

**TRUSTEES OF THE
PUBLIC EDUCATION ENDOWMENT**

**2007
ANNUAL REPORT**

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2007**

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:

- Auditor General Act 2006;
- Contaminated Sites Act 2003
- Disability Services Act 1993
- Equal Opportunity Act 1984;
- Financial Management Act 2006;
- Freedom of Information Act 1992;
- 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; and
- State Supply Commission Act 1991.

In the financial administration of the Public Education Endowment Trust, we have complied with the requirements of the Financial Management Act 2006 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 Mark McGowan MLA, Minister for Education and Training, South West.

Mission

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

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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 two Trustees expire on 21 November 2008 and the other Trustee's term will expire on 21 November 2009.

The membership of the Trust is:

Hon Mark McGowan	Minister for Education and Training (Chairperson)
Ms Sharyn O'Neill	Director-General, Department of Education (Deputy Chairperson)
Ms Norma Jeffery	Trustee
Mr Peter McCaffrey	Trustee
Mr Kevin O'Keefe	Trustee

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

1 August 2006
21 September 2006
24 October 2006
27 February 2007
1 May 2007
19 June 2007

5 OPERATIONS

(a) Land Sales

The Trustees did not sell any property during 2007.

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(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 has been re-valued on 16 May 2007 and is now valued at \$12 250 000.

6 TRUST INCOME

(a) Leasing of Trust Land

The Trust did not receive any income from the Fremantle land for the period ending 30 June 2007. 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 \$620 756 for the period ending 30 June 2007.

(c) Utilisation of Trust Finance

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

7 PROJECTS

The Trustees supported seven of the grant applications received in 2007. The approved projects totalling \$410 610 are listed below:

	\$
Establishment of the Education and Training Foundation of Western Australia – Department of Education and Training	188 000
Dandjoo Knowledge Network – Community Development Foundation	75 000
Curriculum Development for the Woodside Guide Dog Discovery Centre – The Association for the Blind of Western Australia	36 000
Youth Literature Days in Regional WA – Fremantle Children's Literature Centre	20 000
Wongan Hills Community Education Partnership – Training and Retaining	32 500
Leeming Senior High School 2007 Solar Car Project	48 000
Lead on Inclusion – Therapy Focus	11 110
TOTAL	<u>410 610</u>

8 LAND HOLDINGS

Freehold land vested in the Trust as at 30 June 2007 totals 3.0152 hectares and has a book value of \$12 250 000.

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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 Financial Management Act 2006 (FMA).
- 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 2007 financial year has not 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 Establishment of the Education and Training Foundation of Western Australia – Department of Education and Training. The objective of this project is to investigate the feasibility of establishing a foundation to provide an avenue through which individuals, community groups and organisations can financially contribute and support specific programs and activities that deliver tangible and sustainable outcomes for students in Western Australian government Schools.

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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2007**

HON MARK MC GOWAN
MINISTER FOR EDUCATION AND TRAINING

In accordance with Section 66 of the Financial Management Act 2006, 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 2007.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006 and Section 14 of the Public Education Endowment Act 1909-81.



Norma Jeffery
A/Chairperson
Public Education Endowment Trust
31 August 2007



Peter McCaffrey
Trustee
Public Education Endowment Trust
31 August 2007

Contact Details

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AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the Trustees of the Public Education Endowment.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Trustees' Responsibility for the Financial Statements and Key Performance Indicators

The Trustees are responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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 key 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 key performance indicators.

Trustees of the Public Education Endowment
Financial Statements and Key Performance Indicators for the year ended 30 June 2007

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 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Trust provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key 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 2007.



COLIN MURPHY
AUDITOR GENERAL
17 September 2007


TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

The accompanying financial statements of the Trustees of the Public Education Endowment have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

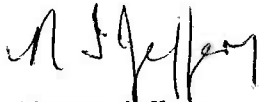
At the date of signing we are not aware of any circumstances, which would render any particulars included in the financial statements misleading or inaccurate.



