

**TRUSTEES OF THE  
PUBLIC EDUCATION ENDOWMENT**

**ANNUAL REPORT 2004/05**

1. STATEMENT OF COMPLIANCE

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

Hon Ljiljanna Ravlich  
Minister For Education And Training  
Chairperson  
Public Education Endowment Trust

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 2005.

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 Ljiljanna Ravlich	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 three occasions to consider Trust business. These meetings were held on:

6 September 2004

5 January 2005

16 May 2005

## **5 OPERATIONS**

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

The Trustees did not sell any property during 2004/2005.

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

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

BP Australia Ltd has leased this property until 31 August 2005.

This land is valued at \$2 335 000

## **6 TRUST INCOME**

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

Income received from land leased at Fremantle amounted to \$209 620 for the period ending 30 June 2005.

### **(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 \$538 278 for the period ending 30 June 2005.

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

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

## **7 PROJECTS**

The Trustees supported six minor grant applications and two major grant applications received in 2004/05. The approved projects totalling \$333 720 are listed below:

	\$
Pipeline Project – Department of Education and Training	180 000
Arts for Independence – The Sound of Music – Carson Street School	5 000
Native Species Aquaculture in the Fitzroy Valley – Fitzroy Crossing District High School	5 200
Sowilo Sidehack Workshop – Sowilo Community High School	14 520
Festival of the Wind – Festival of the Wind Inc.	2 000
Development of Post-Compulsory Review Course of Study Resource Lists – Curriculum Council	72 000
Earth Science Consortium – Physics Department Curtin University	15 000
Leeming Senior High School Solar Car Project – Leeming Senior High School	40 000
TOTAL	<u>333 720</u>

## **8 LAND HOLDINGS**

Freehold land vested in the Trust as at 30 June 2005 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 2004/05 financial year has been completed.

## **10 MAJOR PROJECTS AND FUNDING**

In order to assist in supporting leading education initiatives, the Trustees have agreed in 2004/05 not to adopt any special funding priorities but instead to review each project on its merits.

The two major projects funded in this financial year are Development of Post-Compulsory Review Course of Study Resource Lists, a Curriculum Council project, and Pipeline Project which is a joint initiative between Edith Cowan University and the Department of Education and Training.

The Development of Post-Compulsory Review Course of Study Resource Lists is a Curriculum Council project to provide a research guide to assist teachers to develop teaching programs that align with the new post-compulsory courses.

The aim of the Pipeline Project is to produce a systemic way of reducing the number of children who have low probability of successfully completing high school because of behavioural problems and failure to achieve foundational learning skills during their primary schooling.

## 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

In compliance with *Section 175ZE of the Electoral Act 1907* the Public Education Endowment Trust is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations. Trustees declare that there were no monies paid to any media advertising organisations in this financial year.

## 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.

	Estimates	2004/05 Actual	Target	2003/04 Actual
Number of Grant Payments	10	9	10	10

#### QUALITY

Percentage of projects that met most goals

	Estimates	2004/05 Actual	Target	2003/04 Actual
Percentage of projects that met most goals	92%	93%	100%	100%

Grant applications are applied for on an annual basis with funding being provided at the beginning of the school year. Consequently projects do not usually commence until the following school year. As only one grant was made in the year ended 30 June 2004, the above data is for grants made in the period ended 30 June 2003. At the 30 June 2005, of the 17 projects funded, 15 have been completed and are reported in the above figure. The 2003/04 grant is not due for completion until June 2006.

## TIMELINESS

Percentage of projects completed by the target date.

	<b>Estimates</b>	<b>2004/05 Actual</b>	<b>Target</b>	<b>2003/04 Actual</b>
Percentage of projects completed by target date.	100%	15%	100%	18%

The above data is for the 2001/02, 2002/03 and 2003/04 grant recipients. The 2001/02 grant recipients were the first asked to give an end date for their projects. However the majority of recipients have underestimated the time frame of their projects with only 15% finishing by the stated end date.

