



Inspiring our children
to create a better world
with their *own* two hands

**Melbourne
Montessori
School**

Melbourne Montessori School Ltd and controlled entities

ACN: 005 315 855

**Consolidated Annual Report and Financial Statements
For the Year Ended 31 December 2016**

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Melbourne Montessori School acknowledges the support of the Victorian Government

Chair's Report

The Melbourne Montessori School (MMS) Board was delighted with the School's performance in the 2016 calendar year.

In 2016, Year 8 was successfully added to the Adolescent Cycle 4 program at the Brighton campus, while Cycles 1, 2 and 3 and the Early Learners Program continued to perform strongly, with robust enrolment numbers.

The School remains financially strong as it moves towards substantial investment in new buildings at Brighton and Caulfield.

In late 2016, the School was able to purchase the property at 737 Hawthorn Road, which adjoins the Brighton campus. This fantastic investment, will provide the School with additional flexibility and capacity as the Brighton campus is redeveloped over time.

During 2016, the school also completed a renovation of the Cycle 4 areas, with the expansion of the food education area and toilets, an extension of the Brighton Staff Room and started works at Caulfield to renovate the new Cycle 3 classroom and expand the teachers' areas.

I would like to thank my fellow Board members for their contribution during 2016: LJ Ryan (Deputy Chair), Jim McDonald (Finance Director), Diana Tremiglozzi, Nicole Seuret-Batterham, Heico Wesselius, Tony Swain, Paul Maginnity and Michael Westaway. The School is very fortunate to have such a committed group of directors.

The Board is also privileged to work with a fabulous Principal in Gay Wales, an excellent Administration team ably led by John Bourikas as Business Manager, and our fantastic teaching staff, who jointly allow the Board to stay in its rightful place as an overarching Governance Board for the School.

As at 31 December 2016 the Board comprised six elected directors and three appointed directors.



Looking towards the future

Dean Yates
Chair

Principal's Report

The major change for the School this year was the addition of Year 8 to our secondary school. Our students began their connection with a camp to Cave Hill Creek in the Mt Cole State Forest and as well as developing the new community of an enlarged Cycle 4, they contributed by establishing a service element to the wider community at Beaufort. This year also saw students travel interstate for the first time, to the Great Barrier Reef and Daintree Rainforest where we additionally purchased 25 sq metres of land so that it can be kept in perpetuity as rainforest for the benefit of all Australians and the indigenous cassowaries and quolls. Other firsts for our Cycle 4 students were the addition of a regular Band session each week and the development of a digitally controlled aquaponics system. They also won a prize for innovation at the annual Lego Robotics Competition at Swinburne University.

Other cycles also undertook excursions and camps and some children visited the Cranbourne Botanic Gardens, whilst other students went to Mt. Buller and to Collingwood Children's Farm amongst other locations. They experienced fabulous incursions which ranged from the Australian Children's Laureate, Leigh Hobbs, to the Aboriginal elder, Stax, who taught the students about the symbolism and song-lines of our indigenous people. The Fire Brigade were as popular as ever!

The whole School partook in the Montessori Quality Assurance Program and after assessment by the Montessori Australia Foundation, we were rated as excellent in all cycles. Teachers continued to attend professional development programs and some travelled to Sydney to observe in Montessori classrooms and to attend the Montessori Australia Foundation Refresher long weekend. I was asked to speak at the Montessori Summit which was held at Uluru where some major plans were made for the future of Montessori in Australia. We also hosted the Montessori Leadership Network Forum and the Montessori Business Managers' forum.

Building works have continued at MMS as a new Staff Room was constructed at Brighton and works begun at Caulfield to allow our new Cycle 3 classroom to begin next year. Cycle 4 students have also made a pizza oven on site!

Art lessons again focussed on the National Gallery of Victoria winter masterpieces this time on the works of Degas and excursions were held by Cycle 2 and 3 children;

Italian Day was highly successful; Sport was further enhanced with visits from basketball, soccer and gymnastics experts and Music flourished again, with our choir performing at the IPSHA Choral Festival at the Melbourne Town Hall.

The Graduates relished the opportunity to run various groups within the school and produced their first Newspaper as well as running the Bounce Back program in Cycle 3 and several sporting, drama, sustainability and community groups. They raised money for the indigenous school again, as well as other charities.

We further raised awareness about our programs with additional videos of our students in Cycle 4 and added a School Stream App to enable parents to connect with the school more easily. Additional iPads and laptops were provided for students in Cycle 3 and Cycle 4. A much needed new phone system was also installed across both campuses.

We are incredibly lucky to have so many dedicated parents help out or contribute at every opportunity. Wonderful parents support each week in PMP and Art, some help at Working Bees and others in the Library, while others donate materially. We have a new look PA, increased social media access and closer work between the Grads and the Parents Association.

Gay Wales



Caulfield Cycle 3, room 3 garden

Melbourne Montessori School Foundation Report

This year the work of the MMS Foundation focused on developing the MMS Capital Campaign Strategy, a fundraising initiative that will support the redevelopment of both the Brighton and Caulfield Campuses as outlined in the MMS 10-year Master Plan. The strategy has been approved by the MMS Foundation Board and endorsed by the MMS Board. Once the current Brighton Campus planning application is resolved the MMS 10-year Master Plan can be finalised and the MMS Capital Campaign launched in 2017.

The Building Fund Levy raised \$91,395 in 2016 with 57% of families supporting the tax-deductible Building Fund Levy. Both the number of families and monetary contribution to the School has increased on the previous year. This Levy contributes to the loan repayments on the Brighton Campus and the maintenance of our existing buildings.

The MMS Community Finance Fund continued to lead the way as an innovator in this space and to reflect this status has participated in the Impact Investing Australia's pilot study to measure the market size and performance (social and financial) of Australian impact investing. The research is conducted by Impact Investing Australia with research support from Monash University School of Social Sciences and the University of Sydney Business School.

The second MMS Alumni & Graduates event was held during the last week of school. This year the invitation was extended to both our MMS Alumni Graduates 2011 and parents. It was wonderful to welcome an ex-MMS Board Member and Parents Association founder back to school too.

