

**TRUSTEES OF THE
PUBLIC EDUCATION ENDOWMENT**

**2010
ANNUAL REPORT**

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2010**

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 Dr Elizabeth Constable MLA, Minister for Education and Tourism

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 2010**

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.

The membership of the Trust is:

Hon Dr Elizabeth Constable Minister for Education (Chairperson)

| | |
|-------------------|---|
| Ms Sharyn O'Neill | Director-General, Department of Education (Deputy Chairperson) |
|-------------------|---|

| | |
|------------------|--|
| Ms Norma Jeffery | Trustee - appointment expires 21 November 2011 |
|------------------|--|

| | |
|-----------------|--|
| Mr Colin Pettit | Trustee - appointment expires 21 November 2011 |
|-----------------|--|

| | |
|------------------|--|
| Prof Keith Punch | Trustee - appointment expires 21 November 2012 |
|------------------|--|

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

9 September 2009
17 December 2009
24 February 2010
25 June 2010

5 OPERATIONS

(a) Land Sales

The Trustees sold property at Wagin during 2010

(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 30 June 2009 and is now valued at \$7 600 000.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2010**

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 2010. 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 \$444 135 for the period ending 30 June 2010.

(c) Utilisation of Trust Finance

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

7 PROJECTS

No funding was approved in 2010. The Trustees are in the process of reviewing the funding directions of the Trust towards research based projects. The process will be completed in the 2011 financial year.

8 LAND HOLDINGS

Freehold land vested in the Trust as at 30 June 2010 totals 3.0152 hectares and has a fair value of \$7 600 000.

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 2010 financial year has been completed.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
REPORT ON OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2010

10 **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 2010**

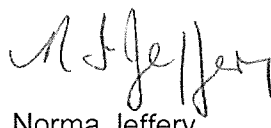
HON ELIZABETH CONSTABLE
MINISTER FOR EDUCATION

In accordance with Section 63 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 2010.

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
Deputy Chairperson
Public Education Endowment Trust
Date 20 September 2010



Norma Jeffery
Trustee
Public Education Endowment Trust
Date 20 September 2010

Contact Details

Postal

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EAST PERTH WA 6004

Electronic

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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 2010

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 Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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's Responsibility for the Financial Statements and Key Performance Indicators

The Trustees is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards 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. This document is available on the OAG website under "How We Audit".

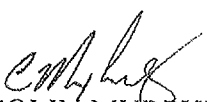
An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions 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 2010

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 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.

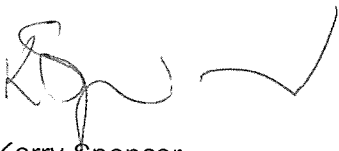

COLIN MURPHY
AUDITOR GENERAL
21 September 2010

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

CERTIFICATION OF FINANCIAL STATEMENTS

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 2010 and the financial position as at 30 June 2010.

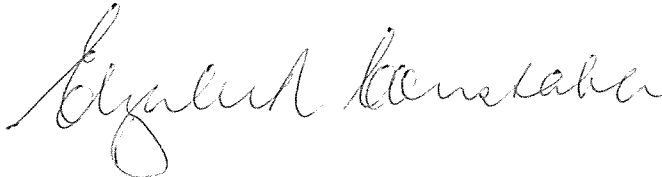
At the date of signing we are not aware of any circumstances, which would render any particulars included in the financial statements misleading or inaccurate.



Kerry Spencer
Chief Finance Officer
Public Education Endowment Trust
Date 20 September 2010



Sharyn O'Neill
Deputy Chairperson
Public Education Endowment Trust
Date 20 September 2010



Hon Elizabeth Constable
Minister For Education
Chairperson
Public Education Endowment Trust
Date ~~20 September 2010~~

21 September 2010

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

INCOME STATEMENT

FOR THE YEAR ENDED 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|--|------|------------------|--------------------|
| COST OF SERVICES | | | |
| Expenses | | | |
| Project Expenses | 4 | - | 61,672 |
| Land Expenses | | 5,080 | 462 |
| Supplies and services | 5 | 24,037 | 22,819 |
| Employee expenses | 6 | 64,223 | 74,469 |
| Accommodation expenses | 7 | 2,817 | 2,943 |
| Loss on disposal of non-current assets | 8 | 62 | - |
| Other expenses | 9 | 3,962 | 1,505,656 |
| Total cost of services | | 100,181 | 1,668,021 |
| INCOME | | | |
| Revenue | | | |
| Interest revenue | 10 | 444,135 | 589,669 |
| Other revenue | 11 | 632,569 | - |
| Total Revenue | | 1,076,704 | 589,669 |
| Net Cost Services | | 976,523 | (1,078,352) |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income for the Year | | 976,523 | (1,078,352) |

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

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|----------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 19 | 11,218,284 | 11,035,231 |
| Receivables | 12 | 126,912 | 88,312 |
| Other current assets | 13 | 6,798 | 2,506 |
| Total Current Assets | | 11,351,994 | 11,126,049 |
| Non-Current Assets | | | |
| Non-current assets held for sale | 14 | 0 | 0 |
| Investment property | 15 | 8,205,905 | 7,615,905 |
| Total Non-Current Assets | | 8,205,905 | 7,615,905 |
| TOTAL ASSETS | | 19,557,899 | 18,741,954 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Project Expenses | | 26,499 | 181,586 |
| Payables | 17 | 36,742 | 42,233 |
| Total Current Liabilities | | 63,241 | 223,819 |
| TOTAL LIABILITIES | | 63,241 | 223,819 |
| NET ASSETS | | 19,494,659 | 18,518,135 |
| EQUITY | | | |
| Contributed equity | 18 | 5,388,902 | 5,388,902 |
| Reserves | | 5,724,500 | 5,724,500 |
| Accumulated Surplus | | 8,381,256 | 7,404,733 |
| TOTAL EQUITY | | 19,494,658 | 18,518,135 |

