

# Public Education Foundation Ltd

ABN 12 129 228 413

## Financial report - 30 June 2016

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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 2016.

### Directors

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

James Arvanitakis

Jane Caro

David Friedlander

Libby Gleeson (resigned April 2016)

Robin Low

Jennifer Neary AM – Chairperson (resigned October 2015)

Patrick Regan

Chris Ryan PSM – Chairperson (appointed December 2015)

Judyth Sachs

Carol Taylor

In addition to our directors, The Foundation enjoys the ex-officio attendance of Executive Director of Learning and Business Systems from the NSW Department of Education, Ms Cheryl Best.

Nathan Rees resigned as CEO of The Foundation in May 2016.

Michelle Stanhope was appointed General Manager of The Foundation in May 2016.

### 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. 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 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 principle activities of The Foundation during the year were to provide scholarships for students and teachers in both NSW, and Australian, public schools.

### 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 for recipient, teacher and donor satisfaction.

The scholarship programs are constantly evolving and theoretically only limited by the donations received. As examples, programs include:

- Talented musicians to attend the Conservatorium High School;
- Refugee children to finish years 11 and 12 or early tertiary study;
- Increase attendance and graduation rates for young Aboriginal and Torres Strait Islander students with the aim of improving attendance and graduation rates.

It should be noted that each program has an administrative requirement that is carried out by the Foundation, even if the program is relatively small. This is an operational risk that requires ongoing monitoring.

### Information on directors

**Chris Ryan** PSM, BA, Dip Ed, MA  
Chair (appointed 8 December 2015)

Chris Ryan's career in education includes roles as a teacher, school executive member, manager of state equity programs, researcher, policy adviser and an education leader with more than 10 years' experience as a member of the state's senior executive service.

As Executive Director of the NSW Department of Education Chris was a member of the peak executive body reporting directly to the Director-General. His areas of responsibility included communications, media, risk, information management, senior executive support and parliamentary liaison.

In 2013 he became a board member of The Foundation. He also served as an advisor to the Chief Executive of the Australian Curriculum, Assessment and Reporting Authority (ACARA).

**Special responsibilities:** Leadership of The Foundation, Chair of the Board, Chair of the Nominations Committee

**Professor Judyth Sachs** BA MA PhD Dip Teach  
Deputy Chair

Professor Judyth Sachs has an eminent career as an educator. She is currently a Special Advisor at KPMG where she is developing a higher education practice. She has held senior management positions at Macquarie University, where she was Provost and Deputy Vice Chancellor from December 2006–March 2014, and at The University of Sydney, where she was Pro Vice Chancellor Learning and Teaching, Chair of the Academic Board and the first woman Professor of Education.

Judyth has chaired academic reviews in Sweden, Hong Kong, Canada, UK and Oman, and is a past president of the Australian Association of Research in Education and a member of the Executive of the Australian College of Educators.

**Special responsibilities:** Deputy Chair of the Board, Scholarship and Awards Committees

**Robin Low**, BComm  
Treasurer

Robin is a non-executive director serving on the boards of listed companies: Appen Limited, AUB Group Limited, CSG Limited and IPH Limited.

Robin is a member of the Audit and Assurance Standards Board and is also on the boards of Sydney Medical School Foundation and Primary Ethics Limited.

Robin is a chartered accountant and former audit and risk partner with PricewaterhouseCoopers where she worked for 28 years.

**Special responsibilities:** Treasurer, Scholarships and Awards Committees

**Professor James Arvanitakis, PhD**  
Director

Professor James Arvanitakis is the Dean of the Graduate Research School at Western Sydney University. He is also a lecturer in Humanities and a member of the University's Institute for Cultural and Society. James was also the founding Head of The Academy at Western Sydney University.

James is internationally recognised for his innovative teaching style and was the recipient of the Prime Minister's University Teacher of the Year Award in 2012 and an Eminent Researcher Award from the Australia India Education Council in 2015. His research areas include citizenship, resilience, piracy and the future of universities.

**Jane Caro, BA**  
Director

Jane Caro is an author, lecturer, mentor, social commentator, columnist, workshop facilitator, speaker and award winning advertising writer. She has a BA in English Literature from Macquarie University and has published five books.

Jane regularly contributes articles and opeds to a number of publications and appears as panellist and an expert commentator on commercial and public broadcasters.

Jane mentors young business people through McCarthy Mentoring. She is on the Boards of Bell Shakespeare and the Public Education Foundation.