The school employed a Community Engagement Manager during the latter part of the year. This role includes working with the Foundation and Alumni. In the short term this will include grant-writing and development of the broader Alumni reconnection and engagement strategy. Once the MMS Capital Campaign launches this role will be integral in the implementation of the strategy and achieving fundraising targets.

The MMS Foundation achieved the following short-term goals during the year:

- Implementation of the MMS Foundation Investment Strategy
- Support for the Melbourne Montessori School

- Community Finance Fund by participating in the Impact Investing Australia's pilot study
- Second Alumni event with the MMS Graduates and Alumni 2011 lunch held in December
- The MMS Foundation & Master Plan Newsletter published in June & December 2016
- The employment of a Community Engagement Manager to support both the Alumni and MMS Foundation

The MMS Foundation continued working towards achieving the following longer-term goals:

- The MMS Capital Campaign Strategy was approved by the MMS Foundation Board and endorsed by the MMS Board
- The continued creation of the Alumni database and broader Alumni reconnection and engagement strategy
- The continued implementation of the MMS & MMS Foundation Fundraising Plan 2014 - 2023

LJ Ryan, Chair MMS Foundation



Brighton. Cycle 1 Students enjoying lunch

Melbourne Montessori School Performance Report

How does Melbourne Montessori add Value to the Curriculum?

At MMS we take a truly holistic approach to the education of the children. Whilst the academic achievements of children are very important we believe that there is much to broaden the experience of every child which can contribute to them becoming a life-long learner and member of society.

Below are some highlights of our wider education.

Camps, Excursions and Incursions

Cycle 4s went hiking, canoeing and cycling at Beaufort in the Mt Cole National Park and also contributed to the community of Beaufort by helping out for a day. They also visited the Great Barrier Reef and Daintree Rainforest to enhance their Humanities unit on sustainability and to learn of Australians' connection with the sea. They learnt sailing for one term, rock climbing, basketball etc. in Sport. They had a composer teach them how to write their own music, they started their own band and several artists taught them 3D work both sculpting in straw and drawing, and a wood carver taught them woodworking skills. A chef taught them nutritional skills in the kitchen and a digital maker expert helped improve their abilities in robot coding and programming. They had lessons in marketing and balance sheets and began their own small businesses making paper, dried teas and slices and cupcakes for their Micro Economy lessons.

Cycle 3 Camp was held at Lord Somers Camp at Portsea. The Year 3 Camp was held again for one night at the beautiful Campaspe Downs.

Cycle 2 visited Cranbourne Botanic Gardens and Cycle 1 were again entranced by Lynton Allan, an artist who told Australian stories while illustrating them with Australian animals. All Cycle 2 and 3 children visited the collection of works by Edgar Degas at the National Gallery of Victoria.

Numerous incursions and special days were celebrated with an Italian Fiesta and Leigh Hobbs, the children's author, visited for Book Week. The Cycle 4s connected with the other Montessori adolescent programs whilst the Cycle 3s visited the Shrine and The Jewish Holocaust Museum and Research Centre. The Year 3s also visited the MSO. Many fundraisers were organised for local charities by the Graduates. We helped with the annual Christmas appeal for Anglicare and again sent many resources to Papulankutja in the Western Desert.

Drama is still a huge part of the curriculum at MMS and all children in Cycle 2 and 3 perform in the Mid-Year Concert and Graduation Concert. This year the Melbourne Montessori School Players put on the extraordinary performance of *Peter Pan and Wendy* and older actors from Cycle 3/4 performed *The Tiger Needs New Shoes*. Some students were entered into a Public Speaking Competition and the Choir performed in the IPSHA Biennial Choral Performance at the Melbourne Town Hall.

Other extracurricular opportunities include Chess, Yoga, Sport, Cross Country, Drama, Skiing, The Write Club, Guitar, Keyboard, School Band and Choir.

The Graduates continued to fundraise a different charity each term and worked with students across the school. Cycle 4s also worked regularly with the Cycle 1s in a buddy system teaching them how to look after chickens, or how to play soccer or helping them in their garden beds.



Music with Stephen – Caulfield Campus

Literacy and Numeracy Data 2016

Year 3

At Melbourne Montessori School the Year 3 children have increased their achievement levels again in Reading, Writing, Spelling and Grammar and Punctuation as these excellent NAPLAN results confirm. In Reading (Comprehension), the average child in Year 3 scored at the National Minimum Standard required for Year 9. This is a remarkable achievement and further, ninety per cent of the entire class were achieving at or above the National Minimum Standard for Year 5. In Writing, ninety per cent of the class scored at or above the National Minimum Standard required for Year 5.

In Spelling, seventy-five per cent scored at or above the National Minimum Standard for Year 5, but in Grammar and Punctuation, ninety per cent of children achieved at or above the National Minimum Standard for Year 5. In Numeracy, the average child achieved at the National Minimum Standard for Year 7 and ninety percent achieved at or above the National Minimum Standard for Year 5.

Year 5

The Year 5 children achieved equally high results with seventy-five per cent of children in Reading (Comprehension) achieving at or above the National Minimum Standard for Year 9 and ninety per cent achieving at or above the National Minimum Standard for Year 7. Likewise in Grammar and Punctuation and Numeracy, ninety per cent of children in Year 5 achieved at or above the National Minimum Standard for Year 7. In Writing, ninety percent of children achieved a score at or above the National Minimum Standard for Year 9 and in Spelling the average child scored at or above the National Minimum Standard required for Year 9.

Year 7

Our second group of Year 7 students achieved very highly with ninety per cent of the students in Reading (Comprehension) achieving at or above the National Minimum Standard for Year 9 – the highest rating described in NAPLAN. In Writing, seventy-five percent of our students achieved at or above the National Minimum Standard for Year 9. In Spelling and Grammar and Punctuation and Numeracy, ninety percent of the students achieved at or above the National Minimum Standard for Year 7.