The Statement of Financial Position 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 2010

| | Note | Contributed equity | Reserves | Accumulated surplus/ (deficit) | Total equity |
|--|------|-----------------------|------------------|--------------------------------------|-------------------|
| | | \$ | \$ | \$ | \$ |
| Balance at 1 July 2008 | 18 | 5,388,902 | 5,724,500 | 8,486,730 | 19,600,132 |
| Changes in accounting policy or correction of prior period errors | 15 | | | (3,645) | (3,645) |
| Restated balance at 1 July 2008 | | 5,388,902 | 5,724,500 | 8,483,085 | 19,596,487 |
| Total comprehensive income for the year | | - | - | (1,078,352) | (1,078,352) |
| Balance at 30 June 2009 | | 5,388,902 | 5,724,500 | 7,404,733 | 18,518,135 |
| Balance at 1 July 2009 | | 5,388,902 | 5,724,500 | 7,404,733 | 18,518,135 |
| Total comprehensive income for the year | | - | - | 976,523 | 976,523 |
| Balance at 30 June 2010 | | 5,388,902 | 5,724,500 | 8,381,256 | 19,494,658 |

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 2010

| | Note | 2010 \$ | 2009 \$ |
|---|------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Interest received | | 405,535 | 705,717 |
| GST receipts from taxation authority | | 23,391 | 48,079 |
| Other receipts | | 2,069 | - |
| Payments | | | |
| Administration | | (30,326) | (21,848) |
| Employee benefits | | (67,834) | (66,594) |
| Land Expenses | | (5,080) | (215) |
| Supplies and services | | (5,711) | (4,156) |
| Project Expenses | | (155,086) | (292,836) |
| GST payments on purchases | | (26,801) | (38,832) |
| GST payments to taxation authority | | (2,042) | - |
| Net cash provided by/(used in) operating activities | 19 | <u>138,115</u> | <u>329,315</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of non-current physical assets | | 49,500 | - |
| Expense payments from sale of non-current physical assets | | (4,562) | - |
| Purchase of non current physical asset | 15 | | (3,071) |
| Net cash provided by/(used in) investing activities | | <u>44,938</u> | <u>(3,071)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 183,053 | 326,244 |
| Cash and cash equivalents at the beginning of period | | <u>11,035,231</u> | <u>10,708,987</u> |
| CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD | 19 | <u><u>11,218,284</u></u> | <u><u>11,035,231</u></u> |

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 2010**

Note 1. Australian Accounting Standards

General

The Public Education Endowment Trust's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Trust has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Trust cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Trust for the annual reporting period ended 30 June 2010.

Note 2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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, except for land and buildings which have been measured at fair value.

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

The financial statements are presented in Australian dollars and are all rounded to the nearest dollar.

(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.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Trust obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

(e) 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.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

(f) Impairment of assets

Property and plant and equipment are tested for any indication of impairment at the end of each reporting period. 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 Trust 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.

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 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 the end of each reporting period.

(g) Financial instruments

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

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
 - Cash and cash equivalents
 - Receivables
- Financial Liabilities
 - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value.

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

(h) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise 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.

(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 against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Trust will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(j) Payables

Payables are recognised at the amounts payable when the Trust becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(k) Comparative figures

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

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 3. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Trust has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Trust.

AASB 101 *Presentation of Financial Statements (September 2007)*

This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*

This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the *Framework* to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]*

This Standard amends AASB 7 *Financial Instruments: Disclosures* and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Voluntary changes in accounting policy

Effective from the 1 July 2009, the Trust amended its asset capitalisation policy such that only purchases costing \$5,000 or more are recognised as assets (previously \$1,000). Assets capitalised in previous years with a cost of less than \$5,000 were written out of the asset register and their cost and accumulated depreciation were written back to accumulated surplus/deficit. The effect of this change as at 1 July 2008 is disclosed in the table below.

The following adjustments were made to the statements:

| | 30 June 2008 | Increase/(Decrease) | 1 July 2008 (Restated) |
|--|--------------|---------------------|---------------------------|
| Property Plant and Equipment | 2,271 | (2,271) | 0 |
| Retained earnings | (8,486,730) | 3,645 | (8,483,085) |
| Depreciation | 0 | (1,374) | (1,374) |
| Net change due to change in accounting policy. | | 0 | |

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Future impact of Australian Accounting Standards not yet operative

The Trust cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Consequently, the Trust has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Trust. Where applicable, the Trust plans to apply these Australian Accounting Standards from their application date.

| | | Operative for reporting periods beginning on/after |
|--------------|---|--|
| AASB 2009-11 | <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</i> | 1 Jan 2013 |
| | The amendment to AASB 7 Financial Instruments: Disclosures requires modification to the disclosure of categories of financial assets. The Trust does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change. | |
| AASB 1053 | <i>Application of Tiers of Australian Accounting Standards</i> | 1 Jan 2013 |
| | This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. | |
| | The Standard does not have any financial impact on the Trust. However it may affect disclosures in the financial statements of the Trust if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies. | |
| AASB 2010-2 | <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i> | 1 Jul 2013 |
| | This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. | |
| | The Standard is not expected to have any financial impact on the Trust. However this Standard may reduce some note disclosures in financial statements of the Trust. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies. | |

