterbury Surrey Hills Community Finance Ltd; former Treasurer Melbourne High School Council.

SAM THEODORE - (Appointed 29 January 2014)

Profession: Audit and Risk

Qualifications: Masters in Practicing Accounting - Monash University, Bachelor of Business - Banking and Finance - Monash University, Member Institute of Public Accountants, Senior Associate - SA FIN (FINSIA) - Financial Services Institute of Australasia

Experience: Director Blind Sports Australia, Director Landshare Pty Ltd, Director T Corporation Pty Ltd. SJ Theodore Holdings Pty Ltd. Former Director Goalball Australia

JEREMY LUDOWYKE (Appointed 2 May 2007)

Profession: School Principal

Qualifications: MA, Dip Ed., Grad Dip. Ed (Policy and Administration)

Experience: Teacher, Department of Education 35 years, Principal, Department of Education 21 years including financial management, corporate governance and Human Resource management training and experience.

SIMON EVANS (Appointed 27 July 2016)

Profession : Project and Development Manager

Qualifications: BArch (Melbourne University),

Experience: General Manager of Project Management for a large private development company - 14 years, Associate Director of a private project management consulting firm - 10 years. Responsibility for design management and timely completion of projects over a period of 33 years

Melbourne High School Foundation Ltd

ACN: 125 199 457

As Trustee for Melbourne High School Scholarship Trust,

**Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust,
Melbourne High School General Trust & Melbourne High School Foundation Future Fund**

Directors' Report

For the period 1 January 2019 to 31 December 2019

Operating Results

The year saw further progress achieved towards the Foundation's role of being a major additional fund raising mechanism for the School and the wider school community.

The Foundation now administers 5 Trusts and is able to gather and recognize funds for a wide range of purposes, including the receipt of bequests of any form, i.e. cash, securities and real property.

The Foundation continues to administer the School's annual fund raising appeal. We are continually working on other strategies to make both the School's and the Foundation's fund raising activities even more successful.

The combined deficit of the company, and the Melbourne High School Scholarship Trust, Melbourne High School Arts and Cultural Trust, Melbourne High School Health Promotion Trust, Melbourne High School General Trust and Melbourne High School Foundation Future Fund for the 12 months from 1 January 2019 to 31 December 2019 was **\$1,530,336**, primarily due to the sale of land owned by the Foundation on Chapel Street. For further information see page 2 and notes 3, 6 and 9 to the accounts. Excluding the impact of the devaluation the combined deficit of all the Trusts administered by the Foundation for the year was \$141,757.

A summary of revenue and results is set out below:

	1/1/2019 to 31/12/2019	1/1/2018 to 31/12/2018
	\$	\$
Revenue from ordinary activities of the Company	310,668	266,816
Net surplus/deficit of the Company	(1,530,336)	(200,261)

Melbourne High School Foundation Ltd

ACN: 125 199 457

As Trustee for Melbourne High School Scholarship Trust,

**Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust,
Melbourne High School General Trust & Melbourne High School Foundation Future Fund**

Directors' Report

For the period 1 January 2019 to 31 December 2019

Meetings of Directors

The number of Board meetings attended by the directors whilst the director was in office that were held during the period from 1 January 2019 to 31 December 2019:

Name of Director	Number eligible to attend	Number attended
Eric John Wertheimer	12	11
Jeremy Ludowyke	12	11
(Philip) Mark Taft	12	9
Michael Ronald Hills	12	10
Noel Gerard Moloney	12	9
Sam Theodore	12	8
Simon Evans	12	11

Melbourne High School Foundation Ltd

ACN: 125 199 457

As Trustee for Melbourne High School Scholarship Trust,

Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust,

Melbourne High School General Trust & Melbourne High School Foundation Future Fund

Directors' Report

For the period 1 January 2019 to 31 December 2019

Liability of Directors

Should the company ever be wound up, Section 8 of its Constitution states that the maximum contribution that members must make is \$100 each. All directors must be members of the company and the current maximum number of directors is seven.

