

**TRUSTEES OF THE
PUBLIC EDUCATION ENDOWMENT**

**2008
ANNUAL REPORT**

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2008**

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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2008**

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; and
- (b) sale 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. Mr Kevin O'Keefe resigned as a Trustee in December 2007 and the appointment of a third Trustee has yet to be finalised. The terms of the current Trustees expire on 21 November 2008 and 21 November 2009 respectively.

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

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

11 September 2007
25 October 2007

5 OPERATIONS

(a) Land Sales

The Trustees did not sell any property during 2008.

(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 was re-valued on 16 June 2008 and is now valued at \$9 100 000.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2008**

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 2008. 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 \$732 691 for the period ending 30 June 2008.

(c) Utilisation of Trust Finance

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

7 PROJECTS

The Trustees supported five of the grant applications received in 2008. The approved projects totalling \$550 000 are listed below:

	\$
Strengthening school and families capacity to reduce the academic, social and emotional harms secondary students can experience from cyber bullying – Child Health Promotion Research Centre Edith Cowan University	400 000
The Awesome Animations & Animatronics Outreach Programme - School of Computer Science and Software Engineering University of Western Australia	30 000
Trial of the Countering Racism Planning and Evaluation Tool - Evaluation and Accountability, Department of Education and Training	40 000
Maddington Kenwick Fruit and Vegie Project – South Metropolitan Public Health Unit	30 000
Youth Literature Days in Regional WA (2) – Fremantle Children's Literature Centre	50 000
TOTAL	550 000

8 LAND HOLDINGS

Freehold land vested in the Trust as at 30 June 2008 totals 3.0152 hectares and has a fair value of \$9 100 000.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2008**

9 INTERNAL AUDIT

The scope of the audit conducted by Braxford Consultancy Pty Ltd 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 2008 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 Strengthening school and families capacity to reduce the academic, social and emotional harms secondary students can experience from cyber bullying. This project is being managed by the Child Health Promotion Research Centre at Edith Cowan University.

11 MANAGEMENT/DEVELOPMENT TRUST LAND

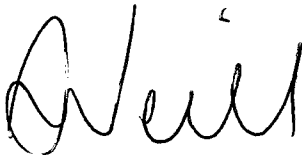
Land Corp has been commissioned by the Trust to advise the Trustees on all matters affecting Public Education Endowment land.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2008**

HON MARK MC GOWAN
MINISTER FOR EDUCATION AND TRAINING

In accordance with Section 61 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 2008.

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.



Sharyn O'Neill
A/Chairperson
Public Education Endowment Trust
10 September 2008



Norma Jeffery
Trustee
Public Education Endowment Trust
10 September 2008

Contact Details

Postal

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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 2008

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 2008, 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 2008

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 2008 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 2008.



COLIN MURPHY
AUDITOR GENERAL
19 September 2008

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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 2008 and the financial position as at 30 June 2008.

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
10 September 2008



Norma Jeffery
Trustee
Public Education Endowment Trust
10 September 2008



Sharyn O'Neill
A/Chairperson
Public Education Endowment Trust
10 September 2008

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
<u>INCOME</u>			
Revenue			
Interest Revenue		732 691	620 756
Project Refunds		159 522	14 695
Other Income		0	9 915 000
Total Income		892 213	10 550 451
<u>EXPENSES</u>			
Expenses			
Project Expenses	5	550 000	410 610
Land Expenses		8 349	37 174
Supplies and Services	6	18 582	31 129
Employee Expenses		48 156	60 974
Depreciation and Amortisation Expense	7	1 059	1 059
Accommodation Expense	8	3 088	3 116
Other Expenses	9	3 150 150	4 145
Total Expenses		3 779 384	548 207
Profit/(Loss) for the period		(2 887 171)	10 002 244

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

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

BALANCE SHEET

AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	16(a)	10 708 987	10 323 174
Interest on Commonwealth Bank Account		204 360	159 109
Other Assets	10	11 752	7 238
Total Current Assets		10 925 099	10 489 521
Non Current Assets			
Investment Property	11	9 115 905	12 265 905
Plant and Equipment	12	574	1 633
Total Non Current Assets		9 116 479	12 267 538
TOTAL ASSETS		20 041 578	22 757 059
LIABILITIES			
Current Liabilities			
Project Expenses		412 750	239 750
Payables	13	16 391	18 117
Other Liabilities	14	12 305	11 889
Total Current Liabilities		441 446	269 756
Total Liabilities		441 446	269 756
NET ASSETS		19 600 132	22 487 303
EQUITY			
	15		
Contributed Equity		5 388 902	5 388 902
Reserves		5 724 500	5 724 500
Retained Earnings		8 486 730	11 373 901
TOTAL EQUITY		19 600 132	22 487 303

