

**TRUSTEES OF THE  
PUBLIC EDUCATION ENDOWMENT**

**ANNUAL REPORT 2003/04**

1. STATEMENT OF COMPLIANCE

Trustees of the Public Education Endowment  
151 Royal Street  
EAST PERTH WA 6004

Hon Alan Carpenter  
Minister for Education  
Chairperson  
Trustees of the Public Education Endowment

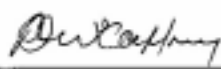
Dear Minister

I am pleased to present to you the Annual Report of the Trustees of the Public Education Endowment for the year ended 30 June 2004.

This report has been prepared in accordance with the provisions of the Financial Administration and Audit Act of 1985. It is submitted, in accordance with Section 66 of that Act and Section 14 of the Public Education Endowment Act 1909-81, for your information and presentation to Parliament.

Yours sincerely

  
DEPUTY CHAIRPERSON

  
TRUSTEE

31 August 2003

## **2 ENABLING LEGISLATION**

The Act governing the Trust in Western Australia is the Public Education Endowment Act, 1909-81.

Under Section 9 of this Act, the Trustees may disburse money derived as income of real and personal property and investments towards the improvement of such property, and the payment of salaries and other expenditure in carrying out the provisions of the Act, relating to public education, in force for the time being.

## **3 OBJECTIVES AND FUNCTIONS**

The role of the Trust is to maintain investment funds in order to finance specific educational projects that are presented to the Trustees from time to time. The Trustees grant funding for educational projects that benefit as many Western Australian students as possible.

The Trust generates revenue from:

- (a) interest on investments;
- (b) sale of land; and
- (c) rental or lease of land.

The Trustees meet periodically to deal with administration, finance and matters affecting Trust land.

## **4 ADMINISTRATIVE STRUCTURE**

The Trust membership, in accordance with the provisions of Section 2 of the Public Education Endowment Act 1909-81, consists of the Hon Minister for Education (Chairperson), the Director-General, Education Department of Western Australia – (ex-officio) and three other Trustees appointed for a term of three years by His Excellency the Governor. The terms of the three appointed Trustees expire on 21 November 2006.

The membership of the Trust is:

Hon Alan Carpenter	Minister for Education	(Chairperson)
Mr Paul Albert	Director-General, Department of Education	(Deputy Chairperson)
Ms Margaret Banks	Trustee	
Mr Greg Robson	Trustee	
Mr Peter McCaffrey	Trustee	

The Trustees met on six occasions to consider Trust business. These meetings were held on:

9 July 2003  
16 September 2003  
29 October 2003  
24 March 2004  
10 May 2004  
28 June 2004

## **5 OPERATIONS**

### **(a) Land Sales**

The Trustees sold the following property for \$102,000 during 2003/2004.  
The land was valued at \$105,000.

DONNYBROOK - Reserve No.36092; Portion of Lots 377 and 378 being Lot 81 and 82 on Deposited Plan 33472.

### **(b) Metropolitan Land**

FREMANTLE - Reserve No.11384; Lots 1186-1192, 1197-1200, 1207-1208, 1213-1215, 1725.

BP Australia Ltd has leased this property until 31 May 2005.  
This land is valued at \$2 110 000.

### **(c) Country Land**

DONNYBROOK - Reserve No.36092; Portion of Lots 377 and 378 being Lot 81 and 82 on Deposited Plan 33472.

In 2002/03 this land has been rezoned and subdivided into Lot 81 & 82. Lot 81 has been transferred to the Crown and is subject to a management order in favour of the Shire of Donnybrook-Balingup for use as public open space.  
Lot 82 was valued on 12 February 2003 at \$105 000.

## **6 TRUST INCOME**

### **(a) Leasing of Trust Land**

Income received from land leased at Fremantle amounted to \$197 918 for the period ending 30 June 2004.

### **(b) Investment of Trust Funds**

The Trust has one account at the Commonwealth Bank, which combines the Trust's Investment and Operating accounts.

The Commonwealth Bank Account earned interest of \$493 422 for the period ending 30 June 2004.

### **(c) Utilisation of Trust Finance**

Expenditure was authorised during the financial year to fund property developments, education projects and administration expenses.

## **7 PROJECTS**

There were no minor grant applications and two major grant applications for assistance were received in 2003/04. The Trustees approved financial assistance for one project listed below, totalling \$240 000:

	\$
Building Inclusive Workplaces: Working in Harmony Strategy – Department of Education and Training	240 000
TOTAL	<u>240 000</u>

## **8 LAND HOLDINGS**

Freehold land vested in the Trust as at 30 June 2004 amounts to 3.0152 hectares and has a book value of \$2 335 000.

## **9 INTERNAL AUDIT**

The scope of the audit conducted by Hall Chadwick was to ensure that the service delivery:

- Satisfied the responsibilities of the Accountable Officer as defined in the FAAA.
- Satisfied the requirements of the Treasurer’s Instruction 1203.
- Included an effective audit of systems relating to information processing.
- Provided a value for money approach that incorporates best practice.
- Identified the risks inherent in the operation of the Public Education Endowment Trust.

