

**TRUSTEES OF THE
PUBLIC EDUCATION ENDOWMENT**

ANNUAL REPORT 2006

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2006**

1 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.

2 LEGISLATION IMPACTING ON THE AUTHORITIES ACTIVITIES

In performance of its functions, the Public Education Endowment Trust complies with the following relevant written laws:

- Disability Services Act 1993;
- Equal Opportunity Act 1984;
- Financial Administration and Audit Act 1985;
- Freedom of Information Act 1979;
- Industrial Relations Act 1979;
- Minimum Conditions of Employment Act 1993;
- Occupational Safety and Health Act 1984;
- Public Sector Management Act 1994;
- Salaries and Allowances Act 1975;
- State Records Act 2000;
- State Supply Commission Act 1991; and
- Workplace Agreement Act 1993.

In the financial administration of the Public Education Endowment Trust, we have complied with the requirements of the Financial Administration and Audit Act 1985 and every other relevant written law, and exercised controls which provide reasonable assurance that the receipt and expenditure of monies and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

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

Responsible Minister

The Hon Ljiljanna Ravlich, BA(SocSc) DipEd DipEd(Admin) MLC, Minister for Education.

Mission

To support educational initiatives that will lead to long-term benefits for Western Australian school students.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2006**

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 term of one of the appointed Trustees will expire on 21 November 2006. The terms of other two appointed Trustees expire on 21 November 2008.

The membership of the Trust is:

Hon Ljiljanna Ravlich	Minister for Education (Chairperson)
Mr Paul Albert	Director-General, Department of Education (Deputy Chairperson)
Ms Norma Jeffery	Trustee
Mr Peter McCaffrey	Trustee
Mr Kevin O’Keefe	Trustee

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

20 October 2005
1 May 2006

5 OPERATIONS

(a) Land Sales

The Trustees did not sell any property during 2005/2006.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2006**

(b) Metropolitan Land

FREMANTLE - Reserve No.11384; Lots 1186-1192, 1197-1200, 1207-1208, 1213-1215, and 1725. BP Australia Ltd leased this property until 28 February 2006. The land is valued at \$2 335 000

6 TRUST INCOME

(a) Leasing of Trust Land

Income received from land leased at Fremantle amounted to \$140 380 for the period ending 30 June 2006. The income of \$140 380 was earned from 1 July 2005 to 28 February 2006 as the lessee vacated the property on 28 February 2006.

(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 \$564 414 for the period ending 30 June 2006.

(c) Utilisation of Trust Finance

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

7 PROJECTS

The Trustees supported eight of the grant applications received in 2006. The approved projects totalling \$409 307 are listed below:

	\$
Musical Instruments Loan Scheme – Department of Education and Training	160 000
Wongan Hills Community Education Partnership - Wongan Hills Community Education Partnership	47 000
Million Trees Program Resource Package – Men of the Trees	66 700
Gravity Discovery Centre Stage 2-3 Programs – Gravity Discovery Centre Foundation	73 500
Culturally and Linguistically Diverse Resource Collection – Swan Education Resource Centre	10 000
Multicultural Homework Support Program – The Gowrie WA Inc.	22 107
Asian Language Peer Tutoring – STAR Peer Tutoring Program	10 000
The Small Schools History Project – AISWA	20 000
TOTAL	<u>409 307</u>

8 LAND HOLDINGS

Freehold land vested in the Trust as at 30 June 2006 totals 3.0152 hectares and has a book value of \$2 335 000.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2006**

9 INTERNAL AUDIT

The scope of the audit conducted by Bentleys MRI 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 2006 financial year has been completed.

10 MAJOR PROJECTS AND FUNDING

In order to assist in supporting leading education initiatives, the Trustees have agreed in 2006 not to adopt any special funding priorities but instead to review each project on its merits.

The major project funded in this financial year was the Musical Instrument Loan Scheme, a School of Instrumental Music, Department of Education and Training. The goal of this project is to provide good, quality musical instruments for students of government schools. To upgrade the collection of musical instruments owned by the Department of Education and Training (managed through the School of Instrumental Music (SIM) and used by students in government schools) to a level that enables SIM to maintain a satisfactory instrument loan scheme.