Roslyn Lutz
Chief Finance Officer
Public Education Endowment Trust
31 August 2007



Peter McCaffrey
Trustee
Public Education Endowment Trust
31 August 2007



Norma Jeffery
A/Chairperson
Public Education Endowment Trust
31 August 2007

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

INCOME STATEMENT

FOR YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
<u>INCOME</u>			
Revenue			
Land Rents		0	140 380
Interest Revenue	4	620 756	564 414
Project Refunds		14 695	408
Other Income	8	9 915 000	0
Total Income		10 550 451	705 202
<u>EXPENSES</u>			
Expenses			
Project Expenses	5	410 610	409 307
Land Expenses		37 174	15 355
Administration Expenses		34 245	23 212
Employee Expenses		60 974	79 149
Depreciation Expense		1 059	827
Other Expenses		4 145	110
Total Expenses		548 207	527 960
Profit for the period		10 002 244	177 242

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 2007

	Note	2007 \$	2006 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	10 323 174	10 129 365
Interest on Commonwealth Bank Account		159 109	140 454
Other Assets	7	7 238	17 313
Total Current Assets		10 489 521	10 287 132
Non Current Assets			
Investment Property	8	12 265 905	2 349 142
Plant and Equipment	9	1 633	2 062
Total Non Current Assets		12 267 538	2 351 204
TOTAL ASSETS		22 757 059	12 638 336
LIABILITIES			
Current Liabilities			
Project Expenses		239 750	109 813
Payables	10	18 117	3 193
Other Liabilities	11	11 889	40 271
Total Current Liabilities		269 756	153 277
Total Liabilities		269 756	153 277
NET ASSETS		22 487 303	12 485 059
EQUITY			
	12		
Contributed Equity		5 388 902	5 388 902
Reserves		5 724 500	5 724 500
Retained Earnings		11 373 901	1 371 657
TOTAL EQUITY		22 487 303	12 485 059

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 2007

	Note	2007 \$	2006 \$
Balance of equity at start of period		<u>12 485 059</u>	<u>12 307 817</u>
CONTRIBUTED EQUITY			
Balance at start of period	12	<u>5 388 902</u>	<u>5 388 902</u>
Balance at end of period		<u>5 388 902</u>	<u>5 388 902</u>
RESERVES			
Asset Revaluation Reserve			
Balance at start of period	12	<u>5 724 500</u>	<u>5 724 500</u>
Balance at end of period		<u>5 724 500</u>	<u>5 724 500</u>
RETAINED EARNINGS			
Balance at start of period	12	<u>1 371 657</u>	<u>1 194 415</u>
Profit for the period	12	<u>10 002 244</u>	<u>177 242</u>
Balance at end of period		<u>11 373 901</u>	<u>1 371 657</u>
Balance of equity at end of period (a)		<u>22 487 303</u>	<u>12 485 059</u>
Total income and expense for the period		<u>10 002 244</u>	<u>177 242</u>

- (a) The aggregate net amount attributable to each category of equity is: profit \$10 002 244 (2006: profit \$177 242).

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 2007

	Note	2007 \$	2006 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Rent Received		0	157 500
Interest Received		602 100	470 128
Project Refunds		6 185	408
GST Receipts		270	15 750
GST Received from Taxation Authority		52 111	52 951
Payments			
Administration		(20 338)	(25 574)
Employee benefits		(89 356)	(78 240)
Land Expenses		(36 157)	(14 492)
Project Expenses		(272 163)	(738 854)
Supplies and services		(4 145)	(110)
GST Payments on Purchases		(42 305)	(85 918)
GST Payments to Taxation Authority		0	0
Net Cash provided by/(used in) Operating Activities	6(b)	196 202	(246 451)
CASH FLOWS FROM INVESTING ACTIVITIES			
Development Costs		(1 763)	0
Purchase of non-current Physical Asset		(630)	(2 018)
Proceeds from the Sale of Property		0	0
Net Cash used in Investing Activities		(2 393)	(2 018)
Net increase/(decrease) in cash and cash equivalents		193 809	(248 469)
Cash and cash equivalents at the beginning of the period		10 129 365	10 377 834
CASH AND CASH EQUIVALENT ASSETS AT THE END OF THE PERIOD	6(a)	10 323 174	10 129 365

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 2007**

1 AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

General

The Public Education Endowment Trust's financial statements for the year ended 30 June 2007 have been prepared in accordance with the Australian equivalents to International Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Public Education Endowment Trust has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Public Education Endowment Trust cannot adopt an Australian Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and early Interpretations that have been issued or amended but are not yet effective have been adopted by the Trust for the annual reporting period ended 30 June 2007.

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 Management 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.

(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.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
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(c) Reporting Entity

The reporting entity comprises of the Trust only.

(d) Income

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of Goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

Interest

Revenue is recognised as the interest accrues.

(e) Property, Plant and Equipment

Capitalisation/Expensing of assets

Items of property, plant and equipment costing \$300 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$300 are expensed direct to the Income Statement.

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement

The Trust has a policy of valuing land 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 May 2007 by independent valuers, McGees Property.

Independent valuations of land is provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

Depreciation

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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
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(f) 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.