## COST

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

	<b>Estimates \$</b>	<b>2004/05 Actual \$</b>	<b>Target \$</b>	<b>2003/04 Actual \$</b>
Cost per Grant Payment	7,000	5,963	11,770	6,829

## OUTPUT TWO – INVESTMENTS

### QUANTITY

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

	<b>Estimates \$</b>	<b>2004/05 Actual \$</b>	<b>Target \$</b>	<b>2003/04 Actual \$</b>
Investment Income	723,553	747,898	700,000	691,340

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>2004/05 Actual</b>	<b>Target</b>	<b>2003/04 Actual</b>
Percentage return on Assets	5.00%	5.31%	5.00%	5.57%

## 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>2004/05 Actual</b> \$	<b>Target</b> \$	<b>2003/04 Actual</b> \$
Funds available for grants	500,000	665,325	500,000	586,283
Grant Funding approved	500,000	333,720	500,000	240,000

## COST

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

	<b>Estimates</b>	<b>2004/05 Actual</b>	<b>Target</b>	<b>2003/04 Actual</b>
Percentage Ratio of Administration Cost to Investment Income	5.00%	3.86%	5.00%	5.31%





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

#### 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 30 June 2005 and its financial performance and cash flows for the year ended on that date.

#### Scope

##### *The Trustee's 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.

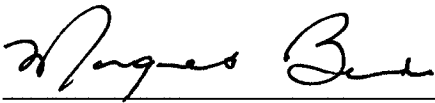
An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to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

D D R PEARSON  
AUDITOR GENERAL  
9 September 2005

## 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 2005 and the financial position as at 30 June 2005.

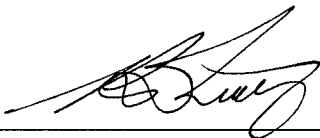
At the date of signing we are not aware of any circumstances, which would render any particulars included in the financial statements misleading or inaccurate.



ACTING CHAIRPERSON



TRUSTEE



PRINCIPAL ACCOUNTING OFFICER

31 August 2005

# TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

## STATEMENT OF FINANCIAL PERFORMANCE

**FOR YEAR ENDED 30 JUNE 2005**

	Note	2004/05 \$	2003/04 \$
<b><u>REVENUES</u></b>			
<b>Revenues from Ordinary Activities</b>			
<i>Revenue from operating activities</i>			
Land Rents		209 620	197 918
Interest Revenue	2	538 278	493 422
Project Refunds		19 561	4 179
<i>Revenue from non-operating activities</i>			
Proceeds on disposal of non current assets	3	0	101 818
Other Revenue from Ordinary Activities		0	2 294
<b>Total Revenue from Ordinary Activities</b>		<b>767 459</b>	<b>799 631</b>
<b><u>EXPENSES</u></b>			
<b>Expenses from Ordinary Activities</b>			
Project Expenses	4	333 720	240 000
Land Expenses		960	3 190
Administration Expenses		7 743	23 991
Employee Expenses		73 495	71 566
Depreciation Expense		255	1 278
Cost of disposal of non-current assets	3	0	133 461
Other expenses from ordinary activities		110	5 032
<b>Total Expenses from Ordinary Activities</b>		<b>416 283</b>	<b>478 518</b>
<b>Profit from ordinary activities before grants and subsidies from State Government</b>		<b>351 176</b>	<b>321 113</b>
Resources received free of charge	5	0	10 341
<b><u>NET PROFIT</u></b>		<b>351 176</b>	<b>331 454</b>
Net Increase in Asset Revaluation Reserve.		0	225 000
<b>Total revenues, expenses and valuation adjustments recognised directly in equity.</b>		<b>0</b>	<b>225 000</b>
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners.</b>		<b>351 176</b>	<b>556 454</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 2005

	Note	2004/05 \$	2003/04 \$
<b>Current Assets</b>			
Cash Assets	6	10 377 834	10 019 569
Other Assets	7	63 384	44 648
<b>Total Current Assets</b>		<b>10 441 218</b>	<b>10 064 217</b>
<b>Non Current Assets</b>			
Investment Property	8	2 349 142	2 349 142
Plant and Equipment	9	871	1 125
<b>Total Non Current Assets</b>		<b>2 350 013</b>	<b>2 350 267</b>
<b>Total Assets</b>		<b>12 791 231</b>	<b>12 414 484</b>
<b>Current Liabilities</b>			
Payables	10	444 052	404 186
Other Liabilities	11	39 362	53 657
<b>Total Current Liabilities</b>		<b>483 414</b>	<b>457 843</b>
<b>Total Liabilities</b>		<b>483 414</b>	<b>457 843</b>
<b>NET ASSETS</b>		<b>12 307 817</b>	<b>11 956 641</b>
<b>EQUITY</b>	12		
Contributed Equity		5 388 902	5 388 902
Reserves		5 724 500	5 724 500
Retained Earnings		1 194 415	843 239
<b>TOTAL EQUITY</b>		<b>12 307 817</b>	<b>11 956 641</b>

