

Public Education Foundation Ltd

ABN 12 129 228 413

Financial report - 30 June 2013

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The directors present their report, together with the financial statements on Public Education Foundation Ltd (the Foundation) for the year ended 30 June 2013.

Directors

The following persons were directors of the Foundation during the whole of the year and up to the date of this report, unless otherwise stated:

Jennifer Neary – Chairperson
Jane Caro
Dianne Giblin
Libby Gleeson
Fred Watson
Peter Worland (resigned 13 August 2013)
Robin Low
David Friedlander
Chris Ryan (appointed 13 February 2013)
Adam Smith (appointed 14 August 2013)

In addition to our directors, the Foundation enjoys the ex-officio membership of the General Manager of Learning and Development from the Department of Education and Communities, Ms Cheryl Best.

The Foundation's Chief Executive, Verity Firth, took maternity leave from May 2012 – February 2013. Mr Chris Ryan was appointed Acting Chief Executive in her absence.

Objectives

The short and long term objectives of the Foundation are to work collaboratively with schools, communities, business and government to support students to achieve their full potential in public education, while enhancing the value and reputation of public school education.

Strategies for achieving the objectives

The Foundation has four main strategies for achieving its objectives and these are:

1. Providing life-changing scholarships and educational programs for students with particular education needs, as well as teachers and parents;
2. Demonstrating the benefits of public education to society through showcasing the leaders of many fields in society who were educated in the public system, celebrating the achievements of public education, government advocacy and facilitating public comment in the media;
3. Helping to improve public education by supporting research and piloting innovative programs in schools that can be taken to scale if shown to be efficacious; and
4. Building the capacity of the organisation so it can deliver evidence-based, effective and sustainable programs on a national basis.

Principal activities

The principal activities of the Foundation during the year were to provide scholarships for students and teachers in NSW Public schools. This year was also significant as the Foundation held its inaugural 'Celebrating the Achievements of Public Education' Awards night at Sydney Town Hall on 30 April 2013.

Performance measures

The Foundation measures its performance in both the amount of funds raised and the number of scholarships provided. In addition, individual scholarship programs are evaluated for process, impact and for recipient, teacher and donor satisfaction.

The scholarship programs are constantly evolving and only limited by the donations received. As an example, programs offered this year include:

- **The Harvard Club of Australia Education Scholarship** – supports Principals to attend a fully funded leadership program at Harvard Graduate School of Education, all airfares and accommodation included;
- **The Friends of Zainab Scholarship** – supports students from a refugee background through years 11 and 12 at government high schools and into tertiary education;
- **The Una May Smith Aboriginal Scholarship** – a scholarship designed to give Aboriginal students access to financial support and mentoring throughout their education;
- **The Mamma Lena & Dino Gustin Foundation Scholarship** – provides a 6 week intensive Italian language immersion course in Rome for students in Years 11 or 12.

Information on directors

Jennifer Neary B.A., Dip. Ed. Director & Chairperson

Experience and expertise

Director of the NSW Institute of Teachers and member of the NSW Board of Studies.

Teaching in NSW and ACT secondary schools, 30 years experience in senior management in both the public and private sectors, public policy experience at State, Federal and International levels, and Board experience in the private and public sectors.

Special responsibilities

Leadership of the Foundation; Chair of the Board; Chair of the Scholarships Advisory Committee; and Chair of the Nominations Committee.

Jane Caro B.A. Director

Experience and expertise

Principal Jara Consulting; Director, Bell Shakespeare Company; Chair, Bell Shakespeare Artistic Advisory Panel.

Co-author of "The Stupid Country; How Australia is Dismantling Public Education" (New South 07); co-author of "The F Word – How we Learned to Swear by Feminism" (New South 09); author of "Just a Girl" young adult novel (University of Queensland Press (2011); co-author "What Makes a Good School?" (New South 2012); co-author "For God's Sake! An atheist, Christian, Jew and Muslim debate religion" (Pan MacMillan 2013); public school advocate and parent; columnist, broadcaster, professional speaker; advertising executive for over 30 years.

Special responsibilities

Member Stellar Scholarships Selection Panel; Member Scholarships Advisory Committee.