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 2010**

Note 4. Project Expenses

Trust Expenditure on project grants totalled \$ Nil (\$61,672: 2009). The approved projects are shown below:

| | 2010 | 2009 |
|--|------|---------------|
| Project name and Organisation: | \$ | \$ |
| Include Me - Therapy Focus | - | 22,172 |
| Neerigan Brook "Full Service School" - Neerigan Brook Primary School | - | 5,000 |
| Out of the Classroom and into the Field, Module 1 Excursion Guides and Module 2 Field Equipment | - | 34,500 |
| Total | - | <u>61,672</u> |

Note 5. Supplies and services

| | 2010 | 2009 |
|-----------------------------|---------------|---------------|
| | \$ | \$ |
| Consultants and contractors | 21,439 | 20,432 |
| Consumables | 2,598 | 2,387 |
| | <u>24,037</u> | <u>22,819</u> |

Note 6. Employee expenses

| | 2010 | 2009 |
|--|---------------|---------------|
| | \$ | \$ |
| Salary and Wages | 56,274 | 65,251 |
| Superannuation – defined benefit plans | 6,276 | 7,277 |
| Long service leave | 1,673 | 1,941 |
| | <u>64,223</u> | <u>74,469</u> |

Note 7. Accommodation expenses

| | 2010 | 2009 |
|---------------|--------------|--------------|
| | \$ | \$ |
| Lease rentals | 2,817 | 2,943 |
| | <u>2,817</u> | <u>2,943</u> |

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 8. Net gain/(loss) on disposal of non-current assets

| | 2010 | 2009 |
|---|--------|------|
| | \$ | \$ |
| <u>Costs of Disposal of Non-Current Assets</u> | | |
| Land | 40,500 | - |
| <u>Proceeds from Disposal of Non-Current Assets</u> | | |
| Land | 40,438 | - |
| Net gain/(loss) | (62) | - |

Note 9. Other expenses

| | 2010 | 2009 |
|------------------------------------|-------|-----------|
| | \$ | \$ |
| Revaluation Expenses | 3,962 | 5,656 |
| Net Loss for Fair Value Adjustment | - | 1,500,000 |
| | 3,962 | 1,505,656 |

Note 10. Interest Revenue

| | 2010 | 2009 |
|---------------------------|---------|---------|
| | \$ | \$ |
| Commonwealth Bank Account | 444,135 | 589,669 |
| | 444,135 | 589,669 |

Note 11. Other revenue

| | 2010 | 2009 |
|--|---------|------|
| | \$ | \$ |
| Net gain for fair value adjustment | 590,000 | - |
| Project Refunds | 2,069 | - |
| Non Reciprocal Discretionary Land Transfer | 40,500 | - |
| | 632,569 | - |

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 12. Receivables

| | 2010 | 2009 |
|----------------------|----------------|---------------|
| | \$ | \$ |
| <u>Current</u> | | |
| Accrued revenue | 126,912 | 88,312 |
| Total current | 126,912 | 88,312 |

The Trust does not hold any collateral as security or other credit enhancements relating to receivables.

Note 13. Other current assets

| | 2010 | 2009 |
|----------------------|--------------|--------------|
| | \$ | \$ |
| <u>Current</u> | | |
| GST Receivable | 6,798 | 2,506 |
| Total current | 6,798 | 2,506 |

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 14. Non-current assets held for sale

| | 2010 | 2009 |
|--|--------|------|
| | \$ | \$ |
| <u>Opening balance</u> | | |
| Land | - | - |
| Less write-down from cost to fair value less selling costs | - | - |
| | - | - |
| <u>Assets classified as held for sale</u> | | |
| Land | 40,500 | - |
| | - | - |
| Less write-down from cost to fair value less selling costs (a) | 4,562 | - |
| | 35,938 | - |
| <u>Total assets classified as held for sale</u> | | |
| Land | 40,500 | - |
| | - | - |
| Less write-down from cost to fair value less selling costs | 4,562 | - |
| | 35,938 | - |
| <u>Less assets sold</u> | | |
| Land | 40,500 | - |
| | - | - |
| Less write-down from cost to fair value less selling costs | 4,562 | - |
| | 35,938 | - |
| <u>Closing balance</u> | | |
| Land | - | - |
| Less write-down from cost to fair value less selling costs | - | - |
| | - | - |
| (a) Disclosed as Other expenses | | |

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 15. Investment property

| | 2010 | 2009 |
|------------------------|------------------|------------------|
| | \$ | \$ |
| <u>Land</u> | | |
| Land at fair value (a) | 8,205,905 | 7,615,905 |
| | <u>8,205,905</u> | <u>7,615,905</u> |

Reconciliations of the carrying amount of the investment property at the beginning and end of the reporting period is set out in the table below.

| | Land |
|---|-------------------------|
| | \$ |
| 2010 | |
| Carrying amount at start of year | 7,615,905 |
| Additions | - |
| Net gain from fair value adjustment (b) | 590,000 |
| Disposals | - |
| Depreciation | - |
| Carrying amount at end of year | <u><u>8,205,905</u></u> |

| | Land |
|---|-------------------------|
| | \$ |
| 2009 | |
| Carrying amount at start of year | 9,115,905 |
| Additions | - |
| Net loss from fair value adjustment (b) | (1,500,000) |
| Change in asset threshold (c) | - |
| Depreciation | - |
| Carrying amount at end of year | <u><u>7,615,905</u></u> |

(a) Freehold land was re-valued as at 1 July 2009 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2010 and recognised at 30 June 2010. The fair value of all land has been determined by reference to recent market transactions.

(b) Recognised in the Statement of Comprehensive Income.