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 2005**

	Note	2004/05 \$	2003/04 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rent Received		160 795	255 866
Interest Received		535 660	487 649
Project Refunds		6 506	1 259
GST Receipts		16 079	14 762
<b>Payments</b>			
Administration		(6 459)	(11 687)
Employee costs		(54 987)	(50 712)
Land Expenses		(3 420)	(4 601)
Project Expenses		(275 860)	(151 984)
Supplies and services		(110)	(2 032)
GST Payments on Purchases		(34 069)	(22 712)
GST Payments to Taxation Authority		14 130	26 872
<b>Net Cash provided by/ (used in) Operating Activities</b>	6(b)	<b>358 265</b>	<b>542 680</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Development Costs		0	(6 766)
Proceeds from the Sale of Property		0	95 447
<b>Net Cash provided by/ (used in) Investing Activities</b>		<b>0</b>	<b>88 681</b>
<b>Net increase in cash held</b>		<b>358 265</b>	<b>631 361</b>
Cash assets at the beginning of the financial year		10 019 569	9 388 208
<b>Cash assets at the end of the financial year</b>	6(a)	<b>10 377 834</b>	<b>10 019 569</b>

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 2005**

**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 amount 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>2004/05</u>	<u>2003/04</u>
	\$	\$
Commonwealth Bank Account	538 278	493 422

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

Details of sales of Trust land as follows:

	<u>2004/05</u>	<u>2003/04</u>
	\$	\$
Donnybrook - Proceeds		
	0	101 818
	<u>0</u>	<u>101 818</u>
Less Costs of land sold		
Book Value		
Donnybrook	0	105 000
Legal Costs	0	6 562
Sales Commission	0	0
Development Costs	0	21 899
Total Costs	<u>0</u>	<u>133 461</u>
Net Profit / (Loss)	<u>0</u>	<u>(31 643)</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 \$333 720 for 2004/05. The projects approved are shown below:

	\$
Pipeline Project – Department of Education and Training	180 000
Arts for Independence – The Sound of Music – Carson Street School	5 000
Native Species Aquaculture in the Fitzroy Valley – Fitzroy Crossing District High School	5 200
Sowilo Sidehack Workshop – Sowilo Community High School	14 520
Festival of the Wind – Festival of the Wind Inc.	2 000
Development of Post-Compulsory Review Course of Study Resource Lists – Curriculum Council	72 000
Earth Science Consortium – Physics Department Curtin University	15 000
Leeming Senior High School Solar Car Project – Leeming Senior High School	40 000
TOTAL	<u>333 720</u>

#### 5 RESOURCES RECEIVED FREE OF CHARGE

The Trust has not received any administration resources received free of charge in this financial year. No advice has not been sought or provided from the State Solicitors Office in 2004/05. The previous year charges have been determined on the basis of the following estimates provided by agencies.

	<u>2004/05</u>	<u>2003/04</u>
	\$	\$
Office of the Auditor General		
External Audit Services	0	9 500
Ministry Of Justice		
State Solicitors Office	0	841
	<u>0</u>	<u>10 341</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>2004/05</u>	<u>2003/04</u>
	\$	\$
Cash Assets	10 377 834	10 019 569