Curriculum Area	Year 3	Year 5	Year 7
Reading	100%	100%	100%
Writing	100%	100%	92%
Spelling	100%	95%	92%
Grammar & Punctuation	100%	100%	100%
Numeracy	100%	100%	100%

Table: Percentage at or above National Minimum Standard



Cycle 2 students

Student Attendance

Attendance is recorded twice a day online through the School's database. Teachers and Administration staff monitor student absence and parents are contacted where appropriate.

Overall average attendance for 2016 was 85.59%, a decrease of 5.19% on 2015 data.

Cycle	Term 1 & 2	Term 3	Average
Cycle 2	90.08%	87.11%	88.60%
Cycle 3	86.35%	91.35%	88.85%
Cycle 4	72.72%	85.93%	79.33%
Average	83.05%	88.13%	85.59%

Student Numbers

On Census Day, 5 August 2016, Melbourne Montessori had an enrolment of 340 students (3 year old Kinder – Year 8) an increase of 29 students over 2015 of whom 179 were boys and 161 were girls. In Addition to this MMS had 30 Early Learners and 27 Parent Toddlers.

Parent Satisfaction with the School

Surveys conducted every 2 years

The 2015 School survey showed Melbourne Montessori parent satisfaction to be well above again. The scores for overall satisfaction sits above the state mean, in the upper quartile, in relation to the relevant Independent Schools Victoria reference groups.

The categories of the survey included:

- academic achievement
- quality of teaching
- morale
- goal alignment
- personal and social development
- health and safety
- parent and community involvement
- year transition

Student Satisfaction with the School

The survey, undertaken by Year 5 and 6 students highlighted significantly higher student satisfaction across all general areas compared with the state mean in relation to the relevant Independent Schools Victoria reference groups.

Categories in the survey included:

- academic achievement
- quality of teaching
- morale
- goal alignment
- personal and social development
- health and safety
- parent and community involvement
- year transition

Teacher Satisfaction with the School

Teachers recorded a higher level of satisfaction than the state mean in relation to the relevant Independent

Schools Victoria reference groups in the school-based and workplace domains in the areas of:

- academic achievement
- quality of teaching
- morale
- goal alignment
- personal and social development
- health and safety
- parent and community involvement
- year transition

MMS Graduates movements

MMS Year 6 Students graduated to the following schools:

Government Schools

Melbourne Girls College	1
Blackburn High School	1
Glen Eira College	3
Mentone Secondary Girls College	3
Templestowe College	1

Independent Schools

St Michael's Grammar	1
Wesley College	1
Mt Scopus Memorial College	1
Loreto Girls	1
Scotch College	1
Haileybury	1
Mentone Grammar School	1
Melbourne Montessori School	9



Parents Association MMS Staff luncheon, 2016

Numeracy and Literacy 3 Year trend

The NAPLAN results have been very consistent across the last three years with further improvement in 2016, particularly in the area of writing and spelling.

The Reading, Writing and Numeracy in our Year 3 cohort improved significantly over the last three years and ninety percent of the children are now achieving at the National Minimum Standard for Year 5 in these areas. Spelling levels have improved too, with the average child achieving at the National Minimum Standard of Year 7 and seventy-five percent of the children show Grammar and Punctuation levels at the standard for Year 7.

Over the last three years our Year 5 cohort have likewise achieved very highly across the three years: In Reading the average student has consistently scored above the National Minimum Standard for Year 9 and in Numeracy, the levels have increased so that fifty percent of the children are achieving at or above the Year 9 standards. There has been a strong increase in the standard in Grammar and Punctuation with seventy-five percent of children scoring at or above the level of National Minimum Standard for Year 9 students. In Spelling the average student has maintained at the level of National Minimum Standard for Year 9 students and Writing standards have improved strongly with ninety percent of students now achieving at the Year 9 standard or above.



Peter Pan – School production 2016

Student Demographics

Resident Statistics – Caulfield & Brighton Campuses

	Total Students	Within 5 Km's	Over 5 Km's
C1-C4	340	55%	45%
PT & EL	57	47%	53%
TOTAL	397	54%	46%

Socioeconomic Status Score (SES)

Melbourne Montessori School – 118.9801 (119)

Staff Qualifications

Advanced Diploma of Applied Sciences (Naturopathy)	1
Advanced Diploma of Music with Honours	1
Bachelor (Honours) Arts in Montessori Education	1
Bachelor of Accounting	1
Bachelor of Applied Science	1
Bachelor of Arts	4
Bachelor of Arts (Mathematics)	1
Bachelor of Arts in Montessori Education	1
Bachelor of Behavioural Sciences	1
Bachelor of Business	1
Bachelor of Commerce	1
Bachelor of Early Childhood	3
Bachelor of Economics	1
Bachelor of Education	5
Bachelor of Education (Arts & Crafts)	1
Bachelor of Education (Early Childhood & Primary)	2
Bachelor of Education (Primary)	2
Bachelor of Education (secondary)	2
Bachelor of Education (Secondary)- Arts & Crafts	1
Bachelor of Laws	1
Bachelor of Management Studies	1
Bachelor of Music	1
Bachelor of Music (Performance)	1
Bachelor of Music with Honours	1
Bachelor of Science	4
Bachelor of Science (Home Science)	1
Bachelor of Special Education	1
Bachelor of Teaching (Primary)	1
Bachelor or Creative Arts	1
Certificate III in Children's Services	8
Certificate III in Education Support	1
Certificate of Completion Disability Standards for Education	1
Certificate of Completion Early Childhood	1
Certificate of Completion Education Support	1
Certificate of Completion Montessori Elementary Course (6-9 year olds)	1
Certificate of Completion Montessori Method of Education	1
Certificate of Completion Teaching (Primary)	1
Certificate of Education (Integration)	1
Diploma in Systems Technology	1