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 2008

	Note	2008 \$	2007 \$
Balance of equity at start of period		<u>22 487 303</u>	<u>12 485 059</u>
CONTRIBUTED EQUITY			
Balance at start of period	15	<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	15	<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	15	11 373 901	1 371 657
Profit/(loss) for the period	15	<u>(2 887 171)</u>	<u>10 002 244</u>
Balance at end of period		<u>8 486 730</u>	<u>11 373 901</u>
Balance of equity at end of period (a)		<u>19 600 132</u>	<u>22 487 303</u>
Total income and expense for the period		<u>(2 887 171)</u>	<u>10 002 244</u>

- (a) The aggregate net amount attributable to each category of equity is: loss \$2 887 171 (2007: profit \$10 002 244).

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 2008

	Note	2008 \$	2007 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Interest Received		687 441	602 100
Project Refunds		65 522	6 185
GST Receipts		6 552	270
GST Received from Taxation Authority		24 651	52 111
Payments			
Administration		(20 796)	(20 338)
Employee benefits		(47 740)	(89 356)
Land Expenses		(10 949)	(36 157)
Project Expenses		(283 000)	(272 163)
Supplies and services		(151)	(4 145)
GST Payments on Purchases		(35 717)	(42 305)
GST Payments to Taxation Authority		0	0
Net Cash provided by/(used in) Operating Activities	16(b)	385 813	196 202
CASH FLOWS FROM INVESTING ACTIVITIES			
Development Costs		0	(1 763)
Purchase of non-current Physical Asset		0	(630)
Proceeds from the Sale of Property		0	0
Net Cash used in Investing Activities		0	(2 393)
Net increase/(decrease) in cash and cash equivalents		385 813	193 809
Cash and cash equivalents at the beginning of the period		10 323 174	10 129 365
CASH AND CASH EQUIVALENT ASSETS AT THE END OF THE PERIOD	16(a)	10 708 987	10 323 174

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 2008**

1 AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

General

The Public Education Endowment Trust's financial statements for the year ended 30 June 2008 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 2008.

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
FOR THE YEAR ENDED 30 JUNE 2008**

(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:

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 acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Trust uses the revaluation model for the measurement of land and the cost model for all other property, plant and equipment. Land is carried at fair value. All other items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

The Trust has a policy of valuing land at fair value. The Trust properties are re-valued every year. Fair value has been determined on the basis of current market buying values. Land was re-valued in June 2008 by independent valuers, McGees Property.

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.

(f) Impairment of Assets

Property, plant and equipment are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
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The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant cost is falling or where there is significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

(g) 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.

(h) 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.

(i) 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.

(j) 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 or other expense.

(k) 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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(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 14 '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. Accrued salaries are settled within a few days 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.

(p) Financial Instruments

In addition to cash the Trust has two categories of financial instrument.

- Receivables; and
- 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.

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 2007 that impacted on the Trust:

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 and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Trust's exposure to risks, including enhanced disclosure regarding components of the Trust's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
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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 Trust has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Trust but are not yet effective. Where applicable, the Trust plans to apply these Standards and Interpretations from their application date:

Title	Operative reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Trust does not expect any financial impact when the Standard is first applied.	1 January 2009
Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:	
AASB 1004 'Contributions' (December 2007).	1 July 2008
AASB 1050 'Administered Items' (December 2007).	1 July 2008
AASB 1051 'Land Under Roads' (December 2007).	1 July 2008
AASB 1052 'Disaggregated Disclosures' (December 2007).	1 July 2008
AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127, & AASB 137]. (December 2007).	1 July 2008
Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007).	1 July 2008
The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 only apply to government departments. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise, there will be no financial impact.	