(g) 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.

(h) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Trust will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(i) Investment Property

Investment property, principally comprising freehold land, is held for long term rental yields and is not occupied by the Trust. Investment property is carried at fair value, as mandated by TI 954, representing open market value determined annually by external valuers. Changes in fair value are recorded in the Income Statement as part of other income.

(j) Payables

Payables, including accruals not yet billed, are recognised when the Public Education Endowment Trust becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they 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 and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(m) Accrued Salaries

Accrued salaries (refer note 11 'Other Liabilities') 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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
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(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.

(p) Financial Instruments

The Trust has two categories of financial instrument.

- Receivables (includes cash and cash equivalents, receivables; and
- Non-trading financial liabilities (payables).

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or that face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(q) Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

3 DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

Initial application of an Australian Accounting Standard

The Trustees has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006.

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendments deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contract' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Trustees does not currently undertake these type of transactions, resulting in no financial impact in applying the Standard.
2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. This Interpretation deals with arrangements that comprise a transaction or a series linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, the Trustees have not entered into any arrangements as specified in the Interpretations, resulting in no impact in applying the Interpretation.
3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as derivative in certain

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circumstances. At balance sheet date, the Trustees have not entered into any contracts as specified in the Interpretation, resulting to no impact in applying the interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to the Public Education Endowment Trust as they have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

2005-1	'Amendments to Australian Accounting Standard' (AASB 139 – Cash flow hedge accounting of forecast intragroup transactions)
2005-5	'Amendments to Australian Accounting Standard (AASB 1 & AASB 139)'
2006-1	'Amendments to Australian Accounting Standard (AASB 121)'
2006-3	'Amendments to Australian Accounting Standard (AASB 1045)'
2006-4	'Amendments to Australian Accounting Standard (AASB 134)'
2007-2	'Amendments to Australian Accounting Standard arising from AASB Interpretation 12 (AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139)'
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
UIG 6	'Liabilities arising from Participation in a Specific Market – Waste Electrical and Electronic Equipment'
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
UIG 8	'Scope of AASB 2'

Future impact of Australian Accounting Standards not yet operative

The Trustees cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Trustees have not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Authority's exposure to risks, enhanced disclosure regarding components of the Authority's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Authority does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
2. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
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requirements in these standards. The Authority does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Authority is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
5. AASB 2007-5 'Amendment to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Authority does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
6. AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116, AASB 138 and Interpretation 1 & 12]. The amendments principally remove reference to expensing borrowing costs on qualifying assets as AASB 123 was revised to require such borrowing costs to be capitalised. This standard was issued on 14 June 2007 and applies to annual reporting periods beginning on or after 1 January 2009.
7. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Authority has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.
8. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Authority if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

9. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Public Education Endowment Trust as they have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
AASB 2007-7	AASB 2007-7 'Amendments to Australian Accounting Standard [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]'. This standard was issued on 28 June 2007 and applied to annual reporting periods beginning on or after 1 July 2007.
Interpretation 10	'Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'

Changes in Accounting Estimates

There were no changes in accounting estimates that will have an effect on the current reporting period.

4 INTEREST REVENUE

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

	<u>2007</u>	<u>2006</u>
	\$	\$
Commonwealth Bank Account	620 756	564 414

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

5 PROJECT EXPENSES

Trust expenditure on project grants totalled \$410 610 for 2007. The projects approved are shown below:

Project Name and Organisation	\$
Establishment of the Education and Training Foundation of Western Australia – Department of Education and Training	188 000
Dandjoo Knowledge Network – Community Development Foundation	75 000
Curriculum Development for the Woodside Guide Dog Discovery Centre – The Association for the Blind of Western Australia	36 000
Youth Literature Days in Regional WA – Fremantle Children's Literature Centre	20 000
Wongan Hills Community Education Partnership – Training and Retaining	32 500
Leeming Senior High School 2007 Solar Car Project	48 000
Lead on Inclusion – Therapy Focus	11 110
TOTAL	<u>410 610</u>

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

6 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>2007</u> \$	<u>2006</u> \$
Cash and Cash Equivalent	10 323 174	10 129 365
(b) Reconciliation of profit from ordinary activities to net cash flows provided by/(used in) operating activities.		
	<u>2007</u> \$	<u>2006</u> \$
Profit for the period	10 002 244	177 242
Non Cash Items		
Depreciation	1 059	827
Net gain from fair value adjustment on Investment property	(9 915 000)	0
(Increase)/decrease in assets:		
Decrease in Trade Receivables	10 075	17 120
Increase in Other Current Assets	(18 655)	(111 503)
Increase/(decrease) in liabilities:		
Decrease in Trade and Other Payables	144 861	(331 046)
Increase in Other Current Liabilities	(28 382)	909
Net cash provided by operating activities	<u><u>196 202</u></u>	<u><u>(246 451)</u></u>