Diploma Montessori Training Course	4
Diploma of Business (Human Resources)	1
Diploma of Child Psychology	2
Diploma of Children's Services	5
Diploma of Early Childhood	1
Diploma of Early Childhood & Primary Ed – Montessori	2
Diploma of Early Childhood Education and Care	1
Diploma of Early Childhood Montessori (3-6 years)	2
Diploma of Education	2
Diploma of Education (Early Childhood & Primary)	1
Diploma of Education Pre-Primary	1
Diploma of Geology & Geochemistry	1
Diploma of Library/Information Services	1
Diploma of Montessori Method of Education	4
Diploma of Teaching (Primary)	5
Diploma of Teaching Early Childhood	2
Doctor of Musical Arts (Piano Performance)	1
Enrolled in Graduate Diploma Education Early Childhood Montessori (3-6 years)	1
Enrolled in Masters of Teaching (Early Childhood & Primary)	1
Graduate Certificate of Marketing	1
Graduate Diploma Arts & Entertainment Management	1
Graduate Diploma of Computer Learning	1
Graduate Diploma of Early Childhood	1
Graduate Diploma of Education	4
Graduate Diploma of Education – Montessori	1
Graduate Diploma of Education (Early Childhood)	1
Graduate Diploma of Education (Secondary)	1
Graduate Diploma of Education (Senior Years)	1
Graduate Diploma of Intellectual Disability Studies	1
Graduate Diploma of Teaching (Early Childhood)	1
Graduate Diploma of Teaching (Secondary)	1
Master of Arts	1
Master of Special Education	1
Master of Teaching (Primary)	1
Masters of Arts (Communications)	1
Masters of Business Administration	1
Masters of Music	1
Masters of Teaching	1
Masters of Teaching (Early Childhood)	1
Masters of Teaching (Secondary)	1
Montessori Assistants Orientation Course (3-6 years)	4

Montessori Diploma Early Childhood (3-6 years)	3
Montessori Orientation Program Adolescent	1
Montessori Teacher Education Course Theory & Practice (2.5-6 years)	1
Post Graduate Diploma Early Childhood	2
Post Graduate Diploma of Education	1
Post Graduate Diploma of Psychology	1
Post Graduate Diploma of Teaching (Secondary)	2

Workforce Composition

The composition of the work force in 2016 was an average of 67 permanent staff members, 1 of which was on parental leave and 7 resigned to pursue other opportunities or move interstate. In 2016 our gender ratio of employees was 54 females and 13 males.

In 2016 each cycle classroom they had the following mix of appropriate qualifications:

- All Cycle 1 classrooms have a teacher working in the room who has full Early Childhood Victorian Institute of Teaching (V.I.T.) registration, and an Assistant who has an appropriate Early Childhood qualification. Each classroom has highly trained Montessori educators.
- All Cycle 2 classrooms have a teacher working in the room who has full Victorian Institute of Teaching (V.I.T.) registration and an Assistant who has an appropriate Primary Education qualification. Either or both the teacher and assistant have an approved Montessori qualification.
- All Cycle 3 classrooms have a teacher working in the room who has full Victorian Institute of Teaching (V.I.T.) registration and an approved Montessori Qualification.
- The Cycle 4 classroom had 2 teachers working in the room who had Victorian Institute of Teaching (V.I.T.) registration and the Adolescent Montessori Qualification.

Melbourne Montessori School supports all staff in their commitment to pursue further studies.

Professional Development

As we believe in life-long learning at Melbourne Montessori School, it is essential that all staff are able to pursue continued professional development. Staff are given in-house specific training on a range of academic and holistic areas and are encouraged and supported to pursue external sessions. All staff are encouraged to pursue post-graduate study in both Montessori and wider educational areas.

Broader Community Support through Professional Learning

Melbourne Montessori School proudly supports the growth of the next generation of teachers through hosting many student teachers in our classrooms through Montessori workshops which are held during term breaks.

In 2016 our school directly supported the following learner programs:

- Hosted 27 Student Placement students who were completing Teaching qualifications;

Supported 5 Year 10 Work experience students;

- Integrated 3 International Exchange student program placements, each who were staying with families of students within our school community;
- Coordinate the support from 4 ongoing volunteers.

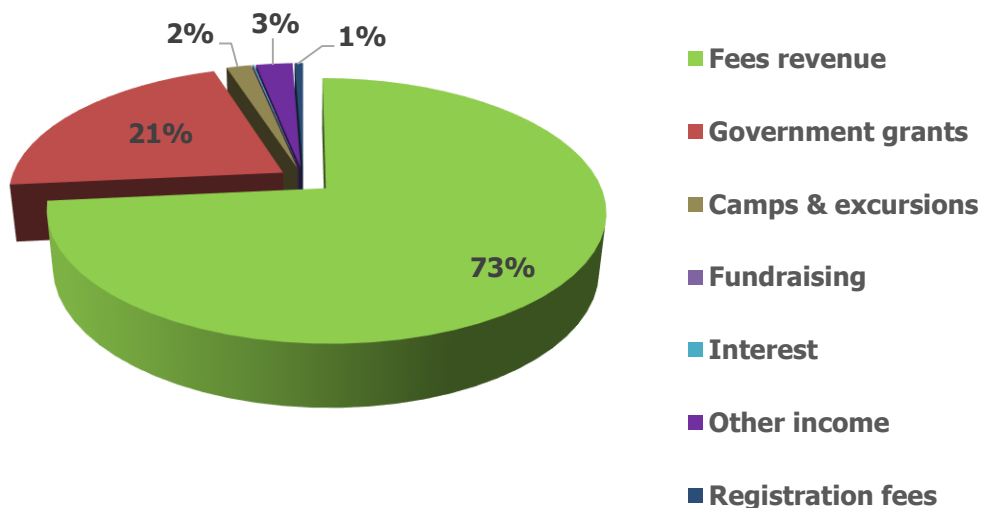
Whilst many achievement's flow from supporting formal and informal learning goals, other outstanding achievements in 2016 were our Deputy Principal's coordination of 7 overseas students who came here on placement from universities in the US, Canada, China, Hong Kong, England, Ireland and Germany.

While also providing continued assistance to AMI training, MWEI training and set ups for undertaking their training in our facilities and also including all the sponsorship that we undertake to Manila, Montessori School; Laos Montessori School and the Western Desert, Western Australian Montessori Schools. Along with Gisborne and Beechworth and the Torres Strait Montessori Schools.