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 ELECTORAL ACT 1907 SECTION 175ZE

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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2006**

COMPLIANCE WITH PUBLIC SECTOR MANAGEMENT ACT SECTION 31 (1)

1. In the administration of the Public Education Endowment Trust, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1. is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:	nil
Number of breaches found, including details of multiple breaches per application:	nil
Number still under review:	nil



NORMA JEFFERY
DEPUTY CHAIRPERSON

31 August 2006

Contact Details

Postal

Public Education Endowment Trust
151 Royal Street
EAST PERTH WA 6004

Electronic

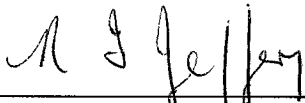
Internet: www.peet.wa.gov.au
Email: lutzr@peet.wa.gov.au
Telephone: 08 9264 5430
Facsimile: 08 9264 5431

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2006**

HON LJILJANNA RAVLICH
MINISTER FOR EDUCATION AND TRAINING

In accordance with Section 66 of the Financial Administration and Audit Act 1985, I hereby submit for your information and presentation to Parliament, the Annual Report of the Trustees of the Public Education Endowment for the year ended 30 June 2006.

The Annual Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act of 1985 and Section 14 of the Public Education Endowment Act 1909-81.



DEPUTY CHAIRPERSON



TRUSTEE

31 August 2006



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Trustees of the Public Education Endowment at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Trust 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
- (iii) the key effectiveness and efficiency performance indicators of the Trust are relevant and appropriate to help users assess the Trust's performance and fairly represent the indicated performance for the year ended 30 June 2006.

Scope

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements.

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

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

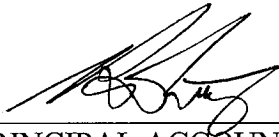
An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions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

D D R PEARSON
AUDITOR GENERAL
25 September 2006

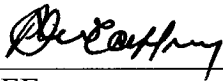
TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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 2006 and the financial position as at 30 June 2006.

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.



PRINCIPAL ACCOUNTING OFFICER



TRUSTEE



ACTING CHAIRPERSON

31 August 2006

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

INCOME STATEMENT

FOR YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
<u>INCOME</u>			
Revenue			
Land Rents		140 380	209 620
Interest Revenue	3	564 414	538 278
Project Refunds		408	19 561
Other Revenue			0
		<hr/>	<hr/>
Total Income		705 202	767 459
		<hr/>	<hr/>
<u>EXPENSES</u>			
Expenses			
Project Expenses	4	409 307	333 720
Land Expenses		15 355	960
Administration Expenses		23 212	7 743
Employee Expenses		79 149	73 495
Depreciation Expense		827	255
Other expenses		110	110
		<hr/>	<hr/>
Total Expenses		527 960	416 283
		<hr/>	<hr/>
		<hr/>	<hr/>
Profit/(loss) for the period		177 242	351 176
		<hr/>	<hr/>

The Income Statement should be read in conjunction with the accompanying notes.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	10 129 365	10 377 834
Other Assets	6	157 767	63 384
Total Current Assets		10 287 132	10 441 218
Non Current Assets			
Investment Property	7	2 349 142	2 349 142
Plant and Equipment	8	2 062	871
Total Non Current Assets		2 351 204	2 350 013
TOTAL ASSETS		12 638 336	12 791 231
LIABILITIES			
Current Liabilities			
Payables	9	113 006	444 052
Other Current Liabilities	10	40 271	39 362
Total Current Liabilities		153 277	483 414
Total Liabilities			483 414
NET ASSETS		12 485 059	12 307 817
EQUITY			
	11		
Contributed Equity		5 388 902	5 388 902
Reserves		5 724 500	5 724 500
Retained Earnings		1 371 657	1 194 415
TOTAL EQUITY		12 485 059	12 307 817