Subject to any changes to the maximum number of directors allowed, the maximum aggregate liability of directors current at the time of winding up is therefore \$700. Any directors who resign within the year prior to the winding up are also required to contribute a maximum of \$100 each.

Auditor's Independence Declaration

The auditor's independence declaration for the 12 months ended 31 December 2019 has been received.

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

Eric John Wertheimer
Director

Noel Moloney
Director

Dated this 30th day of July 2020

Location: Melbourne, Victoria

Melbourne High School Foundation Ltd

ACN: 125 199 457

As Trustee for Melbourne High School Scholarship Trust,

**Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust, Melbourne High School General Trust &
Melbourne High School Foundation Future Fund**

Statement of Comprehensive Income for the period 1 January 2019 to 31 December 2019

	Notes	MHS Foundation Limited		MHS Scholarship Trust		MHS Arts & Cultural Trust		MHS Health Promotion Trust		MHS General Trust		MHS Foundation Future Fund		TOTALS	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue from Ordinary Activities	2														
Donations		-	-	54,488	56,565	3,921	2,229	825	12,375	-	-	24,175	28,147	83,409	99,316
Scholarships		-	-	16,750	28,662	-	-	-	6,000	-	-	-	-	16,750	34,662
Interest		-	-	8,460	10,776	29	32	88	88	147	395	157	98	8,881	11,389
Salary Reimbursement		-	-	-	-	-	-	-	-	15,808	15,808	-	-	15,808	15,808
Re-imbursement of General Trust expenses		-	-	-	-	-	-	-	-	48,799	46,277	-	-	48,799	46,277
Lease Income (669 Chapel Street)		-	-	-	-	-	-	-	-	126,000	50,250	-	-	126,000	50,250
Other contributions (669 Chapel Street)		-	-	-	-	-	-	-	-	10,924	-	-	-	10,924	-
Other Income		-	-	-	-	-	-	-	-	97	9,114	-	-	97	9,114
Total Revenue		-	-	79,698	96,003	3,950	2,261	913	18,463	201,775	121,844	24,332	28,245	310,668	266,816
Expenses from Ordinary Activities	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contractor expenses		-	-	-	-	-	-	-	-	79,615	81,830	-	-	79,615	81,830
Employment expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Fees		-	-	-	-	-	-	-	-	1,121	662	-	5	1,121	667
Insurance		-	-	-	-	-	-	-	-	2,772	2,689	-	-	2,772	2,689
Legal & Accounting		-	-	-	-	-	-	-	-	-	48	-	-	-	48
Office Administrative Expenses		-	-	-	-	-	-	-	-	189	872	-	-	189	872
Scholarship & Prizes Awarded		-	-	72,577	59,505	-	-	-	-	-	-	-	-	72,577	59,505

Melbourne High School Foundation Ltd

ACN: 125 199 457

As Trustee for Melbourne High School Scholarship Trust,

**Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust, Melbourne High School General Trust &
Melbourne High School Foundation Future Fund**

	Notes	MHS Foundation Limited		MHS Scholarship Trust		MHS Arts & Cultural Trust		MHS Health Promotion Trust		MHS General Trust		MHS Foundation Future Fund		TOTALS	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses for 669 Chapel Street		-	-	-	-	-	-	-	-	233,854	253,053	-	-	233,854	253,053
Fund Raising expenses		-	-	-	-	-	-	-	-	8,545	10,498	-	-	8,545	10,498
Re-imbursements of General Trust expenses		-	-	30,234	30,304	3,780	3,788	3,780	3,788	-	-	3,780	3,788	41,574	41,668
General expenses		-	-	-	-	-	5,700	4,610	8,028	7,568	2,518	-	-	12,178	16,246
Total Expenses		-	-	102,811	89,809	3,780	9,488	8,390	11,816	333,664	352,170	3,780	3,793	452,425	467,076
Profit/(Loss) Before Income Tax		-	-	(23,113)	6,194	170	(7,227)	(7,477)	6,647	(131,888)	(230,326)	20,552	24,452	(141,756)	(200,261)
669 Chapel Street Impairment	6	-	-	-	-	-	-	-	-	(1,388,579)	-	-	-	(1,388,579)	-
Total Comprehensive Income After Income tax	9	-	-	(23,113)	6,194	170	(7,227)	(7,477)	6,647	(1,520,467)	(230,326)	20,552	24,452	(1,530,336)	(200,261)

The above income statements should be read in conjunction with the accompanying notes.