7 OTHER ASSETS

	<u>2007</u> \$	<u>2006</u> \$
Current GST Receivable	7 238	17 313

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

8 NON-CURRENT ASSET

INVESTMENT PROPERTY

Land transactions in 2007 financial year were as follows:

Property	Opening Balance at 01/07/06	Acquisitions/ (Disposals)	Net gain from Fair value adjustment	Closing balance at 30/06/07
	\$			\$
Fremantle	2 335 000	0	9 915 000	12 250 000
	2 335 000			12 250 000
Development Cost	14 142	1 763	0	15 905
	2 349 142	1 763	9 915 000	12 265 905

9 PLANT AND EQUIPMENT

	<u>2007</u> \$	<u>2006</u> \$
Office furniture		
At cost	2 884	2 884
Accumulated depreciation	(2 232)	(1 943)
	<u>652</u>	<u>941</u>
Add computer hardware		
At cost	5 380	1 682
Accumulated depreciation	(4 399)	(561)
	<u>981</u>	<u>1 121</u>
	<u>652</u>	<u>941</u>
	<u>1633</u>	<u>2 062</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 2007			
Carrying amount at start of year	941	1 121	2 062
Additions	0	630	630
Disposals	0	0	0
Depreciation	(289)	(770)	(1 059)
Carrying amount at end of year	<u>652</u>	<u>981</u>	<u>1633</u>

Impairment of Assets

There were no indications of impairment to Property and plant and equipment assets at 30 June 2007.

All surplus assets at 30 June 2007 have either been classified as non-current assets held for sale or written-off.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

10 PAYABLES

	<u>2007</u>	<u>2006</u>
	\$	\$
Current		
Other payables	18 117	3 193
	<u>18 117</u>	<u>3 193</u>

11 OTHER LIABILITIES

	<u>2007</u>	<u>2006</u>
	\$	\$
Current		
Accrued Salaries	11 889	40 271
	<u>11 889</u>	<u>40 271</u>

12 EQUITY

	<u>2007</u>	<u>2006</u>
	\$	\$
Contributed equity		
Balance at the start of the year	5 388 902	5 388 902
Balance at the end of the year	<u>5 388 902</u>	<u>5 388 902</u>
Reserves		
Asset revaluation reserve (1):		
Opening balance	5 724 500	5 724 500
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(d).

Retained Earnings		
Balance at start of year	1 371 657	1 194 415
Result for the period	10 002 244	177 242
Balance at end of year	<u>11 373 901</u>	<u>1 371 657</u>

13 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS

Remuneration of Members of the Accountable Authority

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

	2007	2006
	\$	
0 – 10 000	3	3
The total remuneration of the members of the Accountable Authority is:	<u>0</u>	<u>0</u>

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

Remuneration of Senior Officers

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

\$	2007	2006
0 – 30 000	1	1
30 001 – 40 000		
40 001 – 50 000	1	
50 001 – 70 000		1
The total remuneration of senior officers is:	60 974	79 149

14 EVENTS OCCURRING AFTER REPORTING DATE

There are no events occurring after 30 June 2007, which would materially impact these financial statements.

15 FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Trust are cash and cash equivalents, payables and receivables. The Trust has limited exposures to financial risks. The Trust's overall risk management program focuses on managing the risks identified below.

Credit Risk

The Trust trades only with recognised, creditworthy third parties. The Trust has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Trust exposure to bad debt is minimal. There are no significant concentrations of credit risk.

Liquidity Risk

The Trust objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans and finance leases. The Trust has appropriate procedures to manage cash flow by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Cash Flow Interest Rate Risk

The Trust's exposure to market risk for changes in interest rates relate primarily to the long-term obligations. The Trust's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity. Otherwise, the Trust is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings other than Treasurer's advance (non-interest bearing) and finance leases (fixed interest rate).

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

(b) Financial Instruments disclosures

Interest Rate Risk Exposure

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

			Fixed Interest Rate Maturity				
	Weighted Average Effective Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	More than 5 Years	Non- Interest Bearing	Total
2007	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash Assets	6.021	10 323 174					10 323 174
Other Assets						166 347	166 347
Total		10 323 174				166 347	10 489 521
2007							
Financial Liabilities						269 756	269 756
Total						269 756	269 756
2006							
Financial Assets							
Cash Assets	5.459	10 129 365					10 129 365
Other Assets						157 767	157 767
Total						157 767	10 287 132
Financial Liabilities						153 277	153 277
Total						153 277	153 277

Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent approximation of fair value unless otherwise stated in the applicable notes.

