



PUBLIC
EDUCATION
ENDOWMENT
TRUST

2013-14 ANNUAL REPORT

Statement of Compliance

**HON PETER COLLIER MLC
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 2014.

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



Ms Sharyn O'Neill
Director General, Department of Education
Trustee
Public Education Endowment Trust

17 September 2014

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Please note that during November 2014, DES will be relocating to Level 9, 20 Walters Drive, Herdsman.

The report conforms to state government requirements for ease in downloading and can be viewed in Microsoft® Word or PDF format. Alternative formats (such as large font and translated) are available on request.

We hope that you will enjoy reading the annual report and find it informative and useful.

SECTION 1: OVERVIEW OF AGENCY



Overview

Operational Structure

Enabling Legislation

The Public Education Endowment Trust (the Trust) was created in 1909 under the provisions of the *Public Education Endowment Act 1909* (the Act).

The Governor of the day vested in the Trust various parcels of land throughout the State to enable the Trustees acting within the provision of the Act to sell or lease land and utilize the proceeds for education purposes.

The Trust receives administrative support from the Department of Education Services.

Responsible Minister

The Trust is independent of direction or control by the State or any Minister or officer of the State in performing its functions. However, the relevant Minister may give direction to the Trust on administration and financial administration matters. In this context the Minister responsible for the Trust in the year under review is 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

In accordance with the Act, the Trustees have the power to:

- oversee and manage all real and personal property at any time vested in or acquired by the Trust (section 6 of the Act)
- grant leases of any lands granted or demised to the Trust, or to sell any land vested in the Trust - within the provision of the Act and with the approval of the Governor (sections 7, and 9A of the Act)
- dispose of any real or personal property acquired by gift, devise or bequest and subject only to the express trusts of any deed, will or instrument under which the property was acquired (section 8 of the Act)
- maintain and invest funds received from rents, issues, profits and proceeds of sale of all real and personal property vested in or acquired by the Trustees, and utilize the proceeds for education purposes (section 9).

The Trust generates revenue from interest on investments and sale of land.

The proceeds from investments are made available, through a grants funding scheme, to organizations and educational institutions for the purpose of education based research projects relevant to the current needs of Western Australian school students, teachers, schools and their communities.

During the reporting period the future use of the Trust's resources was under consideration. No new grants were made by the Trust during the reporting period.

Administrative Structure

The Trust membership, in accordance with the provisions of section 2 of the *Public Education Endowment Act 1909*, consists of the Minister charged with the administration of the School Education Act 1999, 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
- Ms Sharyn O'Neill, Director General,
Department of Education
- Professor Lesley Parker, Trustee
- Professor Paige Porter, Trustee

There is one current vacancy.

Professor Lesley Parker is the elected Chairperson of the Trust.

The Trust is supported in the administration of its responsibilities by the Department of Education Services (DES). The department provides administrative and financial support to assist the Board in the management of its land holdings and investment accounts and the allocation of grant funding.

Section 14 of the Act provides for the requirement that the provisions of the *Financial Management Act 2006* and the *Auditor General Act 2006* apply to and in respect of the Trustees and their operations.

Under the *Financial Management Act 2006* section 57, the Trust is required to designate a Chief Finance Officer (CFO). DES has provided an officer to fulfil the duties of a CFO. It is the responsibility of the CFO to ensure that the Board has a financial management system that complies with the requirements prescribed by the *Financial Management Act 2006* and the Treasurer's Instructions.

Although DES is the department enabling the Trust in the administration of its duties, full accountability remains with the Board of Trustees.

Legislation Impacting on the Trust's Activities

In performance of its functions, the 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*

Performance Management Framework

Outcome Based Management Structure

The Outcome Based Management (OBM) structure was developed in conjunction with the Department of Treasury and the Office of the Auditor General.

The Trust's Outcome Based Management Framework did not change during 2013-14.

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 on pages 47-50.

Shared Responsibility with Other Agencies

The Trust did not share any responsibilities with other agencies in 2013-14.

SECTION 2: REPORT ON OPERATIONS



Report on Operations

Performance

Land Holdings

Freehold land vested in the Trust as at 30 June 2014 totals 3.0152 hectares and has a fair value of \$7,930,000. This land can be described as FREMANTLE - Reserve No.11384; Lots 1186-1192, 1197-1200, 1207-1208, 1213-1215, and 1725. The land was leased to BP Australia Ltd until 31 May 2005. The land is currently unoccupied.

Trust Income

Leasing of Trust Land

The Trust did not receive any income from the Fremantle land for the period ending 30 June 2014. The land has been unoccupied since March 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 \$354,217 for the period ending 30 June 2014.

Utilisation of Trust Finance

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

Grant Funding

The Trust provides, among other things, grants for projects which are designed to deliver long-term benefits for Western Australian schools and students, through building on rigorous educational research, in partnership with universities which lead the research.

In 2011 the Trust initiated a new grants strategy to fund evidence based education research in areas affecting today's students, teachers, schools and their communities. Focus areas include: early childhood education; indigenous education; technology; attendance; behaviour; low socio-economic school communities; and boys in education.

Following a call for submissions, the Trust received 19 applications for PEET funded grants in 2011. All the grants for university based research projects were assessed by an expert panel established by the Trust and six grants were recommended for approval. All six grant offers were accepted and grant funding agreements were finalised in September/October 2012.

In the grant selection process, Trustees considered the extent to which the research projects focussed on the following:

- changing community expectations as a result of complex social and economic demands on families
- innovative service delivery methods, particularly those that can have a positive and lasting impact on rural and remote communities

- greater school flexibility, autonomy and empowerment;
 - the ageing education workforce, the tightening of the broader labour market and the increasing student population over the next 10 years
- Global trends in education that can be applied to the Western Australia educational context.

Trustees looked favourably on research projects that were:

- relevant to and capable of implementation in a wide range of education sectors and environments
- supportive of the directions of education in Western Australia and capable of guiding future practice and/or policy
- drawn on international research and literature with direct relevance to Western Australian schools, students and teachers.

During the reporting period the future use of the Trust's resources was under consideration. No new grants were made by the Trust during the reporting period.

Research Grants Awarded

At its meeting of 2 May 2012, the Board approved funding for the following six university research projects.