Dianne Giblin, AM, B. Edu (Adult); Dip. Management. Director

Experience and expertise

CEO, Australian Council of State School Organisations (National Parent organisation for government schools); Director - Primary Ethics Ltd.

Volunteer in education since 1988; employed by Department of Education and Training NSW 14 years (Community Development); President NSW P&C Federation March 2006 - July 2011 (officer for 9 years and council for 14 years).

Special responsibilities

Member Scholarships Advisory Committee.

Libby Gleeson AM, B.A(H); Dip Ed. Director

Experience and expertise

Writer; Director, Copyright Agency Ltd; Chair, WestWords (Western Sydney Children's and Youth Literature Centre); Adj Assoc Professor, University of Sydney.

Teaching in secondary and tertiary sector. Former Chair, Australian Society of Authors. Advocate for literature and literacy for all.

Special responsibilities

Chair 'Friends of Zainab' Scholarship Selection Panel

Fred Watson AM, B.Sc (St Andrews), M.Sc (St Andrews), PhD (Edinburgh), F.R.A.S. Director

Experience and expertise

Astronomer in Charge, Australian Astronomical Observatory; Adjunct Professor, University of Southern Queensland; Adjunct Professor, Queensland University of Technology.

38 years experience in astronomy national facilities (UK and Australia). Science research, science management and science outreach. Strategic policy in dark sky issues, science education strategies.

Special responsibilities

Chair, Stellar Astronomy Scholarships Selection Panel.

Peter James Worland BA, Dip Ed (Monash). Director

Experience and expertise

Consultant, providing business/strategic advice to public, private and not for profit sectors. Client list includes, Victorian Department of Education and Early Childhood Development, Transurban and University of Melbourne.

Special responsibilities

Providing strategic marketing advice.

Robin Low; B. Comm. Director

Experience and expertise

Former Partner, PricewaterhouseCoopers; director, Primary Ethics, Treasurer, Sydney Medical School Foundation, Fellow Institute of Chartered Accountants in Australia.

Previous clients include many leading Australian financial institutions. Robin has considerable not-for-profit experience. She is a former president of YWCA Australia, former board member of YWCA NSW and former auditor of the National Breast Cancer Foundation. Robin brings risk, process, governance and financial skills, as well as being a great supporter of opportunity through public education.

Special responsibilities

Treasurer; Chair of Harvard Club of Australia Education Scholarship Selection Panel; Chair of St George Banking Group Scholarship Selection Panel.

David Friedlander LLB B. Comm LLM. Director

Experience and expertise

Partner and lawyer with King & Wood Mallesons, specialising in mergers & acquisitions and securities. Member of the Australian Takeovers Panel, the ASX Capital Markets Advisory and ASX Disciplinary Review panels, the Corporations Committee of the Law Council of Australia and the Australian Institute of Company Directors.

Special Responsibilities

Management of scholarships, including scholarships held in trust by the Foundation on behalf of the Conservatorium High School.

Chris Ryan PSM BA Dip Ed MA. Director and Acting Chief Executive (April 2012 to February 2013)

As former senior executive with the NSW Department of Education Chris played a key role in the senior management team for more than 10 years. He has been widely acknowledged for his commitment to public education and training and brings a wealth of talent and expertise to the Foundation.

Adam Smith

Experience and expertise

Education Consultant and Board Member Australian Council for Educational Research (ACER). As former CEO of the Foundation for Young Australians and Education Foundation Australia, Adam has a background in non-profit leadership and has personally generated in excess of \$20 million in philanthropic and corporate investment in public schools.

Special Responsibilities

Chair of Fundraising Committee

Chief Executive Officer

The Hon. Verity Firth BA LLB.

A former Minister for Education in NSW with a strong history of commitment to both public education and social justice. Verity is an experienced legal practitioner with expertise in public advocacy. Her passion for public education and expertise in working with the media places her in a unique leadership role within the education philanthropy sector.

Company secretary

Tristanne Scott BA BHSc Grad Cert Comm. (resigned 15 May 2013)

Experience and expertise

A former business development consultant working in education who has also worked as an account manager for one of Australia's leading fund raising agencies.