Changes in Accounting Estimates

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

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

4 INTEREST REVENUE

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

	<u>2008</u>	<u>2007</u>
	\$	\$
Commonwealth Bank Account	732 691	620 756

5 PROJECT EXPENSES

Trust expenditure on project grants totalled \$550 000 for 2008. The projects approved are shown below:

Project Name and Organisation	\$
Strengthening school and families capacity to reduce the academic, social and emotional harms secondary students can experience from cyber bullying – Child Health Promotion Research Centre Edith Cowan University	400,000
The Awesome Animations & Animatronics Outreach Programme - School of Computer Science and Software Engineering University of Western Australia	30 000
Trial of the Countering Racism Planning and Evaluation Tool - Evaluation and Accountability, Department of Education and Training	40 000
Maddington Kenwick Fruit and Vegie Project – South Metropolitan Public Health Unit	30 000
Youth Literature Days in Regional WA (2) – Fremantle Children's Literature Centre	50 000
TOTAL	<u>550 000</u>

6 SUPPLIES AND SERVICES

	<u>2008</u>	<u>2007</u>
	\$	\$
Consultants and Contractors	16 001	28 400
Consumables	2 581	2 729
	<u>18 582</u>	<u>31 129</u>

7 DEPRECIATION AND AMORTISATION EXPENSE

	<u>2008</u>	<u>2007</u>
	\$	\$
Depreciation		
Office Furniture	288	288
Computing Hardware	771	771
	<u>1 059</u>	<u>1 059</u>

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

8 ACCOMMODATION EXPENSE

	<u>2008</u>	<u>2007</u>
	\$	\$
Lease rentals	3 088	3 116
	<u>3 088</u>	<u>3 116</u>

9 OTHER EXPENSES

	<u>2008</u>	<u>2007</u>
	\$	\$
Revaluation Expenses	150	4 145
Net Loss for Fair Value Adjustment (See Note 12)	3 150 000	0
	<u>3 150 150</u>	<u>4 145</u>

10 OTHER ASSETS

	<u>2008</u>	<u>2007</u>
	\$	\$
Current		
GST Receivable	11 752	7 238
	<u>11 752</u>	<u>7 238</u>

11 NON-CURRENT ASSET

INVESTMENT PROPERTY

Land transactions in 2008 financial year were as follows:

Property	Opening Balance at 01/07/07	Acquisitions/ (Disposals)	Net loss from Fair value adjustment	Closing balance at 30/06/08
	\$			\$
Fremantle	12 250 000	0	3 150 000	9 100 000
	<u>12 250 000</u>			<u>9 100 000</u>
Development Cost	15 905	0	0	15 905
	<u>12 265 905</u>	<u>0</u>	<u>3 150 000</u>	<u>9 115 905</u>

The land has decreased in value due to the down turn in the property market.

12 PLANT AND EQUIPMENT

	<u>2008</u>	<u>2007</u>
	\$	\$
Office furniture		
At cost	2 884	2 884
Accumulated depreciation	(2 520)	(2 232)
	<u>364</u>	<u>652</u>
 Add computer hardware		
At cost	5 380	5 380
Accumulated depreciation	(5 170)	(4 399)
	<u>210</u>	<u>981</u>
	<u>574</u>	<u>1 633</u>

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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 \$	2008 \$
2008			
Carrying amount at start of year	652	981	1 633
Additions	0	0	0
Disposals	0	0	0
Depreciation	(288)	(771)	(1 059)
Carrying amount at end of year	364	210	574

	Office Furniture \$	Computer Hardware \$	2007 \$
2007			
Carrying amount at start of year	941	1121	2 062
Additions	0	630	630
Disposals	0	0	0
Depreciation	(289)	(770)	(1 059)
Carrying amount at end of year	652	981	1 633

Impairment of Assets

There were no indications of impairment to Property and plant and equipment assets at 30 June 2008.

All surplus assets at 30 June 2008 have either been classified as non-current assets held for sale or written-off.

13 PAYABLES

	<u>2008</u> \$	<u>2007</u> \$
Current		
Other payables	16 391	18 117
	<u>16 391</u>	<u>18 117</u>

14 OTHER LIABILITIES

	<u>2008</u> \$	<u>2007</u> \$
Current		
Accrued Salaries	12 305	11 889
	<u>12 305</u>	<u>11 889</u>

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

15 EQUITY

	<u>2008</u> \$	<u>2007</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
Balance at the end of the year	<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	11 373 901	1 371 657
Result for the period	(2 887 171)	10 002 244
Balance at end of year	<u>8 486 730</u>	<u>11 373 901</u>