The internal audit for the 2003/04 financial year has been completed.

## **10 MAJOR PROJECTS AND FUNDING**

To assist in supporting leading education initiatives, the Trust has developed two new priorities. These priorities have been supported in 2003/04 however the Trustees have agreed that a sustained effort is required to fully address these priorities, and therefore the Trust's 2004/05 major funding priorities will again be related to:  
Developing Multicultural Resilience; and Overcoming Alienation.

## **11 MANAGEMENT/DEVELOPMENT TRUST LAND**

Land Corp has been commissioned by the Trust to advise the Trustees on all matters affecting Public Education Endowment land.

## **12 SECTION 175ZE ELECTORAL ACT**

As required under *Section 175ZE of the Electoral Act 1907* the Trustees declare that there were no monies paid to any media advertising organisations to advertise the Trusts annual grant funding round.

## **13 OUTCOME STATEMENT**

**To provide funding for projects of educational value to benefit as many West Australian school students as possible.**

### **OUTPUT ONE - GRANTS**

#### **QUANTITY**

Number of Grant Payments.

	<b>Estimates</b>	<b>2003/04 Actual</b>	<b>Target</b>	<b>2002/03 Actual</b>
Number of Grant Payments	20	10	10	31

#### **QUALITY**

Percentage of projects that met most goals

	<b>Estimates</b>	<b>2003/04 Actual</b>	<b>Target</b>	<b>2002/03 Actual</b>
Percentage of projects that met most goals	92%	100%	100%	100%

Grant applications are advertised and applied for on an annual basis with funding being provided at the end of the school year. Consequently projects do not usually commence until the following school year. The above data is for grants made in the period ended 30 June 2003. At the 30 June 2004, of the 17 projects funded, 3 have been completed and are reported in the above figure. The majority of the 2003/04 grants are not due for completion until the 2004/05 financial year.

#### **TIMELINESS**

Percentage of projects completed by the target date.

	<b>Estimates</b>	<b>2003/04 Actual</b>	<b>Target</b>	<b>2002/03 Actual</b>
Percentage of projects completed by target date.	100%	18%	100%	30%

The 2001/02 grant recipients were the first asked to give an end date for their projects. However the majority of them have underestimated the time frame of their projects with only 18% finishing by the stated end date.

#### **COST**

Cost per payment (Cost = Grants plus portion of Administration Costs)

	<b>Estimates \$</b>	<b>2003/04 Actual \$</b>	<b>Target \$</b>	<b>2002/03 Actual \$</b>
Cost per Grant Payment	11,770	6,849	11,770	2,005

### **OUTPUT TWO – INVESTMENTS**

#### **QUANTITY**

Investment Income has been generated from rental income and interest received on investments.

	<b>Estimates \$</b>	<b>2003/04 Actual \$</b>	<b>Target \$</b>	<b>2002/03 Actual \$</b>
Investment Income	658,820	691,340	658,820	652,754

Investment income has exceeded the Estimates and the Target due to an increase in rental income combined with an increase in funds invested, resulting in higher interest earnings than expected.

#### **QUALITY**

Return on Assets – is the rate of return received on investments and land.

	<b>Estimates</b>	<b>2003/04 Actual</b>	<b>Target</b>	<b>2002/03 Actual</b>
Percentage return on Assets	5.71%	5.57%	5.00%	5.58%

## TIMELINESS

To ensure that there are sufficient available funds to meet all approved projects, the amount available annually for grants is calculated by deducting the total expenditure (excepting grants) from investment income. This amount is then compared to the amount approved for grants to ensure there are sufficient funds available to meet this commitment.

	<b>Estimates</b> \$	<b>2003/04</b> <b>Actual</b> \$	<b>Target</b> \$	<b>2002/03</b> <b>Actual</b> \$
Funds available for grants	500,000	586,283	500,000	557,135
Grant Funding approved	240,000	240,000	500,000	502,347

## COST

Ratio of (cost of administering) to total investment income.

	<b>Estimates</b>	<b>2003/04</b> <b>Actual</b>	<b>Target</b>	<b>2002/03</b> <b>Actual</b>
Percentage Ratio of Administration Cost to Investment Income	6.00%	5.33%	7.00%	5.13%





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

#### Audit Opinion

In my opinion,

- (i) the controls exercised by the Trustees of the Public Education Endowment provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Trust at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

#### Scope

##### *The Trustees' Role*

The Trustees are responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

##### *Summary of my Role*

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON  
AUDITOR GENERAL  
September 22, 2003

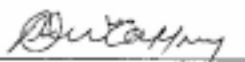
#### TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

The accompanying financial statements of the Trustees of the Public Education Endowment have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2004 and the financial position as at 30 June 2004.

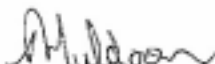
At the date of signing we are not aware of any circumstances, which would render any particulars included in the financial statements misleading or inaccurate.