Meetings of directors

The numbers of meeting of the Foundation's board of directors and the number of meetings attended by each director were:

Directors/Officers	Number of meetings eligible to attend	Number of meetings attended
Jennifer Neary	6	5
Jane Caro	6	4
Dianne Giblin	6	3
Libby Gleeson	6	5
David Friedlander	6	5
Chris Ryan (appointed February 2013)	3	3
Fred Watson	6	4
Peter Worland	6	4
Robin Low	6	4
Adam Smith	0	0

Events occurring after the reporting date

There have been no significant events that have occurred after the reporting date which may significantly affect either the Foundation's operations or results of those operations or the Foundation's state of affairs in future years.

Contributions on winding up

The Foundation is a company limited by guarantee. If the Foundation is wound up, the constitution states that each member undertakes to contribute an amount limited to \$20 per member while a member, or within one year after ceasing to be member, for payment of the debts and liabilities of the Foundation contracted before he/she ceases to be member and of the costs, charges and expenses of winding up, and for the adjustment of rights of the contributories among themselves.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Signed in accordance with a resolution of directors.

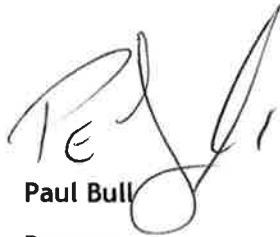

Jennifer Neary
Director & Chairperson

Sydney – 31 October 2013

DECLARATION OF INDEPENDENCE BY PAUL BULL TO THE DIRECTORS OF PUBLIC EDUCATION FOUNDATION LTD

As lead auditor of Public Education Foundation Ltd for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



Paul Bull
Partner

BDO East Coast Partnership

Sydney, 23 October 2013

Public Education Foundation Ltd
Statement of profit or loss and comprehensive income
As at 30 June 2013

	Notes	2013 \$	2012 \$
Revenue			
Grants - Department of Education and Training		120,000	180,000
Donations and other grants		292,599	415,701
Interest income		2,412	275
Investment income		77,610	98,294
Sponsorship income		62,050	-
		<u>554,671</u>	<u>694,270</u>
Other income		7,978	(50,453)
Expenses			
Auditors remuneration	2	(9,850)	(9,496)
Scholarship expenses		(148,715)	(212,731)
Finance costs		(2,060)	(2,186)
Employee benefits expense		(211,221)	(198,912)
Website development expense		(1,572)	(5,364)
Other expenses		(58,104)	(69,267)
		<u>131,127</u>	<u>145,861</u>
Surplus before income tax expense			
Income tax expense	1(b)	-	-
Surplus after income tax expense for the year attributable to members of the Foundation		<u>131,127</u>	<u>145,861</u>
Other comprehensive income for the year			
Available-for-sale financial assets	10(d)	<u>17,579</u>	<u>9,456</u>
Total comprehensive income for the year attributable to members of the Foundation		<u>148,706</u>	<u>155,317</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Public Education Foundation Ltd
Statement of financial position
As at 30 June 2013

	Notes	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	386,145	260,478
Held-to-maturity investments	4	-	500,000
Trade and other receivables	5	38,977	6,440
Total current assets		<u>425,122</u>	<u>766,918</u>
Non-current assets			
Available-for-sale financial assets	6	1,392,126	789,462
Total non-current assets		<u>1,392,126</u>	<u>789,462</u>
Total assets		<u>1,817,248</u>	<u>1,556,380</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7	108,964	28,178
Employee benefits	8	4,180	1,442
Total current liabilities		<u>113,144</u>	<u>29,620</u>
Non-current liabilities			
Other payables	9	61,897	33,259
Total non-current liabilities		<u>61,897</u>	<u>33,259</u>
Total liabilities		<u>175,041</u>	<u>62,879</u>
Net assets		<u>1,642,207</u>	<u>1,493,501</u>
Equity			
Retained earnings	10	204,512	150,774
Scholarship reserve	10	1,443,748	1,332,143
Grant reserve	10	-	34,216
Available-for-sale financial assets reserve	10	(6,053)	(23,632)
Total equity		<u>1,642,207</u>	<u>1,493,501</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Public Education Foundation Ltd
Statement of changes in equity
For the year ended 30 June 2013