Organisation	Lead Researcher	Project Name	Amount
Edith Cowan University	Deslea Konza	"PALL Plus: Building on success"	\$125,000
Curtin University	Jill Aldridge	"Effectiveness of an intercultural whole-school approach"	\$105,000
Edith Cowan University	Donna Cross	"Cyber Strong Schools"	\$105,000
Murdoch University	Libby Lee-Hammond	"Connecting culture, curriculum and communities in early years Aboriginal education"	\$65,000
University of Western Australia	Helen Wildy	"iPad my story: Being, belonging and becoming through multi-modal story telling"	\$55,000
University of Notre Dame	Frank Bate	"Mobile learning in early childhood study"	\$45,000

The range of approved PEET funded research projects being conducted by the various universities is extremely diverse. A significant number of schools and students across the State will benefit from the outcomes of the research being conducted with the potential for the benefits to spread even further in future years.

PALL Plus: Building On Success - Edith Cowan University - \$125,000

The PALL Plus study will extend the National PALL Pilot project, which built literacy knowledge and leadership capacity in primary school principals. In addition to working with 10 primary principals across five modules of professional learning, and providing mentoring support over two years, PALL Plus will include professional learning sessions for teachers and education assistants to model strategies that are effective with students who "fall through the net" – strategies that are highly relevant for those working directly with students. The project will assess the impact of these new components in developing principal leadership for learning, teacher and education assistants practice, and in supporting the literacy achievement of students in low SES schools.

The project aims to:

- Develop further the capacity of primary principals and other school leaders to lead literacy learning in low SES schools.

- Build teacher knowledge of reading development and the pedagogy associated with effective instruction of students who do not acquire reading skills easily.
- Develop the capacity of Education Assistants to, under the direction of teachers, work intensively with small groups of students to support their beginning reading skills.
- Enhance the acquisition of basic reading skills in students who are at risk of not learning to read.

The planned project is an attempt to build on the learning gained from the National PALL Pilot project which was evaluated highly by the principals involved and the external evaluators. The project will build leadership capacity and broaden the base of literacy expertise in low SES schools to enhance student achievement.

Effectiveness of an Intercultural Whole-School Approach – Curtin University - \$105,000

The overarching aim of this project is to investigate the effectiveness of a whole-school intervention, designed to provide a school environment in which the health, educational and psychosocial needs of Aboriginal children can be met. It is anticipated that such an intervention will have a profound impact on not only Aboriginal students but on all students at the school.

Past research indicates that emotional strategies for inclusion of Aboriginal students have been predominately aimed at teachers and students. The project proposes that to be successful,

educational strategies need to adopt an intercultural, whole-school approach which includes: teachers, families, students, elders and the community.

The project aims to:

- Investigate whether a whole-school intervention is effective in terms of improvement in Aboriginal students' (a) self-reports of mental health and well-being; (b) perceptions of school climate; (c) attendance; and (d) ethnic identity.
- Investigate the processes involved in implementing a whole-school intercultural approach aimed at improving outcomes for non-mainstream youth.
- Examine the extent to which factors associated with the school climate impact upon the students' mental health, well-being and ethnic identity.

An outcome of the research will be the development of a comprehensive resource, available to all schools, which will provide a practical means of incorporating the intercultural, whole school approach to enhance educational outcomes, retention and success of students.

Cyber Strong Schools – Edith Cowan University - \$105,000

Teachers have a clear role to equip students to function in a digital world, where technology is not only an integral part of information-seeking, but also where social media is a vital platform for interpersonal communication on a global scale.

The Cyber Strong Schools Project will help school staff to respond proactively to the rapid change in social media and the positive and negative behaviours it generates among young people, which impact both their learning and wellbeing. The project is a three phase study that involves the development of systemic and sustainable approaches to online and face-to-face training aimed at building the capacity of school staff to educate and equip students to function positively in a digital world where social media is a primary platform for their interpersonal communication. This proposal is thought to be a world first.

The project aims to:

- Improve whole school and classroom practice to prevent or manage negative online behaviours using social media, especially among higher risk students.
- Increase self-efficacy among administrators and teachers to respond effectively to negative social media behaviours; and to implement proactive school practices to prevent new incidents occurring.
- Reduce the prevalence of anti-social social media behaviours and online anti-social behaviours directed at teachers.
- Increase self-efficacy among students, especially high risk students, to know how to use social media positively, and how to respond effectively to negative online behaviours – such as cyber-bullying.

The project will build an online resource specifically for WA school staff to effectively address student online behaviour via social media.

Connecting Culture, Curriculum and Communities in Early Years Aboriginal Education – Murdoch University - \$65,000

The project will enable Aboriginal children from various Western Australian school communities to participate in an outdoor learning program that supports their wellbeing, cultural identity and connection to country whilst enabling educators to make meaningful links with children's community, the Early Years Learning Framework and the National Curriculum. Outdoor learning in early childhood is a concept that is gaining momentum in Europe, the UK and the USA. Few Western Australian schools adopt a rigorous program of learning in outdoor environments. This project will investigate the impact of outdoor learning opportunities on Aboriginal children's wellbeing, cultural identity, curriculum outcomes and attendance.

The project aims to:

- Improve attendance, well-being, and cultural identity and curriculum outcomes for Aboriginal children.
- Develop a successful model for cultural security in education.
- Build strong relationships between school and the local Aboriginal community.

- Improve cultural competence of early childhood educators.
- Improve understanding of Aboriginal children's strengths and competencies by non-Aboriginal early childhood educators.

The project marries two important concepts: learning in outdoor environments and the role of cultural identity and self-esteem in improving school learning outcomes.

This project will enable schools and communities to deliver flexible programs and enable teachers to develop the cultural competency to work effectively with Aboriginal students for improved learning outcomes.