16 REMUNERATION OF AUDITOR

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

	<u>2007</u>	<u>2006</u>
	\$	\$
Auditing the accounts, financial statements and performance indicators	13 400	13 400
	<u>13 400</u>	<u>13 400</u>

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

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 AND CONTINGENT ASSETS

Contingent Liability

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

Contaminated Sites

Under the Contaminated Sites Act 2003, the Public Education Endowment Trust (PEET) is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as *contaminated – remediation required or possibly contaminated – investigation required*, the Authority may have a liability in respect of investigation or remediation expenses.

During the year DEC have classified a PEET Fremantle site as *contaminated – remediation required* however the long term user (the polluter) of the site is appealing the classification and PEET is unable to assess the likely outcome of the classification appeal and accordingly it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of outflows.

Contingent Assets

There were no contingent assets for the period ending 30 June 2007.

19 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% or \$5,000.

	2007 Actual \$	2007 Estimates \$	Variance \$
Project Refunds	14 695	500	14 195
Land Expenses	37 174	10 000	27 174
Administration Expenses	34 245	25 000	9 245
Employee Expenses	60 974	70 000	9 026

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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

Land Expenses

The variance is due to the need for additional work to be done by the environmental auditor to satisfy Department of Environment and Conservation requirements which was not foreseen at the time of preparation of the estimates. The Trust has also had the unforeseen expense of addressing the water erosion issues at the Fremantle site.

Administration Expense

The variance is due to the additional cost of two years of auditing fees which was not included in the estimates.

Employee Expenses

The variance is due to the Executive Officer returning to part time and therefore the salary figure was overstated in the estimates.

(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% or \$5,000.

	2007 Actual \$	2006 Actual \$	Variance \$
Land Rents	0	140 380	140 380
Project refunds	14 695	408	14 287
Land Expenses	37 174	15 355	21 819
Administration Expenses	34 245	23 212	11 033
Employee Expenses	60 974	79 149	18 175

Land Rents

The variance is due to the tenant vacating in 2006 and the site not being leased in 2007.

Project Refunds

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

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 expending both 2006 and 2007 auditing costs in the 2007 financial year.

Employee Expenses

The variance is due to the additional cost in 2006 of a relieving executive officer.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

20 SCHEDULE OF INCOME AND EXPENSES BY SERVICE

	Grants 2007	2006	Investments 2007	2006	Total 2007	2006
	\$	\$	\$	\$	\$	\$
INCOME						
Land Rents	-	91 247	-	49 133	0	140 380
Interest Revenue	403 491	366 869	217 265	197 545	620 756	564 414
Project Refunds	9 552	265	5 143	143	14 695	408
Other Income	-	-	9 915 000	-	9 915 000	0
Total Income	413 043	458 381	10 137 408	246 821	10 550 451	705 202
EXPENSES						
Project Expenses	410 610	409 307	-	-	410 610	409 307
Land Expenses	24 163	9 981	13 011	5 374	37 174	15 355
Administration Expenses	22 259	15 088	11 986	8 124	34 245	23 212
Employee Expenses	39 633	51 447	21 341	27 702	60 974	79 149
Depreciation Expense	688	538	371	289	1 059	827
Other Expenses	2 694	71	1 451	39	4 145	110
Total Expenses	500 047	486 432	48 160	41 528	10 002 244	177 242
Profit for the period	(87 004)	(28 051)	10 089 248	205 293	10 002 244	177 242



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the Trustees of the Public Education Endowment.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Trustees' Responsibility for the Financial Statements and Key Performance Indicators

The Trustees are responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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 key 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 key performance indicators.

Trustees of the Public Education Endowment
Financial Statements and Key Performance Indicators for the year ended 30 June 2007

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 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Trust provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key 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 2007.



