



PUBLIC  
EDUCATION  
ENDOWMENT  
TRUST

# ANNUAL REPORT 2011-2012



# STATEMENT OF COMPLIANCE

For year ended 30 June 2012

## HON PETER COLLIER 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 Public Education Endowment Trust for the year ended 30 June 2012.

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*.



Professor Lesley Parker AM  
Chairperson  
Public Education Endowment Trust



Professor Keith Punch  
Trustee  
Public Education Endowment Trust

17 September 2012

## Contact Details

### Postal

Public Education Endowment Trust  
PO Box 1766  
OSBORNE PARK WA 6916

### Electronic

Internet: [www.peet.wa.gov.au](http://www.peet.wa.gov.au)  
Email: [des@des.wa.gov.au](mailto:des@des.wa.gov.au)  
Telephone: 08 9441 1900  
Facsimile: 08 9441 1901

<b>PEET AT A GLANCE.....</b>	<b>4</b>
Operational Structure.....	4
Performance Management Framework.....	7
<b>REPORT ON OPERATIONS.....</b>	<b>8</b>
Agency Performance .....	8
Financial Targets .....	10
<b>SIGNIFICANT ISSUES AND TRENDS .....</b>	<b>11</b>
<b>DISCLOSURES AND LEGAL COMPLIANCE .....</b>	<b>12</b>
Auditor General's Opinion.....	12
Financial Statements .....	15
Statement of Comprehensive Income.....	16
Statement of Financial Position .....	17
Statement of Changes in Equity .....	18
Statement of Cash Flows.....	19
Notes to the Financial Statements .....	20
Key Performance Indicators.....	39
Other Financial Disclosures .....	43
Governance Disclosures.....	44
Other Legal Requirements.....	45
Annual Estimates.....	46

## Operational Structure

---

### Enabling Legislation

The Act governing the Trust in Western Australia is the *Public Education Endowment Act 1909* (WA).

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.

### Responsible Minister

The Hon Peter Collier MLC, Minister for Education

### Mission

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

### 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 interest on investments and sale of land.

The Trustees meet periodically to deal with administration, finance and other matters affecting Trust land.

### **Administrative Structure**

The Trust membership, in accordance with the provisions of Section 2 of the *Public Education Endowment Act 1909-81*, consists of two ex-officio members, the Hon Minister for Education and the Director General of Education, and three other Trustees appointed for a term of three years by His Excellency the Governor.

The membership of the Trust for the reporting period comprised:

Hon Peter Collier, Minister for Education (from 29 June 2012)

Hon Dr Elizabeth Constable, Minister for Education (until 29 June 2012)

Ms Sharyn O'Neill, Director General, Department of Education

Professor Lesley Parker, Trustee (from 1 November 2011)

Professor Keith Punch, Trustee (from 21 November 2009)

Ms Norma Jeffery, Trustee (until 21 November 2011)

The Hon Dr Elizabeth Constable was Chair of the Trust until 2 May 2012 when Professor Lesley Parker assumed this responsibility.

The Trustees met on the following four occasions to consider Trust business:

- 5 August 2011
- 28 November 2011
- 8 February 2012
- 2 May 2012

Executive support was provided to the Trust by the Department of Education until 31 March 2012. Since 1 April 2012, the Department of Education Services has provided this support to the Trust.

### **Legislation Impacting on the Trust's 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*
- *Electoral Act 1907*
- *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*
- *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.

## Performance Management Framework

### Outcome Based Management Structure

The Trust's performance management framework was established in 2010-11. The Outcome Based Management (OBM) structure was developed in conjunction with the Department of Treasury and the Office of the Auditor General.

Government Goal	Agency Level Government Desired Outcome	Service
Outcomes Based Service Delivery: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	Enhancement of the public education of Western Australian students.	Grants – providing grants for public education purposes, for projects that will benefit the education of Western Australian students.

The Trust's key effectiveness indicators provide information on the extent to which the outcome has been achieved through the delivery of the agreed service. The Trust's efficiency indicator demonstrates the efficiency with which the Trust delivers the agreed service.

Performance against key effectiveness and efficiency indicators is detailed in the 'Disclosures and Legal Compliance' section on page 40.

### Shared Responsibility with other Agencies

The Trust did not share any responsibilities with other agencies in 2011-12.

## Agency Performance

---

### **Trust Income**

#### **Leasing of Trust Land**

The Trust did not receive any income from the Fremantle land for the period ending 30 June 2012. The lessee vacated the property on 28 February 2006.

#### **Investment of Trust Funds**

The Trust has one account at the Commonwealth Bank of Australia (CBA), which combines the Trust's Investment and Operating accounts.

Funds held within the CBA account are invested by the Department of Treasury through the Western Australian Treasury Corporation and earned an interest return of \$570,413 for the period ending 30 June 2012.

#### **Utilisation of Trust Finance**

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

#### **Projects/Grants**

In 2011 the Trust initiated a new grants strategy based on funding research for the benefit of schooling education in Western Australia. The Trust approved six grants to various Universities for research projects. The contracts for this funding are currently being negotiated.

### **Land Holdings**

#### **Metropolitan Land**

Freehold land vested in the Trust as at 30 June 2012 totals 3.0152 hectares and has a fair value of \$7,950,000. This land can be described as FREMANTLE - Reserve No.11384; Lots 1186-1192, 1197-1200, 1207-1208, 1213-1215, and 1725. BP Australia Ltd leased this property until 28 February 2006. The land is currently unoccupied.