(c) During 2010, the Trust amended its asset capitalisation policy such that only purchases costing \$5,000 or more are recognised as assets (previously \$1,000). Assets capitalised in previous years with a cost of less than \$5,000 were written out of the asset register and their cost and accumulated depreciation were written back to accumulated surplus. Refer to Notes 5 and 18.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

The restated position for Property, Plant and Equipment as at 30 June 2009 is as follows:

| | Office equipment | Computer hardware | Total |
|---|---------------------|----------------------|----------|
| 2009 | \$ | \$ | \$ |
| Carrying amount at 30 June 2009 per audited statements | 224 | 2,047 | 2,271 |
| Depreciation charged in 2009. | 140 | 1,234 | 1,374 |
| Adjustment due to change in asset policy - adjusted to accumulated surplus as at 1 July 2008 | 364 | 3,281 | 3,645 |
| Restated carrying amount at end of year 30 June 2009 | - | - | - |

Note 16. *Impairment of assets*

There were no indications of impairment to property, plant and equipment at 30 June 2010.

The Trust held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2010 have either been classified as assets held for sale or written-off.

Note 17. *Payables*

| | 2010 | 2009 |
|----------------------|---------------|---------------|
| | \$ | \$ |
| <u>Current</u> | | |
| Accrued expenses | 18,516 | 22,053 |
| Accrued salaries | 18,226 | 20,180 |
| Total current | 36,742 | 42,233 |

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 18. Equity

Equity represents the residual interest in the net assets of the Trust. The Government holds the equity interest in the Trust on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

| | 2010 | 2009 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Balance at start of period | 5,388,902 | 5,388,902 |
| Balance at end of period | 5,388,902 | 5,388,902 |

Reserves

| | 2010 | 2009 |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| <u>Asset revaluation surplus</u> | | |
| Balance at start of year | 5,724,500 | 5,724,500 |
| Balance at end of year | 5,724,500 | 5,724,500 |

Accumulated surplus/(deficit)

| | 2010 | 2009 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Balance at start of year | 7,404,733 | 8,483,085 |
| Result for the period | 976,523 | (1,078,352) |
| Balance at end of year | 8,381,256 | 7,404,733 |

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 19. Notes to the Statement of Cash Flows

Reconciliation of cash

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

| | 2010 | 2009 |
|---------------------------|-------------------|-------------------|
| | \$ | \$ |
| Cash and cash equivalents | 11,218,284 | 11,035,231 |
| | <u>11,218,284</u> | <u>11,035,231</u> |

Reconciliation of Net Cost of Services to net cash flows provided by/(used in) operating activities

| | 2010 | 2009 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Net Cost of Services | 976,523 | (1,078,352) |
| <u>Non-cash items:</u> | | |
| Net (gain)/loss on sale of property, plant and equipment | 62 | - |
| Net (gain)/loss on fair value adjustment to property, plant and equipment | (590,000) | 1,500,000 |
| Non reciprocal discretionary land transfer | (40,500) | - |
| <u>(Increase)/decrease in assets:</u> | | |
| Current receivables ^(c) | (38,600) | 116,048 |
| <u>Increase/(decrease) in liabilities:</u> | | |
| Current payables ^(c) | (5,491) | 5,661 |
| Project Expenses | (155,087) | (231,164) |
| Other current liabilities | 0 | 7,875 |
| Net GST receipts/(payments) ^(a) | (5,452) | 9,247 |
| Change in GST in receivables/payables ^(b) | (3,340) | - |
| Net cash provided by/(used in) operating activities | <u>138,115</u> | <u>329,315</u> |

(a) This is the net GST paid/received, ie. cash transactions.

(b) This reverses out the GST in receivables and payables.

(c) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 20. Contingent liabilities and contingent assets

Contingent liabilities

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

Contaminated sites

Under the *Contaminated Sites Act 2003*, the Public Education Endowment Trust 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 Trust may have a liability in respect of investigation or remediation expenses.

In 2007 DEC classified the Trust's Fremantle site as *contaminated - remediation required*. However the long term user (the polluter) of the site is appealing the classification and the Trust 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 2010.

Note 21. Events occurring after the end of the reporting period

There are no events occurring after 30 June 2010, which would materially impact these financial statements

Note 22. Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below: Significant variations are considered to be those greater than 10% or \$5,000.

Significant variances between estimate and actual for the financial year

| | 2010 | 2010 | |
|--|----------|---------|-----------|
| | Estimate | Actual | Variance |
| | \$ | \$ | \$ |
| Interest Revenue | 550,000 | 444,135 | (105,865) |
| Other Revenue | - | 632,569 | 632,569 |
| Project Expenses | 400,000 | - | (400,000) |
| Employee expenses | 53,000 | 64,223 | 11,223 |
| Depreciation and amortisation expense | 1,057 | - | (1,057) |
| Loss on disposal of non-current assets | - | 62 | 62 |
| Other expenses | 2,000 | 3,962 | 1,962 |

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Interest Revenue

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

Other Revenue

The variance is due to the fact that at the time of preparing the estimates, the transfer in of the Wagin land and the revaluation of the land upwards was not expected.

Project Expenses

The variance is due to the fact that at the time of preparing the estimates an allocation was made for projects but no projects were approved in the 2010 financial year.

Employee expenses

The variance is due to the fact that at the time of preparing the estimates, the Trust under-estimated what the Executive Officer's part time hours would be.

Depreciation and amortisation expense

The variance is due to the fact that at the time of preparing the estimates, the Trust was not aware that their assets had to be written-off as they were below \$5,000.

Loss on disposal of non-current assets

The variance is due to the fact that at the time of preparing the estimates, the transfer in of the Wagin land back to the Trust and subsequent sale of the land was not expected.