The Balance Sheet should be read in conjunction with the accompanying notes.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Balance of equity at start of period		<u>12 307 817</u>	<u>11 956 641</u>
CONTRIBUTED EQUITY			
Balance at start of period	11	5 388 902	5 388 902
Capital contribution		-	-
Other contributions by owners		-	-
Distributions to owners		-	-
Balance at end of period		<u>5 388 902</u>	<u>5 388 902</u>
RESERVES			
Asset Revaluation Reserve			
Balance at start of period	11	5 724 500	5 724 500
Net adjustment on transition to AIFRS		-	-
Changes in accounting policy or correction of prior period errors		-	-
Restated balance at start of period		<u>5 724 500</u>	<u>5 724 500</u>
Gains/(losses) from asset revaluation		-	-
Balance at end of period		<u>5 724 500</u>	<u>5 724 500</u>
RETAINED EARNINGS			
Balance at start of period	11	1 194 415	843 239
Net adjustment on transition to AIFRS		-	-
Changes in accounting policy or correction of prior period errors		-	-
Restated balance at start of period		<u>1 194 415</u>	<u>843 239</u>
Surplus/(deficit) or profit/(loss) for the period	11	177 242	351 176
Gain/(losses) recognised directly in equity		-	-
Dividends		-	-
Balance at end of period		<u>1 371 657</u>	<u>1 194 415</u>
Balance of equity at end of period		<u>12 485 059</u>	<u>12 307 817</u>
Total income and expense for the period		<u>177 242</u>	<u>351 176</u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Rent Received		157 500	160 795
Interest Received		470 128	535 660
Project Refunds		408	6 506
GST Receipts		15 750	16 079
GST Received from Taxation Authority		52 951	0
Payments			
Administration		(25 574)	(6 459)
Employee costs		(78 240)	(54 987)
Land Expenses		(14 492)	(3 420)
Project Expenses		(738 854)	(275 860)
Supplies and services		(110)	(110)
GST Payments on Purchases		(85 918)	(34 069)
GST Payments to Taxation Authority		0	14 130
Net Cash provided by/ (used in) Operating Activities	5(b)	(246 451)	358 265
CASH FLOWS FROM INVESTING ACTIVITIES			
Development Costs		0	0
Purchase of non-current Physical Asset		(2 018)	0
Proceeds from the Sale of Property		0	0
Net Cash provided by/ (used in) Investing Activities		(2 018)	0
Net increase/(decrease) in cash and cash equivalents		(248 469)	358 265
Cash and cash equivalents at the beginning of the period		10 377 834	10 019 569
CASH AND CASH EQUIVALENT ASSETS AT THE END OF THE PERIOD	5(a)	10 129 365	10 377 834

The Cash Flow Statement 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 2006**

1 FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

General

This is the Authority's first published financial statements prepared under the Australian equivalents to International Reporting Standards (AIFRS).

Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of the Authority had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issues Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction 1101 'Application of Australian Accounting Standards and 'Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information has been prepared under the AIFRS basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

The financial statements constitute a general purpose financial report, which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

(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.

Land is not depreciated. Depreciation on other assets is as follows. 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 Income Statement 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 Income Statement.

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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

(g) Revaluation of Land

The Trust has a policy of valuing land and buildings at fair value. The Trust properties are generally 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. As remediation of the land was continuing in 2006 the land will be revalued in the 2006/07 financial year.

(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 fair value. 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 or for nominal cost that 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 Cash Flow Statement, cash includes cash assets

(m) Accrued Salaries

Accrued salaries (refer note 10) 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.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

3 INTEREST REVENUE

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

	<u>2006</u>	<u>2005</u>
	\$	\$
Commonwealth Bank Account	564 414	538 278

4 PROJECT EXPENSES

Trust expenditure on project grants totalled \$409 307 for 2006. The projects approved are shown below:

	\$
Musical Instruments Loan Scheme – Department of Education and Training	160 000
Wongan Hills Community Education Partnership - Wongan Hills Community Education Partnership	47 000
Million Trees Program Resource Package – Men of the Trees	66 700
Gravity Discovery Centre Stage 2-3 Programs – Gravity Discovery Centre Foundation	73 500
Culturally and Linguistically Diverse Resource Collection – Swan Education Resource Centre	10 000
Multicultural Homework Support Program – The Gowrie WA Inc.	22 107
Asian Language Peer Tutoring – STAR Peer Tutoring Program	10 000
The Small Schools History Project – AISWA	20 000
TOTAL	<u>409 307</u>