COLIN MURPHY
AUDITOR GENERAL
17 September 2007

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2007**

PERFORMANCE INDICATORS

In accordance with the Financial Management 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

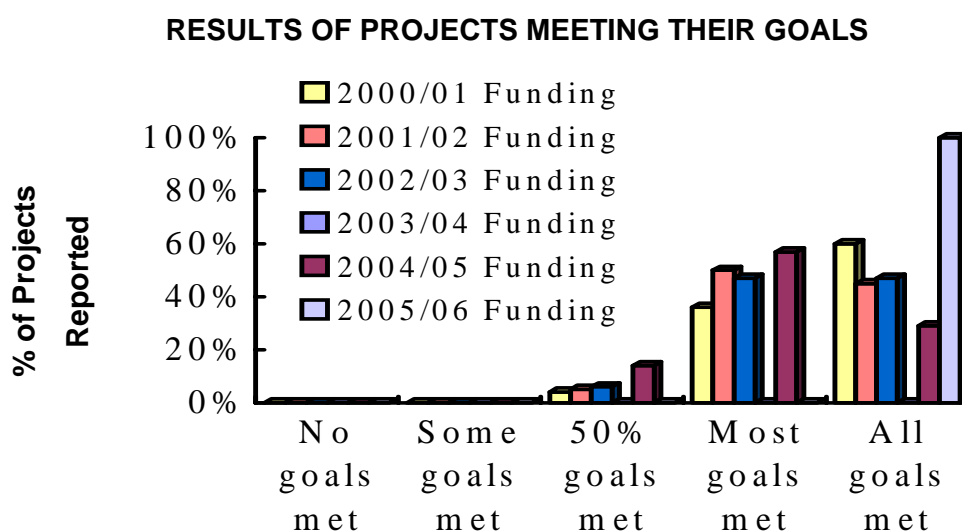
To provide funding for projects of educational value to benefit as many Western Australian school students as possible.

EFFECTIVENESS INDICATORS:

In 2007 the Trust funded 7 grants, all of which have not been finalised by 30 June 2007. The effectiveness indicators for these projects will be reported in the 2008 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 projects which relate directly to educational institutions that generally operate their projects over one or two calendar years, rather than financial years. Accordingly, the effectiveness indicators reported in the 2007 financial year are for grants that were approved in October 2004 and October 2005. This is due to projects approved in October 2006 (2007 funding round) not being due to be completed until sometime in 2007. Subsequently none of the 7 approved 2007 projects were completed by 30 June 2007.

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 8 projects funded in 2004, 7 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 six years funding, 2001, 2002, 2003, 2004, 2005 and 2006.



Target is 100% which has been met in the 2005/06 results. However at the 30 June 2007 only three of the eight projects receiving grants were completed.

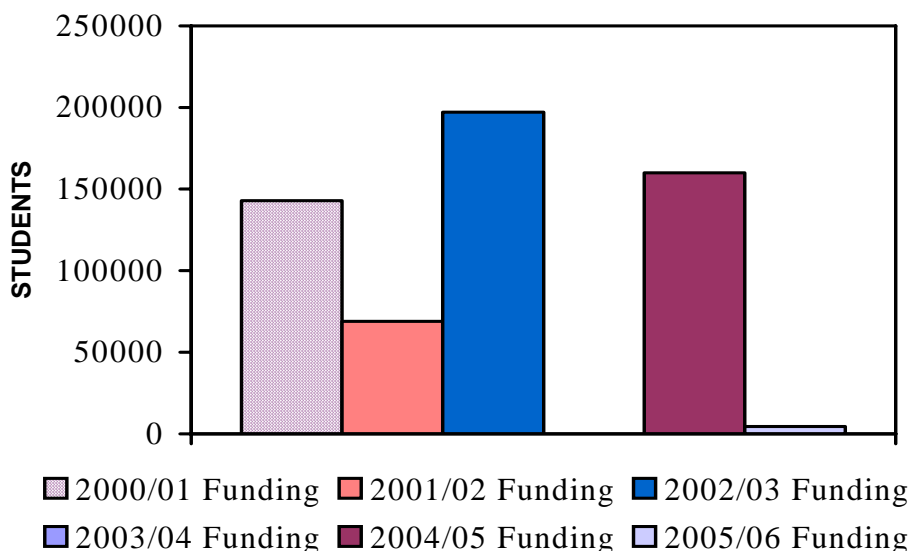
**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2007**

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 2005 and finalised by the end of the 2007 financial year are reported in the bar graph below. The figures shown represent five years funding, that of 2001, 2002, 2003, 2004, 2005 and 2006.

NUMBER OF STUDENTS TO BENEFIT FROM PEET GRANTS



Target is 150,000 students to benefit from grants annually. The 2005/06 results are very low due to the reporting of the results of three of the eight grants funded that year being completed by 30 June 2007. There should be a marked increase in these results by the 30 June 2008 when all the projects approved in 2005/06 are completed. In 2003/04 the Trust funded one project that is not completed at 30 June 2007.