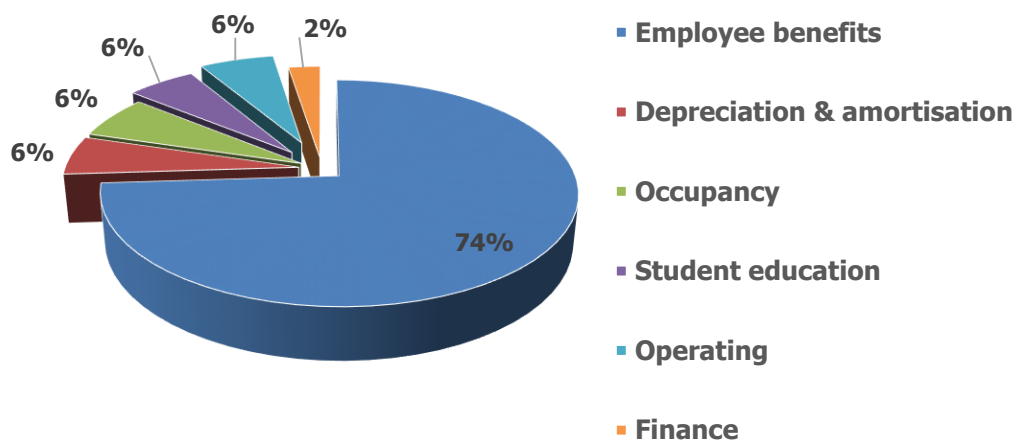


Cycle 4 Marine Encounter 2016

2016 Income (by funding source)



2016 Expenditure (by category)



Student Ratios (Average all students including EL & PT)		
	2015	2016
Tuition Fees Per Student	\$10,431	\$11,255
Total Income Per Student	\$14,146	\$15,294
Government Grants per Student	\$3,117	\$3,307
Teaching Costs per student	\$8,544	\$9,304
Overall Costs per Student	\$12,731	\$13,269

Directors' Report

31 December 2016

The directors present their report on Melbourne Montessori School Ltd for the financial year ended 31 December 2016.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Dean Yates	Board Chair	
Qualifications	Bachelor of Economics with First Class Honours (University of Tasmania), Executive MBA (Melbourne Business School), Fellow of the Institute of Public Administration Australia (Victoria), Graduate of the Australian Institute of Company Directors	
Experience	Dean is a Partner at EY in Melbourne. He has dual roles as National leader for EY's engagement with Government Treasury and Finance Departments and the leader of EY's Victorian Government Practice. Prior to joining EY Dean had over 30 years public sector experience in Melbourne, Canberra and Hobart. He held a number of senior positions in the Victorian Government including Secretary of the Department of Transport, Planning and Local Infrastructure and Deputy Secretary roles in the Department of Premier and Cabinet and the Department of Treasury and Finance.	
LJ Ryan	Board Deputy Chair	
Qualifications	BBus (Marketing)	
Experience	Appointed Interested Director in December 2012. LJ has 25 years of varied experience within the business and philanthropic sector. Currently a Director/Company Secretary and Advisory Board Member for several private family companies.	
James McDonald	Finance Director	
Qualifications	BA in Accounting and Economics from Strathclyde University. Chartered Accountant (Scotland)	
Experience	Jim has spent the last 18 years working in the financial services industry in the UK and Australia for Clydesdale Bank and National Australia Bank. He has held senior roles in Business Banking, Risk and Finance. His current role is heading the finance team for the NAB's customer services team which fulfils retail and business lending for customers. Prior to this Jim led the implementation of a new performance framework in the bank's operations, technology and support teams.	
Paul Maginnity	Director	
Qualifications	BCom, Dip Fin Serv (FPA)	
Experience	Appointed Interested Director in December 2008. Paul has over 20 years of experience in financial services including in senior roles for ANZ, Westpac and Tower Insurance Limited. He has also had roles in banking in London and in small businesses. He is the owner and Managing Director of a boutique finance company.	

Antony Swain

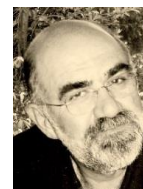
Qualifications

B.Bus (Marketing), GradDipEd

Experience

Appointed Independent Director in January 2012 (previously Interested Director 2004-2007 and 2008-2011). Tony worked with Shell Oil in Australia and the Pacific Islands for 20 years in marketing and general management roles and was a small business owner and director for 14 years. He is now retired. He has also served as Chair of the Board.

Resigned 2/2/2017



Heico Wesselius

Qualifications

DipComm, BBA, MA MPhil, PHDC

Experience

Appointed Interested Director in December 2013. Heico has a bachelor's in business administration degree in management, economics and law from The Amsterdam Business School (HES), specialising in banking, insurance and finance. He has experience as a strategy consultant for a global management consulting firm in North America and Asia, a Master's degree from New York, and is enrolled in the Economics PhD program at The New School for Social Research in New York. In 2005, he accepted a visiting assistant professorship in strategic design management in the design and management department program at Parsons The New School for Design (New York) and later he accepted a tenure track assistant professorship (July 2006) in the BBA Program in Design and Management in the School of Design Strategies. Heico also serves as a strategic adviser to several New York based design-led and fashion organisations.



Diana Tremiglozzi

Qualifications

BEcon (Accounting)

Experience

Diana has over 18 years of experience in various government administration roles including most recently in infrastructure delivery at Regional Development Victoria.



Nicole Seuret-Batterham

Qualifications

MBA, BBus (Marketing and HR)

Experience

Nicole's background includes over 15 years of experience in Human Resources, in large multinational companies including EDS, Citibank and BHP both in Australia and Europe. She is currently a small business owner specialising in career coaching for over 45s.



Michael Westaway

Qualifications

LLB, Dip Chartered Secretaries

Experience

Appointed Independent Director in August 2014. Michael is a partner in the Melbourne Real Estate and Projects group of HWL Ebsworth Lawyers with more than 20 years of experience in conducting all types of property related matters. He is a member of the Law Institute of Victoria.