16 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>2008</u> \$	<u>2007</u> \$
Cash and Cash Equivalent	10 708 987	10 323 174
(b) Reconciliation of profit from ordinary activities to net cash flows provided by/(used in) operating activities.		
	<u>2008</u> \$	<u>2007</u> \$
Profit / (loss) for the period	(2 887 171)	10 002 244
Non Cash Items		
Depreciation	1 059	1 059
Net gain/(loss) from fair value adjustment on Investment property	3 150 000	(9 915 000)
(Increase)/decrease in assets:		
Increase in Trade Receivables	(4 514)	10 075
Increase in Other Current Assets	(45 251)	(18 655)
Increase/(decrease) in liabilities:		
Increase in Trade and Other Payables	171 274	144 861
Increase in Other Current Liabilities	416	(28 382)
Net cash provided by operating activities	<u><u>385 813</u></u>	<u><u>196 202</u></u>

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

17 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.

In 2007 DEC classified the 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 2008.

18 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.

	2008 Actual \$	2008 Estimates \$	Variance \$
Interest Revenue	732 691	620 000	112 691
Project Refunds	159 522	10 000	149 522
Project Expenses	550 000	410 000	140 000
Land Expenses	8 349	25 000	16 651
Administration Expenses	21 670	30 000	(8 330)
Employee Expenses	48 156	55 000	(6 844)
Other Expenses	3 150 150	5 000	3 145 150

Interest Revenue

The variance is due to the fact that at the time of preparing the estimates an increase in the interest rate was not expected and therefore not taken into consideration.

Project Refunds

The variance is due to the fact 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 2008**

Project Expenses

The variance is due to the fact that at the time of preparing the estimates the reduction in rental income was taken into account. However it was subsequently decided to use surpluses from previous years to maintain the grant funding at the level of expenditure.

Land Expenses

The variance is due to the estimate reflecting the remediation and rezoning expenses which may be required for the Trust land in Fremantle. As the contaminated sites appeal process is still to be finalised these expenses have not been incurred.

Administration Expenses

The variance is due to the cost of administration expenses being over estimated at the time of preparing the estimates.

Employee Expenses

The variance is due to the savings being achieved by the Executive Officer returning to part time work.

Other Expenses

The variance is due to the decrease in the value of the trust land not being known at the time of preparing 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.

	2008 Actual \$	2007 Actual \$	Variance \$
Interest Revenue	732 691	620 756	111 935
Project Refunds	159 522	14 695	144 827
Other Income	0	9 915 000	(9 915 000)
Project Expenses	550 000	410 610	139 390
Land Expenses	8 349	37 174	(28 825)
Administration Expenses	21 670	34 245	(12 575)
Employee Expenses	48 156	60 974	(12 818)
Other Expenses	3 150 150	4 145	3 146 005

Interest Revenue

The variance is due to an increase in interest rates in 2008.

Project Refunds

The variance is due to the refund received from the Department of Education (DET) and Training as they did not expend their total grant funding. The balance in 2008 also includes a reversal of an accrued expense in the prior year relating to the DET project.

Other Income

The variance is due to the net gain for fair value adjustment of the trust land in 2007 which did not occur in 2008.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Project Expenses

The variance is due to the Trustees approving a greater funding amount for projects in 2008.

Land Expenses

The variance is due to the additional expense incurred in 2007 for 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 that did not occur in 2008.

Employee Expenses

The variance is due to the savings achieved by the executive officer returning to part time work in 2008.

Other Expenses

The variance is due to the Net Loss for Fair Value Adjustment of the trust land in 2008 which did not occur in 2007.

19 EVENTS OCCURRING AFTER REPORTING DATE

There are no events occurring after 30 June 2008, which would materially impact these financial statements.

20 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

Credit risk arises when there is the possibility of the Trust's receivables defaulting on their contractual obligations resulting in financial loss to the Trust. The Trust measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 20(c).

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 is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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.

Market Risk

The Trust does not trade in foreign currency and is not materially exposed to other price risks. The Trust's exposure to market risk for changes in interest rates relate primarily to the long-term obligations. Other than as detailed in the Interest rate sensitivity analysis table at Note 20(c), the Authority has limited exposure to interest rate risk because it has no borrowings.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows

	2008	2007
	\$	\$
Financial Assets		
Cash and cash equivalents	10 708 987	10 323 174
Other Financial Assets	216 112	166 347
Financial Liabilities		
Financial Liabilities measured at amortised cost	441 446	269 756

(c) Financial Instruments disclosures

Interest Rate Risk Exposure

The following table details the Trust's exposure to interest rate risk as at the balance sheet date. The Trust's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the Trust.