Other expenses

The variance is due to the fact that at the time of preparing the estimates, additional costs for the valuation of the Wagin land (which was transferred into the Trust in 2010) was not expected.

Significant variances between actual results for actual and prior year actual

| | 2010 | 2009 | Variance |
|--|---------|-----------|-------------|
| | \$ | \$ | \$ |
| <u>Income</u> | | | |
| Interest Revenue | 444,135 | 589,669 | (145,534) |
| Other Revenue | 632,569 | - | 632,569 |
| <u>Expense</u> | | | |
| Project Expenses | - | 61,672 | (61,672) |
| Land Expenses | 5,080 | 462 | 4,618 |
| Supplies and services | 24,037 | 22,819 | 1,218 |
| Employee expenses | 64,223 | 74,469 | (10,246) |
| Loss on disposal of non-current assets | 62 | - | 62 |
| Other expenses | 3,962 | 1,505,656 | (1,501,694) |

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Interest

The variance is due to a significant decrease in investment interest rates in 2010 provided by the Department of Treasury and Finance

Other Revenue

The variance is due to a number of factors:

- (a) Non reciprocal discretionary land transfer of the Wagin land.
- (b) Project refunds in 2010.
- (c) Revaluation of Fremantle land reversing part of previous year's write-down in value.

Project Expenses

The variance is due to no projects being approved in the 2010 financial year.

*Land
Expenses*

Valuation costs on Wagin land received in 2010.

Supplies and services

The variance is due to very little costs for land expenses for the Fremantle land in 2009 due to the Trust being unable to proceed with development, until the appeal by BP to the Contaminated Sites Appeal Committee has been finalised.

Employee expenses

The variance is due to the Executive Officer going from a full time position to a part time position in 2010.

Loss on disposal of non-current assets

The variance is due to the loss on sale of the Wagin land.

Other expenses

The variance is due to a Net Loss for Fair Value Adjustment of the Trust land in 2009. The valuation in 2010 reversed part of this and is disclosed as other revenue.

Note 23. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Trust are cash and cash equivalents, restricted cash and cash equivalents, borrowings, finance leases, Treasurer's advances, loans and receivables, and payables. The Trust has limited exposure 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 maximum exposure to credit risk at end of the reporting period 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 23(c) 'Financial instruments disclosures' and note 12 'Receivables'.

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's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Liquidity risk

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

The Trust has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Trust's income or the value of its holdings of financial instruments. 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 relates primarily to the long-term debt obligations.

(b) Categories of financial instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

| | 2010 | 2009 |
|--|------------|------------|
| | \$ | \$ |
| <u>Financial Assets</u> | | |
| Cash and cash equivalents | 11,218,284 | 11,035,231 |
| Loans and receivables ^(a) | 126,912 | 88,312 |
| <u>Financial Liabilities</u> | | |
| Financial liabilities measured at amortised cost | 63,241 | 223,819 |

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

(c) Financial instrument disclosures

Credit risk and interest rate exposures

The following table discloses the Trust's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Trust's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. 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 enhancement 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 2010

Interest rate exposure and ageing analysis of financial assets^(a)

| | Weighted Average Effective Interest Rate | Carrying Amount | Interest rate exposure | |
|----------------------------|---|--------------------|------------------------|-------------------------|
| | | | Variable | Non-interest bearing |
| | | | interest rate | |
| | % | \$ | \$ | \$ |
| <u>Financial Assets</u> | | | | |
| 2010 | | | | |
| Cash and cash equivalents | 4.535 | 11,218,284 | 11,218,284 | - |
| Receivables ^(a) | - | 126,912 | - | 126,912 |
| | | 11,345,197 | 11,218,284 | 126,912 |
| 2009 | | | | |
| Cash and cash equivalents | 5.379 | 11,035,231 | 11,035,231 | - |
| Receivables ^(a) | - | 88,312 | - | 88,312 |
| | | 11,123,543 | 11,035,231 | 88,312 |

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities

| | Weighted Average Effective Interest Rate | Carrying Amount | Interest rate exposure | |
|------------------------------|---|--------------------|------------------------|-------------------------|
| | | | Variable | Non-interest bearing |
| | | | interest rate | |
| | % | \$ | \$ | \$ |
| <u>Financial Liabilities</u> | | | | |
| 2010 | | | | |
| Payables | - | 63,241 | - | 63,241 |
| | | 63,241 | - | 63,241 |
| 2009 | | | | |
| Payables | - | 223,819 | - | 223,819 |
| | | 223,819 | - | 223,819 |

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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 end of the reporting period on the surplus for the period and equity for a 100 basis point in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

| | | -100 basis points | | +100 basis points | |
|---------------------------|--------------------|-------------------|-----------|-------------------|---------|
| | Carrying amount | Surplus | Equity | Surplus | Equity |
| 2010 | | | | | |
| <u>Financial Assets</u> | | | | | |
| Cash and cash equivalent | 11,218,284 | (112,183) | (112,183) | 112,183 | 112,183 |
| Total Increase/(Decrease) | | (112,183) | (112,183) | 112,183 | 112,183 |

| | | -100 basis points | | +100 basis points | |
|---------------------------|--------------------|-------------------|-----------|-------------------|---------|
| | Carrying amount | Surplus | Equity | Surplus | Equity |
| 2009 | | | | | |
| <u>Financial Assets</u> | | | | | |
| Cash and cash equivalent | 11,035,231 | (110,352) | (110,352) | 110,352 | 110,352 |
| Total Increase/(Decrease) | | (110,352) | (110,352) | 110,352 | 110,352 |