## **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*.
- 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 2011-12 financial year has been completed.

## **Management/Development of Trust Land**

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

## Financial Targets

### Actual Results versus Budget Targets

Financial Targets	2011-12 Target <sup>(1)</sup> \$	2011-12 Actual \$	Variation <sup>(2)</sup> \$
Total cost of services	626,779	749,265	(122,486) <sup>(a)</sup>
Net cost of services	48,265	(178,852)	(227,117) <sup>(b)</sup>
Total equity	20,443,955	20,231,049	(212,906) <sup>(c)</sup>
Net increase / (decrease) in cash held	(81,307)	502,743	584,050 <sup>(d)</sup>
Approved full time equivalent (FTE) staff level	1	1	-

1. As specified in the Budget Statements.
2. Further explanations are contained in Note 21 'Explanatory statement' to the financial statements.
  - a. The variation is mainly due to expected grants payments of \$500,000 not occurring, which were offset by an unexpected loss on fair valuation adjustment of \$650,000 in relation to investment property. The write down of the land value in Fremantle was in accordance with a valuation undertaken by Landgate.
  - b. In addition to the explanation above regarding expenses, the variation was also due to an increase in interest revenue of \$67,369 as a result of higher than expected interest rates.
  - c. The variation is mainly due to expected grant payments of \$500,000 not occurring, offset by the fair valuation adjustment of \$650,000.
  - d. The variation is mainly due to less than expected grants payments of \$500,000 not occurring and increased interest received of \$37,690.

## Significant Issues and Trends

The Public Education Endowment Trust's vision for 2011-2015 is to fund projects relevant to the current needs of Western Australian school students, teachers, schools and their communities.

In January 2011 the Trust agreed to a new evidence based research focus for the grants program that will provide the greatest benefit to the greatest number of students.

The following research areas have been identified as the main focus. They centre on achieving results in education delivery and are prioritised areas in need of further investigation.

- effective early childhood education strategies
- improving student achievement in low socio economic communities
- improving students' attendance
- strategies to engage and motivate boys in education
- effective strategies to improve student behaviour
- indigenous education
- effective online technologies

## Auditor General's Opinion



### Auditor General

#### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

#### TRUSTEES OF THE PUBLIC EDUCATION ENDOWMENT

##### Report on the Financial Statements

I have audited the accounts and financial statements of the Trustees of the Public Education Endowment.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

##### *Trustees' Responsibility for the Financial Statements*

The Trustees are 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 for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### *Opinion*

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Trustees of the Public Education Endowment at 30 June 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

## **Report on Controls**

I have audited the controls exercised by the Trustees of the Public Education Endowment during the year ended 30 June 2012.

Controls exercised by the Trustees of the Public Education Endowment are those policies and procedures established by the Trustees to ensure 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.

### *Trustees' Responsibility for Controls*

The Trustees are responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Trustees of the Public Education Endowment based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Trust complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the controls exercised by the Trustees of the Public Education Endowment are sufficiently adequate to 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 during the year ended 30 June 2012.

## **Report on the Key Performance Indicators**

I have audited the key performance indicators of the Trustees of the Public Education Endowment for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

### *Trustee's Responsibility for the Key Performance Indicators*

The Trustees are responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Trustees determine necessary to ensure that the key performance indicators fairly represent indicated performance.

### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Trustees' preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion, the key performance indicators of the Trustees of the Public Education Endowment are relevant and appropriate to assist users to assess the Trust's performance and fairly represent indicated performance for the year ended 30 June 2012.

#### **Independence**

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

#### **Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of the Trustees of the Public Education Endowment for the year ended 30 June 2012 included on the Trust's website. The Trust's management is responsible for the integrity of the Trust's website. My audit does not provide assurance on the integrity of the Trust's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
21 September 2012

## Financial Statements

---

### Certification of Financial Statements

#### For the year ended 30 June 2012

The accompanying financial statements of the Public Education Endowment Trust 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 2012 and the financial position as at 30 June 2012.

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.



Raymond Willis  
Chief Finance Officer  
Public Education Endowment Trust



Professor Keith Punch  
Trustee  
Public Education Endowment Trust



Professor Lesley Parker AM  
Chairperson  
Public Education Endowment Trust

**17 September 2012**

# DISCLOSURES AND LEGAL COMPLIANCE

## Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Supplies and Services	4	40,402	42,313
Employee Expenses	5	58,710	29,209
Accommodation Expenses	6	-	2,516
Net Loss on Fair Value Adjustment of Investment Property	7	650,000	-
Other Expenses	8	153	145
<b>Total Cost of Services</b>		<b>749,265</b>	<b>74,183</b>
<b>Income</b>			
<i>Revenue</i>			
Interest Revenue	9	570,413	578,456
Net Gain on Fair Value Adjustment of Investment Property	10	-	394,095
<b>Total Revenue</b>		<b>570,413</b>	<b>972,551</b>
<b>NET COST OF SERVICES</b>		<b>(178,852)</b>	<b>898,368</b>
<b>Income from State Government</b>	11		
Resources received free of charge		10,211	6,664
<b>Total Income from State Government</b>		<b>10,211</b>	<b>6,664</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(168,641)</b>	<b>905,032</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(168,641)</b>	<b>905,032</b>