The Trust does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Trust does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Weighted Average Effective Interest Rate	Variable Interest Rate	Non-Interest Bearing	Total
2008	%	\$	\$	\$
<u>Financial Assets</u>				
Cash and Cash Equivalents	6.909	10 708 987		10 708 987
Other Financial Assets			216 112	216 112
Total		10 708 987	216 112	10 925 099
<u>Financial Liabilities</u>				
Payables			441 446	441 446
Total			441 446	441 446

	Weighted Average Effective Interest Rate	Variable Interest Rate	Non-Interest Bearing	Total
2007				
<u>Financial Assets</u>				
Cash and Cash Equivalents	6.021	10 323 174		10 323 174
Other Financial Assets			166 347	166 347
Total		10 323 174	166 347	10 489 521
<u>Financial Liabilities</u>				
Payables			269 756	269 756
Total			269 756	269 756

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.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Interest Rate Sensitivity Analysis

The following table represents a summary of the interest rate sensitivity of the Trust's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		-1% change		+1% change	
	Carrying amount \$	Profit \$	Equity \$	Profit \$	Equity \$
2008					
<u>Financial Assets</u>					
Cash and cash equivalents	10 708 987	(107 090)	(107 090)	107 090	107 090
Total Increase/(Decrease)		<u>(107 090)</u>	<u>(107 090)</u>	<u>107 090</u>	<u>107 090</u>

		-1% change		+1% change	
	Carrying amount \$	Profit \$	Equity \$	Profit \$	Equity \$
2007					
<u>Financial Assets</u>					
Cash and cash equivalents	10 323 174	(103 232)	(103 232)	103 232	103 232
Total Increase/(Decrease)		<u>(103 232)</u>	<u>(103 232)</u>	<u>103 232</u>	<u>103 232</u>

21 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.

	2008	2007
\$		
0 – 10 000	3	3

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

0	0
---	---

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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:

\$	2008	2007
0 – 30 000		1
30 001 – 40 000		
40 001 – 50 000	1	
50 001 – 70 000		1
The total remuneration of senior officers is:	48 156	60 974

22 REMUNERATION OF AUDITOR

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

	<u>2008</u>	<u>2007</u>
	\$	\$
Auditing the accounts, financial statements and performance indicators	14 600	13 400
	14 600	13 400

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

23 SCHEDULE OF INCOME AND EXPENSES BY SERVICE

	Grants		Investments		Total	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
INCOME						
Interest Revenue	476 249	403 491	256 442	217 265	732 691	620 756
Project Refunds	103 689	9 552	55 833	5 143	159 522	14 695
Other Income		0		9 915 000	0	9 915 000
Total Income	579 938	413 043	312 275	10 137 408	892 213	10 550 451
EXPENSES						
Project Expenses	550 000	410 610	-	-	550 000	410 610
Land Expenses	5 427	24 163	2 922	13 011	8 349	37 174
Administration Expenses	14 085	22 259	7 585	11 986	21 670	34 245
Employee Expenses	31 301	39 633	16 855	21 341	48 156	60 974
Depreciation Expense	688	688	371	371	1 059	1 059
Other Expenses	97	2 694	3 150 053	1 451	3 150 150	4 145
Total Expenses	601 598	500 047	3 177 786	48 160	3 779 384	548 207
Profit for the period	(21 660)	(87 004)	(2 865 511)	10 089 248	(2 887 171)	10 002 244

Consistent with prior years the income and expenditure (excluding project expenses and revaluation of land) is split as follows

Grants	65%
Investments	35%.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2008**

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.