The majority of projects relate to a calendar year as they are run in schools hence it is often two financial years after the grants are approved that they are completed. As each project is completed then results are updated.

EFFICIENCY INDICATORS

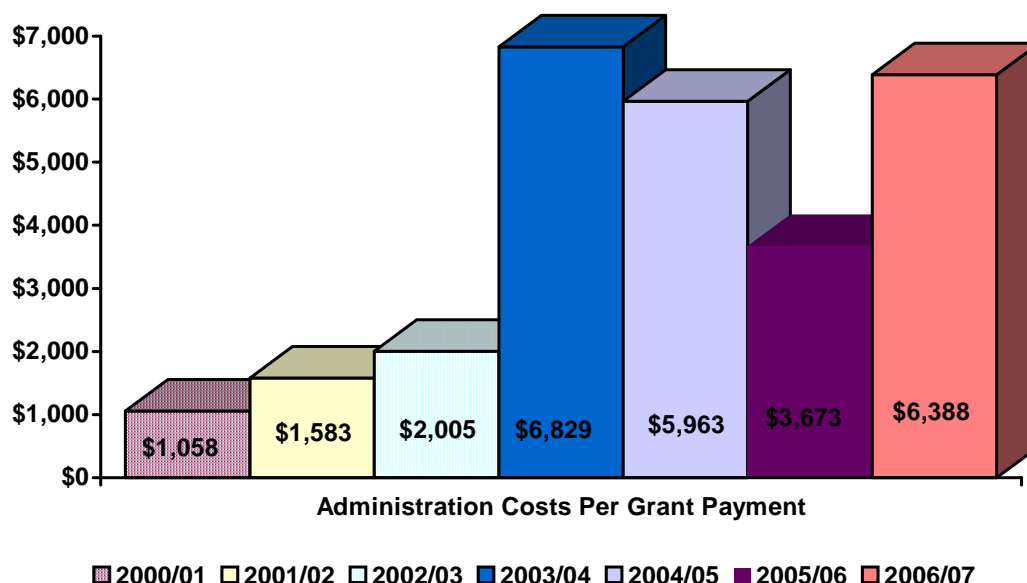
SERVICE ONE - GRANTS

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 2007**

EFFICIENCY INDICATOR



Target is \$11,770

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. However in 2005 it was decided to again provide some funding to projects which will benefit schools directly this resulted in 8 grants being approved for 2 major and 6 minor projects. Again in 2006 the Trustees approved eight grants, one major and seven minor projects and in 2007 7 grants were approved, 1 major project and 6 minor projects. In 2007 there was an increase in Administration costs and a decrease in the number of grant payments which reflects the increase in the indicator. The Trustees have agreed that the increases in the indicator are 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:

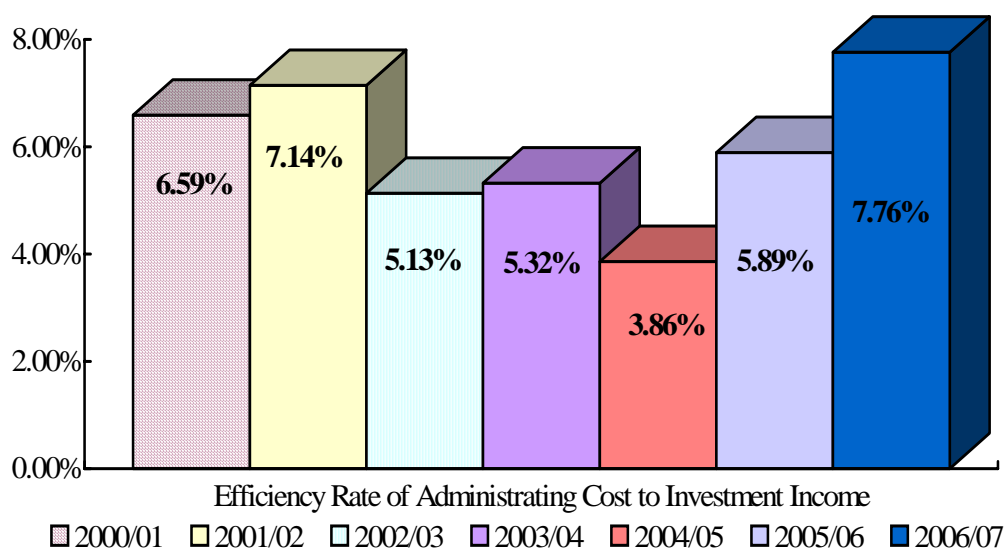
$$\frac{\text{Total costs of administering investment income}}{\text{Investment Incomes}} \times \frac{100}{1}$$

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2007**

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 2001, 2002, 2003, 2004, 2005, 2006 and 2007 efficiency rate on the cost of administering the total investment income is displayed below.