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

# DISCLOSURES AND LEGAL COMPLIANCE

## Statement of Financial Position

**As at 30 June 2012**

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	18	12,169,085	11,666,342
Receivables	12	129,678	146,956
Other Current Assets	13	3,684	6,985
<b>Total Current Assets</b>		<b>12,302,447</b>	<b>11,820,283</b>
<b>Non-Current Assets</b>			
Investment Property	14	7,950,000	8,600,000
<b>Total Non-Current Assets</b>		<b>7,950,000</b>	<b>8,600,000</b>
<b>TOTAL ASSETS</b>		<b>20,252,447</b>	<b>20,420,283</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	16	21,398	20,593
<b>Total Current Liabilities</b>		<b>21,398</b>	<b>20,593</b>
<b>TOTAL LIABILITIES</b>		<b>21,398</b>	<b>20,593</b>
<b>NET ASSETS</b>		<b>20,231,049</b>	<b>20,399,690</b>
<b>EQUITY</b>			
Contributed Equity	17	5,388,902	5,388,902
Reserves		5,724,500	5,724,500
Accumulated Surplus		9,117,647	9,286,288
<b>TOTAL EQUITY</b>		<b>20,231,049</b>	<b>20,399,690</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

**For the year ended 30 June 2012**

	Note	Contributed equity \$	Reserves \$	Accumulated surplus/ (deficit) \$	Total equity \$
<b>Balance at 1 July 2010</b>	17	5,388,902	5,724,500	8,381,256	19,494,658
Total comprehensive income for the period		-	-	905,032	905,032
<b>Balance at 30 June 2011</b>		5,388,902	5,724,500	<b>9,286,288</b>	<b>20,399,690</b>
<b>Balance at 1 July 2011</b>		5,388,902	5,724,500	<b>9,286,288</b>	<b>20,399,690</b>
Surplus/(Deficit)		-	-	(168,641)	(168,641)
Other comprehensive income		-	-	-	-
<b>Balance at 30 June 2012</b>		<b>5,388,902</b>	<b>5,724,500</b>	<b>9,117,647</b>	<b>20,231,049</b>

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

The 2011 figures have been restated. The 1 July 2010 balance was not affected by the error. The \$15,000 error was due to an accrual for outstanding project expenses (grants) that were conditional. The grant conditions were not met and the grant was not payable, requiring a reversal of the accrual against equity in 2011.

## Statement of Cash Flows

For the year ended 30 June 2012

	Note	2012	2011
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Administration		(7,821)	(17,537)
Employee benefits		(58,946)	(45,541)
Supplies and services		(19,608)	(34,123)
Project expenses		-	(11,500)
GST payments on purchases		(8,188)	(9,707)
<b>Receipts</b>			
Interest received		587,690	558,412
GST receipts from taxation authority		9,616	8,054
<b>Net cash provided by/(used in) operating activities</b>	18	<b><u>502,743</u></b>	<b><u>448,058</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Expense payments from sale of non-current physical assets		-	-
<b>Receipts</b>			
Proceeds from sale of non-current physical assets		-	-
<b>Net cash provided by/(used in) investing activities</b>		<b><u>-</u></b>	<b><u>-</u></b>
Net increase/(decrease) in cash and cash equivalents		502,743	448,058
Cash and cash equivalents at the beginning of period		<u>11,666,342</u>	<u>11,218,284</u>
<b>CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD</b>	18	<b><u>12,169,085</u></b>	<b><u>11,666,342</u></b>

The Cash Flow Statement should be read in conjunction with the accompanying notes

## Notes to the Financial Statements

---

### For the year ended 30 June 2012

#### **Note 1. Australian Accounting Standards**

##### **General**

The Public Education Endowment Trust's financial statements for the year ended 30 June 2012 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. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Trust for the annual reporting period ended 30 June 2012.

#### **Note 2. Summary of Significant Accounting Policies**

##### **(a) General statement**

The Trust is a not for-profit reporting entity that prepares general purpose financial statements 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 impose legislative provisions that govern 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 Trust. There are no related bodies.

## **(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 as a Net Loss on Fair Value Adjustment of Investment Property or a Net Gain on Fair Value Adjustment of Investment Property.

## **(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) Leases – Accommodation expense**

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased accommodation.

## **(h) 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.

## **(i) 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.

## **(j) Receivables**

Receivables are recognised 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.

## **(k) 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.

## **(l) Resources received free of charge or for nominal value**

Resources received free of charge or for nominal cost that can be readily measured are recognised as income at fair value.

Assets or services are received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

## **(m) Comparative figures**

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

## Note 3. Disclosure of Changes in Accounting Policy and Estimates

### Initial application of an Australian Accounting Standard

The Trust has not applied any new Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2011.