	Retained earnings \$	Scholarship reserve \$	Grant reserve \$	Available-for- sale financial assets reserve \$	Total equity \$
Balance at 30 June 2011	95,256	1,173,969	102,047	(33,088)	1,338,184
Total comprehensive income for the year	<u>145,861</u>	<u>-</u>	<u>-</u>	<u>9,456</u>	<u>155,317</u>
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	(158,174)	158,174	-	-	-
Transfer from grant reserve to retained earnings to cover expenses incurred during the year	<u>67,831</u>	<u>-</u>	<u>(67,831)</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2012	<u>150,774</u>	<u>1,332,143</u>	<u>34,216</u>	<u>(23,632)</u>	<u>1,493,501</u>
Total comprehensive income for the year	<u>131,127</u>	<u>-</u>	<u>-</u>	<u>17,579</u>	<u>148,706</u>
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	(111,605)	111,605	-	-	-
Transfer from grant reserve to retained earnings to cover expenses incurred during the year	<u>34,216</u>	<u>-</u>	<u>(34,216)</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2013	<u>204,512</u>	<u>1,443,748</u>	<u>-</u>	<u>(6,053)</u>	<u>1,642,207</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Public Education Foundation Ltd
Statement of cash flows
For the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from donations and grants		555,184	574,055
Payments to suppliers and employees		(272,806)	(424,976)
Payments to scholarship recipients		(148,715)	(212,731)
Interest received		2,412	275
Interest paid		<u>(2,060)</u>	<u>(2,186)</u>
Net cash inflow from operating activities	11	<u>134,015</u>	<u>(65,563)</u>
Cash flows from investing activities			
Dividend, interest and distribution income received		68,759	98,294
Proceeds from sales of held to maturity financial assets		500,000	-
Payment to purchase of available-for-sale financial assets		(1,318,769)	-
Proceeds from sales of available-for-sale financial assets		<u>741,662</u>	<u>165,363</u>
Net cash inflow/(outflow) from investing activities		<u>(8,348)</u>	<u>263,657</u>
Net increase/(decrease) in cash and cash equivalents		125,667	198,094
Cash and cash equivalents at the beginning of the year		<u>260,478</u>	<u>62,384</u>
Cash and cash equivalents at the end of the year	3	<u>386,145</u>	<u>260,478</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

Reporting basis and conventions

The financial report covers Public Education Foundation Ltd (the foundation) as an individual entity for the year ended 30 June 2013. The foundation is a company limited by guarantee, incorporated and domiciled in Australia.

The directors have prepared the financial statements on the basis that the foundation is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial report has been prepared, as appropriate for not-for-profit oriented entities, in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and interpretations and the disclosure requirements of:

AASB 101: *Preparation of Financial Statements*

AASB 107: *Cash Flow Statements*

AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*

AASB 110: *Events after Balance Sheet Date*

AASB 1031: *Materiality*

AASB 1048: *Interpretation and Application of Standards*

The financial report has been prepared on an accrual basis and is based on historical costs.

The following is a summary of the material accounting policies adopted by the foundation in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Accounting policies

(a) Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

(b) Income tax

The foundation is exempt from the payment of income tax under section 50-35 of the *Income Tax Assessment Act 1997*.

The foundation is endorsed as a deductible gift recipient for its Scholarship Fund.

Note 1. Summary of significant accounting policies (continued)

(c) Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable. The foundation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the foundation and specific criteria have been met for each of the foundation's activities.

Revenue is recognised for the major business activities as follows:

(i) Grants

The foundation receives grants to undertake certain activities and to provide scholarships. When the grant is non-reciprocal, it is recognised as revenue of the foundation upon receipt. Associated expenditure for the completion of the grant is recorded as incurred.

Where the grant is subject to a reciprocal transfer (specific conditions attached to the grant are to be satisfied) a liability (deferred revenue) associated with the reciprocal transfer is recorded upon receipt of the grant. Revenue is not recognised for reciprocal transfers until the conditions associated with the grant are satisfied.

(ii) Donations

Donations are recognised when received by the foundation.

(iii) Interest

Interest income is recognised as interest accrues using the effective interest method.