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes

**Note 24. 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.

| | 2010 | 2009 |
|--|------|------|
| \$ | | |
| 0 – 10,000 | 3 | 3 |
| The total remuneration of members of the accountable authority | - | - |

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Remuneration of senior officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

| | 2010 | 2009 |
|--|---------------|---------------|
| \$ | | |
| 60,001 – 70,000 | 1 | - |
| 70,001 – 80,000 | - | 1 |
| The total remuneration of senior officers | 64,223 | 74,469 |

The total remuneration includes the superannuation expense incurred by the Trust in respect of senior officers other than senior officers reported as members of the accountable Trust

Note 25. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

| | 2010 | 2009 |
|--|---------------|---------------|
| Auditing the accounts, financial statements and performance indicators | 17,930 | 16,300 |
| | 17,930 | 16,300 |

Note 26. Schedule of Income and Expenses and Assets and Liabilities by Service

There is only one service being provided by the Trust being the provision of grants for investment income, therefore there is no need to provide these schedules.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 26. Schedule of income and expenses by services

| | Grants | | Investments | | Total | |
|--|----------------|----------------|----------------|--------------------|------------------|--------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| <u>Expenses</u> | | | | | | |
| Project Expenses | - | 61,672 | - | - | - | 61,672 |
| Land Expenses | 3,302 | 300 | 1,778 | 162 | 5,080 | 462 |
| Employee expenses | 41,745 | 48,405 | 22,478 | 26,064 | 64,223 | 74,469 |
| Supplies and services | 15,624 | 14,832 | 8,413 | 7,987 | 24,037 | 22,819 |
| Accommodation expenses | 1,831 | 1,913 | 986 | 1,030 | 2,817 | 2,943 |
| Loss on disposal of non-current assets | - | - | 62 | - | 62 | - |
| Other expenses | 2,575 | 3,676 | 1,387 | 1,501,980 | 3,962 | 1,505,656 |
| Total expenses | 65,077 | 130,799 | 35,103 | 1,537,222 | 100,180 | 1,668,021 |
| <u>Income</u> | | | | | | |
| Interest revenue | 288,687 | 383,285 | 155,447 | 206,384 | 444,135 | 589,669 |
| Other revenue | 2,069 | - | 630,500 | - | 632,569 | - |
| Total Income | 290,756 | 383,285 | 785,947 | 206,384 | 1,076,703 | 589,669 |
| Profit/(loss) for the period | 225,679 | 252,486 | 750,844 | (1,330,838) | 976,523 | (1,078,352) |

Consistent with prior years, the income and expenditure (excluding project expenses, revaluation of land, loss on sale of land and land transferred in) is split as follows:

| | |
|-------------|-----|
| Grants | 65% |
| Investments | 35% |

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2010**

CERTIFICATION OF KEY PERFORMANCE INDICATORS

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 2010.



Hon Elizabeth Constable
Minister For Education
Chairperson
Public Education Endowment Trust
Date 20 September 2010

21 September 2010



Sharyn O'Neill
Deputy Chairperson
Public Education Endowment Trust
Date 20 September 2010

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2010**

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.

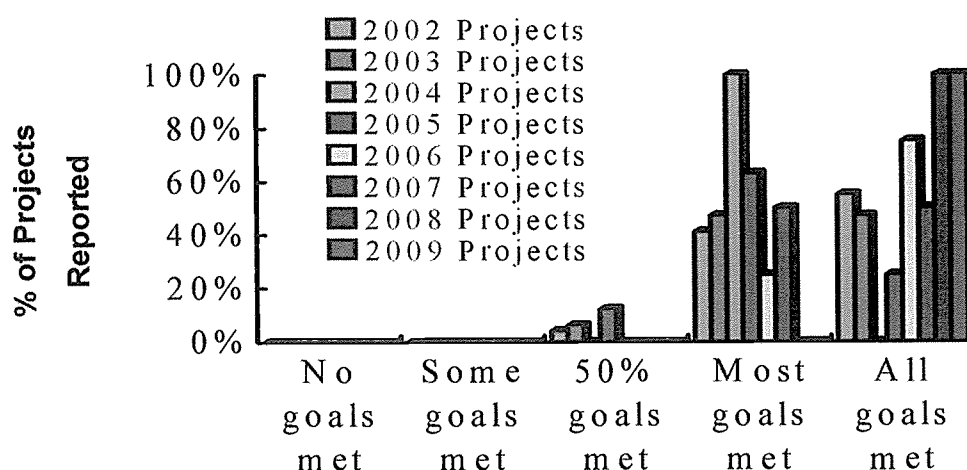
EFFECTIVENESS INDICATOR: RESULTS OF PROJECTS MEETING THEIR GOALS

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.

In the 2009 calendar year two funding rounds were finalised and the indicators are based on information from the final reports of the two projects (Include Me and Full Service School). In 2009 both finalised projects met their established goals. The data reported in "Results of Projects Meeting Their Goals" below 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.

One 2008 project is ongoing (Out of the classroom and into the field) and will be reported in the 2013 financial statements once the payment has been finalised and their final report has been received.