ACTING CHAIRPERSON



TRUSTEE



PRINCIPAL ACCOUNTING OFFICER

31 August 2004

# TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

## STATEMENT OF FINANCIAL PERFORMANCE

FOR YEAR ENDED 30 JUNE 2004

	Note	2003/04 \$	2002/03 \$
<b><u>REVENUES</u></b>			
<b>Revenues from Ordinary Activities</b>			
<i>Revenue from operating activities</i>			
Land Rents		197 918	191 962
Interest Revenue	2	493 422	460 792
Project Refunds		4 179	6
<i>Revenue from non-operating activities</i>			
Proceeds on disposal of non current assets	3	101 818	0
Other Revenue from Ordinary Activities		2 294	0
<b>Total Revenue from Ordinary Activities</b>		<b>799 631</b>	<b>652 760</b>
<b><u>EXPENSES</u></b>			
<b>Expenses from Ordinary Activities</b>			
Project Expenses	4	240 000	502 347
Land Expenses		3 190	3 631
Administration Expenses		23 991	27 140
Employee Expenses		71 566	62 424
Depreciation Expense		1 278	1 278
Cost of disposal of non-current assets		133 461	0
Other expenses from ordinary activities		5 032	1 146
<b>Total Expenses from Ordinary Activities</b>		<b>478 518</b>	<b>597 966</b>
<b>Profit from ordinary activities before grants and salaries from State Government</b>		<b>321 113</b>	<b>54 794</b>
Resources received free of charge	5	10 341	9 594
<b><u>NET PROFIT</u></b>		<b>331 454</b>	<b>64 388</b>
Net Increase in Asset Revaluation Reserve.		225 000	65 000
<b>Total revenues, expenses and valuation adjustments recognised directly in equity.</b>		<b>225 000</b>	<b>65 000</b>
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners.</b>		<b>556 454</b>	<b>129 388</b>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

# TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2004

	Note	2003/04 \$	2002/03 \$
<b>CURRENT ASSETS</b>			
Cash Assets	6	10 019 569	9 388 208
Other Assets	7	44 648	54 178
Total Current Assets		<u>10 064 217</u>	<u>9 442 386</u>
<b>NON CURRENT ASSETS</b>			
Land Holdings and Development	8	2 349 142	2 244 879
Office Furniture and Computer Hardware	9	1 125	2 403
Total Non Current Assets		<u>2 350 267</u>	<u>2 247 282</u>
<b>Total Assets</b>		<u><b>12 414 484</b></u>	<u><b>11 689 668</b></u>
<b>CURRENT LIABILITIES</b>			
Payables	10	404 186	289 481
Land Rents Received in Advance		32 803	0
Other Liabilities	11	20 854	0
Total Liabilities		<u><b>457 843</b></u>	<u><b>289 481</b></u>
<b>NET ASSETS</b>		<u><b>11 956 641</b></u>	<u><b>11 400 187</b></u>
<b>EQUITY</b>	12		
Contributed Equity		5 388 902	0
Reserves		5 724 500	5 499 500
Retained Profits		843 239	5 900 687
<b>TOTAL EQUITY</b>		<u><b>11 956 641</b></u>	<u><b>11 400 187</b></u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

# TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2004

	Note	2003/04 \$	2002/03 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rent Received		255 866	145 270
Interest Received		487 649	456 676
Project Refunds		1 259	7 506
GST Receipts		14 762	14 527
<b>Payments</b>			
Administration		(11 687)	(82 083)
Employee costs		(50 712)	
Land Expenses		(4 601)	(3 660)
Project Expenses		(151 984)	(305 424)
Supplies and services		(2 032)	(1 263)
GST Payments on Purchases		(22 712)	(37 070)
GST Payments to Taxation Authority		26 872	(3 489)
Net Cash provided by/ (used in) Operating Activities	6(b)	542 680	190 990
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Development Costs		(6 766)	(15 468)
Proceeds from the Sale of Property		95 447	0
Net Cash provided by/ (used in) Investing Activities		88 681	(15 468)
Net increase in cash held		631 361	175 522
Cash assets at the beginning of the financial year		9 388 208	9 212 686
Cash assets at the end of the financial year	6(a)	10 019 569	9 388 208

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2004**

**1 STATEMENT OF ACCOUNTING POLICIES**

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the preceding year.

(a) General Statement

The financial statements constitute a general purpose financial report, which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect is disclosed in individual notes to these financial statements.

(b) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

(c) Depreciation of non current assets

All non current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Computing equipment is depreciated over three years using the straight-line method.  
Furniture is depreciated over ten years using the straight-line method.

(d) Employee Entitlements

Liabilities for employee entitlements such as the provision for annual leave, long service leave and superannuation commitments are assumed by the Department of Education and Training.

(e) Leases

The Trust has entered into an operating lease for office space where the lessors effectively retain all of the risks and benefits incident to ownership of the item held under the operating lease. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(f) Revenue Recognition

Revenue (net of returns and allowances) comprises revenue earned from the sale of property less the cost of selling the property. Other revenue is fully described in the Statement of Financial Performance.

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Trust has passed control of the goods or other assets or delivery of the service to the customer.

(g) Revaluation of Land

The Trust has a policy of valuing land and buildings at fair value. The Trust properties are re-valued every two years. Fair value has been determined on the basis of current market buying values. Land was re-valued in June 2004 by independent valuers, McGees National Property Consultants.