IPad My Story: Being, Belonging and Becoming Through Multi-Modal Story Telling – The University of Western Australia - \$55,000

IPad my Story will involve pre-primary students, teachers and family members from low SES schools in the creation of multimodal stories using mobile technologies. Researchers will support classroom teachers to develop a series of lessons using iPads to tell students' stories. These stories will be presented on the iPad using multiple modes of meaning-making; written text, oral language, music, visual art, dance and movement. The story artefact will be hosted in an online gallery, and shared with partner schools and the community. Students will create their own stories, as well as engaging with the stories of others. The project aims to:

- Assist schools to improve the progress of students as they begin their formal education and continue their journey to become literate.
- Support teachers as they strive toward being competent in the use of mobile technologies to scaffold multimodal literacy learning for their students.

Anticipated outcomes include increased progress for students on their journey to becoming literate, teachers being confident with emergent technologies, and a sense of belonging for parents and families due to the development and strengthening of home school partnerships.

*Mobile Learning in Early Childhood Study
University of Notre Dame Australia - \$45,000*

This proposal will investigate mobile learning opportunities in early childhood education. By bringing together academics, undergraduates, teachers, school leaders and parents, the project will extend and apply the knowledge and skills of all participants. The partnership will be between two schools located in the Fremantle area and the University of Notre Dame.

The project aims to:

- Examine the effectiveness of mobile learning technologies in early childhood education.
- Investigate the synergy between pre-service and practising teachers in the adoption of mobile learning technologies.
- Consider the effectiveness of a schools-university partnership model in instituting lasting educational change.

The rationale underpinning this research proposal is that the synergy and exchange between university academics, school leaders, practicing teachers and parents will help to generate knowledge and skills benefiting all participants. The research will also present a grass roots school-university partnership model for instituting and sustaining educational change.

Grant Payments Made

During 2013-2014 a range of payments were made. Details on grant payments made in this reporting period are detailed in the financial section at Note 6 on page 32. The “Grants Payments made 2012 – 2014” table on page 14 details out grants paid for the period 2012 to 2014.

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 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 last internal audit was conducted and completed for the 2013-14 financial year.

Grant Payments made 2012-2014

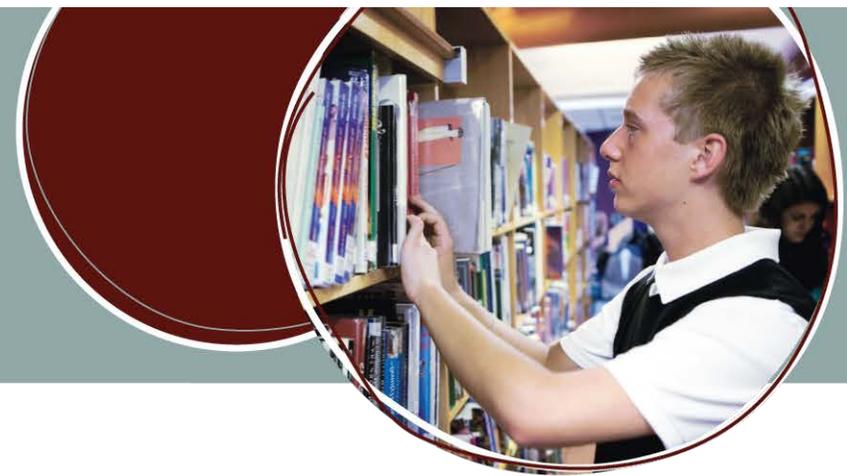
Grant Title	Amount			First Payment		Second Payment		Final Payment		Amount	Total Paid
		Due	Paid	Amount	Due	Paid	Amount	Due	Paid		
PALL Plus: Building on Success	125,000	1/01/13	31/01/13	62,500	1/01/14	9/12/13	37,500	1/12/14		25,000	100,000
Cyber Strong Schools	105,000	15/10/12	27/11/12	52,500	1/04/13	27/05/13	31,500	14/10/13	19/11/11	21,000	105,000
Mobile Learning in Early Childhood Education	45,000	12/11/12	27/11/12	22,500	13/05/14	13/07/14	13,500	12/05/14		9,000	36,000
Effectiveness of an Intercultural Whole-School Approach	105,000	12/11/12	27/11/12	52,500	12/11/13	12/04/14	31,500	31/4/14		21,000	84,000
Connecting Culture, Curriculum & Community in Early Years Aboriginal Education	65,000	1/01/13	31/01/13	32,500	1/07/13	20/10/13	19,500	31/12/13		13,000	52,000
iPad My Story	55,000	1/02/13	22/04/13	27,500	1/08/13	26/07/13	16,500	1/02/14		11,000	44,000
TOTAL	500,000										421,000

Financial Targets

Financial Targets	2013-14 Target ⁽¹⁾ \$	2013-14 Actual \$	Variation ⁽²⁾ \$
Total cost of services	648,000	206,458	441,542 ^(a)
Net cost of services	(210,000)	519,448	729,448 ^(b)
Total equity	19,837,000	20,302,046	465,046 ^(c)
Net increase / (decrease) in cash held	(207,000)	160,070	367,070 ^(d)
Approved full time equivalent (FTE) staff level	1	1	-

1. As specified in the Budget Statements.
2. Further explanations are contained in Note 22 'Explanatory statement' to the financial statements.
 - a) The variance is due to the fact that at the time of preparing the estimates, an allocation was made for the grants projects of \$500,000, however no additional projects were approved in the current financial year and only \$145,560 was paid for existing projects. There is also a \$58,000 decrease in employee benefit expense and a \$27,000 decrease in supplies and services due to the wind down of operations. The variance is also due to the unexpected gain on fair valuation adjustment of \$380,000 for the investment property. The revaluation of the land value in Fremantle was in accordance with a valuation undertaken by Landgate.
 - b) In addition to the explanation above regarding expenses and net gain on fair valuation, the variation was also due to a decrease in interest revenue of \$92,094 as a result of lower than expected interest rates.
 - c) The variation is mainly due to delays in approving grants applications, resulting in less than expected grant payments of \$354,440 and a reduction in expenditure of \$85,000.
 - d) The variation is mainly due to less than expected grants payments of \$360,500.

SECTION 3: SIGNIFICANT ISSUES



Significant Issues and Trends

The 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 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.