### 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	1 Jul 2013
<p><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 &amp; 1038 and Int 10 &amp; 12] [Modified by AASB 2010-7]</i></p>	
AASB 1053	1 Jul 2013
<p><i>Application of Tiers of Australian Accounting Standards</i>  <i>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</i></p>	
AASB 2010-2	1 Jul 2013
<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 &amp; 1052 and Int 2, 4, 5, 15, 17, 127, 129 &amp; 1052]</i></p> <p><i>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</i></p>	
AASB 9	1 Jan 2013
<p><i>Financial Instruments</i>  <i>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</i></p> <p><i>The Standard was reissued in December 2010. The Trust has not yet determined the application or the potential impact of the Standard.</i></p>	
AASB 2010-7	1 Jan 2013
<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127]</i></p> <p><i>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Trust has not yet determined the application or the potential impact of the Standard.</i></p>	
AASB 2011-11	1 Jan 2013
<p><i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>  <i>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</i></p>	
AASB 13	1 Jan 2013
<p><i>Fair Value Measurement</i>  <i>This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.</i></p>	

### Changes in accounting estimates

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

# DISCLOSURES AND LEGAL COMPLIANCE

## **Note 4. Supplies and Services**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Consultants and Contractors	21,203	17,660
Consumables	19,199	24,653
	<b>40,402</b>	<b>42,313</b>

The 2011 figures have been restated. The 1 July 2010 balance was not affected by the error. The \$15,000 error was due to an accrual for outstanding project expenses (grants) that were conditional. The grant conditions were not met and the grant was not payable, requiring a reversal of the accrual against equity in 2011.

## **Note 5. Employee Expenses**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Salary and Wages	52,565	26,093
Superannuation – defined benefit plans	4,533	2,302
Long Service Leave	1,612	814
	<b>58,710</b>	<b>29,209</b>

Corporate Services provided on recoup to the Department of Education and the Department of Education Services.

## **Note 6. Accommodation Expenses**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Lease Rentals	-	2,516
	<b>-</b>	<b>2,516</b>

Corporate Services provided on recoup to the Department of Education and the Department of Education Services.

# DISCLOSURES AND LEGAL COMPLIANCE

**Note 7. Net Loss on Fair Value Adjustment of Investment Property**

	2012	2011
	\$	\$
Net Loss on Fair Value Adjustment of Investment Property	650,000	-
	<b>650,000</b>	<b>-</b>

**Note 8. Other Expenses**

	2012	2011
	\$	\$
Revaluation Expenses	153	145
	<b>153</b>	<b>145</b>

**Note 9. Interest Revenue**

	2012	2011
	\$	\$
Interest earned from Treasury	570,413	578,456
	<b>570,413</b>	<b>578,456</b>

**Note 10. Net Gain on Fair Value Adjustment of Investment Property**

	2012	2011
	\$	\$
Net Gain on Fair Value Adjustment of Investment Property	-	394,095
	<b>-</b>	<b>394,095</b>

# DISCLOSURES AND LEGAL COMPLIANCE

## **Note 11. Income from State Government**

	2012	2011
	\$	\$
Resources received free of charge		
Determined on the basis of the following estimates provided by agencies;		
Department of Education	8,389	6,664
Department of Education Services	1,822	-
	<b>10,211</b>	<b>6,664</b>

Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

## **Note 12. Receivables**

	2012	2011
	\$	\$
<u>Current</u>		
Accrued Revenue	129,678	146,956
<b>Total current</b>	<b>129,678</b>	<b>146,956</b>

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

## **Note 13. Other Current Assets**

	2012	2011
	\$	\$
<u>Current</u>		
GST Receivable	3,684	6,985
<b>Total current</b>	<b>3,684</b>	<b>6,985</b>

## **Note 14. Investment Property**

	2012	2011
	\$	\$
<u>Land</u>		
Land at fair value <sup>(a)</sup>	7,950,000	8,600,000
	<b>7,950,000</b>	<b>8,600,000</b>

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
	\$
<b>2012</b>	<b>\$</b>
Carrying amount at start of year	8,600,000
Additions	-
Net gain/(loss) from fair value adjustment <sup>(b)</sup>	(650,000)
Disposals	-
Depreciation	-
<b>Carrying amount at end of year</b>	<b>\$7,950,000</b>
<b>2011</b>	
Carrying amount at start of year	8,205,905
Additions	-
Net gain from fair value adjustment <sup>(b)</sup>	394,095
Depreciation	-
<b>Carrying amount at end of year</b>	<b>8,600,000</b>

(a) Freehold land was re-valued as at 1 July 2011 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2012 and recognised at 30 June 2012. The fair value of all land has been determined by reference to recent market transactions.

(b) Recognised in the Statement of Comprehensive Income.

## **Note 15. Impairment of Assets**

There were no indications of impairment to property, plant and equipment at 30 June 2012.

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 2012 have either been classified as assets held for sale or written-off.

# DISCLOSURES AND LEGAL COMPLIANCE

## **Note 16. Payables**

	2012	2011
	\$	\$
<u>Current</u>		
Accrued Expenses	21,398	20,333
Accrued Salaries	-	260
<b>Total current</b>	<b>21,398</b>	<b>20,593</b>

The 2011 figures have been restated. The 1 July 2010 balance was not affected by the error. The \$15,000 error was due to an accrual for outstanding project expenses (grants) that were conditional. The grant conditions were not met and the grant was not payable, requiring a reversal of the accrual against equity in 2011.

## **Note 17. 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**

	2012	2011
	\$	\$
Balance at start of period	5,388,902	5,388,902
<b>Balance at end of period</b>	<b>5,388,902</b>	<b>5,388,902</b>

### **Reserves**

	2012	2011
	\$	\$
<u>Asset revaluation surplus</u>		
Balance at start of year	5,724,500	5,724,500
Net revaluation increments/(decrements):		
Land	-	-
<b>Balance at end of year</b>	<b>5,724,500</b>	<b>5,724,500</b>

### **Accumulated Surplus/(deficit)**

	2012	2011
	\$	\$
Balance at start of year	9,286,288	8,381,256
Result for the period	(168,641)	905,032
<b>Balance at end of year</b>	<b>9,117,647</b>	<b>9,286,288</b>

The 2011 figures have been restated. The 1 July 2010 balance was not affected by the error. The \$15,000 error was due to an accrual for outstanding project expenses (grants) that were conditional. The grant conditions were not met and the grant was not payable, requiring a reversal of the accrual against equity in 2011.