(iv) Investment income

Investment distributions from managed funds are recognised as income in the period that entitlement is established. Dividend income from investments is recognised when received.

(v) Sponsorship income

The foundation undertakes a fundraising activity and receives support in the form of money. In return, the foundation provides such things as advertising, signage or naming rights or some other type of benefit of value.

Sponsorship fees relate to either (a) a one-time event, or (b) a period of time.

Revenue from a one-time event is recognized when: (i) pervasive evidence of an arrangement exists; (ii) the event has occurred; (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured.

Non-refundable advance payments associated with sponsorships over a period of time are recognized on a straight line basis over the term of the contract from the later of the point at which: (a) pervasive evidence of an arrangement exists; (b) delivery has occurred or services have been rendered; (c) the price is fixed or determinable; and (d) collectability is reasonably assured, or, the beginning of the license period. Sponsorship advances are deferred until earned pursuant to the sponsorship agreement

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Note 1. Summary of significant accounting policies (continued)

(e) Investments and other financial assets

The foundation classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of every year.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting year which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the foundation's management has the positive intention and ability to hold to maturity. If the foundation were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting year, which are classified as current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting year. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the foundation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the foundation has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Note 1. Summary of significant accounting policies (continued)
Investments and other financial assets (continued)

(e)

Measurement

At initial recognition, the foundation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or expenses in the year in which they arise.

The foundation invests in wholesale managed investments which are designated as available-for-sale financial assets. These investments are carried at the unit redemption price as at the reporting date and changes in the value of these investments are recorded in the available-for-sale financial asset reserve in equity. Purchases and sales of financial assets are recognised on settlement date which is the date that an asset is delivered to or by an entity.

When investments classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are transferred to surplus or deficit as gains and losses from sale of managed funds and equity investments.

Impairment

The foundation assesses at the end of each reporting year whether there is objective evidence that a financial asset or group of assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised as an impairment loss in profit or loss. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less an impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent year.

Note 1. Summary of significant accounting policies (continued)

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the foundation prior to the end of the year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Deferred revenue

The liability for deferred revenue is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date, or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted.

(h) Employee benefits

Provision is made for the foundation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages, salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In the case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(j) New accounting standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the foundation for the reporting year ended 30 June 2013. The foundation has not yet assessed the impact of these new or amended accounting standards and interpretations.

Note 2. Remuneration of auditors

The following fees were paid or payable for services provided by the auditor:

	2013 \$	2012 \$
Audit of the financial report	8,000	7,696
Other services:		
Assistance with the preparation of the financial report	1,000	1,000
Audit of an annual grant acquittal	850	800
	<u>9,850</u>	<u>9,496</u>

Note 3. Current assets - Cash and cash equivalents

	2013 \$	2012 \$
Cash at bank and on hand	<u>386,145</u>	<u>260,478</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Note 4. Current assets - Held-to-maturity investments

	2013 \$	2012 \$
Term deposit	<u>-</u>	<u>500,000</u>

Note 5. Current assets - Trade and other receivables

	2012 \$	2011 \$
Trade and other receivables	<u>38,977</u>	<u>6,440</u>

Note 6. Non-current assets - Available-for-sale financial assets

	2013 \$	2012 \$
Equity investment	231,894	138,828
Fixed interest securities	1,160,232	650,634
Investments in equities and fixed interest securities	<u>1,392,126</u>	<u>789,462</u>

Note 7. Current liabilities - Trade and other payables

	2013	2012
	\$	\$
Trade payables and accruals	36,752	22,917
Deferred revenue	72,212	5,261
	<u>108,964</u>	<u>28,178</u>

Note 8. Current liabilities – Employee benefits

	2013	2012
	\$	\$
Provision for annual leave	<u>4,180</u>	<u>1,442</u>

Note 9. Non-current liabilities - Other payables

	2013	2012
	\$	\$
Deferred revenue	<u>61,897</u>	<u>33,259</u>

Note 10. Retained earnings and reserves

	2013	2012
	\$	\$
(a) Retained earnings		
Opening balance	150,774	95,256
Net surplus for the year	131,127	145,861
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	(111,605)	(158,174)
Transfer from grant reserve to retained earnings to cover expenses incurred during the year	34,216	67,831
Closing balance	<u>204,512</u>	<u>150,774</u>