RESULTS OF PROJECTS MEETING THEIR GOALS



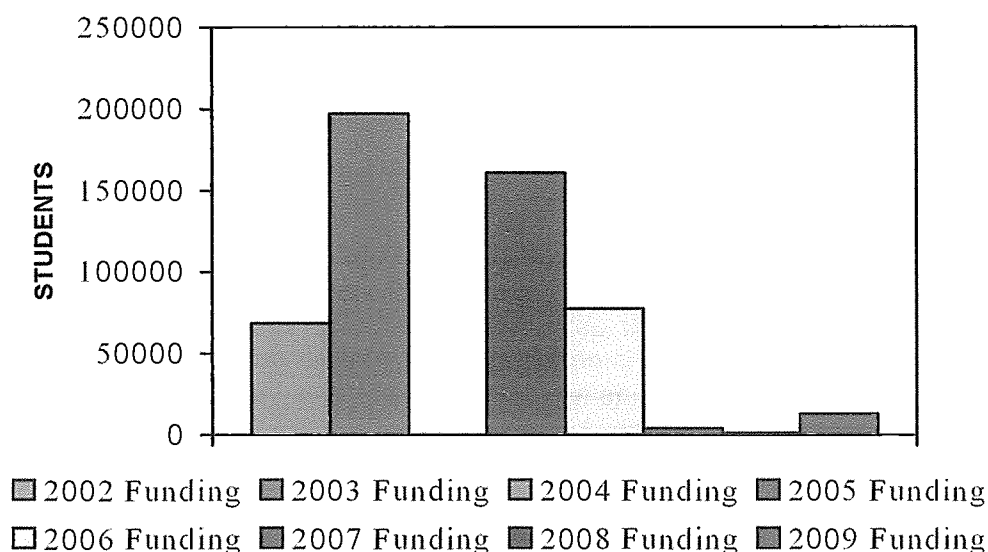
Target for 2010 is 100% based on previous targets set by the Board

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2010**

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 2009 calendar year are reported in the bar graph below. The figures shown represent eight years funding, that of 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009

NUMBER OF STUDENTS TO BENEFIT FROM PEET GRANTS



Target is 150,000 students to benefit from grants annually. This target is based on previous year targets set by the Board. The 2004 results are very low due to only one research grant being approved that year. The 2006 grants have all been finalised, several of the projects will have an ongoing benefit to students however has only been reported as a once off annual benefit. The 2007 and 2008 results will increase in the 2010 calendar year as all the grants finalise and report their results. Based on the final funding reports 13,072 students benefited from the project funding in the 2009 calendar year. This number is low due to two projects being finalised in 2009. The potential number of students to benefit from project funding is estimated as 189,437. 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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2010**

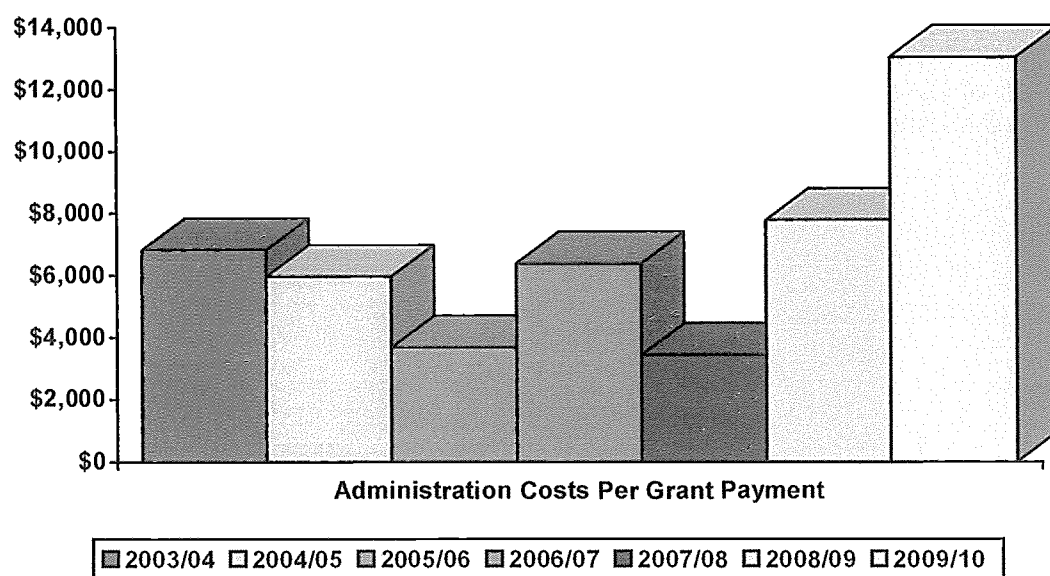
EFFICIENCY INDICATORS

SERVICE ONE - GRANTS

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

| | |
|----------------------------------|----------|
| Total Grant Administration Costs | \$65,077 |
| Number of grant payments | 5 |

EFFICIENCY INDICATOR



Target is \$11,770. This target is based on previous years set by the Board.

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 \$3 000 to up to nearly \$14,000.

In 2006/07 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 2007/08 Administration costs decreased and with only 5 grants approved this has resulted in a lowering of the indicator. In 2008/09 the efficiency indicator has doubled from the previous year. This is due to several factors, one being a decrease in the number of grant payments from the previous year due to only 3 grants being approved in 2008/09 and secondly administration costs increased in 2009 due mainly to an increase in salary costs. In 2009/10 the efficiency indicator has increased from previous years due to an increase in total administration costs.

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.

**TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2010**

SERVICE TWO - INVESTMENTS

Funding is derived from Interest on Investments and Land Rents.