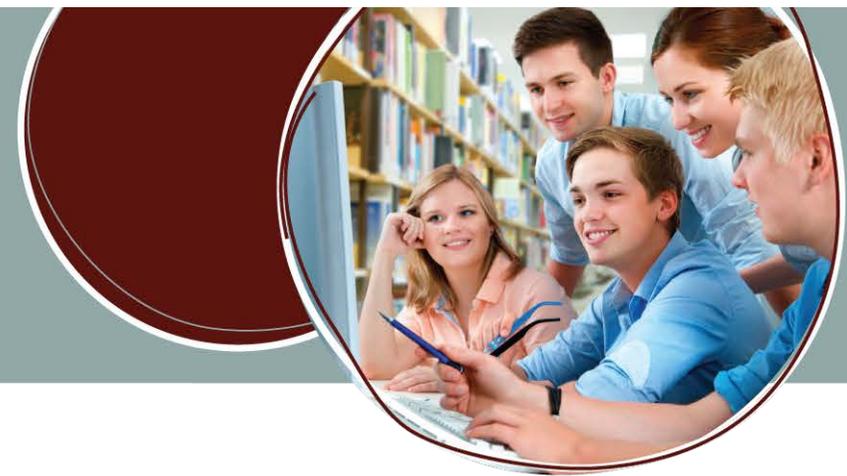
Land

The Trust owns a parcel of land in Fremantle which, for a number of years, was leased to BP as a bunkering facility. In May 2007, the land was classified as 'Contaminated- Remediation required' under the *Contaminated Sites Act 2003 (WA)*.

BP appealed the classification to the Contaminated Sites Committee in July 2007.

In the years that followed many attempts were made to resolve this issue. In January 2013 Minister Collier wrote to the President of BP Australasia, emphasising the importance of achieving an acceptable outcome and a resolution to the appeal. To date the appeal is still outstanding.

SECTION 4: DISCLOSURES AND LEGAL COMPLIANCE



Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements For the year ended 30 June 2014

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 2014 and the financial position as at 30 June 2014.

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.

John Jurkowski
Acting Chief Finance Officer
Public Education Endowment Trust

Professor Lesley Parker AM
Chairperson
Public Education Endowment Trust

Ms Sharyn O'Neill
Director General, Department of Education
Trustee
Public Education Endowment Trust

11 September 2014

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 2014, 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 2014 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 2014.

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 2014.

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 2014.

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

Trustees' 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 determines 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 2014.

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 2014 included on the Trust's website. The Trust's management are responsible for the integrity of the Trust's website. This 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
12 September 2014

Statement of Comprehensive Income

For the year ended 30 June 2014

COST OF SERVICES	Note	2014	2013
Expenses		\$	\$
Supplies and Services	4	20,285	25,318
Employee Benefits Expenses	5	40,252	101,233
Project Expenses	6	145,560	343,000
Net Loss on Fair Value Adjustment of Investment Property	7	-	400,000
Other Expenses	8	361	160
Total Cost of Services		206,458	869,711
Income			
Revenue			
Interest Revenue	9	345,906	418,160
Net Gain on Fair Value Adjustment of Investment Property	10	380,000	-
Total Revenue		725,906	418,160
NET COST OF SERVICES		519,448	(451,551)
Income from State Government	11		
Services received free of charge		1,474	1,626
Total Income from State Government		1,474	1,626
SURPLUS/(DEFICIT) FOR THE PERIOD		520,922	(449,925)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		520,922	(449,925)

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

Statement of Financial Position

As at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	19	12,369,046	12,208,976
Receivables	12	85,559	93,870
Other Current Assets	13	13,373	19,968
Total Current Assets		12,467,978	12,322,814
Non-Current Assets			
Investment Property	14/15/16	7,930,000	7,550,000
Total Non-Current Assets		7,930,000	7,550,000
TOTAL ASSETS		20,397,978	19,872,814
LIABILITIES			
Current Liabilities			
Payables	17	95,932	91,690
Total Current Liabilities		95,932	91,690
TOTAL LIABILITIES		95,932	91,690
NET ASSETS		20,302,046	19,781,124
EQUITY			
Contributed Equity	18	5,388,902	5,388,902
Reserves		5,724,500	5,724,500
Accumulated Surplus		9,188,644	8,667,722
TOTAL EQUITY		20,302,046	19,781,124

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 2014

	Note	Contributed equity \$	Reserves \$	Accumulated surplus (deficit) \$	Total equity \$
Balance at 1 July 2012	18	5,388,902	5,724,500	9,117,647	20,231,049
Total comprehensive income for the period				(449,925)	(449,925)
Balance at 30 June 2013		5,388,902	5,724,500	8,667,722	19,781,124
Balance at 1 July 2013		5,388,902	5,724,500	8,667,722	19,781,124
Surplus/(Deficit)		-	-	520,922	520,922
Other comprehensive income		-	-	-	-
Balance at 30 June 2014		5,388,902	5,724,500	9,188,644	20,302,046

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

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Administration		(1,900)	(7,887)
Employee benefits		(46,661)	(91,569)
Supplies and services		(13,087)	(25,103)
Project expenses		(139,500)	(284,250)
GST payments on purchases		(19,881)	(37,827)
Receipts			
Interest received		354,217	453,968
GST receipts from taxation authority		26,882	32,559
Net cash provided by/(used in) operating activities	19	160,070	39,891
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Expense payments from sale of non-current physical assets		-	-
Receipts			
Proceeds from sale of non-current physical assets		-	-
Net cash provided by/(used in) investing activities		-	-
Net increase/(decrease) in cash and cash equivalents		160,070	39,891
Cash and cash equivalents at the beginning of period		12,208,976	12,169,085
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	19	12,369,046	12,208,976

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

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1. Australian Accounting Standards

General

The Public Education Endowment Trust's financial statements for the year ended 30 June 2014 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 2014.

Note 2. Summary of Significant Accounting Policies

Note 2. 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 2006 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 which has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Note 2. 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 (\$).

Note 2. c) Reporting entity

The reporting entity is comprised of the Trust. There are no related bodies.

Note 2. 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.

Note 2. 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 values. 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.

Note 2. 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount,

the loss is recognised as a revaluation decrement in other comprehensive income. 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.

Note 2. 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.

Note 2. 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.

Note 2. i) Accrued Salaries

Accrued salaries (see note 17 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Trust considers the carrying amount of accrued salaries to be equivalent to its fair value.

Note 2. 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.