Melbourne High School Foundation Ltd
ACN: 125 199 457
As Trustee for Melbourne High School Scholarship Trust,
Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health
Promotion Trust, Melbourne High School General Trust & Melbourne High School Foundation
Future Fund

Balance Sheet
As at 31 December 2019

	Notes		1/1/2018 to 31/12/2018
CURRENT ASSETS		\$	\$
Cash and cash equivalents	4	514,232	628,574
Receivables & prepayments	5	42,716	59,595
TOTAL CURRENT ASSETS		556,948	688,169
 NON-CURRENT ASSETS			
Art Works	6	572,729	572,729
Website and Database	6	14,390	11,650
Freehold Land and Buildings	6	3,800,000	7,738,579
TOTAL NON-CURRENT ASSETS		4,387,118	8,322,957
 TOTAL ASSETS		4,944,066	9,011,126
 CURRENT LIABILITIES			
Scholarship Liabilities		118,817	119,248
GST		641	(5,177)
Trade Creditors	7	14,581	18,101
Donations payable		39,768	19,654
TOTAL CURRENT LIABILITIES		173,807	151,826
 NON-CURRENT LIABILITIES			
Borrowings	8	4,810,594	4,819,299
 TOTAL LIABILITIES		4,984,402	4,971,125
 NET ASSETS		(40,335)	4,040,001
 EQUITY			
Settled Sum		3,750	3,350
Accumulated Surplus/(Deficit)	9	(294,284)	1,236,051
Asset revaluation reserve		0	2,550,000
Contributed Equity		250,200	250,200
 TOTAL EQUITY		(40,335)	4,040,001

The above balance sheet should be read in conjunction with the accompanying notes.

Melbourne High School Foundation Ltd
ACN: 125 199 457
As Trustee for Melbourne High School Scholarship Trust,
Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health
Promotion Trust, Melbourne High School General Trust & Melbourne High School Foundation
Future Fund

Statement of Changes in Equity
For the period 1 January 2019 to 31 December 2019

	Settled Sums	Accumulated Surplus/(Deficit)	Contributed Equity	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 31 December 2017	3,350	1,436,312	250,200	2,550,000	4,239,862
Deficit for the year	-	(200,261)	-	-	(200,261)
Increase in settled sums	400	-	-	-	400
Balance at 31 December 2018	3,750	1,236,052	250,200	2,550,000	4,040,001
Deficit for the year	-	(1,530,336)	-	-	(1,530,336)
669 Chapel Street Impairment (see note 9)	-	-	-	(2,550,000)	(2,550,000)
Balance at 31 December 2019	3,750	(294,284)	250,200	0	(40,335)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Melbourne High School Foundation Ltd
ACN: 125 199 457
As Trustee for Melbourne High School Scholarship Trust,
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Future Fund

Statement of Cash Flows
For the period 1 January 2019 to 31 December 2019

	1/1/2018 to 31/12/2018
\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Donations, Sponsorship and other operations	252,762
Payments to Suppliers and Transfers	(190,627)
Net Cash used in Operating activities	(62,136)
CASH FLOW FROM FINANCING ACTIVITIES	
Specified Scholarships received	24,474
Specified Scholarships paid	(48,657)
Net Cash used in Finance activities	(24,183)
CASH FLOW FROM INVESTING ACTIVITIES	
Interest Received	8,880
VALEO Payments for lease	137,775
Interest and principal paid on third party borrowings (a)	(276,990)
Payments to Utilities	(5,287)
Payments for Fencing	(1,720)
Other Payments	(14,953)
Net Cash used in Investing activities	(99,825)
Net decrease in cash and cash equivalents	(114,342)
Cash and cash equivalents at the beginning of period	628,574
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	514,232

(a) During the year interest of \$88,072 on a related party loan of \$1.59M was accrued for the year but not paid.