EFFICIENCY INDICATOR



Target is 5%.

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 February 2006 the long term tenant of the Trust's last parcel of land, located in Fremantle, vacated the site. The Trust is no longer renting the property and has received no rent for 2007 which is reflected in the increase in the Efficiency Indicator.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
CERTIFICATION OF PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2007

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 2007.



Norma Jeffery
A/Chairperson
Public Education Endowment Trust
31 August 2007



Peter McCaffrey
Trustee
Public Education Endowment Trust
31 August 2007

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
OTHER FINANCIAL AND GOVERNANCE DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2007

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

EMPLOYMENT AND INDUSTRIAL RELATIONS

Staff Profile

	2007	2006
Full-time permanent	1	1

CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Public Education Endowment Trust and Senior Officers.

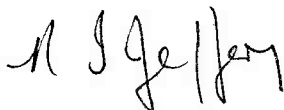
INSURANCE PREMIUMS PAID TO INDEMNIFY MEMBERS OF THE BOARD

As all the Trustees of the Public Education Endowment Trust are employed by the Department of Education and Training has agreed to include the Trust under the Departments of Education and Training's policy.

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 2007

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
OTHER FINANCIAL AND GOVERNANCE DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2007

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. The Trustees declare that there were no monies paid to any media advertising organisations in this financial year.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
ANNUAL ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2008

ESTIMATE OF INCOME
FOR YEAR ENDED 30 JUNE 2008

	Note	2008 Estimates \$	2006 Actuals \$
<u>INCOME</u>			
Revenue			
Interest Revenue		620 000	620 756
Project Refunds		10 000	14 695
		<hr/>	<hr/>
Total Income		630 000	635 451
		<hr/>	<hr/>
<u>EXPENSES</u>			
Expenses			
Project Expenses		410 000	410 610
Land Expenses		25 000	37 174
Administration Expenses		30 000	34 245
Employee Expenses		55 000	60 974
Depreciation Expense		1 060	1 059
Other expenses from ordinary activities		5 000	4 145
		<hr/>	<hr/>
Total Expenses		526 060	548 207
		<hr/>	<hr/>
Profit/(loss) for the period		103 940	87 244

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
ANNUAL ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2008

ESTIMATE OF BALANCE SHEET

AS AT 30 JUNE 2008

	Note	2008 Estimates \$	2007 Actuals \$
ASSETS			
Current Assets			
Cash and Cash Equivalents		10 412 974	10 323 174
Other current Assets	1	165 000	166 347
Total Current Assets		10 577 974	10 489 521
Non Current Assets			
Investment Property		12 265 905	12 265 905
Plant and Equipment	2	364	1 633
Total Non Current Assets		12 266 269	12 267 538
Total Assets		22 844 243	22 757 059
LIABILITIES			
Current Liabilities			
Payables	3	241 000	257 867
Other Current Liabilities	4	12 000	11 889
Total Current Liabilities		253 000	269 756
Total Liabilities		253 000	269 756
NET ASSETS		22 591 243	22 487 303
EQUITY			
Contributed Equity		5 388 902	5 388 902
Reserves		15 639 500	15 639 500
Retained Earnings		1 562 841	1 458 901
TOTAL EQUITY		22 591 243	22 487 303

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
ANNUAL ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2008

1 OTHER CURRENT ASSETS

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

	<u>2008</u> Estimates \$	<u>2007</u> Actuals \$
GST Receivable	10 000	7 238
Interest on Commonwealth Bank Account	155 000	159 109
	165 000	166 347

2 PLANT AND EQUIPMENT

Office furniture and computer hardware transactions in 2006 financial year were as follows:

	<u>2008</u> Estimates \$	<u>2007</u> Actuals \$
Office furniture		
At cost	2 884	2 884
Accumulated depreciation	(2 520)	(2 232)
	364	652
 Add computer hardware		
At cost	5 380	5 380
Accumulated depreciation	(5 380)	(4 399)
	0	981
	364	1 633

3 PAYABLES

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

	<u>2008</u> Estimates \$	<u>2007</u> Actuals \$
Administration	16 000	15 517
Land Expenses	5 000	2 600
Project Expenses	220 000	239 750
	241 000	257 867

4 OTHER CURRENT LIABILITIES

Current

	<u>2008</u> Estimates \$	<u>2007</u> Actuals \$
Accrued Salaries	12 000	11 889
	20 000	39 362