(h) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

(i) Investments

Investments are brought to account at the lower of cost and recoverable amount. Interest revenues are recognised as they are accrued.

(j) Payables

Payables, including accruals not yet billed, are recognised when the Trust becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(k) Resources Received Free of Charge

Resources received free of charge which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(l) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets

(m) Accrued Salaries

Accrued salaries (refer note 11) represent the note due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Trust considers the carrying amount approximates net fair value.

(n) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(o) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest dollar.

**2 INTEREST REVENUE**

Total interest received on accounts held by the Trust is as follows:

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
Commonwealth Bank Account	493 422	460 792

**3 NET PROFIT/(LOSS) ON SALE OF NON CURRENT ASSETS**

Details of sales of Trust land as follows:

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
Donnybrook - Proceeds		
	101 818	0
	<u>101 818</u>	<u>0</u>
Less Costs of land sold		
Book Value		
Donnybrook	105 000	0
Legal Costs	6 562	0
Sales Commission	0	0
Development Costs	21 899	0
Total Costs	<u>133 461</u>	<u>0</u>
Net Profit / (Loss)	<u>(31 643)</u>	<u>0</u>

Property development costs include planning, engineering, road construction, surveying and other site works associated with the sale of Trust land.

**4 PROJECT EXPENSES**

Trust expenditure on project grants totalled \$240 000 for 2003/04. The one project approved is shown below:

	\$
Building Inclusive Workplaces: Working in Harmony Strategy – Department of Education and Training	240 000
TOTAL	<u>240 000</u>



## 5 RESOURCES RECEIVED FREE OF CHARGE

Administration Resources received free of charge have been determined on the basis of the following estimates provided by agencies.

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
Office of the Auditor General		
External Audit Services	9 500	8 500
Ministry Of Justice		
State Solicitors Office	841	1 094
	<u>10 341</u>	<u>9 594</u>

## 6 NOTES TO THE STATEMENT OF CASH FLOWS

### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
Cash Assets	10 019 569	9 388 208

### (b) Reconciliation of profit from ordinary activities to net cash flows provided by / (used in) operating activities.

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
Net Profit before Grants & Subsidies from Government	321 113	54 794
<b>Non Cash Items</b>		
Profit from Sale of Land Holdings	31 643	0
Depreciation	1 278	1 278
Resources received free of charge	10 341	9 594
<b>(Increase)/decrease in assets:</b>		
Decrease in Accrued Income	9 530	(12 475)
Decrease in GST Received in Advance	414	607
<b>Increase/(decrease) in liabilities:</b>		
Increase in Payables	135 558	168 025
Increase in Land Rent in Advance	32 803	(30 833)
<b>Net cash provided by / (used in) operating activities</b>	<u><u>542 680</u></u>	<u><u>190 990</u></u>

## 7 OTHER ASSETS

Income earned but not received at balance date is detailed as follows:

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
Interest on Commonwealth Bank Account	43 550	37 776
Land Rental	1 098	16 402
	<u>44 648</u>	<u>54 178</u>

## 8 LAND HOLDINGS AND DEVELOPMENT

Land transactions in 2003/04 financial year were as follows:

Property	Value at 30/06/03	Acquisitions/ (Disposals)	Revaluation	Value at 30/06/04
	\$			\$
Donnybrook	105 000	(105 000)	0	0
Fremantle	2 110 000		225 000	2 335 000
	<u>2 215 000</u>	<u>(105 000)</u>	<u>225 000</u>	<u>2 335 000</u>
Development Cost	29 879	(15 737)		14 142
	<u>2 244 879</u>	<u>(120 737)</u>	<u>225 000</u>	<u>2 349 142</u>

The valuations reported in this note are different from the valuations in the Government Property Register managed by the Government Property Office. The Government Property Register shows land valued at \$1 700 000 in the name of the Trustees. The difference is due to the Trustees' value being based on independent valuations whereas the Government Property Register values are based on the Valuer General's assessment of current market values.

## 9 OFFICE FURNITURE AND COMPUTER HARDWARE

Office furniture and computer hardware transactions in 2003/04 financial year were as follows:

	<u>2003/04</u>	<u>2002/03</u>
	\$	\$
Office furniture		
At cost	2 548	2 548
Accumulated depreciation	<u>(1 423)</u>	<u>(1 168)</u>
	<u>1 125</u>	<u>1 380</u>
 Add computer hardware		
At cost	3 068	3 068
Accumulated depreciation	<u>(3 068)</u>	<u>(2 046)</u>
	<u>0</u>	<u>1 022</u>
	<u>1 125</u>	<u>2 402</u>

## Reconciliations

Reconciliations of the carrying amounts of office furniture and computer hardware at the beginning and end of the current financial year are set out below.