Melbourne High School Foundation Ltd
ACN: 125 199 457
As Trustee for Melbourne High School Scholarship Trust,
Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health
Promotion Trust, Melbourne High School General Trust & Melbourne High School Foundation
Future Fund

Notes to the Accounts
For the period 1 January 2019 to 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

In the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared for the sole purpose of complying as applicable with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

This special purpose financial report for the year ended 31 December 2019 has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial report is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

The income statement has been classified according to each particular trust (Melbourne High School Scholarship Trust, Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust, Melbourne High School General Trust and Melbourne High School Foundation Future Fund) so that information is more discernible to users. The other financial reports have not needed to be modified in the same manner.

For the purposes of the report, the foundation is a not for profit entity.

a) Revenue recognition

Income is recognized when receivable.

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

b) Income Tax

The Company is not exempt from income tax under the provisions of the Income Tax Assessment Act. However, as its major role is to act as a corporate trustee it is unlikely that the company will pay any tax. The Company has been recognized by the Australian Taxation Office as a Deductible Gift Recipient for funds donated to the Melbourne High School Scholarship Trust, the Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health Promotion Trust, and the Melbourne High School Foundation Future Fund. These trusts are exempt from income tax.

c) Cash and cash equivalents

Cash and cash equivalents include all cash on hand, at call deposits with banks or financial institutions and investments in money market instruments maturing within less than two months.

Melbourne High School Foundation Ltd
ACN: 125 199 457
As Trustee for Melbourne High School Scholarship Trust,
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Promotion Trust, Melbourne High School General Trust & Melbourne High School Foundation
Future Fund

Notes to the Accounts
For the period 1 January 2019 to 31 December 2019

		1/1/2018 to 31/12/2018
	\$	\$
2. REVENUE FROM CONTINUING OPERATIONS		
Donations	83,409	99,316
Scholarships	16,750	34,662
Interest	8,881	11,389
Reimbursement of Salary	15,808	15,808
Re-imbursement of General Trust Expenses	48,799	46,277
Lease Income (669 Chapel Street)	126,000	50,250
Other Income (669 Chapel Street)	10,924	0
Other Income	97	9,114
	<u>310,668</u>	<u>266,816</u>
3. EXPENSES FROM ACTIVITIES		
Contractor Expenses	79,615	81,830
Bank Fees	1,121	667
Insurance Premiums	2,772	2,689
Legal & Accounting	-	48
Stationery, Supplies & Gifts	189	872
Scholarship Awards and Prizes	72,577	59,505
669 Chapel Street expenses including finance costs	233,854	253,053
Fund Raising Expenses	8,545	10,498
Reimbursement of General Trust Expenses	41,574	41,668
General Expenses	12,178	16,246
	<u>452,424</u>	<u>467,076</u>
669 Chapel Street Impairment (a)	1,388,579	-
	<u>1,841,003</u>	<u>467,076</u>

- (a) In accordance with AASB 13 and AASB 136 the carrying amount in 2018 of \$7,738,579 for 669 Chapel Street was revalued down to the contract price of \$3,800,000, resulting in an overall impairment of \$3,938,579. The impairment reduced the Revaluation Reserve by \$2,550,000 resulting in an impairment expense for the year of \$1,388,579.

Melbourne High School Foundation Ltd
ACN: 125 199 457
As Trustee for Melbourne High School Scholarship Trust,
Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health
Promotion Trust, Melbourne High School General Trust & Melbourne High School Foundation
Future Fund