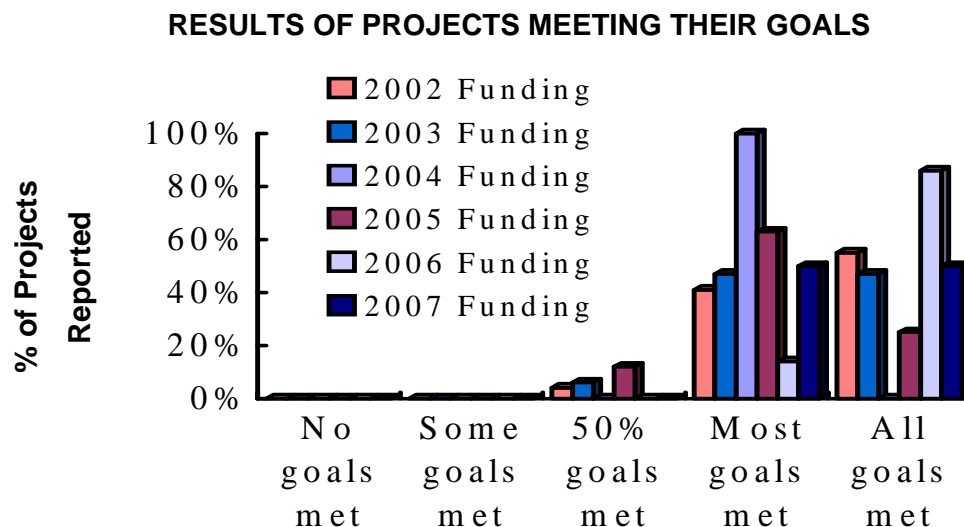
EFFECTIVENESS INDICATOR: RESULTS OF PROJECTS MEETING THEIR GOALS

In 2008 the Trust funded 5 grants, none of which have been finalised by 30 June 2008.

The majority of recipients of the Public Education Endowment Trust grants are for projects which relate directly to educational institutions. These institutions generally operate their projects over a school year or years (calendar year), rather than financial years. Therefore the reporting of the indicators can be delayed sometimes two or more financial years after the commencement of the project.

The effectiveness indicators for the 2008 projects will not begin to be reported on until the 2009 financial statements, at which time only 2 of the 5 projects funded will have been finalised. The majority of the 2008 projects will not be reported on until the 2010 financial statements when all of these projects should be completed. The 2010 financial statements will provide an accurate measure of the success of all of the 2008 projects funded.

In the 2008 financial year the projects approved in the 2004 and 2005 financial years have all been finalised and are reported in the effectiveness indicators. Of the 8 projects approved in the 2006 financial year, 7 have been completed and are reported in the effectiveness indicators. Of the 7 projects approved in 2007 financial year, 4 have been completed and are reported in the effectiveness indicators.



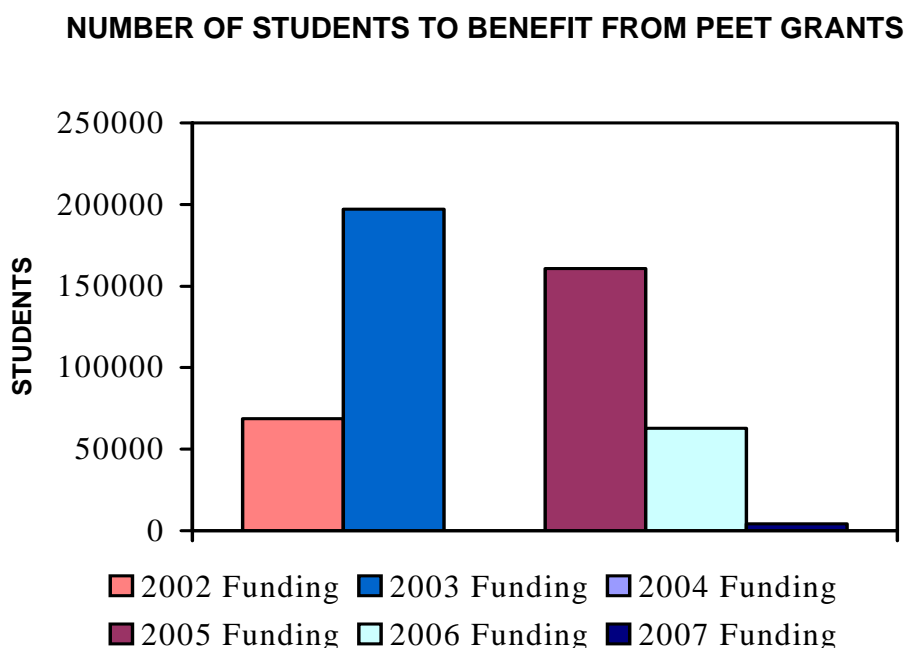
Target is 100% which has been met in the 2005/06 results.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2008**

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.

EFFECTIVENESS INDICATOR: NUMBER OF STUDENTS TO BENEFIT FROM PEET GRANTS

The number of students to benefit from funding of projects finalised by the end of the 2008 financial year are reported in the bar graph below. The figures shown represent six years funding, that of 2002, 2003, 2004, 2005, 2006 and 2007.