	Office Furniture \$	Computer Hardware \$	Total \$
Public Education Endowment Trust 2003/04			
Carrying amount at start of year	1 380	1 022	2 402
Additions	0	0	0
Disposals	0	0	0
Depreciation	(255)	(1 022)	(1 277)
Carrying amount at end of year	<u>1 125</u>	<u>0</u>	<u>1 125</u>

## 10 PAYABLES

Expenditure accrued but not paid at balance date is detailed as follows:

	<u>2003/04</u> \$	<u>2002/03</u> \$
Administration	2 603	639
Land Expenses	3 180	1 591
GST Payable	3 764	(22 291)
Project Expenses	<u>394 639</u>	<u>309 543</u>
	<u>404 186</u>	<u>289 481</u>

## 11 OTHER LIABILITIES

	<u>2003/04</u> \$	<u>2002/03</u> \$
Current		
Accrued Salaries	<u>20 854</u>	<u>0</u>

## 12 EQUITY

	<u>2003/04</u> \$	<u>2002/03</u> \$
Contributed equity		
Opening balance	<u>5 388 902</u>	<u>5 388 902</u>
	<u>5 388 902</u>	<u>5 388 902</u>
Reserves		
Asset revaluation reserve (1):		
Opening balance	5 499 500	5 434 500
Net revaluation increments:		
Land	<u>225 000</u>	<u>65 000</u>
Closing balance	<u>5 724 500</u>	<u>5 499 500</u>

(1) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(f).

Retained profits/(accumulated losses)		
Opening balance	511 785	447 396
Net profit	<u>331 454</u>	<u>64 388</u>
Closing balance	<u>843 239</u>	<u>511 785</u>

### 13 EXPLANATORY STATEMENT

**(i) Significant variations between estimates and actual results for the financial year.**

Details and reasons for significant variations between estimates and actual results are detailed below.

Significant variations are considered to be those greater than 10%.

	2003/04 Actual \$	2004/05 Estimates \$	Variance \$
Loss on sale of property	(31 643)	0	31 643
Project refunds	4 179	3 000	1 179
Project Expenses	240 000	500 000	260 000
Employee Expenses	71 566	97 000	25 434

Loss on sale of property

The variance is due to the Trust selling land at Donnybrook, in 2003/04.

Project refunds

The variance is due to at the time of preparing the estimates it was not known how many project refunds would be received.

Project Expenses

The variance is due to the sale of Trust land in 2001/02 there has been an increase in the availability in investment funds, resulting in a substantial increase in interest earnings. This enabled the Trust to allocate over \$500 000 to projects in 2003/04.

Employee Expenses

The variance is due to the additional salary cost for the R/Executive Officer while the incumbent was on leave.

**(ii) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year.**

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10%.

	2003/04 Actual \$	2002/03 Actual \$	Variance \$
Loss on sale of property	(31 643)	0	31 643
Project refunds	4 179	6	4 173
Project Expenses	240 000	502 347	262 347
Employee Expenses	71 566	62 424	9 142
Trading profit	331 454	64 388	267 066

Loss on sale of property

The variance is due to the Trust selling land at Donnybrook, in 2003/04.

#### Project refunds

The variance is due to not knowing how many project refunds would be received.

#### Project Expenses

The variance is due to the amount allocated by the Trust for projects in 2003/04 not being fully utilised. The Trust concentrated funding on one substantial project.

#### Employee Expenses

The variance is due to the additional salary cost for the R/Executive Officer while the incumbent was on leave.

#### Trading profit

The variance is due to the reduction in expenditure of projects for the financial year resulting in an increased profit.

### **14 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS**

#### Remuneration of Members of the Accountable Authority

The number of members of the Accountable Authority, whose total of fees for the financial year, fall within the following bands are:

	2003/04	2002/03
\$	\$	\$
0 – 10 000	3	3

The total remuneration of the members of the Accountable Authority is:

369	615
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#### Remuneration of Senior Officers

The number of Senior Officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

	2003/04	2002/03
\$		
0 – 10 000	1	1
40 000 – 50 000		1
50 000 – 60 000	1	

The total remuneration of senior officers is:

62 597	53 280
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### **15 EVENTS OCCURRING AFTER REPORTING DATE**

There are no events occurring after 30 June 2004, which would materially impact these financial statements.

## 16 FINANCIAL INSTRUMENTS

### 16 (a) INTEREST RATE RISK EXPOSURE

The following table details the Trust's exposure to interest rate risk as at the reporting date:

			Fixed Maturity	Interest	Rate		Total
	Weighted Average Effective Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	More than 5 Years	Non- Interest Bearing	
2003/04	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash Assets	5.017	10 019 569					10 019 569
Receivables						44 648	44 648
		10 019 569				44 648	10 064 217
Financial Liabilities							
Payables						425 040	425 040
						425 040	425 040
2002/03							
Financial assets	4.886	9 388 208				54 178	9 442 386
Financial liabilities						289 481	289 481

### (b) CREDIT RISK EXPOSURE

All financial assets are unsecured.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Trust's maximum exposure to credit risk.

### (c) NET FAIR VALUES

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

## **17 INTERNATIONAL FINANCIAL REPORTING STANDARDS:**

The Trustees of the Public Education Endowment is adopting international accounting standards in compliance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS).