Notes to the Accounts
For the period 1 January 2019 to 31 December 2019

		1/1/2018 to 31/12/2018
	\$	\$
4. CASH AND CASH EQUIVALENTS		
Westpac Bank – Melbourne High School Foundation Ltd	2,019	(22,209)
Westpac Bank – Melbourne High School Scholarship Trust	12,067	20,785
Westpac Bank – Melbourne High School Arts and Cultural Trust	27,771	27,606
Westpac Bank – Melbourne High School Health Promotion Trust	82,901	89,952
Bendigo Bank – Melbourne High School General Trust Op Account	(4,509)	53,040
Bendigo Bank – Melbourne High School Foundation Future Fund	46,367	24,851
Bendigo Bank – Melbourne High School Scholarship Trust MHSOBA	1,271	5,960
Bendigo Bank – Melbourne High School Scholarship HYA	43,689	109,354
Bendigo Bank – Melbourne High School Scholarship Trust Reserve	303,465	319,234
	<u>514,232</u>	<u>628,574</u>
5. RECEIVABLES		
Debtors	37,716	59,595
Giving Platform (Charidy) Deposit	5,000	-
	<u>42,716</u>	<u>59,595</u>
6. NON-CURRENT ASSETS		
“The Cricketers” Sculpture	120,000	120,000
“Neil Roberts” Sculpture	50,000	50,000
“Merv Lincoln” Statue	134,243	134,243
“Ron Clarke” Statue	134,243	134,243
“Ralph Doubell” Statue	134,242	134,242
	<u>572,729</u>	<u>572,729</u>
Website and Database	14,390	11,650
669 Chapel Street (b)	3,800,000	7,738,579
	<u>4,387,118</u>	<u>8,322,957</u>

Melbourne High School Foundation Ltd
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As Trustee for Melbourne High School Scholarship Trust,
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- (b) In December 2019 the Victorian Building Authority and the Foundation signed a contract for the purchase of the land owned by the Foundation at 669 Chapel Street, with settlement taking place in January 2020. In accordance with AASB 13 and AASB 136 the asset's carrying amount in 2018 of \$7,738,579 was revalued down to the contract price of \$3,800,000.

Notes to the Accounts
For the period 1 January 2019 to 31 December 2019

		1/1/2018 to 31/12/2018
	\$	\$
7. CURRENT LIABILITIES		
	55,663	55,663
Lachlan Caspar Brooke Memorial Scholarship		
S. Fincher Young Carer Bursary	14,675	13,425
George Langley Award	32,500	33,000
GST	641	(5,177)
Sundry Creditors	14,581	18,101
Donations Payable to MHS	39,768	19,655
Scholarship Prizes held in advance	15,980	17,160
	<u>173,807</u>	<u>151,827</u>
8. NON-CURRENT LIABILITIES		
Bendigo Bank Mortgage Payable	2,756,631	2,853,408
MHS Liability Loan (c)	<u>2,053,963</u>	<u>1,965,891</u>
	<u>4,810,594</u>	<u>4,819,299</u>

- (c) Subsequent to the balance date this liability to the School Council was formally forgiven for \$Nil consideration.

9. ACCUMULATED SURPLUS

Retained profits/losses at the end of the financial year

Melbourne High School Foundation Ltd	(13,183)	(13,183)
Melbourne High School Arts & Cultural Trust	515,888	515,718
Melbourne High School Scholarship Trust	456,645	479,758
Melbourne High School General Trust (d)	(1,380,764)	139,703
Melbourne High School Health Promotion Trust	82,127	89,604
Melbourne High School Foundation Future Fund	45,004	24,452

Melbourne High School Foundation Ltd
ACN: 125 199 457
As Trustee for Melbourne High School Scholarship Trust,
Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health
Promotion Trust, Melbourne High School General Trust & Melbourne High School Foundation
Future Fund

(294,284) 1,236,052

- (d) In accordance with AASB 13 and AASB 136 the carrying amount in 2018 of \$7,738,579 for 669 Chapel Street needed to be revalued down to the contract price of \$3,800,000, resulting in an impairment of \$3,938,579. The impairment reduced the Revaluation Reserve (\$2,550,000) resulting in the remainder (\$1,388,579) included in the overall loss of the General Trust loss of \$1,520,467 for the 2019 year.

Notes to the Accounts
For the period 1 January 2019 to 31 December 2019

10. MEMBERS GUARANTEE AND SETTLED SUM

The Melbourne High School Foundation Limited is a company limited by guarantee. In the event of a winding up of the company, liability of members is limited to a maximum of \$100 each. As at 30 June 2019, the aggregate maximum liability of all current members is \$2,500. Any directors who resign within the year prior to the winding up are also required to contribute a maximum of \$100 each.