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

	<u>2004/05</u>	<u>2003/04</u>
	\$	\$
Net Profit before Grants & Subsidies from Government	351 176	321 113
<b>Non Cash Items</b>		
Profit from Sale of Land Holdings	0	31 643
Depreciation	255	1 278
Resources received free of charge	0	10 341
<b>(Increase)/decrease in assets:</b>		
Increase in Trade Receivables	(16 022)	15 304
Increase in Other Current Assets	(2 714)	(5 774)
Decrease in GST Received in Advance	0	414
<b>Increase/(decrease) in liabilities:</b>		
Increase in Trade and Other Payables	39 865	135 558
Decrease in Other Current Liabilities	(14 295)	32 803
<b>Net cash provided by / (used in) operating activities</b>	<b>358 265</b>	<b>542 680</b>

## 7 OTHER ASSETS

Other current assets as at balance date is detailed as follows:

	<u>2004/05</u>	<u>2003/04</u>
	\$	\$
Land Rental	17 120	1 098
GST Receivable	96	0
Interest on Commonwealth Bank Account	46 168	43 550
	<u>63 384</u>	<u>44 648</u>

## 8 INVESTMENT PROPERTY

Land transactions in 2004/05 financial year were as follows:

Property	Value at 30/06/04	Acquisitions/ (Disposals)	Revaluation	Value at 30/06/05
	\$			\$
Fremantle	2 335 000	0	0	2 335 000
	<u>2 335 000</u>			<u>2 335 000</u>
Development Cost	14 142	0	0	14 142
	<u>2 349 142</u>	<u>0</u>	<u>0</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 \$1 870 000 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 PLANT AND EQUIPMENT

Office furniture and computer hardware transactions in 2004/05 financial year were as follows:

	<u>2004/05</u>	<u>2003/04</u>
	\$	\$
Office furniture		
At cost	2 548	2 548
Accumulated depreciation	<u>(1 677)</u>	<u>(1 423)</u>
	<u>871</u>	<u>1 125</u>
 Add computer hardware		
At cost	3 068	3 068
Accumulated depreciation	<u>(3 068)</u>	<u>(3 068)</u>
	<u>0</u>	<u>0</u>
	<u>871</u>	<u>1 125</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			
2004/05			
Carrying amount at start of year	1 125	0	1 125
Additions	0	0	0
Disposals	0	0	0
Depreciation	<u>(254)</u>	<u>0</u>	<u>(254)</u>
Carrying amount at end of year	<u>871</u>	<u>0</u>	<u>871</u>

## 10 PAYABLES

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

	<u>2004/05</u>	<u>2003/04</u>
	\$	\$
Administration	3 972	2 603
Land Expenses	720	3 180
GST Payable	0	3 764
Project Expenses	<u>439 360</u>	<u>394 639</u>
	<u>444 052</u>	<u>404 186</u>

## 11 OTHER CURRENT LIABILITIES

Current	<u>2004/05</u>	<u>2003/04</u>
	\$	\$
Accrued Salaries	39 362	20 854
Land Rents Received in Advance	0	32 803
	<u>39 362</u>	<u>53 657</u>

## 12 EQUITY

	<u>2004/05</u>	<u>2003/04</u>
	\$	\$
Contributed equity		
Opening balance	5 388 902	5 388 902
Closing balance	<u>5 388 902</u>	<u>5 388 902</u>
Reserves		
Asset revaluation reserve (1):		
Opening balance	5 724 500	5 499 500
Net revaluation increments:		
Land	0	225 000
Closing balance	<u>5 724 500</u>	<u>5 724 500</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(g).

Retained profits/(accumulated losses)		
Opening balance	843 239	511 785
Net profit	351 176	331 454
Closing balance	<u>1 194 415</u>	<u>843 239</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%.

	<u>2004/05</u>	<u>2004/05</u>	<u>Variance</u>
	Actual	Estimates	
	\$	\$	\$
Project Refunds	19 561	2 800	16 761
Project Expenses	333 720	500 000	166 280
Land Expenses	960	3 500	2 540
Administration Expenses	7 743	25 000	17 257
Employee Expenses	73 495	97 000	23 505

#### Project refunds

The variance is due to that 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 Trustees only approved grant applications totalling \$333,720 of the \$500 000 allocation.

#### Land Expenses

The variance is due to the expenditure being reduced in 04/05 as the Trust land holdings is now only one parcel of land.

#### Administration Expense

The variance is due to the reduction in the number of grants issued, which has reduced administration costs, advertising and printing costs and is combined with Administration Expenses being over estimated.