5 NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	<u>2006</u>	<u>2005</u>
	\$	\$
Cash and Cash Equivalent	10 129 365	10 377 834

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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

	<u>2006</u> \$	<u>2005</u> \$
Net Profit before Grants & Subsidies from Government	177 242	351 176
Non Cash Items		
Profit from Sale of Land Holdings	0	0
Depreciation	827	255
Resources received free of charge	0	0
(Increase)/decrease in assets:		
Decrease in Trade Receivables	17 120	(16 022)
Increase in Other Current Assets	(111 503)	(2 714)
Decrease in GST Received in Advance	0	0
Increase/(decrease) in liabilities:		
Decrease in Trade and Other Payables	(331 046)	39 865
Increase in Other Current Liabilities	909	(14 295)
Net cash provided by / (used in) operating activities	<u><u>(246 451)</u></u>	<u><u>358 265</u></u>

6 OTHER ASSETS

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

	<u>2006</u> \$	<u>2005</u> \$
Land Rental	0	17 120
GST Receivable	17 313	96
Interest on Commonwealth Bank Account	140 454	46 168
	<u>157 767</u>	<u>63 384</u>

7 INVESTMENT PROPERTY

Land transactions in 2006 financial year were as follows:

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

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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 \$2 240 000 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.

8 PLANT AND EQUIPMENT

	<u>2006</u>	<u>2005</u>
	\$	\$
Office furniture		
At cost	2 884	2 548
Accumulated depreciation	(1 943)	(1 677)
	<u>941</u>	<u>871</u>
 Add computer hardware		
At cost	1 682	3 068
Accumulated depreciation	(561)	(3 068)
	<u>1 121</u>	<u>0</u>
	<u>941</u>	<u>871</u>
	<u>2 062</u>	<u>871</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			
2006			
Carrying amount at start of year	871	0	871
Additions	336	1 682	2018
Disposals	0	0	0
Depreciation	(266)	(561)	(827)
Carrying amount at end of year	<u>941</u>	<u>1 121</u>	<u>2 062</u>

9 PAYABLES

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

	<u>2006</u>	<u>2005</u>
	\$	\$
Administration	1 609	3 972
Land Expenses	1 584	720
GST Payable	0	0
Project Expenses	109 813	439 360
	<u>113 006</u>	<u>444 052</u>

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

10 OTHER CURRENT LIABILITIES

	<u>2006</u>	<u>2005</u>
	\$	\$
Accrued Salaries	40 271	39 362
	<u>40 271</u>	<u>39 362</u>

11 EQUITY

	<u>2006</u>	<u>2005</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	5 724 500
Net revaluation increments:		
Land	0	0
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	1 194 415	843 239
Net profit	177 242	351 176
Closing balance	<u>1 371 657</u>	<u>1 194 415</u>

12 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%.

	2006 Actual \$	2006 Estimates \$	Variance \$
Land Rents	140 380	52 500	87 800
Project Refunds	408	0	408
Land Expenses	15 355	500	14 855
Administration Expenses	23 212	5 400	17 812
Employee Expenses	79 149	40 000	39 149
Other expenses from ordinary activities	110	5 000	4 890

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Land Rents

The variance is due to the tenant continuing to occupy the site beyond the expiry date of the rental agreement. The rent was estimated to the date of the cessation of the lease.

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.

Land Expenses

The variance is due to the expenditure being increased in 05/06 as the Trust employed an environmental auditor to investigate the remediation of the Fremantle site. This was not foreseen at the time of preparation of the estimates.

Administration Expense

The variance is due to the additional cost of auditing fees combined with the cost of the Trust engaging an accounting firm to develop and produce a new accounting manual not being included in the estimates.