Target is 150,000 students to benefit from grants annually. The 2004 results are very low due to only one research grant being approved that year. The 2006 and 2007 results will increase in the 2009 and 2010 financial years as all the grants finalise and report their results.

The majority of projects operate in calendar years as they relate to schools. It can be two or more financial years after the project has been approved that it is completed. As each project is completed the results are updated.

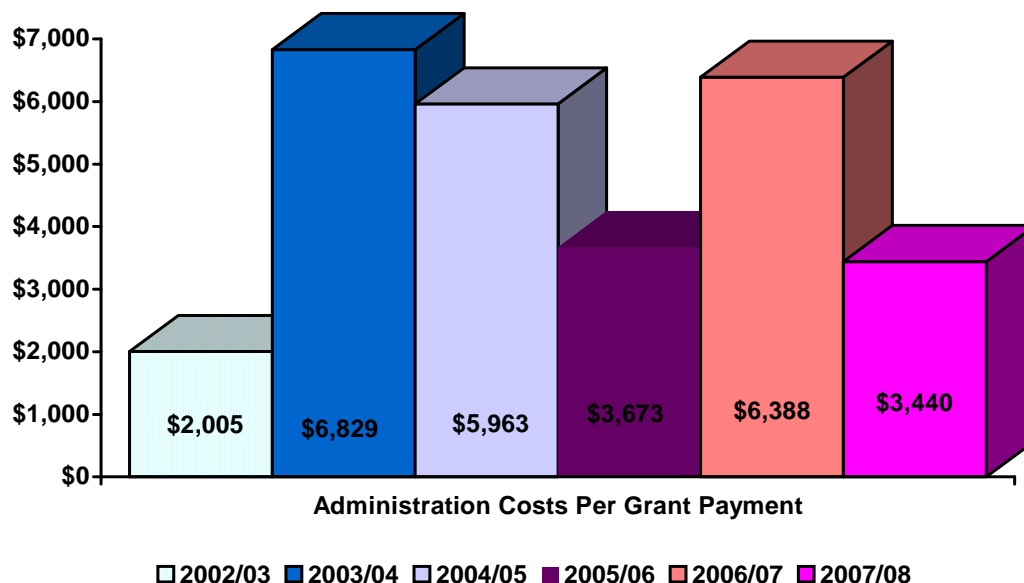
EFFICIENCY INDICATORS

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 2008
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. This has resulted in the number of grant payments being relatively few and the cost per grant payment has fluctuated between \$2 000 to up to nearly \$7 000.

In 2003/04 the Trust only funded one major project which resulted in a higher than normal indicator. In 2007 the Trustees approved 7 projects and there was an increase in Administration costs and a decrease in the number of grant payments which is reflected in the increase in the indicator. In 2008 Administration costs decreased and with only 5 grants approved this has resulted in a lowering of the indicator. The target will be reviewed in the next financial year so that it will be a more relevant goal in relation to the indicator.

The Trustees have agreed that fluctuations 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:

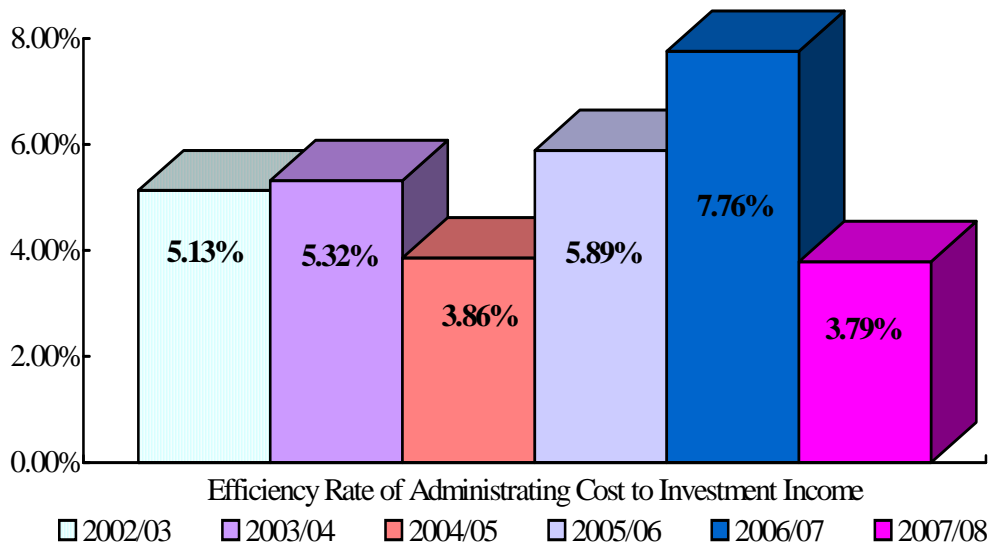
**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2008**

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

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

A comparison of 2002, 2003, 2004, 2005, 2006, 2007, 2008 efficiency rate on the cost of administering the total investment income is displayed below.