AASB 1 requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 of the IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards requires financial reports for periods ending on or after 30 June 2004 to disclose:

### **1. How the transition to Australian equivalents to IFRS is being managed:**

Staff training will be provided by the Department of Treasury and Finance

### **2. Key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS.**

The Trustees of the Public Education Endowment is aware of the IFRS and is assessing the impact on the agency. In the near future training will be provided by the Department of Treasury and Finance.

Currently the only key difference in the accounting policies that is expected to arise from adopting Australian equivalents to IFRS relates to land held for resale by the Trustee.



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

#### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Trustees of the Public Education Endowment are relevant and appropriate to help users assess the Trust's performance and fairly represent the indicated performance for the year ended June 30, 2004.

#### **Scope**

##### ***The Trustee's Role***

The Trustees are responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

##### ***Summary of my Role***

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

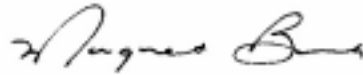
D D R PEARSON  
AUDITOR GENERAL  
September 1, 2004



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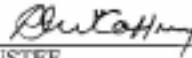
**CERTIFICATION OF PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2004**

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Trustees of the Public Education Endowment Trust's performance, and fairly represent the performance of the Trustees of the Public Education Endowment for the financial year ended 30 June 2004.



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ACTING CHAIRPERSON



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TRUSTEE

31 August 2004

## **PERFORMANCE INDICATORS**

In accordance with the Financial Administration and Audit Act, the Trust has the following set of indicators to assist in the measurement of the efficiency and effectiveness with which the Trust pursues its organisational outcomes.

### **OUTCOME**

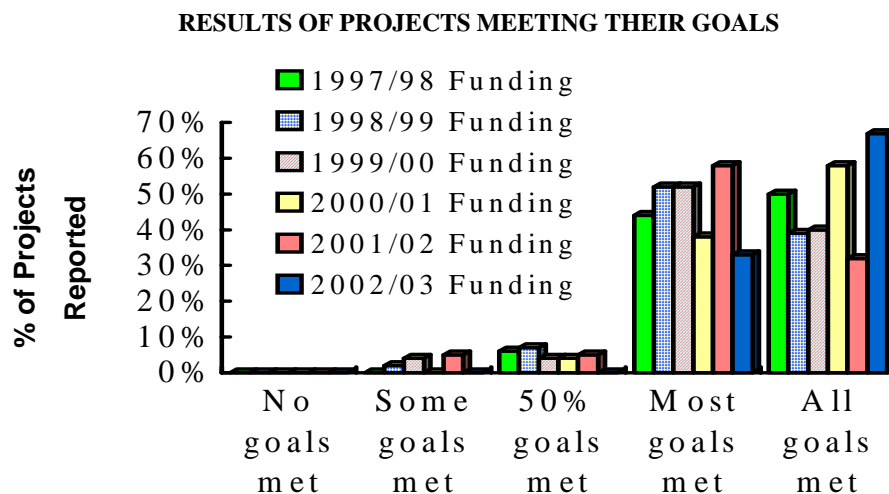
To provide funding for projects of educational value to benefit as many Western Australian school students as possible.

### **EFFECTIVENESS INDICATORS:**

In 2003/04 the Trust funded 1 grant, a major grant. The funding was issued early in 2004 so the project can begin in the new school year. The new grant issued in 2003/04, has not been finalised by 30 June 2004. The effectiveness indicators for this project will be reported in the 2005/06 financial statements to provide an accurate measure of the success of all the projects funded.

The main recipients of the Public Education Endowment Trust grants are schools who generally operate projects over one or two school calendar years, rather than financial years. Accordingly, the effectiveness indicators reported in the 2003/04 financial year are for grants that were approved in November 2002. This is due to 3 of the 17 projects funded being completed at the end of this financial year.

Any additional reports for previous year projects, which have now been completed have also been updated in these indicators. This information is recorded and shown in the Bar Graph format provided below. Of the 17 projects funded in 2002/03, 14 projects have not been finalised and 3 projects have been completed. The results of the projects meeting their goals are reported in the indicators below as a percentage of the projects reported. The figures shown represent six years funding, 1997/98, 1998/99, 1999/00, 2000/01, 2001/02 and 2002/03.

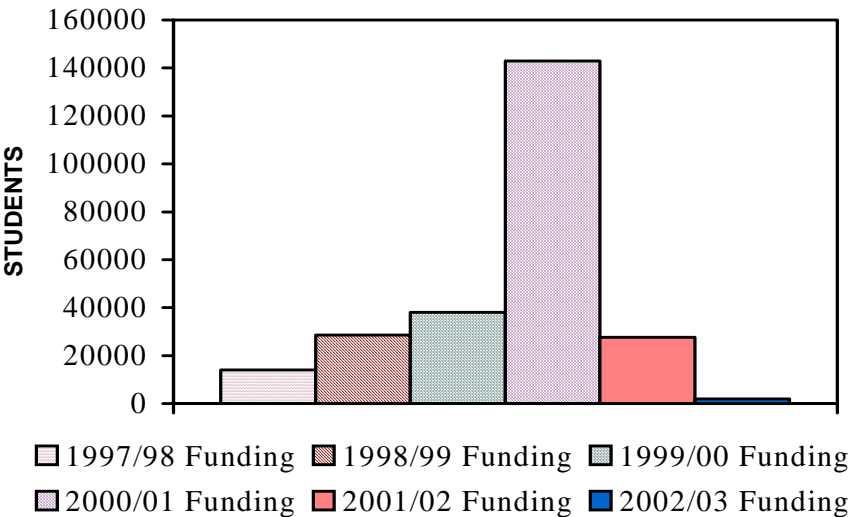


The data reported in “Results of Projects Meeting Their Goals” is obtained from surveys completed by applicants who receive project funding. The applicants are asked to set goals for a specific project and to state how they propose to achieve those goals. Once the goals have been set, they must then use the 5 scale rating system as demonstrated above to rate the success of the project.