Employee Expenses

The variance is due to the Executive Officer taking unforeseen personal paid leave and requiring the Trust to fund the additional cost of an officer to relieve in the position.

Other Expenses from ordinary activities

The variance is due to the cost of the production of the new accounting manual being estimated in Other Expenses in the Estimates and not expended in this area.

(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%.

	2006 Actual \$	2005 Actual \$	Variance \$
Land Rents	140 380	209 620	69 240
Project refunds	408	19 561	19 153
Project Expenses	409 307	333 720	75 587
Land Expenses	15 355	960	14 395
Administration Expenses	23 212	7 743	15 469
Depreciation Expenses	827	255	572

Land Rents

The variance is due to the tenant vacating the site during this financial year resulting in the Trust receiving a reduced amount of rent than the previous year.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Project Refunds

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

Project Expenses

The variance is due to the amount allocated by the Trust for projects in 2005 not being fully utilised.

Land Expenses

The variance is due to the Trust employing an environmental auditor to assess the remediation of the Fremantle site.

Administration Expenses

The variance is due to the additional expenses of auditing costs and the preparation of the new Accounting Manual.

Depreciation Expenses

The variance is due to the purchase of furniture and equipment thus incurring additional depreciation expense.

13 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS

Remuneration of Members of the Accountable Authority

None of the members of the Accountable Authority received any remuneration in this financial year.

	2006	2005
\$	\$	\$
0 – 10 000	3	3
The total remuneration of the members of the Accountable Authority is:	0	0

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:

\$	2006	2005
0 – 30 000	1	
30 001 – 40 000		1
40 001 – 50 000		1
50 001 – 70 000	1	
The total remuneration of senior officers is:	79 149	73 495

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

14 EVENTS OCCURRING AFTER REPORTING DATE

There are no events occurring after 30 June 2006, which would materially impact these financial statements.

15 FINANCIAL INSTRUMENTS

15 (a) INTEREST RATE RISK EXPOSURE

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

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Maturity Less than 1 Year	Interest 1 to 5 Years	Rate More than 5 Years	Non- Interest Bearing	Total
2006	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash Assets	5.459	10 129 365					10 377 834
Other Assets						157 767	157 767
		10 129 365				157 767	10 287 132
Financial Liabilities							
						153 277	153 277
						153 277	153 277
2005							
Financial assets	5.311	10 377 834				63 384	10 441 218
Financial liabilities						483 414	483 414

(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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

16 REMUNERATION OF AUDITOR

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

	<u>2006</u>	<u>2005</u>
	\$	\$
Auditing the accounts, financial statements and performance indicators	13 400	12 500
	<u>13 400</u>	<u>12 500</u>

**17 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 2006, there has been no impact on the Trust's financial reporting.

18 CONTINGENT LIABILITIES

In addition to the liabilities included in the financial statements, there is the following contingent liability:

CONTAMINATION OF SITE – FUEL BUNKERING TERMINAL, FREMANTLE

The Trust's environmental consultants have confirmed that despite remediation performed by BP Australia they still have concerns that some contamination may still exist on the Fremantle site. Further investigations are continuing and until the outcome of these investigations is known the Trust is unable to reliably estimate any potential financial impact.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006

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.

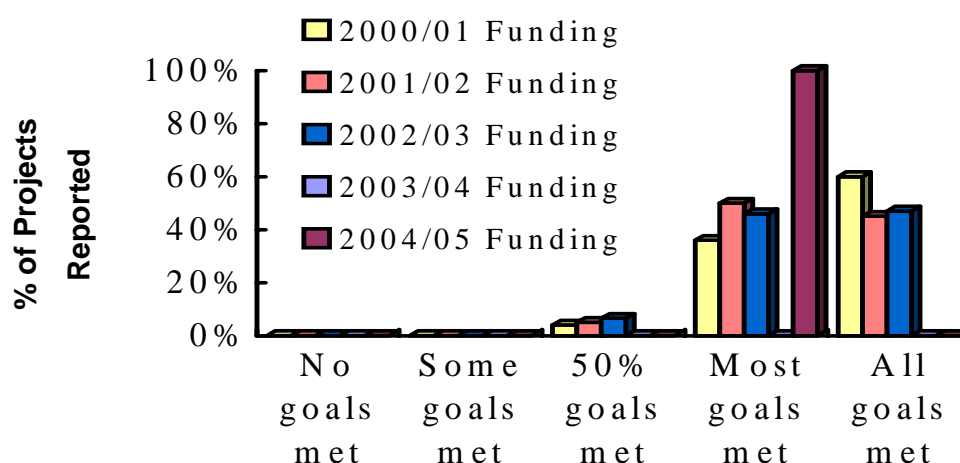
EFFECTIVENESS INDICATORS:

In 2006 the Trust funded 8 grants, all of which have not been finalised by 30 June 2006. 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 2006 financial year are for grants that were approved in July 2005. This is due to projects approved in 2006 not being due to be completed until June 2007 and that two of the eight projects approved in 2005 are completed at 30 June 2006.

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, 16 projects have now been finalised and 1 project has 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, 2000/01, 2001/02, 2002/03, 2003/04 and 2005.

RESULTS OF PROJECTS MEETING THEIR GOALS



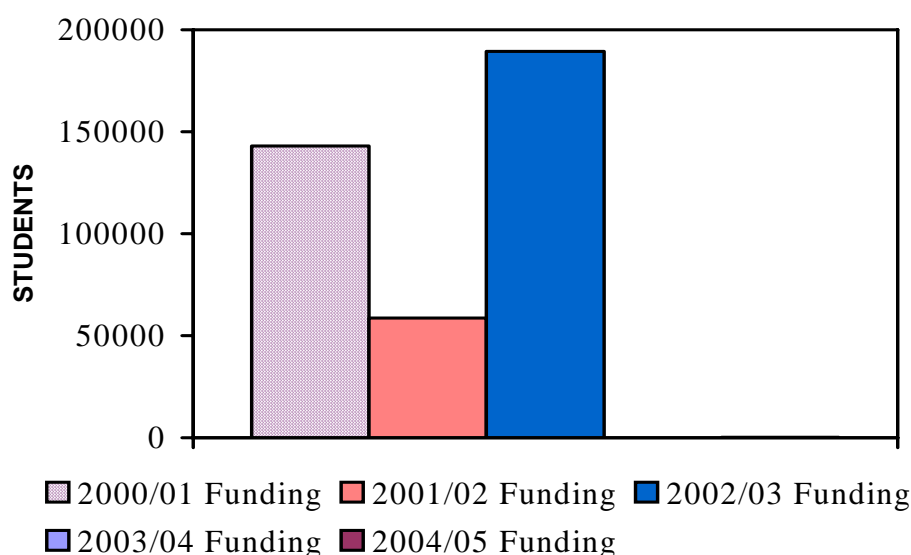
TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006

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 on the graph 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 2005 financial year are reported in the bar graph below. The figures shown represent five years funding, that of 2000/01, 2001/02, 2002/03 2003/04 and 2005.