Note 2. 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.

Note 2. l) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that can be reliably measured are recognised as income at the fair value of the assets and/or the fair value of those services that the Trust would otherwise pay for. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

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

Note 2. 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 applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2013 that impacted on the Trust.

AASB 13	<p>Fair Value Measurement</p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for assets and liabilities measured at fair value. The Trust has liaised with the Western Australian Land Information Authority (Valuation Services) to ensure that sufficient information is provided to meet the disclosure requirements of this Standard. There is no financial impact.</p>
AASB 1048	<p>Interpretation of Standards</p> <p>This Standard supersedes AASB 1048 (June 2012), enabling references to the Interpretations in all other Standards to be updated by reissuing the service Standard. There is no financial impact.</p>
AASB 2011-8	<p>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>
AASB 2012-2	<p>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]</p> <p>This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. There is no financial impact.</p>

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]
This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.
- AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]
This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Int 1039. The withdrawal of Int 1039 Substantive Enactment of Major Tax Bills in Australia has no financial impact for the Authority during the reporting period and at balance date. Measurement of tax assets and liabilities continues to be measured in accordance with enacted or substantively enacted tax law pursuant to AASB 112.46-47.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Int 12] The Standard introduces a number of editorial alterations and amends the mandatory application date of Standards for not for profit entities accounting for interests in other entities. There is no financial impact.
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments. Part A of this omnibus Standard makes amendments to other Standards arising from revisions to the Australian Accounting Conceptual Framework for periods ending on or after 20 December 2013. Other Parts of this Standard become operative in later periods. There is no financial impact for Part A of the Standard.

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
Int 21	<p>Levies</p> <p>This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Trust at reporting date.</p>	1 Jan 2014
AASB 9	<p>Financial Instruments</p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The mandatory application date of this Standard was amended to 1 January 2017. The Trust has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2017
AASB 10	<p>Consolidated Financial Statements This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred for not-for-profit entities by AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. The adoption of the new Standard has no financial impact for the Trust as it doesn't impact accounting for related bodies and the Authority has no interests in other entities.</p>	1 Jan 2014

AASB 127	<p>Separate Financial Statements</p> <p>This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements, removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. Mandatory application was deferred by one year for not-for-profit entities by AASB 2012-10. There is no financial impact.</p>	1 Jan 2014
AASB 1031	<p>Materiality</p> <p>This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality that is not available in IFRSs and refers to other Australian pronouncements that contain guidance on materiality. There is no financial impact.</p>	1 Jan 2014
AASB 1055	<p>Budgetary Reporting</p> <p>This Standard requires specific budgetary disclosures in the financial statements of not for profit entities within the General Government Sector. The Trust will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>	1 Jul 2014
AASB 2009-11	<p>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 Int 10 & 12</p>	1 Jan 2015
AASB 2010-7	<p>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 & 1038 and Int 2, 5, 10, 12, 19 & 127]. 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.</p>	1 Jan 2015

AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]. This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. The Trust does not routinely hold financial assets and financial liabilities that it intends to settle on a net basis, therefore there is no financial impact.	1 Jan 2014
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets. This Standard introduces editorial and disclosure changes. There is no financial impact.	1 Jan 2014
AASB 2013-8	Amendments to Australian Accounting Standards -Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049].The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not key attribute of the investor’s relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.	1 Jan 2014
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments. This omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014 (Part B), and, defers the application of AASB 9 to 1 January 2017 (Part C). The Trust has not yet determined the application or the potential impact of AASB 9; otherwise there is no financial impact for Part B.	1 Jan 2014 1 Jan 2017
AASB 2014-1	Amendments to Australian Accounting Standards – The Trust has not yet determined the application or the potential impact of the Standard.	1 July 2014 1 Jan 2015 1 Jan 2016 1 Jan 2018

Changes in accounting estimates

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

Note 4. Supplies and Services

	2014	2013
	\$	\$
Consultants and Contractor	16,200	18,482
Consumables	4,085	6,836
	20,285	25,318

Note 5. Employee Expenses

	2014	2013
	\$	\$
Salary and Wages	40,252	101,233
	40,252	101,233

The decrease in Employee Expenses is a result of the retirement of the incumbent to the Executive Officer position to the Trust during 2013-14. The position was continued on a part time basis for the rest of the year and there were reduced costs for the Finance Officer due to a decrease in the Trust activities for 2013-14.

Note 6. Project Expenses

Expenditure on grants projects totalled \$145,560 in 2014. (\$343,000 2013). The approved projects are shown below:

	2014	2013
	\$	\$
Project Name and Organisation		
Pall Plus: Building on Success - Edith Cowan University	51,060	62,500
Cyber Strong Schools - Edith Cowan University	21,000	84,000
Mobile Learning in Early Childhood Education - University of Notre Dame	9,000	36,000
Effectiveness of an Intercultural Whole-school Approach - Curtin University	21,000	84,000
Connecting Culture, Curriculum and Community in Early Years Aboriginal Education - Murdoch University	32,500	32,500
iPad my Story: Belonging, Being and Becoming Through Multimodal Story Telling - The University of Western Australia	11,000	44,000
TOTAL	145,560	343,000

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

	2014	2013
	\$	\$
Net Loss on Fair Value Adjustment of Investment Property	-	400,000
	<u>-</u>	<u>400,000</u>

Note 8. Other Expenses

	2014	2013
	\$	\$
Revaluation Expenses	361	160
	<u>361</u>	<u>160</u>

Note 9. Interest Revenue

	2014	2013
	\$	\$
Interest earned from Treasury	345,906	418,160
	<u>345,906</u>	<u>418,160</u>

The reduced interest earnings are a result of low interest rates available.

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

	2014	2013
	\$	\$
Net Gain on Fair Value Adjustment of Investment Property	380,000	-
	<u>380,000</u>	<u>-</u>

Note 11. Income from State Government

	2014	2013
	\$	\$
Services received free of charge		
Determined on the basis of the following estimates provided by agencies;		
Department of Education Services	1,474	1,626
	<u>1,474</u>	<u>1,626</u>

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

	2014	2013
	\$	\$
Current		
Accrued Revenue	85,559	93,870
Total current	<u>85,559</u>	<u>93,870</u>

Reduced interest earnings are due to low interest rates available. The Trust does not hold any collateral as security or other credit enhancements relating to receivables.