#### Employee Expenses

The variance is due to the salary cost for the R/Executive Officer being over estimated.

### **(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%.

	2004/05 Actual \$	2003/04 Actual \$	Variance \$
Project refunds	19 561	4 179	15 382
Proceeds from the sale of non current asset	0	101 818	101 818
Project Expenses	333 720	240 000	93 720
Land Expenses	960	3 190	2 230
Administration Expenses	7 743	23 991	16 248
Cost of disposal of non-current assets	0	133 461	133 461
Other expenses from ordinary activities	110	5 032	4 922

#### Project refunds

The variance is due to not knowing how many projects will not expend their total grant funding.

#### Proceeds from the sale of non current assets

The variance is due to the Trust selling land at Donnybrook, in 2003/04 and not selling any land in 2004/05.

#### Project Expenses

The variance is due to the amount allocated by the Trust for projects in 2004/05 not being fully utilised.

#### Land Expenses

The variance is due to this expense being reduced due to the Trust now having only one land holding.

#### Administration Expense

The variance is due to the expenditure being reduced along with a decline in the number of grants being administered, grant applications being reviewed in house, no advertising costs and no printing costs.

### **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:

	2004/05	2003/04
\$	\$	\$
0 – 10 000	3	3
The total remuneration of the members of the Accountable Authority is:	<u>0</u>	<u>369</u>

#### 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:

	2004/05	2003/04
\$		
0 – 10 000		1
30 000 – 40 000	1	
40 000 – 50 000	1	
50 000 – 60 000		1
The total remuneration of senior officers is:	<u>73 495</u>	<u>62 597</u>

### **15 EVENTS OCCURRING AFTER REPORTING DATE**

There are no events occurring after 30 June 2005, 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		
	Weighted Average Effective Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	More than 5 Years	Non- Interest Bearing	Total
2004/05	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash Assets	5.311	10 377 834					10 377 834
Other Assets						63 384	63 384
		10 377 834				63 384	10 441 218
Financial Liabilities							
						483 414	483 414
						483 414	483 414
2003/04							
Financial assets	5.017	10 019 569				44 648	10 064 217
Financial liabilities						457 843	457 843

### (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 REMUNERATION OF AUDITOR**

Remuneration to the Auditor General for the financial year is as follows:

	<u>2004/05</u>	<u>2003/04</u>
	\$	\$
Auditing the accounts, financial statements and performance indicators	12 500	9 500
	<u>12 500</u>	<u>9 500</u>

## **18 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS:**

In complying with AASB 1047 the Public Education Endowment Trust states that in adopting the AIFRS in respect of financial reports for period ending 30 June 2005, there has been no impact on the Trust's financial reporting.





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

#### **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 30 June 2005.

#### **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.


A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
9 September 2005

**CERTIFICATION OF PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2005**

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 2005.