Note 10. Retained earnings and reserves (continued)

	2013	2012
	\$	\$
(b) Scholarship reserve		
Opening balance	1,332,143	1,173,969
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	111,605	158,174
Closing balance	<u>1,443,748</u>	<u>1,332,143</u>

Purpose of scholarship reserve

The scholarship reserve represents donations received during the current and previous years over which the foundation is deemed to have control, but for which the funds have been set aside for a particular purpose. The related expenditure the grants are intended to compensate will not occur until a future year.

(c) Grant reserve

	2013	2012
	\$	\$
Opening balance	34,216	102,047
Transfer from grant reserve to retained earnings to cover expenses incurred during the year	(34,216)	(67,831)
Closing balance	<u>-</u>	<u>34,216</u>

Purpose of grant reserve

The grant reserve represents grants received over which the foundation is deemed to have control, but for which the funds have been set aside for a particular purpose. The related expenditure the grants are intended to compensate will not occur until a future year.

(d) Available-for-sale financial assets reserve

	2013	2012
	\$	\$
Opening balance	(23,632)	(33,088)
Net revaluation of available-for-sale financial assets at year end	17,579	9,456
Closing balance	<u>(6,053)</u>	<u>(23,632)</u>

Purpose of available-for-sale financial assets reserve

Changes in the fair value arising from the revaluation of investments are accumulated in the available-for-sale financial asset reserve. Amounts are transferred as a surplus or deficit to the Statement of Comprehensive Income when the assets are sold or impaired.

Note 11. Reconciliation of net cash inflow from operating activities to surplus/(deficit) after income tax

	2013 \$	2012 \$
Net surplus for the year	123,149	196,314
Dividend, interest and distribution income received	(77,610)	(98,294)
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in trade receivables	(24,127)	(6,440)
(Decrease)/ Increase in trade payables	14,276	(153,210)
(Decrease)/ Increase in employee benefits	2,738	(3,261)
(Decrease)/ Increase in deferred revenue	95,589	(672)
Net cash inflows/(outflows) from operating activities	<u>134,015</u>	<u>(65,563)</u>

Note 12. Contingent assets and liabilities

There are no contingent assets or contingent liabilities as at 30 June 2013 and 30 June 2012.

Note 13. Commitments for expenditure

Apart for commitments for expenditure in relation to grants received for scholarships where specified services are to be delivered or conditions fulfilled, the foundation has no further commitments for expenditure as at 30 June 2013.

Note 14. Events occurring after the reporting date

There have been no significant events that have occurred after the reporting date which may significantly affect either the foundation's operations or results of those operations or the foundation's state of affairs in future years.

Note 15. Contributions on winding up

The foundation is a company limited by guarantee. If the foundation is wound up, the constitution states that each member undertakes to contribute an amount limited to \$20 per member while a member, or within one year after ceasing to be member, for payment of the debts and liabilities of the foundation contracted before he/she ceases to be member and of the costs, charges and expenses of winding up, and for the adjustment of rights of the contributories among themselves.

At 30 June 2013 the number of members was 8 (2012: 8).

Note 16. Foundation details

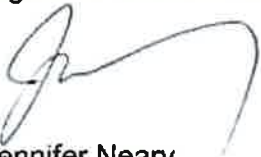
The registered office and principal place of business of the foundation is:

Level 11
1 Oxford Street
Darlinghurst NSW 2011

In the directors' opinion:

- the foundation is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the members of Public Education Foundation Ltd;
- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards as described in note 1 to the financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the foundation's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- there are reasonable grounds to believe that the foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Jennifer Neary
Director & Chairperson

Sydney
31 October 2012

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INDEPENDENT AUDITOR'S REPORT

To the members of Public Education Foundation Ltd

Report on the Financial Report

We have audited the accompanying financial report of Public Education Foundation Ltd (the Foundation), which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Foundation are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Public Education Foundation Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Public Education Foundation Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Foundation's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



BDO East Coast Partnership



Paul Bull
Partner

Sydney, 23 October 2013