Note 13. Other Current Assets

	2014	2013
	\$	\$
Current		
GST Receivable	13,373	19,968
Total current	13,373	19,968

Note 14. Investment Property

	2014	2013
	\$	\$
Land		
Land at fair value ^(a)	7,930,000	7,550,000
	<u>7,930,000</u>	<u>7,550,000</u>

Information on fair value measurements is provided in Note 15. 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.

2014	\$
Carrying amount at start of year	
Additions	7,550,000
Net gain/(loss) from fair value adjustment ^(b)	380,000
Disposals	-
Depreciation	-
Carrying amount at end of year	<u>7,930,000</u>
2013	

Carrying amount at start of year	7,950,000
Additions	-
Net Loss from fair value adjustment ^(b)	(400,000)
Depreciation	-
Carrying amount at end of year	<u>7,550,000</u>

- (a) Freehold land was re-valued as at 1 July 2013 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2014 and recognised at 30 June 2014. 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. Fair Value Measurements

	2014			
	\$			
Assets measured at fair value:	Level 1	Level 2	Level 3	Fair value At end of period
2014	\$	\$	\$	\$
Land (Note 14)	-	7,930,000	-	7,930,000
	<u>-</u>	<u>7,930,000</u>	<u>-</u>	<u>7,930,000</u>

Valuation techniques to derive Level 2 fair values

Level 2 fair values of Land are derived using the market approach. Market evidence of sales prices of comparable land in close proximity is used to determine price per square metre.

Valuation processes

There were no changes in valuation techniques during the period. Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the period.

Note 16. Impairment of Assets

There were no indications of impairment to property, plant and equipment at 30 June 2014.

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 2014 have either been classified as assets held for sale or written-off.

Note 17. Payables

	2014	2013
	\$	\$
Current		
Accrued Salaries	3,580	10,630
Project Expenses (Grants)	74,316	67,650
Accrued Expenses	18,036	13,410
Total current	95,932	91,690

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.

	2014	2013
	\$	\$
Contributed equity		
Balance at start of period	5,388,902	5,388,902
Balance at end of period	5,388,902	5,388,902
Reserves		
<u>Asset revaluation surplus</u>		
Balance at start of year	5,724,500	5,724,500
Net revaluation increments/(decrements):		
Land	-	-
Balance at end of year	5,724,500	5,724,500
Accumulated Surplus/(deficit)		
Balance at start of year	8,667,722	9,117,647
Result for the period	520,922	(449,925)
Balance at end of year	9,188,644	8,667,722
Total Equity at end of year	20,302,046	19,781,124

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:

	2014	2013
	\$	\$
Cash and cash equivalents	12,369,046	12,208,976
	12,369,046	12,208,976

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

Net Cost of Services	519,448	(451,551)
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Non-cash items:

Net (gain)/loss on fair value adjustment to property, plant and equipment	(380,000)	400,000
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Services received free of charge ^(d)	1,474	1,626
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(Increase)/decrease in assets:

Current Receivables ^(c)	8,311	35,808
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Increase/(decrease) in liabilities:

Current Payables ^(a)	3,788	62,026
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Net GST Receipts/(payments) ^(b)	7,001	(5,268)
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Change in GST in Receivables/Payables ^(c)	48	(2,750)
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Net cash provided by/(used in) operating activities

	160,070	39,891
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- (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.
- (d) See Note 11. Income from State Government.

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 2014.

Note 21. Events Occurring After the End of the Reporting Period

Government has decided to cease the activities of the Trust. The Public Education Endowment Act is to be repealed and work has commenced to wind up the trust activities during the 2014-15 financial year.

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 \$5000.

Significant variances between estimate and actual for the financial year

	2014 Estimate \$	2014 Actual \$	Variance \$
Income			
Interest Revenue	438,000	345,906	(92,094)
Net Gain on Fair Value Adjustment	-	380,000	380,000
Expenses			
Project Expenses	500,000	145,560	354,440
Employee Benefits	98,000	40,252	57,748
Supplies and Services	50,000	20,646	29,354

Interest Revenue

Interest revenue is received from cash balances invested on the Trust's behalf by the Western Australian Treasury Corporation. The variance is due to the fact that at the time of preparing the estimates, the decrease in the interest rate was not expected and therefore was not taken into consideration.

Net Gain on Fair Value Adjustment of Investment Property

The variation is due to an increase in valuation of the Fremantle land which was not expected at the time of preparing the estimate.

Project Expenses

The variance is due to the fact that at the time of preparing the estimates, an allocation was made for the grants projects; however no grants have been approved in 2013-14.

Employee Benefits Expenses

The variance is due to the fact that at the time of preparing the estimates, the Executive Officer was still operating on a full time basis.

Supplies and Services

The variance is due to the fact that at the time of preparing the estimates, additional expenses associated with the implementation of projects for 2014 were anticipated.

Significant variances between actual results for current year and prior year

	2014	2013	Variance
	\$	\$	\$
Income			
Interest Revenue	345,906	418,160	(72,254)
Net Gain on Fair Value Adjustment	380,000	-	380,000
Expenses			
Supplies and Services	20,646	25,318	4,672
Employee Expenses	40,252	101,233	60,981
Project Expenses	145,560	343,000	197,440
Net Loss on Fair Value Adjustment	-	400,000	400,000

Interest

Interest revenue is received from cash balances invested on the Trust's behalf by the Western Australian Treasury Corporation. The variance is due to the decrease in interest rates, which has reduced investment income.

Net Gain on Fair Value Adjustment

The variance is due to there being a Net Gain on Fair Value Adjustment of the Trust land due to the revaluation of the land in 2013-14.

Supplies and Services

The variance is due to legal expenses not incurred for 2013-14 as well as the cumulative effect of small expenditure savings across the remaining expenditure items.

Employee Expenses

The variance is due to the incumbent to Executive Officer position retiring in 2013-14 whilst the position continued on a part time basis together with reduced costs for the Finance Officer due to a decrease in Trusts activities for 2013-14.