# DISCLOSURES AND LEGAL COMPLIANCE

## **Note 18. 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:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	12,169,085	11,666,342
	<b>12,169,085</b>	<b>11,666,342</b>

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Net Cost of Services	(178,852)	883,604
<u>Non-cash items:</u>		
Net (gain)/loss on fair value adjustment to property, plant and equipment	650,000	(394,095)
Resources received free of charge	10,211	6,664
<u>(Increase)/decrease in assets:</u>		
Current Receivables <sup>(c)</sup>	17,278	(20,044)
<u>Increase/(decrease) in liabilities:</u>		
Current Payables <sup>(a)</sup>	2,945	(16,149)
Project Expenses	-	(11,500)
Net GST Receipts/(payments) <sup>(b)</sup>	1,429	1,629
Change in GST in Receivables/Payables <sup>(c)</sup>	(268)	(1,817)
<b>Net cash provided by/(used in) operating activities</b>	<b>502,743</b>	<b>448,058</b>

(a) 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.

(b) This is the net GST paid/received, i.e. cash transactions.

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

## **Note 19. 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 2012.

## **Note 20. Events Occurring After the End of the Reporting Period**

There are no events occurring after 30 June 2012, which would materially impact these financial statements.

**Note 21. 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 \$5000.

**Significant variances between estimate and actual for the financial year**

	2012	2012	
	Estimate	Actual	Variance
	\$	\$	\$
<u>Income</u>			
Interest Revenue	503,044	570,413	67,369
Net Gain on Fair Value Adjustment of Investment Property	183,000	-	(183,000)
<u>Expenses</u>			
Project Expenses	500,000	-	500,000
Employee Expenses	80,765	58,710	22,055
Supplies and Services	43,014	40,402	2,612
Accommodation Expenses	3,000	-	3,000
Net Loss on Fair Value Adjustment of Investment Property	-	650,000	(650,000)

*Interest Revenue*

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

*Net Gain on Fair Value Adjustment of Investment Property*

The variation is due to an expected increase in valuation of the Fremantle land at the time of preparing the estimate. See Net Loss on Fair Value Adjustment of Investment Property note below.

*Project Expenses*

The variance is due to the fact that at the time of preparing the estimates an allocation was made for projects, however no projects were approved in the 2012 financial year.

*Supplies and Services*

The variance is due to the fact that at the time of preparing the estimates, additional expenses for grants administration were estimated.

*Employee Expenses*

The variance is due to the fact that at the time of preparing the estimates, the Trust did not expect the position to be vacant for a period of time.

*Accommodation Expenses*

The variance is due to lower than expected costs for accommodation expenses.

*Net Loss on Fair Value Adjustment of Investment Property*

The variation is due to a decrease in valuation of the Fremantle land which was not expected at the time of preparing the estimate. See Net Gain on Fair Value Adjustment of Investment Property note above.

# DISCLOSURES AND LEGAL COMPLIANCE

## Significant variances between actual results for current year and prior year

	2012	2011	Variance
	\$	\$	\$
<u>Income</u>			
Interest Revenue	570,413	578,456	(8,043)
Net Gain on Fair Value Adjustment of Investment Property	-	394,095	(394,095)
<u>Expense</u>			
Supplies and Services	40,402	42,313	1,911
Employee Expenses	58,710	29,209	(29,501)
Accommodation Expenses	-	2,516	2,516
Net Loss on Fair Value Adjustment of Investment Property	650,000	-	(650,000)

### *Interest*

The variance is due to a decrease in investment interest rates in 2011-12 provided by the Department of Treasury.

### *Net Gain on Fair Value Adjustment of Investment Property*

The variation is due to a net loss, rather than a net gain in the revaluation of the Fremantle land. (See Net Loss on Fair Value Adjustment of Investment Property note below).

### *Supplies and Services*

The variance is due to a decrease in expenses for marketing and promoting of the new grant program, resulting in a reduction in grant administration expenses.

### *Employee Expenses*

The variance is due to the Executive Officer position being vacant for a period of time in 2011.

### *Accommodation Expenses*

The variance is due to a decrease in accommodation expenses.

### *Net Loss on Fair Value Adjustment of Investment Property*

The variance is due to there being a Net Loss for Fair Value Adjustment of the Trust land. (See Net Gain on Fair Value Adjustment of Investment Property note above).

## **Note 22. Financial Instruments**

### **(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Trust are cash and cash equivalents and cash equivalents, 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 21(c) 'Financial instruments disclosures' and note 11 '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.

#### 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 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:

	<b>2012</b>	<b>2011</b>
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	12,169,085	11,666,342
Loans and receivables <sup>(a)</sup>	129,678	146,956
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	21,398	20,593

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

## (c) Financial Instrument Disclosures

### Credit risk

The following table details the Trust's maximum exposure to credit risk 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.