  
\_\_\_\_\_  
ACTING CHAIRPERSON

  
\_\_\_\_\_  
TRUSTEE

31 August 2005

## **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.

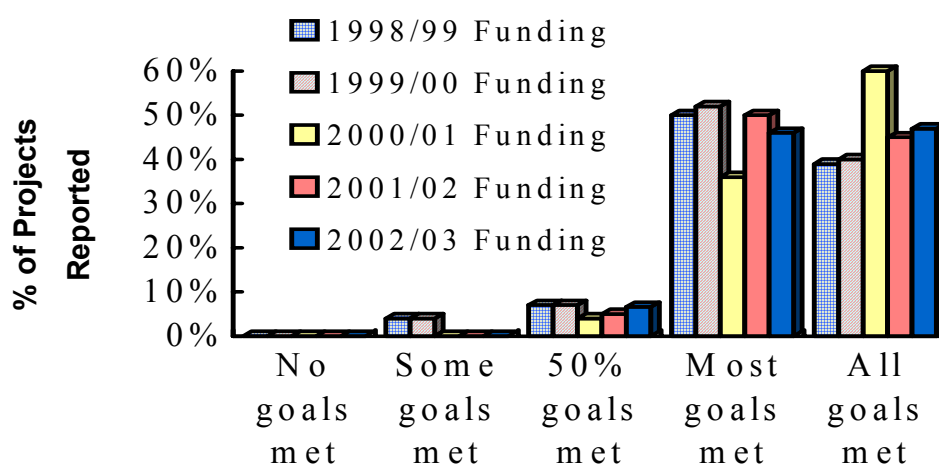
### **EFFECTIVENESS INDICATORS:**

In 2004/05 the Trust funded 8 grants, all of which have not been finalised by 30 June 2005. The effectiveness indicators for these projects will be reported in the 2006/07 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 educational institutions who generally operate the projects over one or two calendar years, rather than financial years. Accordingly, the effectiveness indicators reported in the 2004/05 financial year are for grants that were approved in November 2002. This is due to the one project approved in 2003/04 not being due to be completed until June 2006 and that none of the 8 projects approved in 2004/05 are completed at 30 June 2005.

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, 15 projects have now been finalised and 2 projects have yet to be 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 five years funding, 1998/99, 1999/00, 2000/01, 2001/02 and 2002/03.

**RESULTS OF PROJECTS MEETING THEIR GOALS**

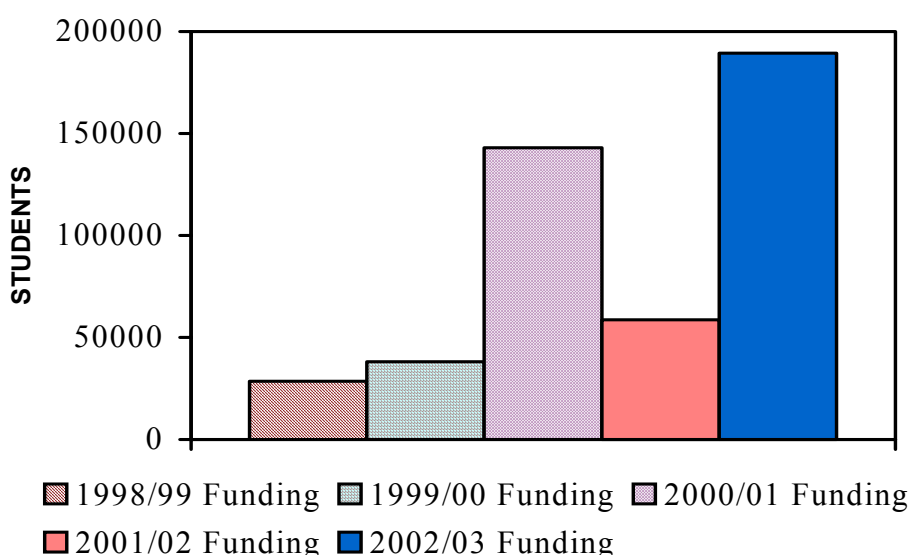


The data reported in “Results of Projects Meeting Their Goals” is obtained from surveys completed by applicants who receive project funding. The applicants are asked to set goals for a specific project and to state how they propose to achieve those goals. Once the goals have been set, they must then 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 2002/03 and finalised by the end of the 2004/05 financial year are reported in the bar graph below. The figures shown represent five years’ funding, that of 1998/99, 1999/00, 2000/01, 2001/02 and 2002/03.