Project Expenses

The variance is due to the fact that no grants were approved for projects in 2013-14.

Net Loss on Fair Value Adjustment of Investment Property

The variance is due to there being a Net Gain for Fair Value Adjustment of the Trust land in 2013-14.

Note 23. Financial Instruments

Note 23. a) Financial Risk Management Objectives and Policies

Financial instruments held by the Trust are cash 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 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.

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.

Note 23. 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:

	2014	2013
	\$	\$
Financial Assets		
Cash and cash equivalents	12,369,046	12,208,976
Loans and receivables ^(a)	85,559	93,870
Financial Liabilities		
Financial liabilities measured at amortised cost ^(b)	95,932	91,690

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

(b) Includes accrued Project Expenses of \$74,316 for 2014.

Note 23. 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.

Aged analysis of financial assets							
	Carrying Amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	
	\$	\$	\$	\$	\$	\$	\$
2014							
Cash and cash equivalents	12,369,046	12,369,046					
Receivables ^(a)	85,559		85,559				
Amounts receivable for services							
	12,454,606	12,369,046	85,559				
2013							
Cash and cash equivalents	12,208,976	12,208,976					
Receivables ^(a)	93,870		93,870				
Amounts receivable for services							
	12,302,846	12,208,976	93,870				

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

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

	Interest rate exposure					Maturity dates					
	Weighted Average Effective Interest Rate	Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal Amount	Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2014											
Financial Assets											
Cash and cash equivalents	2.819	12,369,046		12,369,046		12,369,046	12,369,046				
Receivables ^(a)		85,559			85,559	85,559	85,559				
		12,454,606		12,369,406	85,559	12,454,606	12,454,606				
Financial Liabilities											
Payables		95,932			95,932	95,932	95,932				
		95,932			95,932	95,932	95,932				

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

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

	Interest rate exposure					Maturity dates					
	Weighted Average Effective Interest Rate %	Carrying Amount \$	Fixed interest rate \$	Variable interest rate \$	Non- interest bearing \$	Nominal Amount \$	Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$
	2013										
Financial Assets											
Cash and cash equivalents	3.399	12,208,976		12,208,976		12,208,976	12,208,976				
Receivables ^(a)		93,870			93,870	93,870	93,870				
		12,302,846		12,208,976	93,870	12,302,846	12,302,846				
Financial Liabilities											
Payables		91,690			91,690	91,690	91,690				
		91,690			91,690	91,690	91,690				

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

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
				\$	\$
Financial Assets					
Cash and cash equivalents	12,369,046	(123,690)	(123,690)	123,690	123,690
Total Increase/(Decrease)		(123,690)	(123,690)	123,690	123,690
		-100 basis points		+100 basis points	
	Carrying amount	Surplus	Equity	Surplus	Equity
2013	\$	\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	12,208,976	(122,090)	(122,090)	122,090	122,090
Total Increase/(Decrease)		(122,090)	(122,090)	122,090	122,090

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

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

	2014	2013
	No.	No.
0 – 10,000	2	5
10,000 - 20,000	2	-
	\$	\$
The total remuneration of members of the accountable authority	1,140	760

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:

	2014	2013
	\$	\$
Auditing the accounts, financial statements and performance indicators	11,700	11,500
	11,700	11,500

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 2014.



Professor Lesley Parker AM
Chairperson
Public Education Endowment Trust



Ms Sharyn O'Neill
Director General, Department of Education
Trustee
Public Education Endowment Trust

11 September 2014

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 was 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, administered to external stakeholders including the grant program manager, school principals and relevant Regional Offices, was designed to measure the perception of the effectiveness of the funded projects on a five point scale ranging from very effective through to very ineffective. The target for this Key Performance Indicator is for the Trust to achieve survey results showing that at least 80% of external stakeholders perceived the funded projects that affect them as being either 'very effective' or 'effective'.

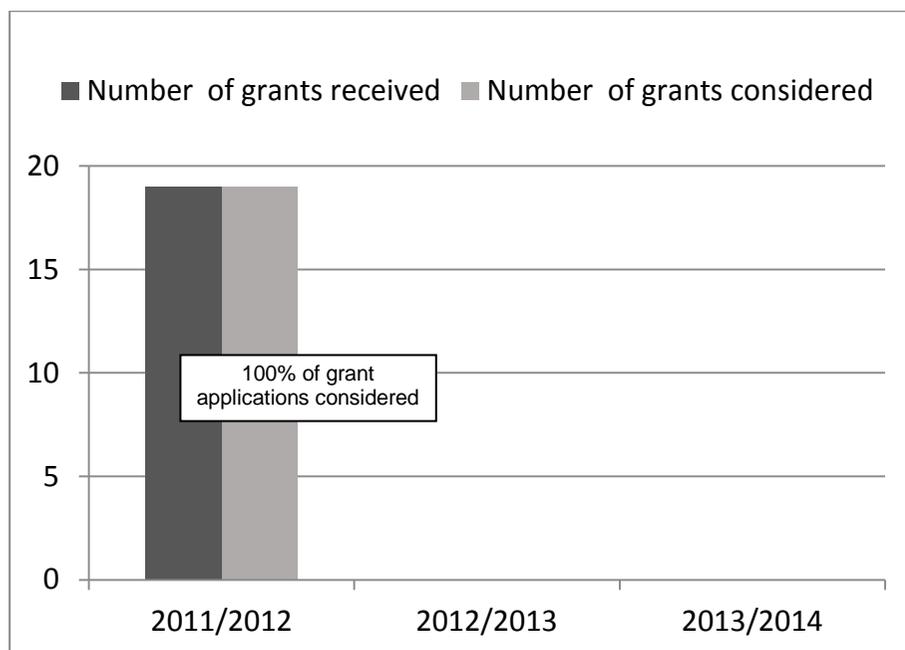
No grants were administered in the 2010-11 or 2011-12 reporting periods and consequently no surveys were undertaken.

A new research focus for the grant funding scheme was approved by the Trust in 2011 and in October 2012 six university research grant funding agreements were finalised. These research projects will run for periods ranging from twelve to twenty-four months and therefore no useful survey of stakeholders was able to be undertaken.

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. There has been no further call for grant applications. Consequently, no grant applications were received or considered during 2012-2013 and 2013-2014.