The Settled Sum of the five trusts to which the Melbourne High School Foundation Limited acts as Trustee for are:

Melbourne High School Scholarship Trust	\$1,400
Melbourne High School Arts & Cultural Trust	\$1,500
Melbourne High School Foundation Health Promotion Trust	\$400
Melbourne High School General Trust	\$50
Melbourne High School Foundation Future Fund	\$400
	<hr/> \$3,750 <hr/>

11. EVENTS SUBSEQUENT TO BALANCE DATE

Other than the completion of the sale of 669 Chapel Street and the forgiveness of the loan owed to the MHS School Council, there have been no other matters or events subsequent to the balance date.

Melbourne High School Foundation Ltd
ACN: 125 199 457
As Trustee for Melbourne High School Scholarship Trust,
Melbourne High School Arts and Cultural Trust, Melbourne High School Foundation Health
Promotion Trust, Melbourne High School General Trust & Melbourne High School Foundation
Future Fund

Directors' Declaration
For the period 1 January 2019 to 31 December 2019

In accordance with a resolution of the directors, the directors of the company declare that

- a) the financial statements and notes set out on pages 7 to 13 of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance as represented by the results of its operations and its cash flows for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b) 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,

Eric John Wertheimer
Director

Noel Moloney
Director

Dated this 30th day of July 2020

Location: Melbourne, Victoria

Independent Auditor's Report to the members of Melbourne High School Foundation Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of Melbourne High School Foundation Ltd, which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in members funds for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in note 1 and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the directors 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 directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 report is appropriate to meet the requirements of the *Corporations Act 2001* 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 ability of the Company to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte Touche Tohmatsu, featuring the company name in a cursive script above the name in a bold, black, sans-serif font.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "C M J Bryan".

C M J Bryan
Partner
Chartered Accountants
Melbourne, 19 August 2020

19 August 2020

The Board of Directors
Melbourne High School Foundation Ltd
Forest Hill
SOUTH YARRA VIC 3141

Dear Board Members

MELBOURNE HIGH SCHOOL FOUNDATION LTD

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Melbourne High School Foundation Ltd.

As lead audit partner for the audit of the financial statements of Melbourne High School Foundation Ltd for the financial year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

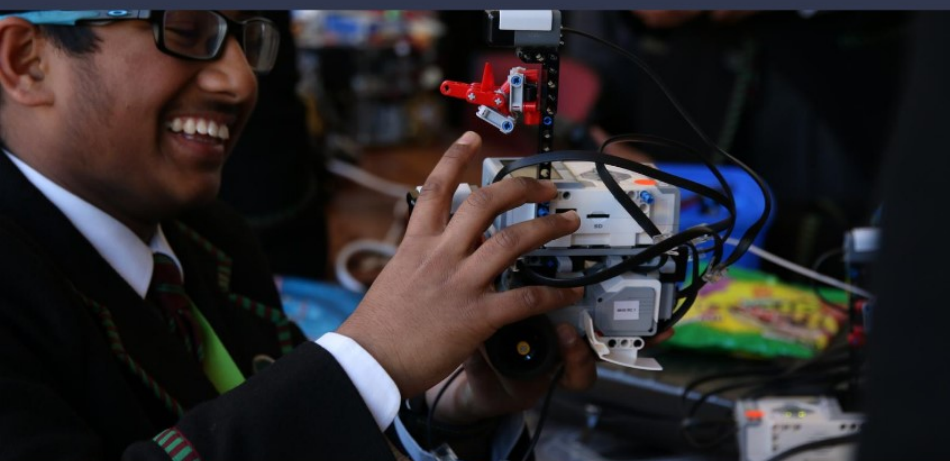
- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



C M J Bryan
Partner
Chartered Accountants



MELBOURNE HIGH SCHOOL FOUNDATION

Forrest Hill VIC 3141

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