NUMBER OF STUDENTS TO BENEFIT FROM PEET GRANTS



EFFICIENCY INDICATORS

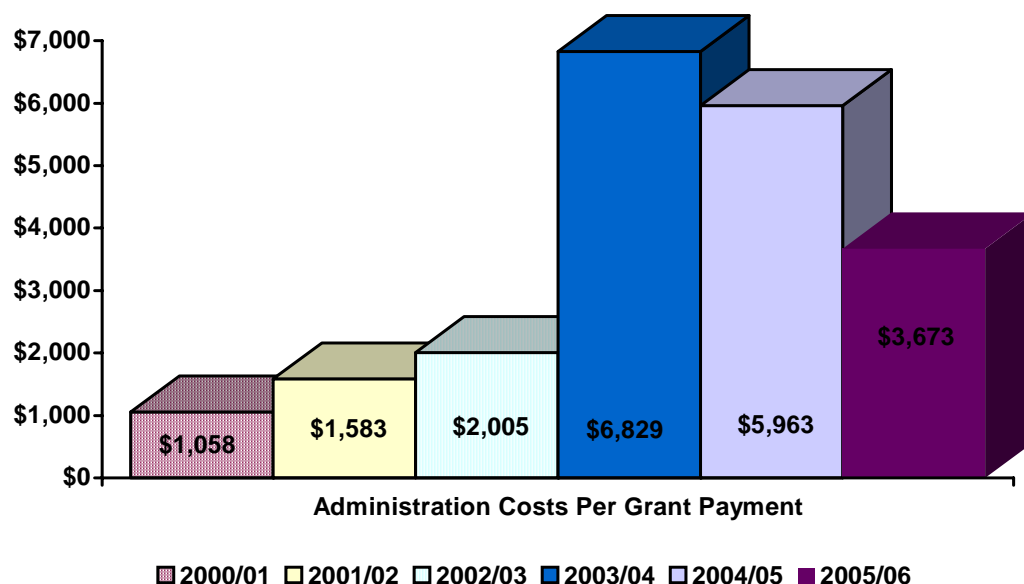
SERVICE ONE - GRANTS

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

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

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006

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. This has been done 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 2005 from previous years. In 2003/04 the Trust only funded one major project. In 2005 it was decided to again provide some funding to projects which will benefit schools directly. In 2005 the Trustees approved 8 grants, 2 major and 6 minor projects. Again in 2006 the Trustees approved eight grants, one major and seven 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.

OUTPUT ONE - GRANTS

QUANTITY

Number of Grant Payments.

	Estimates	2006 Actual	Target	2005 Actual
Number of Grant Payments	10	21	10	9

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006**

QUALITY

Percentage of projects that met most goals

	Estimates	2006 Actual	Target	2005 Actual
Percentage of projects that met most goals	92%	100%	100%	93%

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. Eight grants were made in the year ended 30 June 2006, the above data is for grants made in the period ended 30 June 2006. At the 30 June 2006, of the 17 projects funded, 16 have been completed and are reported in the above figure. The 2006 grant is not due for completion until at least June 2007.

TIMELINESS

Percentage of projects completed by the target date.

	Estimates	2006 Actual	Target	2005 Actual
Percentage of projects completed by target date.	100%	15%	100%	15%

The above data is for the 2001/02, 2002/03, 2003/04 and 2005 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)

	Estimates \$	2006 Actual \$	Target \$	2005 Actual \$
Cost per Grant Payment	7,000	3,673	11,770	5,963

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:

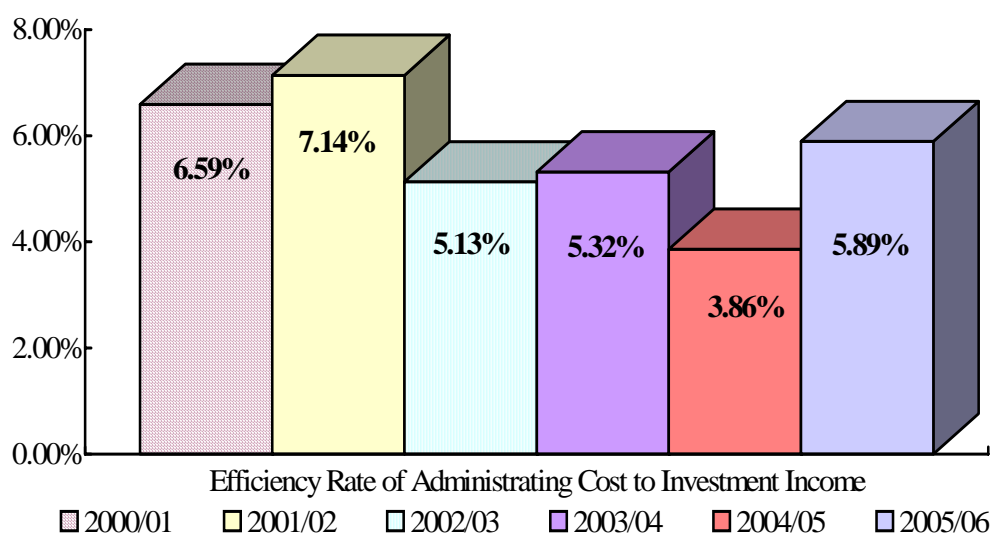
$$\frac{\text{Total costs of administering investment income}}{\text{Investment Incomes}} \times \frac{100}{1}$$

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006**

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 2005 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. In 2006 the long term tenant of the Trust's last parcel of land vacated the site in February 2006. Therefore the Trust has not received a full year of rent, this is reflected in the increase in the Efficiency Indicator.