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.

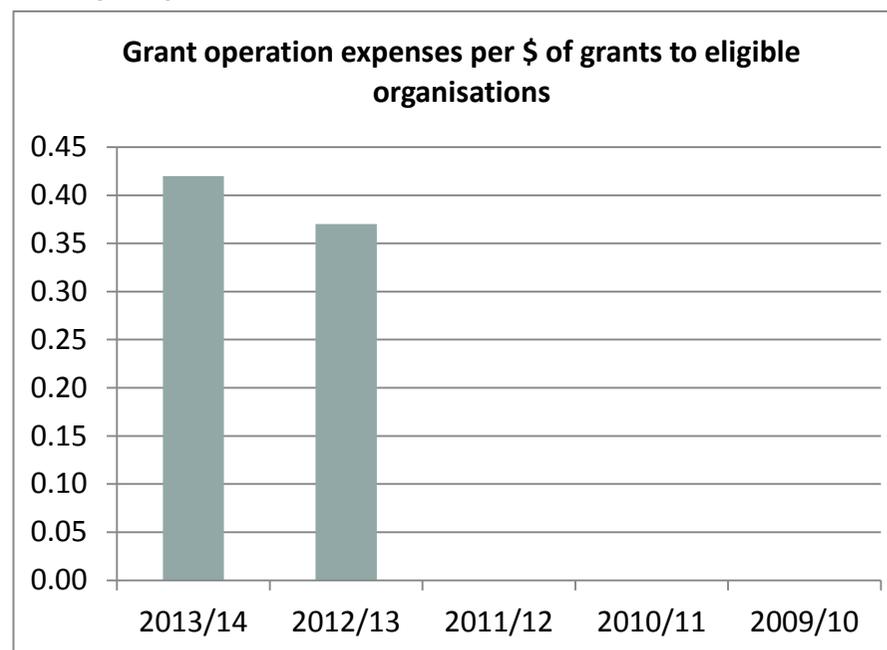
This measure shows the extent to which the Trust has maximised grant funding to eligible organisations while containing its operations expenditure related to distributing grants.

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.

Ministerial Directives

No Ministerial directives were received during the reporting period.

History Graph/Table



Other Financial Disclosures

Employment and Industrial Relations

The Public Education Endowment Trust meets its legislative and reporting requirements through arrangements with the Department of Education Services. The Department's Annual Report contains information relating to staffing policies and procedures, staff development, recruitment, performance management, grievance resolution, public interest disclosure and other industrial relations matters.

Staff Profile	2014	2013
Full-time permanent	0.5	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.

Other Legal Requirements

Advertising and Sponsorship

Section 175ZE of the Electoral Act 1907 requires public agencies to report details of expenditure to organisations providing services in relation to advertising, market research, polling, direct mail and media advertising. The Trust did not incur expenditure of this nature in the 2013-14 reporting period.

Compliance with Public Sector Standard and Ethical Codes

In the administration of its statutory responsibilities, the Public Education Endowment Trust has complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and its own Code of Conduct.

The Trust's Code of Conduct was updated in 2013 and is based on the Public Sector Code of Ethics namely: personal integrity; relationships with others; and accountability.

Other Government Policy Requirements

The Public Education Endowment Trust meets its legislative and reporting requirements through arrangements with the Department of Education Services. The Department's Annual Report contains information on how the Department meets the following requirements:

- Disability Access and Inclusion Plan Outcomes.
- Recordkeeping Plans.
- Occupational Safety, Health and Injury Management.

Annual Estimates

Estimate of Statement of Comprehensive Income For the year ended 30 June 2015

	Note	2015 Estimate \$	2014 Actual \$
COST OF SERVICES			
Expenses			
Project Expenses		-	145,560
Supplies and Services		-	20,285
Employee Expenses		-	40,252
Other Expenses		-	361
Total Cost of Services		-	206,458
Income			
Interest Revenue		-	345,906
Net Gain on Fair Value Adjustment of Investment Property	1	-	380,000
Total Revenue		-	725,906
NET COST OF SERVICES		-	519,448
Income from State Government			
Resources received free of charge		-	1,474
Total Income from State Government		-	1,474
SURPLUS/(DEFICIT) FOR THE PERIOD		-	520,922
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	520,922

Estimate of Statement of Financial Position
For the year ended 30 June 2015

	Note	2015 Estimate \$	2014 Actual \$
ASSETS			
Current Assets			
Cash and Cash Equivalents		-	12,369,046
Receivables	2	-	85,559
Other Current Assets	2	-	13,373
Total Current Assets		-	12,467,978
Non-Current Assets			
Investment Property	4	7,550,000	7,930,000
Total Non-Current Assets		7,550,000	7,930,000
TOTAL ASSETS		7,550,000	20,397,978
LIABILITIES			
Current Liabilities			
Payables	3	-	95,932
Total Current Liabilities		-	95,932
TOTAL LIABILITIES		-	95,932
NET ASSETS		7,550,000	20,302,046
EQUITY			
Contributed Equity		5,706,000	5,388,902
Reserves		-	5,724,500
Accumulated Surplus		1,844,000	9,188,644
TOTAL EQUITY		7,550,000	20,302,046

Notes to the Annual Estimates

For the year ended 30 June 2015

Note 1. Net Gain on Fair Value Adjustment of Investment Property

Income earned but not received at balance date is detailed as follows	Note	2015 Estimate \$	2014 Actual \$
Net Gain on Fair Value Adjustment of Investment Property		-	380,000
		-	380,000

Note 2. Current Assets

Income earned but not received at balance date is detailed as follows	Note	2015 Estimate \$	2014 Actual \$
Interest due from Treasury based on Commonwealth Bank Account balance		-	85,559
GST Receivable		-	13,373
		-	98,932

Note 3. Payables

Expenditure accrued but not paid at balance date	2015 Estimate \$	2014 Actual \$
Accrued Salaries	-	3,580
Accrued Expenses	-	74,316
Project Expenses	-	18,036
	-	95,932

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.

No gains or losses on revaluation have been forecast for 2014-15 given that the Public Education Endowment Act is to be repealed and the Trust activities are to be wound up during the 2014-15 financial year.