The Trust’s Outcome Statement is **“To provide funding for projects of educational value to benefit as many Western Australian school students as possible”**.

The number of students to benefit from funding of projects initiated in 2001/02 and finalised by the end of the 2003/04 financial year are reported in the bar graph below. The figures shown represent six years’ funding, that of 1997/98, 1998/99, 1999/00, 2000/01 2001/02 and 2002/03.

**NUMBER OF STUDENTS TO BENEFIT FROM PEET GRANTS**



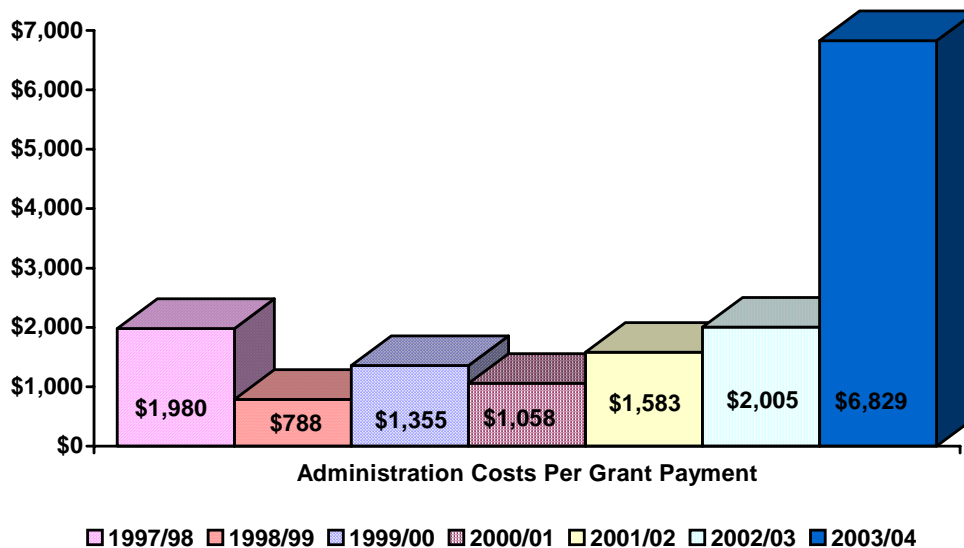
**EFFICIENCY INDICATORS**

**OUTPUT ONE - GRANTS**

The Efficiency Indicator is achieved by calculating the Administration costs per grant payment.

$$\frac{\text{Total Grant Administration Costs}}{\text{Number of grant payments}}$$

## EFFICIENCY INDICATOR



Since 1998 the Trust has been funding grants on an annual basis. Funding allocations for grants were also increased at this time. This, combined with an increase in the number of grant applications achieved through additional advertising and mailing applications to all schools in Western Australia, has resulted in an increase in the number of grants approved. Administration costs did not increase initially and this reflected a substantial decrease in the administration costs per grant payment in 1998/99. A rise in administration costs combined with a reduction in the number of grant payments has resulted in a small increase in the Efficiency Indicator up to this year.

However in 2002/03 the Trust is in the process of changing its funding direction and agreed to increase the allocation of funding for projects from \$250 000 to \$500 000 per year, with the majority of funding being allocated to a major project which will benefit all school children within Western Australia. This decision has meant that there has been a reduction in the number of Grants approved from 26 in 2001/02 to 16 in 2002/03 and corresponding reductions in the number of grant payments from 41 in 2001/02, 31 in 2002/03 and 10 in 2002/03. These factors have all contributed to a significant rise in the indicator.

### OUTPUT TWO - INVESTMENTS

Funding is derived from Interest on Investments and Land Rents.