Company Secretary

John Bourikas

Qualifications

BBus Accounting, Ass Dip Accounting, Cert. Accounting

Experience

John has over 29 years of experience in various Financial & Management roles ranging from Banking (ANZ Bank, Personal, Business Banking and International), Pharmaceuticals, Non For Profits and various small companies. Currently the Business Manager at Melbourne Montessori School.

Appointed

21-Apr-15



Directors have been in office since the start of the financial year to the date of this report and were in office as at the date of this report unless otherwise stated.



Chess Club Competition. MMS tops the teams challenge once again

Review of operations

The financial operations for the financial year ended 31 December 2016 resulted in total comprehensive income of \$4,801,371 which includes the revaluation of land. (2015: \$4,650,261).

The total number of students at census date for 2016 was 340 including Primary 216, Secondary 27, Kindergarten 46 (4Yr old funded program), and unfunded, 3 year-old students was 51.

The School's average number of Early Learner students during the year was 30 (2015: 31).

The School's average number of Parent Toddler students during the year was 27.

Melbourne Montessori School acknowledges with appreciation the valuable assistance and support given during the year by all the parents, teachers and the Parent Association. The Directors also appreciate the efforts of the principal Gay Wales and her team.

Short term and long term objectives

The objectives are pre-school and primary education and now secondary education, following the Montessori philosophy to prepare students for higher education and a successful life.

The School employs qualified teachers who are also qualified or experienced Montessori educators. The School accesses federal, state and private funding sources and encourages input from the parents of the students. The School believes that these strategies have been successful in achieving these objectives.

Strategy for achieving the objectives

The overall strategy for achieving the objectives of the School is set out in the Schools Strategic Plan, which is regularly reviewed throughout the year. Decisions based on major expenditure should coincide with the strategic plan of the School.

Principal activities

The principal activity of Melbourne Montessori School Ltd during the financial year was that of an independent school providing pre-school, primary and secondary education.

The Primary focus was on excellence in Montessori education for our students together with the goal of growing the Cycle 4 (secondary school) in 2017 and beyond.

No significant changes in the nature of the Company's activity occurred during the financial year.

How principal activities assisted in achieving the objectives

Through the course of the year these activities assisted in achieving the objectives of the School by increasing school enrolments in a Montessori environment.

Performance measures

The School measures the achievement of its objectives in a variety of ways including external NAPLAN reporting and the Lead Survey which measures staff and parent satisfaction. The School also performs an internal quality review of its education outcomes at the start of each year and this is continually monitored by the principal.

The Board monitors the performance of the School against the achievement of milestones in the Schools Strategic Plan. The Board also monitors performance of the School's principal against objectives set by the Board.

2. Other items

Significant changes in state of affairs

The School achieved Victorian Registration and Qualifications Authority (VRQA) registration to operate a secondary school up to Year 9. There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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

Future developments and results

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

Environmental issues

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

Meetings of directors

During the financial year, 8 meetings of the Board of directors were held and 2 teleconferences. Attendances by each director during the year were as follows:

Directors (& Company Secretary)	Directors' Board Meetings		
	Number eligible to attend	Number attended	Teleconferences
Dean Yates	8	6	2
LJ Ryan	8	6	2
Paul Maginnity	8	7	2
James McDonald	8	8	2
Antony Swain	8	8	0
Heico Wesselius	8	6	0
Diana Tremigliozi	8	8	1
Michael Westaway	8	6	2
Nicole Seuret-Batterham	8	6	2
Company Secretary			
John Bourikas	8	8	2
Executive Officers			
Gay Wales	8	8	1
John Bourikas	8	8	2
Des Rueben	1	1	0

Indemnification and insurance of officers and auditors

During the financial year, the school paid insurance premiums insuring the directors of the Melbourne Montessori School and all officers of the consolidated entity and of any related body corporate against a liability incurred as director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of premium.

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

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 31 December 2016 has been received and can be found on page 19 of the financial report.

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

Director
James McDonald

Director:
Dean Yates

Dated: 30 March 2017

CONSOLIDATED FINANCIAL STATEMENTS

Auditor's Independence Declaration under the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of Melbourne Montessori School Limited and controlled entities

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Fisher, Partner (auditor registration number 306364) on behalf of
Banks Group Assurance Pty Ltd, Chartered Accountants
Authorised audit company registration number 294178 (ACN 115 749 598)

Dated: 30 March 2016

Melbourne, Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	3	4,486,923	3,852,391
Other income	3	1,618,616	1,376,035
Employee benefits expense		(4,136,408)	(3,524,305)
Depreciation and amortisation expense		(315,247)	(276,167)
Occupancy costs		(349,215)	(202,838)
Student education expenses		(309,550)	(231,422)
Operating expenses		(338,613)	(284,467)
Setup costs		-	(35,298)
Finance costs		(141,115)	(259,156)
Gain on disposal of fixed assets		-	148,881
Surplus for the year		515,391	563,654
Revaluation change of property, plant and equipment		4,285,980	4,284,740
Realised loss on property disposal		-	(198,133)
Total comprehensive income for the year		4,801,371	4,650,261

Consolidated Statement of Financial Position

31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	223,970	670,217
Trade and other receivables	5	279,805	60,405
Prepayments		94,735	65,415
TOTAL CURRENT ASSETS		598,510	796,037
NON-CURRENT ASSETS			
Property, plant and equipment	6	24,615,049	20,059,591
TOTAL NON-CURRENT ASSETS		24,615,049	20,059,591
TOTAL ASSETS		25,213,559	20,855,628
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	269,412	181,966
Employee benefits	8	193,845	142,304
Borrowings	9	-	191,064
Other liabilities	10	1,688,648	1,624,089
TOTAL CURRENT LIABILITIES		2,151,905	2,139,423
NON-CURRENT LIABILITIES			
Employee benefits	8	117,414	84,194
Borrowings	9	2,300,000	2,789,142
TOTAL NON-CURRENT LIABILITIES		2,417,414	2,873,336
TOTAL LIABILITIES		4,569,319	5,012,759
NET ASSETS		20,644,240	15,842,869
EQUITY			
Asset revaluation reserve		16,332,012	12,046,032
General reserve		1,701,517	1,701,517
Retained Earnings		2,610,711	2,095,320
TOTAL EQUITY		20,644,240	15,842,869