		<b>Aged analysis of financial assets</b>					
		<u>Past due but not impaired</u>					
	Carrying Amount \$	Not past due and not impaired \$	Up to 1	3 months to	More than 5	Impaired financial assets \$	
			month	1-3 months	1 year		years
			\$	\$	\$	\$	
<b>2012</b>							
Cash and cash equivalents	12,169,085	12,169,085					
Restricted cash and cash equivalents							
Receivables <sup>(a)</sup>	129,678		129,678				
Loans and advances							
Amounts receivable for services							
	<b>12,298,763</b>	<b>12,169,085</b>	<b>129,678</b>				
<b>2011</b>							
Cash and cash equivalents	11,666,342	11,666,342					
Restricted cash and cash equivalents							
Receivables <sup>(a)</sup>	146,956		146,956				
Loans and advances							
Amounts receivable for services							
	<b>11,813,298</b>	<b>11,666,342</b>	<b>146,956</b>				

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

# DISCLOSURES AND LEGAL COMPLIANCE

## Liquidity risk and interest rate exposure

The following table details the Trust's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

### Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Carrying Amount \$	Interest rate exposure			Nominal Amount \$	Maturity dates					
			Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$		Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$	
<b>2012</b>												
<u>Financial Assets</u>												
Cash and cash equivalents	4.745	12,169,085		12,169,085		12,169,085	12,169,085					
Restricted cash and cash equivalents												
Receivables <sup>(a)</sup>		129,678			129,678	129,678	129,678					
Loans and advances												
Amounts receivable for services												
		<b>12,298,763</b>		<b>12,169,085</b>	<b>129,678</b>	<b>12,298,763</b>	<b>12,298,763</b>					
<u>Financial Liabilities</u>												
Payables		21,398			21,398	21,398	21,398					
Other borrowings												
Finance lease liabilities												
Amounts due to the Treasurer												
		<b>21,398</b>			<b>21,398</b>	<b>21,398</b>	<b>21,398</b>					

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

# DISCLOSURES AND LEGAL COMPLIANCE

## Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Carrying Amount \$	Interest rate exposure			Nominal Amount \$	Maturity dates				
			Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$		Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$
<b>2011</b>											
<u>Financial Assets</u>											
Cash and cash equivalents	5.046	11,666,342		11,666,342		11,666,342	11,666,342				
Restricted cash and cash equivalents											
Receivables <sup>(a)</sup>		146,956			146,956	146,956	146,956				
Loans and advances											
Amounts receivable for services											
		<b>11,813,298</b>		<b>11,666,342</b>	<b>146,956</b>	<b>11,813,298</b>	<b>11,813,298</b>				
<u>Financial Liabilities</u>											
Payables		20,593			20,593	20,593	20,593				
Other borrowings											
Finance lease liabilities											
Amounts due to the Treasurer											
		<b>20,593</b>			<b>20,593</b>	<b>20,593</b>	<b>20,593</b>				

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

# DISCLOSURES AND LEGAL COMPLIANCE

## 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 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount	-100 basis points		+100 basis points	
		Surplus	Equity	Surplus	Equity
2012	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Restricted cash and cash equivalents	12,169,085	(121,691)	(121,691)	121,691	121,691
Total Increase/(Decrease)		<u>(121,691)</u>	<u>(121,691)</u>	<u>121,691</u>	<u>121,691</u>

	Carrying amount	-100 basis points		+100 basis points	
		Surplus	Equity	Surplus	Equity
2011	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash and cash equivalents	11,666,342	(116,663)	(116,663)	116,663	116,663
Total Increase/(Decrease)		<u>(116,663)</u>	<u>(116,663)</u>	<u>116,663</u>	<u>116,663</u>

## 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 23. Remuneration of Members of the Accountable Authority and Senior Officers**

### **Remuneration of Members of the Accountable Authority**

One of the members of the Trust received remuneration in this financial year.

	2012	2011
\$		
0 – 10,000	1	1
	1	1
	\$	\$
<b>The total remuneration of members of the accountable authority</b>	<u>417</u>	<u>531</u>

**Note 24. Remuneration of Auditor**

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

	2012	2011
	\$	\$
Auditing the accounts, financial statements and performance indicators	16,500	15,500
	<b>16,500</b>	<b>15,500</b>
	<b>16,500</b>	<b>15,500</b>

**Note 25. Supplementary Financial Information**

**(a) Write-offs**

During the financial year, nil (\$2011: nil) was written off the Trust's asset register under the authority of:

	2012	2011
	\$	\$
The Accountable Officer	-	-
The Minister	-	-
Executive Council	-	-
	-	-
	-	-

**(b) Losses through theft, defaults and other causes**

	2012	2011
	\$	\$
Losses of public moneys and public and other property through theft or default	-	-
Amounts recovered	-	-
	-	-
	-	-

**(c) Gifts of Public Property**

	2012	2011
	\$	\$
Gifts of public property provided by the Trust	-	-
	-	-
	-	-

## Key Performance Indicators

---

### 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 Public Education Endowment Trust's performance, and fairly represent the performance of the Trust for the financial year ended 30 June 2012.



Professor Lesley Parker AM  
Chairperson  
Public Education Endowment Trust



Professor Keith Punch  
Trustee  
Public Education Endowment Trust

**17 September 2012**

## Key Performance Indicators

**Government Goal** - Outcomes Based Service Delivery: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

**Desired Outcome** - Enhancement of the public education of Western Australian students.

The Trust has the following set of key performance indicators to assist in the measurement of the efficiency and effectiveness with which the Trust pursues its organisational outcome. These indicators report against the Outcome Based Management structure for the Trust and have been developed by the Trustees in conjunction with the Minister for Education and the Department of Treasury.