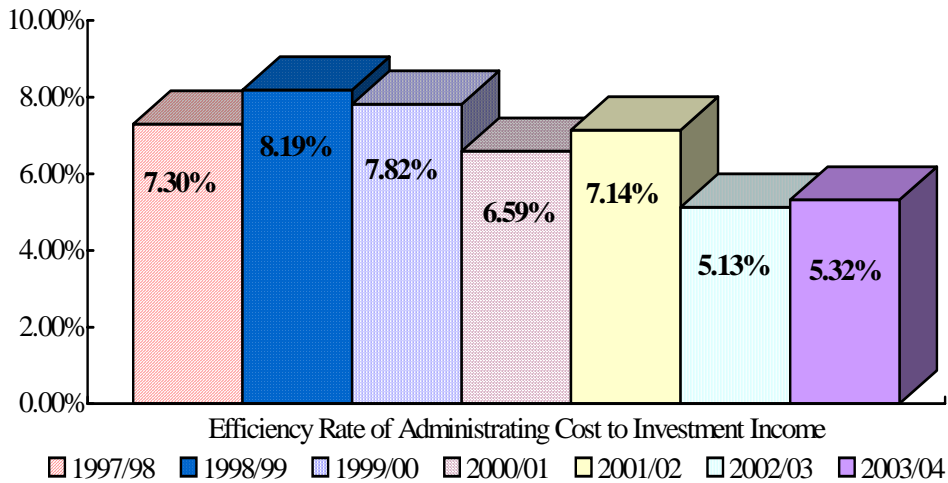
To measure this return as an efficiency indicator, a portion of administration costs have been allocated to administration of investment income that consists of land and investment accounts. The formula is set out below:

$$\frac{\text{Total costs of administering investment income}}{\text{Investment Incomes}} \times \frac{100}{1}$$

The Total Administration costs for the Trust have been apportioned between Grants and Investments. The Total Investments consist of Land Holdings and Investments. Investment income is from interest earned and land rents. All figures are as at 30 June.

A comparison of 1997/98, 1998/99, 1999/00, 2000/01, 2001/02, 2002/03 and 2003/04 efficiency rate on the cost of administering the total investment income is displayed below.

**EFFICIENCY INDICATOR**



In previous years a large part of the Assets of the Trust were land holdings, which did not produce any income. The Trust has over the past few years managed to turn this asset base into an income producing investment by selling the land. As the land is transferred to a liquid asset and invested to show a return, the efficiency indicator has improved.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT**

**ESTIMATE OF STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2004**

	Note	<b>2004/05 Estimates \$</b>	<b>2003/04 Actuals \$</b>
<b>CURRENT ASSETS</b>			
Cash Assets		10 264 569	10 019 569
Other Assets	1	45 000	44 648
Total Current Assets		<u>10 309 569</u>	<u>10 064 217</u>
<b>NON CURRENT ASSETS</b>			
Land Holdings and Development		2 349 142	2 349 142
Office Furniture and Computer Hardware		871	1 125
Total Non Current Assets		<u>2 350 013</u>	<u>2 350 267</u>
<b>Total Assets</b>		<u><b>12 659 582</b></u>	<u><b>12 414 484</b></u>
<b>CURRENT LIABILITIES</b>			
Payables	2	381 500	425 040
Land Rents Received in Advance		35 000	32 803
Total Liabilities		<u><b>416 500</b></u>	<u><b>457 843</b></u>
<b>NET ASSETS</b>		<u><b>12 243 082</b></u>	<u><b>11 956 641</b></u>
<b>EQUITY</b>			
Reserves		5 724 500	5 724 500
Retained Profits		6 518 582	6 232 141
<b>TOTAL EQUITY</b>		<u><b>12 243 082</b></u>	<u><b>11 956 641</b></u>

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT**  
**ESTIMATE OF STATEMENT OF FINANCIAL PERFORMANCE**

**AS AT 30 JUNE 2004**

	Note	<b>2004/05 Estimates \$</b>	<b>2003/04 Actuals \$</b>
<b>REVENUES</b>			
<b>Revenue from Ordinary Activities</b>			
Land Rents		210 000	191 962
Interest on Investments		513 553	460 792
Project Refunds		2 800	6
Profit on Sale of Property		0	0
<b>Total Revenue from Ordinary Activities</b>		<b>726 353</b>	<b>652 760</b>
<b>EXPENSES</b>			
<b>Expenses from Ordinary Activities</b>			
Projects		500 000	502 347
Land Expenses		3 500	3 631
Administration		25 000	27 140
Salaries		97 000	62 424
Revaluation Expenses		1 000	1 146
Depreciation		255	1 278
<b>Total Expenses from Ordinary Activities</b>		<b>626 755</b>	<b>597 966</b>
<b>Net Profit before Grants and Subsidies from Government</b>		<b>99 598</b>	<b>54 794</b>
Resources received free of charge		10 500	9 594
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners.</b>		<b>110 098</b>	<b>64 388</b>

**1 OTHER ASSETS - CURRENT ASSETS**

Income earned but not received at balance date is detailed as follows:

	<u><b>2004/05</b></u> <u><b>Estimates</b></u>	<u><b>2003/04</b></u> <u><b>Actuals</b></u>
	\$	\$
Interest on Commonwealth Bank Account	45 000	43 550
Land Rental	0	1 098
	<u>45 000</u>	<u>44 648</u>

**2 PAYABLES**

Expenditure accrued but not paid at balance date is detailed as follows:

	<u><b>2004/05</b></u> <u><b>Estimates</b></u>	<u><b>2003/04</b></u> <u><b>Actuals</b></u>
	\$	\$
Administration	1 500	2 603
Salaries	0	20 854
Land Expenses	0	3 180
GST Payable	(20 000)	3 764
Project Expenses	400 000	394 639
	<u>381 500</u>	<u>425 040</u>