OUTPUT TWO – INVESTMENTS

QUANTITY

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

	Estimates \$	2006 Actual \$	Target \$	2005 Actual \$
Investment Income	723,553	704,794	700,000	747,898

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006

Investment income has met the Target but not the Estimate as rental income decreased this financial year due to the lease being terminated at the end of February 2006 therefore not providing the Trust with a full year of rental income.

QUALITY

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

	Estimates	2006 Actual	Target	2005 Actual
Percentage return on Assets	5.00%	5.89%	5.00%	3.86%

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.

	Estimates \$	2006 Actual \$	Target \$	2005 Actual \$
Funds available for grants	400,000	586 141	400,000	665 325
Grant Funding approved	400,000	409 307	400,000	333 720

COST

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

	Estimates	2006 Actual	Target	2005 Actual
Percentage Ratio of Administration Cost to Investment Income	5.00%	5.89%	5.00%	3.86%

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
CERTIFICATION OF PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006

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 2006.



ACTING CHAIRPERSON



TRUSTEE

31 August 2006

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

ESTIMATE OF FINANCIAL PERFORMANCE

FOR YEAR ENDED 30 JUNE 2006

	Note	2006 Estimates \$	2005 Actuals \$
<u>REVENUES</u>			
Revenues from Ordinary Activities			
<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/>
Total Revenue from Ordinary Activities		592 500	767 459
		<hr/>	<hr/>
<u>EXPENSES</u>			
Expenses from Ordinary Activities			
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/>
Total Expenses from Ordinary Activities		451 715	416 283
		<hr/>	<hr/>
Profit from ordinary activities before grants and subsidies from State Government		140 715	351 176
Resources received free of charge		400	0
		<hr/>	<hr/>
<u>NET PROFIT</u>		141 185	351 176
		<hr/>	<hr/>
Net Increase in Asset Revaluation Reserve.		0	0
		<hr/>	<hr/>
Total revenues, expenses and valuation adjustments recognised directly in equity.		0	0
		<hr/>	<hr/>
Total changes in equity other than those resulting from transactions with WA State Government as owners.		141 185	351 176

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

ESTIMATE OF FINANCIAL POSITION

AS AT 30 JUNE 2006

	Note	2006 Estimates \$	2005 Actuals \$
ASSETS			
Current Assets			
Cash and Cash Equivalents		10 476 343	10 377 834
Other current Assets	1	47 000	63 384
Total Current Assets		10 523 343	10 441 218
Non Current Assets			
Investment Property		2 349 142	2 349 142
Plant and Equipment	2	1 737	871
Total Non Current Assets		2 350 879	2 350 013
Total Assets		12 874 222	12 791 231
LIABILITIES			
Current Liabilities			
Trade and Other Payables	3	405 220	444 052
Other Current Liabilities	4	20 000	39 362
Total Current Liabilities		425 220	483 414
Total Liabilities		425 220	483 414
NET ASSETS		12 449 002	12 307 817
EQUITY			
Contributed Equity		5 388 902	5 388 902
Reserves		5 724 500	5 724 500
Retained Earnings		1 335 600	1 194 415
TOTAL EQUITY		12 449 002	12 307 817

1 OTHER CURRENT ASSETS

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

	<u>2006</u> Estimates	<u>2005</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 2006 financial year were as follows:

	<u>2006</u> Estimates	<u>2005</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>2006</u> Estimates	<u>2005</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>2006</u> Estimates	<u>2005</u> Actuals
	\$	\$
Accrued Salaries	20 000	39 362
	<u>20 000</u>	<u>39 362</u>