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

2016

	Retained Earnings	Asset Revaluation Reserve	General Reserves	Total
	\$	\$	\$	\$
Balance at 1 January 2016	2,095,320	12,046,032	1,701,517	15,842,869
Surplus attributable to members of the parent entity	515,391	-	-	515,391
Revaluation change of property, plant and equipment	-	4,285,980	-	4,285,980
Balance at 31 December 2016	2,610,711	16,332,012	1,701,517	20,644,240

2015

	Retained Earnings	Asset Revaluation Reserve	General Reserves	Total
	\$	\$	\$	\$
Balance at 1 January 2015	1,531,666	7,959,425	1,701,517	11,192,608
Surplus attributable to members of the parent entity	563,654	-	-	563,654
Revaluation change of property, plant and equipment	-	4,284,740	-	4,284,740
Realised loss on property disposal	-	(198,133)	-	(198,133)
Balance at 31 December 2015	2,095,320	12,046,032	1,701,517	15,842,869

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		4,475,862	4,314,539
Receipt from government grants		1,313,022	1,146,911
Interest received		6,262	15,200
Payments to suppliers		(4,835,226)	(4,316,052)
Finance cost		(141,237)	(259,186)
Net cash provided by operating activities	17	818,683	901,412
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of plant and equipment		-	725,748
Payments to acquire property, plant and equipment		(584,724)	(647,674)
Net cash (used in)/ provided by investing activities		(584,724)	78,074
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (repayments of) borrowings		(680,206)	(1,442,792)
Net cash (used in) financing activities		(680,206)	(1,442,792)
Net (decrease) in cash and cash equivalents held		(446,247)	(463,306)
Cash and cash equivalents at beginning of year		670,217	1,133,523
Cash and cash equivalents at end of financial year	4	223,970	670,217

The accompanying notes form part of these financial statements.

Notes to the Financial Statements For the Year Ended 31 December 2016

The financial report covers Melbourne Montessori School Limited and controlled entities ('the Group'). Melbourne Montessori School Limited and controlled entities is a not-for-profit Group limited by guarantee, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 12 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(c) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

Notes to the Financial Statements For the Year Ended 31 December 2016

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the assets, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(d) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(e) Income Tax

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

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

(g) 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 entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

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

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

Notes to the Financial Statements For the Year Ended 31 December 2016

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

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

(h) Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

(i) Borrowing costs

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

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

(j) 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 consolidated statement of financial position.

Cash flows in the consolidated 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.

Notes to the Financial Statements For the Year Ended 31 December 2016

(k) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below. Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

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.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a class by class basis. Buildings and classroom equipment are depreciating using the straight-line method from the date that management determine that the asset is available for use. All other classes are depreciated using the reducing balance method.

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

Fixed asset class	Depreciation rate
Buildings	2.5% - 20%
Furniture, Fixtures and Fittings	20% - 40%
Office Equipment	10% - 20%
Fences, Gates & Grids	20%

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.

(l) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below: loans and receivables; and

- available-for-sale financial assets

Notes to the Financial Statements

For the Year Ended 31 December 2016

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Available-for-sale financial assets

Other non-derivative financial assets are classified as available-for-sale financial assets.

(m) 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 also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

(n) Employee benefits

Provision is made for the Group'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 settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Notes to the Financial Statements For the Year Ended 31 December 2016

Employee benefits expected to be settled more than twelve months 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. Cash-flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash-flows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) New accounting standards and interpretations

Pronouncement	IFRS16 New Lease Standard
Effective Date	1 January 2019
Expected Impact on the Financial Statements	Assets and liabilities will be recognised for all leases with a term greater than 12 months.
Pronouncement	AASB9 Financial Instruments
Effective Date	1 January 2018
Expected Impact on the Financial Statements	There will be significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.

2 Critical Accounting Estimates and Judgments

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

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.

Notes to the Financial Statements For the Year Ended 31 December 2016

3 Revenue and Other Income

Revenue from continuing operations	2016 \$	2015 \$
Fees revenue		
- Fees revenue	4,486,923	3,852,391
	4,486,923	3,852,391
	2016 \$	2015 \$
Other income		
- Camps and excursion levies	105,980	48,247
- Fundraising	1,880	(2,105)
- Government grants	1,313,022	1,146,911
- Interest	6,262	15,200
- Net gain on disposal of property, plant and equipment	-	148,881
- Other income	155,572	128,882
- Registration fees	35,900	38,900
	1,618,616	1,524,916

4 Cash and cash equivalents

	2016 \$	2015 \$
Cash on hand	-	-
Cash at bank	207,048	649,797
Short-term bank deposits	7,500	7,500
Other cash and cash equivalents	9,422	12,920
	223,970	670,217

Melbourne Montessori School receives and holds funds in trust on behalf of the Melbourne Montessori School Parents' Association totalling \$9,422 (2015: \$12,920).

5 Trade and other receivables

	2016 \$	2015 \$
CURRENT		
Trade receivables	291,786	67,689
Provision for impairment	(21,139)	(11,788)
	270,647	55,901
Other receivables	9,158	4,504
Total current trade and other receivables	279,805	60,405

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

Notes to the Financial Statements For the Year Ended 31 December 2016

6 Property, plant and equipment

	2016 \$	2015 \$
LAND AND BUILDINGS		
Freehold land		
Owned - At independent valuation	11,500,000	11,500,000
Total Land	11,500,000	11,500,000
Buildings		
Owned - At independent valuation	13,236,726	8,570,817
Accumulated depreciation	(623,237)	(365,082)
Work in progress	206,577	105,025
Total buildings	12,820,066	8,310,760
Total land and buildings	24,320,066	19,810,760
PLANT AND EQUIPMENT		
Office furniture and equipment		
At cost	636,732	545,115
Accumulated depreciation	(392,439)	(347,071)
Total office furniture and equipment	244,293	198,044
Classroom equipment		
At cost	58,619	54,011
Accumulated depreciation	(48,241)	(44,831)
Total classroom equipment	10,378	9,180
Playground equipment		
At cost	100,057	93,037
Accumulated depreciation	(59,745)	(51,430)
Total playground equipment	40,312	41,607
Total plant and equipment	294,983	248,831
Total property, plant and equipment	24,615,049	20,059,591