## Effectiveness Indicators

The effectiveness indicators measure the achievement of the Trust in meeting the needs of Western Australian students by providing grants for educational initiatives.

### KPI 1 – Annual Grant Feedback Survey

The grant feedback survey is designed to be administered annually to measure the extent to which grant funded projects achieve their objectives in terms of educational benefits to Western Australian students. The survey is designed to measure the perceptions of external stakeholders including the grant program manager, school principals and relevant Regional Offices. The survey will measure whether external stakeholders perceive the funded projects to have been either: a) very effective; b) effective; c) ineffective or d) very ineffective.

The target for this Key Performance Indicator is for the Trust to achieve survey results that show that at least 80% of external stakeholders perceive the funded projects that affect them are either Very Effective or Effective.

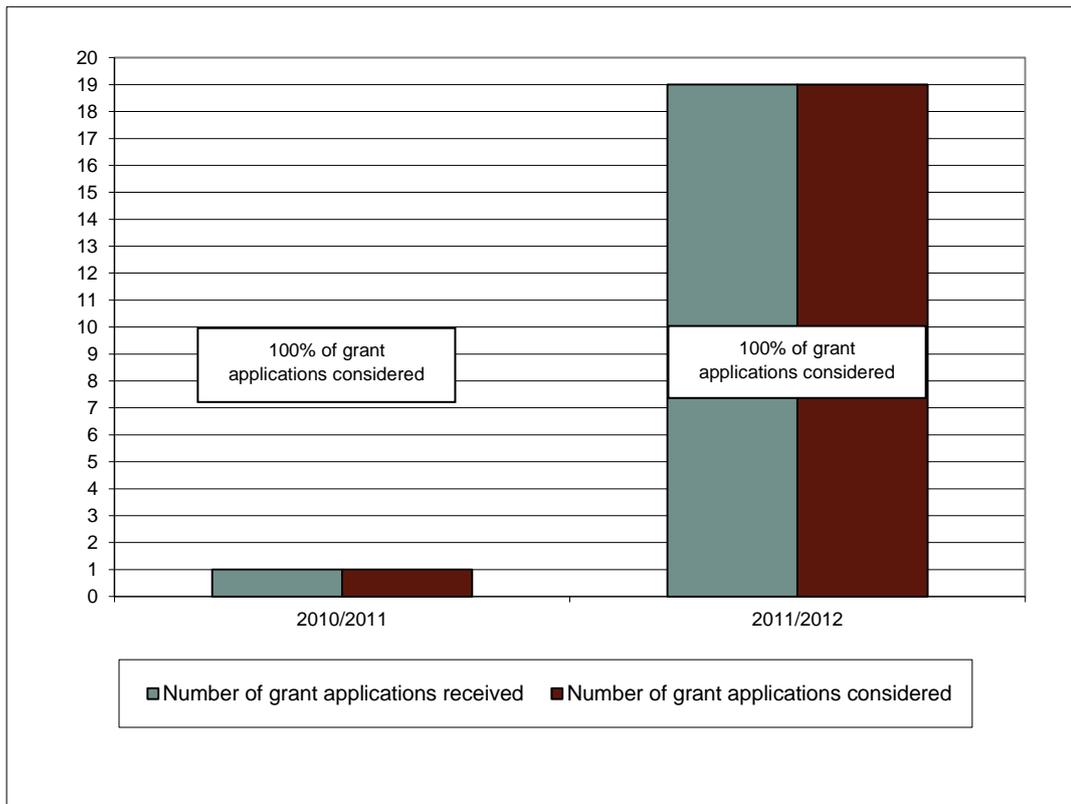
As funded projects often span a period of two or three years, this indicator is not restricted to completed projects. The external stakeholders of all projects that are ongoing and those that have received grants within the accounting period will be included in the survey.

No grants were administered in the 2010-2011 or 2011-2012 periods. Therefore, no survey of stakeholders has been undertaken during these periods.

## KPI 2 – Consideration of Grant Applications

Considering grant applications forms a major part of the Trust’s core business. The target for this Key Performance Indicator is for the Trust to consider 100% of applications for grants to benefit the public education of Western Australian students.

Nineteen grant applications were received in the 2011-2012 period. The applications were considered at a meeting of the Trustees held on 5 May 2012.



## Efficiency Indicator

This efficiency indicator measures the efficiency with which the Trust delivers its core service: providing grants for public education purposes, for projects that will benefit the education of Western Australian students.

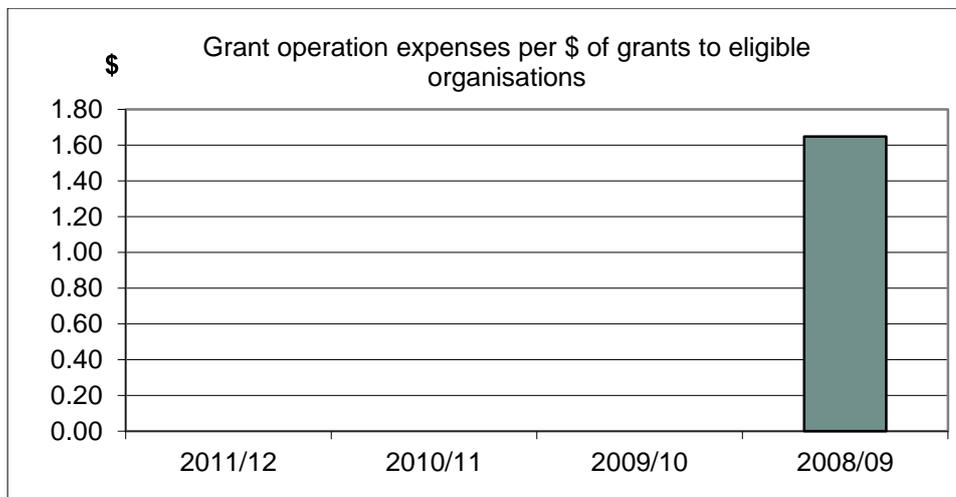
### KPI 3 – Grants Operations Expenses per \$ of Grants Provided to Eligible Organisations