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



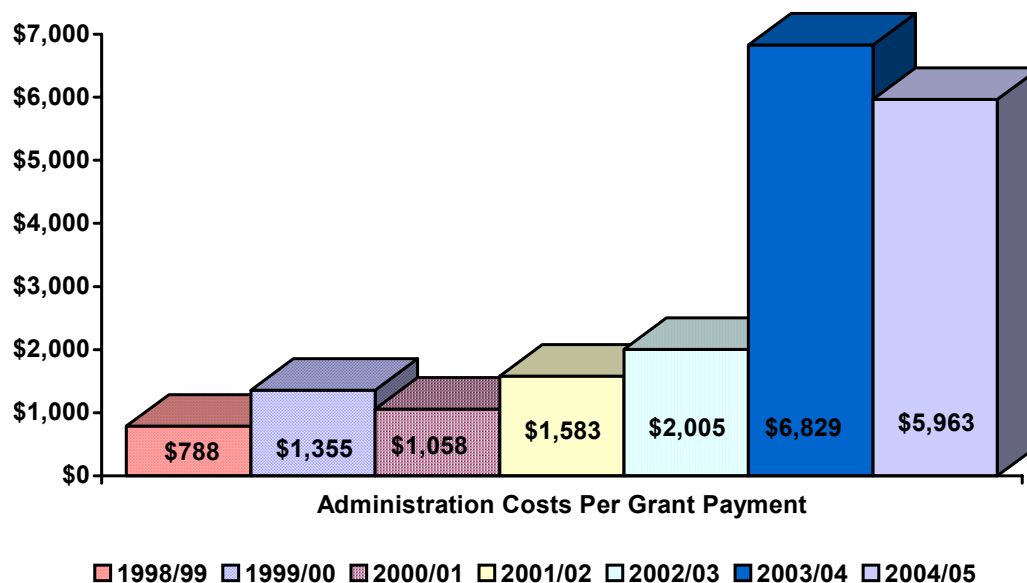
#### EFFICIENCY INDICATORS

##### SERVICE 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. The annual allocation has been increased as the Trustees have changed the asset base of the Trust by selling off landholdings which were not producing income and investing the proceeds. This decision has resulted in increasing the income of the Trust while still maintaining the asset base.

While in the past the Trust was funding many small grants to schools, with the increased allocation that has been available since 2002/03 financial year the Trustees have looked at funding fewer projects but ones that have more system wide benefit to school children of Western Australia. A consequence of this decision has been that there are fewer grant payments, which has been reflected by an increase in the efficiency indicator for 2003/04 and 2004/05 from previous years. In 2003/04 the Trust only funded one major project. In 2004/05 it was decided to again provide some funding to projects which will benefit schools directly. In 2004/05 the Trustees approved 8 grants, 2 major and 6 minor projects. The Trustees have agreed that the increase in the indicator is compensated by the positive effects of funding grants which will ultimately benefit more Western Australian school children.

### SERVICE TWO - INVESTMENTS

Funding is derived from Interest on Investments and Land Rents.

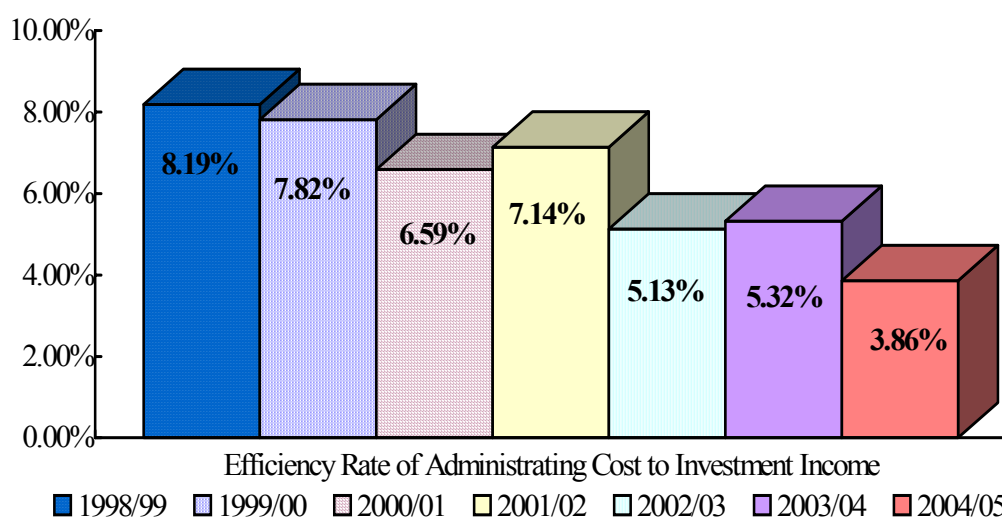
To measure this return as an efficiency indicator, a portion of administration costs have been allocated to administration of investment income that consists of land and investment accounts. The formula is set out below:

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

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 1998/99, 1999/00, 2000/01, 2001/02, 2002/03, 2003/04 and 2004/05 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 FINANCIAL PERFORMANCE