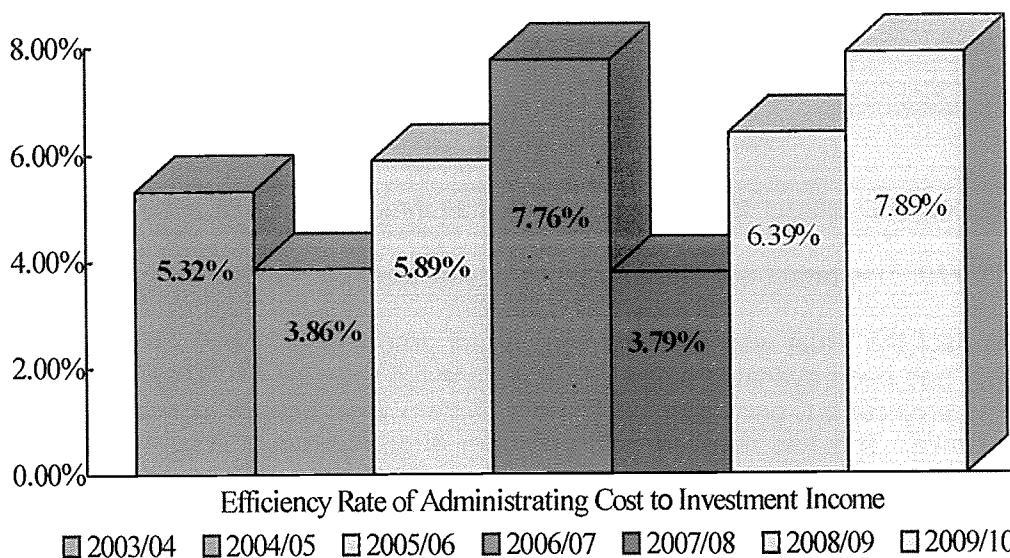
To measure this return as an efficiency indicator, a portion of administration costs have been allocated to administration of investment income that consists of land and investment accounts. The formula is set out below:

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

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

A comparison of 2004, 2005, 2006, 2007, 2008, 2009, 2010 efficiency rate on the cost of administering the total investment income is displayed below.

EFFICIENCY INDICATOR



Target is 5% and based on previous years targets.

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 2007/08 and 2008/09 financial years. In 2009/10 there has been a reduction in interest income and this combined with a decrease in salaries and project expenditure has resulted in the indicator exceeding the Target.

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
OTHER FINANCIAL AND GOVERNANCE DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2010

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

EMPLOYMENT AND INDUSTRIAL RELATIONS

Staff Profile

| | 2010 | 2009 |
|---------------------|------|------|
| 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
DEPUTY CHAIRPERSON

Date 20 September 2010

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
OTHER FINANCIAL AND GOVERNANCE DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2010

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 2011

ESTIMATE OF INCOME
FOR YEAR ENDED 30 JUNE 2011

| | Note | 2011 Estimates \$ | 2010 Actuals \$ |
|---|------|-------------------------|-----------------------|
| <u>INCOME</u> | | | |
| Revenue | | | |
| Interest Revenue | | 508 750 | 444 135 |
| Other Revenue | 1 | <u>0</u> | <u>632 569</u> |
| Total Income | | 508 750 | 1,076,704 |
| <u>EXPENSES</u> | | | |
| Expenses | | | |
| Project Expenses | | 11 500 | 0 |
| Land Expenses | | 0 | 5,080 |
| Supplies and Services | | 39 740 | 24 037 |
| Employee Expenses | | 48 326 | 64 223 |
| Accommodation Expenses | | 3 226 | 2 817 |
| Loss on disposal of non current assets | | 0 | 62 |
| Other expenses from ordinary activities | | <u>0</u> | <u>3 962</u> |
| Total Expenses | | 102 792 | 100 181 |
| Profit for the period | | 405 958 | 976 523 |

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
ANNUAL ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2011

ESTIMATE OF BALANCE SHEET

AS AT 30 JUNE 2011

| | Note | 2011 Estimates \$ | 2010 Actuals \$ |
|----------------------------------|------|-------------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | | 11 606 200 | 11 218 284 |
| Receivables | 2 | 127 188 | 126 912 |
| Other Current Assets | 2 | 3 405 | 6 798 |
| Total Current Assets | | 11 736 793 | 11 351 994 |
| Non Current Assets | | | |
| Investment Property | | 8 205 905 | 8 205 905 |
| Total Non Current Assets | | 8 205 905 | 8 205 905 |
| Total Assets | | 19 942 698 | 19 557 899 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Project Expenses | | 0 | 26 499 |
| Payables | 3 | 42 082 | 36 742 |
| Total Current Liabilities | | 42 082 | 63 241 |
| Total Liabilities | | 42 082 | 63 241 |
| | | 19 900 616 | 19 494 658 |
| NET ASSETS | | | |
| EQUITY | | | |
| Contributed Equity | | 5 388 902 | 5 388 902 |
| Reserves | | 5 724 500 | 5 724 500 |
| Accumulated Surplus | | 8 787 214 | 8 381 256 |
| TOTAL EQUITY | | 19 900 616 | 19 494 658 |

TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT
ANNUAL ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2011

1 OTHER REVENUE

| | <u>2011</u> Estimates | <u>2010</u> Actuals |
|--|--------------------------|------------------------|
| | \$ | \$ |
| Net gain for fair value adjustment | 0 | 590 000 |
| Project refunds | 0 | 2 069 |
| Non reciprocal discretionary land transfer | 0 | 40 500 |
| | <u>0</u> | <u>632 569</u> |

2 OTHER CURRENT ASSETS

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

| | <u>2011</u> Estimates | <u>2010</u> Actuals |
|---------------------------------------|--------------------------|------------------------|
| | \$ | \$ |
| Interest on Commonwealth Bank Account | 127 188 | 126 912 |
| GST Receivable | 3 405 | 6 798 |
| | <u>130 593</u> | <u>133 710</u> |

3 PAYABLES

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

| | <u>2011</u> Estimates | <u>2010</u> Actuals |
|----------------|--------------------------|------------------------|
| | \$ | \$ |
| Administration | 42 082 | 36 742 |
| | <u>42 082</u> | <u>36 742</u> |