Notes to the Financial Statements For the Year Ended 31 December 2016

(a) Movements in Carrying Amounts

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

Consolidated	Land \$	Buildings \$	Office furniture & equipment \$	Classroom equipment \$	Playground equipment \$	Total \$
Year ended 31 December 2016						
	11,500,000	8,310,760	198,044	9,180	41,607	20,059,591
Additions	-	481,480	91,616	4,607	7,019	584,722
Revaluation	-	4,285,981	-	-	-	4,285,981
Depreciation expense	-	(258,155)	(45,367)	(3,409)	(8,314)	(315,245)
Balance at the end of the year	11,500,000	12,820,066	244,293	10,378	40,312	24,615,049

7 Trade and other payables

	2016 \$	2015 \$
CURRENT		
Unsecured liabilities		
Trade payables	38,852	24,732
Sundry payables and accrued expenses	230,560	157,234
	269,412	181,966

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

8 Employee Benefits

	2016 \$	2015 \$
Current liabilities		
Long service leave	146,554	105,901
Annual leave	47,291	36,403
	193,845	142,304
Non-current liabilities		
Long service leave	117,414	84,194
	117,414	84,194

Notes to the Financial Statements For the Year Ended 31 December 2016

9 Borrowings

	2016 \$	2015 \$
CURRENT		
Secured liabilities		
Bank loans	-	191,064
Total current borrowings	-	191,064
NON-CURRENT		
Unsecured liabilities:		
Loan notes	1,800,000	1,800,000
	1,800,000	1,800,000
Secured liabilities		
Bank loans	500,000	989,142
Total non-current borrowings	2,300,000	2,789,142
Total borrowings	2,300,000	2,980,206

10 Other liabilities

	2016 \$	2015 \$
CURRENT		
Other liability	234,913	223,662
Amounts received in advance	1,453,735	1,400,427
	1,688,648	1,624,089

11 Capital and Leasing Commitments

(a) Operating Leases

	2016 \$	2015 \$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	6,384	6,384
- between one year and five years	3,157	9,541
	9,541	15,925

Operating Leases relate to three photocopiers. The school does not have an option to purchase the photocopiers at the expiry of the lease period.

Notes to the Financial Statements For the Year Ended 31 December 2016

(b) Capital Commitments

As at 31 December 2016 the company was committed to incur capital expenditure totalling \$343,000.

(c) Financial Commitments

As at 31 December 2016, the company had a financial commitment of \$1,485,000.

12 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business	Percentage Owned (%)* 2016	Percentage Owned (%)* 2015
Subsidiaries:			
MMS Unit Trust	Australia	100	100
MMS School Pty Ltd	Australia	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

13 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2016 (31 December 2015:None).

14 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Group's objectives, policies and processes for managing and measuring these risks.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Market risk - currency risk, cash flow interest rate risk and price risk
- Credit risk
- Liquidity risk

Notes to the Financial Statements For the Year Ended 31 December 2016

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Bank Loans

15 Members' Guarantee

The Group is incorporated under the *Corporations Act 2001* and is a Group limited by guarantee. If the Group is wound up, the constitution states that each member is required to contribute a maximum of \$ 20 each towards meeting any outstanding's and obligations of the Group. At 31 December 2016 the number of members was 334 (2015: 321).

16 Related Parties

The Group's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

Notes to the Financial Statements For the Year Ended 31 December 2016

17 Cash Flow Information

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

	2016	2015
	\$	\$
Surplus for the year	4,801,371	4,650,261
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus:		
- depreciation	315,247	276,167
- loss on disposal of property, plant and equipment	-	49,252
- revaluation of property, plant and equipment	(4,285,980)	(4,284,740)
Changes in assets and liabilities:		
- (increase)/ decrease in trade and other receivables	(166,092)	171,341
- (decrease) in prepayments	(29,320)	(376)
- increase/(decrease) in trade and other payables	98,696	38,557
- increase in provisions	84,761	950
Cash-flow from operations	<u>818,683</u>	<u>901,412</u>

18 Events Occurring After the Reporting Date

The financial report was authorised for issue on 30 March 2017 by the Board of Directors.

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

19 Company Details

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

Melbourne Montessori School Limited and controlled entities
6 Roselea Street
CAULFIELD SOUTH VIC 3162

Independent Audit Report to the members of Melbourne Montessori School Limited and controlled entities

Directors' Declaration

The directors of the Group declare that:

1. The financial statements and notes, as set out on pages 20 to 36, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2016 and of the performance for the year ended on that date of the Group.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
James McDonald

Director:
Dean Yates

Dated: 30 March 2017

Independent Audit Report to the members of Melbourne Montessori School Limited and controlled entities

Report on the Financial Report

We have audited the accompanying financial report of Melbourne Montessori School Limited and controlled entities, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group and the consolidated entity.

Directors' Responsibility for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

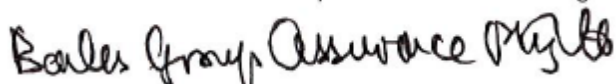
In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of Melbourne Montessori School Limited and controlled entities, would be in the same terms if given to the directors as at the time of this auditor's report.

Independent Audit Report to the members of Melbourne Montessori School Limited and controlled entities

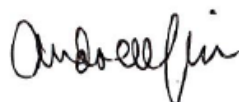
Opinion

In our opinion the financial report of Melbourne Montessori School Limited and controlled entities is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Group's and the consolidated entity's financial position as at 31 December 2016 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Banks Group Assurance Pty Ltd, Chartered Accountants
Authorised audit company number 294178 (ACN 115 749 598)



Andrew Fisher, Partner
Registration number 306364

Melbourne, Australia

30 March 2017