EFFICIENCY INDICATOR



Target is 5%.

In the years prior to 2002, a large part of the Assets of the Trust were land holdings, which did not produce any income. The Trust has been selling the land holdings since 2002 and has managed to turn this asset base into an income producing investment. 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 the 2007 and 2008 financial years. The indicator has come in under the target this year due to savings made in expenses.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
CERTIFICATION OF PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2008

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 2008.



Sharyn O'Neill
A/Chairperson
Public Education Endowment Trust
10 September 2008



Norma Jeffery
Trustee
Public Education Endowment Trust
10 September 2008

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
OTHER FINANCIAL AND GOVERNANCE DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2008

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

EMPLOYMENT AND INDUSTRIAL RELATIONS

Staff Profile

	2008	2007
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



Sharyn O'Neill
A/CHAIRPERSON

10 September 2008

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
OTHER FINANCIAL AND GOVERNANCE DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2008

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 2009

	Note	2009 Estimates \$	2008 Actuals \$
<u>INCOME</u>			
Revenue			
Interest Revenue		745 000	732 691
Project Refunds		55 000	159 522
		<hr/>	<hr/>
Total Income		800 000	892 213
		<hr/>	<hr/>
<u>EXPENSES</u>			
Expenses			
Project Expenses		500 000	550 000
Land Expenses		15 000	8 349
Administration Expenses		25 000	21 670
Employee Expenses		53 000	48 156
Depreciation Expense		530	1 059
Other expenses from ordinary activities		2 000	3 150 150
		<hr/>	<hr/>
Total Expenses		595 530	3 779 384
		<hr/>	<hr/>
Profit/(loss) for the period		204 470	(2 887 171)

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

ESTIMATE OF BALANCE SHEET

AS AT 30 JUNE 2009

	Note	2009 Estimates \$	2008 Actuals \$
ASSETS			
Current Assets			
Cash and Cash Equivalents		10 460 567	10 708 987
Interest on Commonwealth Bank Account		215 000	204 360
Other current Assets	1	12 000	11 752
Total Current Assets		10 687 567	10 925 099
Non Current Assets			
Investment Property		9 115 905	9 115 905
Plant and Equipment	2	1 130	574
Total Non Current Assets		9 117 035	9 116 479
Total Assets		19 804 602	20 041 578
LIABILITIES			
Current Liabilities			
Project Expenses		350 000	412 750
Payables	3	17 000	16 391
Other Current Liabilities	4	15 000	12 305
Total Current Liabilities		382 000	441 446
Total Liabilities		382 000	441 446
NET ASSETS		19 804 602	19 600 132
EQUITY			
Contributed Equity		5 388 902	5 388 902
Reserves		5 724 500	5 724 500
Retained Earnings		8 691 200	8 486 730
TOTAL EQUITY		19 804 602	19 600 132

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>2009</u> Estimates	<u>2008</u> Actuals
	\$	\$
GST Receivable	12 000	11 752
Interest on Commonwealth Bank Account		
	12 000	11 752

2 PLANT AND EQUIPMENT

Office furniture and computer hardware transactions in 2008 financial year were as follows:

	<u>2009</u> Estimates	<u>2008</u> Actuals
	\$	\$
Office furniture		
At cost	2 884	2 884
Accumulated depreciation	(2 554)	(2 520)
	330	364
 Add computer hardware		
At cost	6 580	5 380
Accumulated depreciation	(5 780)	(5 170)
	800	210
	1 130	574

3 PAYABLES

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

	<u>2009</u> Estimates	<u>2008</u> Actuals
	\$	\$
Administration	17 000	16 391
	17 000	16 391

4 OTHER CURRENT LIABILITIES

Current

	<u>2009</u> Estimates	<u>2008</u> Actuals
	\$	\$
Accrued Salaries	15 000	12 305
	15 000	12 305