This efficiency indicator is calculated by dividing the cost of service, as reported in the Income Statement, less the grants paid, less land expenses, by the value of the grants provided.

This measure shows the extent to which the Trust has maximised grant funding to eligible organisations while containing its operations expenditure related to distributing grants.

The number of grants provided in each year is highly variable. No grants were provided in 2010-2011 or 2011-2012 periods. Therefore, no efficiency indicator calculation is possible within this period.

### History Graph/Table



### Ministerial Directives

No Ministerial Directives were received during the Reporting period.

## Other Financial Disclosures

---

### Employment and Industrial Relations

Staff Profile	2012	2011
Full-time permanent	1	1

## Governance Disclosures

---

### Contracts with Senior Officers

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

### 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



Professor Lesley Parker AM  
Chairperson  
Public Education Endowment Trust

17 September 2012

## Other Legal Requirements

---

### **Advertising**

#### ***ELECTORAL ACT 1907 (WA) Section 175ZE requirements***

In compliance with section 175ZE of *the Electoral Act 1907*, the Trust reports that there was no expenditure in relation to advertising, market research, polling, direct mail and media advertising in the 2011-12 reporting period.

# DISCLOSURES AND LEGAL COMPLIANCE

## Annual Estimates

### Estimate of Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 Estimate \$	2012 Actual \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Project Expenses		500,000	-
Supplies and Services		48,000	40,402
Employee Expenses		96,000	58,710
Net Loss on Fair Value Adjustment of Investment Property	1	-	650,000
Other Expenses		3,000	153
<b>Total Cost of Services</b>		<b>647,000</b>	<b>749,265</b>
<b>Income</b>			
<i>Revenue</i>			
Interest Revenue		450,000	570,413
Net Gain on Fair Value Adjustment of Investment Property		-	-
<b>Total Revenue</b>		<b>450,000</b>	<b>570,413</b>
<b>NET COST OF SERVICES</b>		<b>(197,000)</b>	<b>(178,852)</b>
<b>Income from State Government</b>			
Resources received free of charge		11,000	10,211
<b>Total Income from State Government</b>		<b>11,000</b>	<b>10,211</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(186,000)</b>	<b>(168,641)</b>
<b>Other Comprehensive Income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(186,000)</b>	<b>(168,641)</b>

# DISCLOSURES AND LEGAL COMPLIANCE

## Estimate of Statement of Financial Position

For the year ended 30 June 2013

	Note	2013 Estimate \$	2012 Actual \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents		11,988,000	12,169,085
Receivables	2	111,000	129,678
Other Current Assets	2	29,000	3,684
<b>Total Current Assets</b>		<b>12,128,000</b>	<b>12,302,447</b>
<b>Non-Current Assets</b>			
Investment Property	4	7,950,000	7,950,000
<b>Total Non-Current Assets</b>		<b>7,950,000</b>	<b>7,950,000</b>
<b>TOTAL ASSETS</b>		<b>20,078,000</b>	<b>20,252,447</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	3	28,000	21,398
<b>Total Current Liabilities</b>		<b>28,000</b>	<b>21,398</b>
<b>TOTAL LIABILITIES</b>		<b>28,000</b>	<b>21,398</b>
<b>NET ASSETS</b>		<b>20,050,000</b>	<b>20,231,049</b>
<b>EQUITY</b>			
Contributed Equity		5,388,902	5,388,902
Reserves		5,725,000	5,724,500
Accumulated Surplus		8,936,098	9,117,647
<b>TOTAL EQUITY</b>		<b>20,050,000</b>	<b>20,231,049</b>

# DISCLOSURES AND LEGAL COMPLIANCE

## Notes to the Annual Estimates

For the year ended 30 June 2013

### **Note 1**     **Net Loss on Fair Value Adjustment of Investment Property**

Net Loss of Fair Value Adjustment of Investment Property

2013 Estimate	2012 Actual
\$	\$
-	650,000
<b>-</b>	<b>650,000</b>

### **Note 2**     **Other Current Assets**

Income earned but not received at balance date is detailed as follows

Interest due from Treasury based on Commonwealth Bank Account balance

GST Receivable

2013 Estimate	2012 Actual
\$	\$
111,000	129,678
29,000	3,684
<b>140,000</b>	<b>133,362</b>

### **Note 3**     **Payables**

Expenditure accrued but not paid at balance date

Accrued Expenses

2013 Estimate	2012 Actual
\$	\$
28,000	21,398
<b>28,000</b>	<b>21,398</b>

### **Note 4**     **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 an external valuer. Changes in fair value are recorded in the Statement of Comprehensive Income as part of other income or other expense.