FOR YEAR ENDED 30 JUNE 2005

	Note	2005/06 Estimates \$	2004/05 Actuals \$
<b><u>REVENUES</u></b>			
<b>Revenues from Ordinary Activities</b>			
<i>Revenue from operating activities</i>			
Land Rents		52 500	209 620
Interest Revenue		540 000	538 278
Project Refunds		0	19 561
		<hr/>	<hr/>
<b>Total Revenue from Ordinary Activities</b>		592 500	767 459
		<hr/>	<hr/>
<b><u>EXPENSES</u></b>			
<b>Expenses from Ordinary Activities</b>			
Project Expenses		400 000	333 720
Land Expenses		500	960
Administration Expenses		5 400	7 743
Employee Expenses		40 000	73 495
Depreciation Expense		815	255
Other expenses from ordinary activities		5 000	110
		<hr/>	<hr/>
<b>Total Expenses from Ordinary Activities</b>		451 715	416 283
		<hr/>	<hr/>
<b>Profit from ordinary activities before grants and subsidies from State Government</b>		<b>140 715</b>	<b>351 176</b>
Resources received free of charge		400	0
		<hr/>	<hr/>
<b><u>NET PROFIT</u></b>		<b>141 185</b>	<b>351 176</b>
		<hr/>	<hr/>
Net Increase in Asset Revaluation Reserve.		0	0
		<hr/>	<hr/>
<b>Total revenues, expenses and valuation adjustments recognised directly in equity.</b>		<b>0</b>	<b>0</b>
		<hr/>	<hr/>
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners.</b>		<b>141 185</b>	<b>351 176</b>

# TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

## ESTIMATE OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Note	2005/06 Estimates \$	2004/05 Actuals \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents		10 476 343	10 377 834
Other current Assets	1	47 000	63 384
<b>Total Current Assets</b>		<b>10 523 343</b>	<b>10 441 218</b>
<b>Non Current Assets</b>			
Investment Property		2 349 142	2 349 142
Plant and Equipment	2	1 737	871
<b>Total Non Current Assets</b>		<b>2 350 879</b>	<b>2 350 013</b>
<b>Total Assets</b>		<b>12 874 222</b>	<b>12 791 231</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	3	405 220	444 052
Other Current Liabilities	4	20 000	39 362
<b>Total Current Liabilities</b>		<b>425 220</b>	<b>483 414</b>
<b>Total Liabilities</b>		<b>425 220</b>	<b>483 414</b>
<b>NET ASSETS</b>		<b>12 449 002</b>	<b>12 307 817</b>
<b>EQUITY</b>			
Contributed Equity		5 388 902	5 388 902
Reserves		5 724 500	5 724 500
Retained Earnings		1 335 600	1 194 415
<b>TOTAL EQUITY</b>		<b>12 449 002</b>	<b>12 307 817</b>



## 1 OTHER CURRENT ASSETS

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

	<u>2005/06</u> Estimates	<u>2004/05</u> Actuals
	\$	\$
Land Rental	0	17 120
GST Receivable	0	96
Interest on Commonwealth Bank Account	47 000	46 168
	<u>47 000</u>	<u>63 384</u>

## 2 PLANT AND EQUIPMENT

Office furniture and computer hardware transactions in 2005/06 financial year were as follows:

	<u>2005/06</u> Estimates	<u>2004/05</u> Actuals
	\$	\$
Office furniture		
At cost	2 548	2 548
Accumulated depreciation	<u>(1 932)</u>	<u>(1 677)</u>
	<u>616</u>	<u>871</u>
 Add computer hardware		
At cost	4 750	3 068
Accumulated depreciation	<u>(3 629)</u>	<u>(3 068)</u>
	<u>1 121</u>	<u>0</u>
	<u>1 737</u>	<u>871</u>

## 3 TRADE AND OTHER PAYABLES

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

	<u>2005/06</u> Estimates	<u>2004/05</u> Actuals
	\$	\$
Administration	4 000	3 972
Land Expenses	220	720
GST Payable	1 000	0
Project Expenses	400 000	439 360
	<u>405 220</u>	<u>444 052</u>

## 4 OTHER CURRENT LIABILITIES

Current	<u>2005/06</u> Estimates	<u>2004/05</u> Actuals
	\$	\$
Accrued Salaries	20 000	39 362
	<u>20 000</u>	<u>39 362</u>