**David Friedlander, LLB, BComm, LLM**  
Director

David Friedlander is the head of King & Wood Mallesons' Australian public mergers & acquisitions. He is consistently ranked as one of Australia's top M&A and equity capital markets lawyers and was named the Best Lawyers' 2014 Sydney Mergers & Acquisitions Lawyer of the Year and the 2016 AFR Best Lawyers, Lawyer of the Year (Corporate Law).

David holds a Bachelor of Commerce and Law degrees from the University of New South Wales and a Master of Laws degree from the University of Sydney. He is a former member of the Australian Takeovers Panel and a current member of the ASX Disciplinary Tribunal, the Corporations Committee of the Law Council of Australia and a director of the Public Education Foundation.

**Special responsibilities:** Management of scholarships, including scholarships held in trust by The Foundation on behalf of the Conservatorium High School.

**Libby Gleeson AM, BA (Hons), Dip Ed**  
Director (resigned 6 April 2016)

Writer; director, Copyright Agency Ltd; Chair WestWords (Western Sydney Children's and Youth Literature Centre); Adj Associate 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:** Friends of Zainab Scholarship

**Jenni Neary** AM, BA, Dip Ed  
Chair (resigned 13 October 2015)

Director of the NSW Institute of Teachers and member of the NSW Board of Studies until December 2013 then member of the Board of Studies, Teaching and Educational Standards.

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

**Patrick Regan** BComm, MBA, MEd  
Director

Patrick Regan is the Executive Director at Morgan Stanley Wealth Management. He has worked as a director of UBS Wealth Management and as a proprietary trader for Macquarie Bank in New York.

His interests in cognitive development and strategic reasoning lead him to complete a Masters at Harvard University in the Psychology and Statistics. He also holds an MBA from Trinity College, Dublin.

Patrick is an advisor to non-profit organisations, research foundations, and high net worth individuals. He has served on the boards of the Harvard Club of Australia and HCA Philanthropy, and more recently the Public Education Foundation.

**Carol Taylor** BA Dip ED MEd  
Director (appointed 13 October 2015)

Carol Taylor is an education consultant to the NSW Education Minister. She was formerly the Chief Executive of the Board of Studies, focusing on teaching and educational standards, and acting chief executive of the NSW Institute of Teachers. In 2014 Carol was awarded the Professional Teachers Council Award of NSW for Exceptional Service.

## **Management Team During Reporting Period**

**The Hon Nathan Rees** BA (Hons)  
Chief Executive Officer (resigned 20 May 2016)

The Hon Nathan Rees was appointed as CEO in October 2014. Nathan is a former NSW Premier with a strong history of commitment to both public education and social justice.

**Michelle Stanhope** BA (Hons) Grad Cert Arts Management  
General Manager and Company Secretary (appointed 20 May 2016)

Michelle Stanhope is an experienced not for profit leader specialising in organisational and business development. Michelle has a passion for public education and a commitment to building capacity within the sector.

**Meetings of directors**

The number of Foundation meetings, and the number of meetings attended by each director were:

Directors	Number of meetings eligible to attend	Number attended
James Arvanitakis	5	2
Jane Caro	5	2
David Friedlander	5	5
Libby Gleeson	2	2
Robin Low	5	3
Jennifer Neary	1	1
Patrick Regan	5	1
Chris Ryan	5	5
Judyth Sachs	5	5
Carol Taylor	4	3

**Review of operations**

The reduction in donation and other grant revenue was due to the change in relationship of a funder from that of a scholarship provider to an organisational partner.

**Events occurring after the reporting date**

David Hetherington was appointed as Executive Director of the Public Education Foundation and commenced in the role on 31 October 2016. Mr Hetherington has extensive public policy and private sector experience. He was founding Executive Director of Per Capita, a leading progressive think tank, has previously worked at the Institute for Public Policy Research in London and for L.E.K. Consulting, a global strategy consulting firm.

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

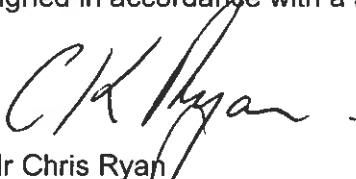
**Contributions on winding up**

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 ACNC Act 2012 is set out on page 6.

Signed in accordance with a resolution of directors.



Mr Chris Ryan  
 Director & Chair  
 Sydney  
 December 5, 2016

**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 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *ACNC Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Paul Bull  
Partner

**BDO East Coast Partnership**

Sydney, 5 December 2016



**Public Education Foundation Ltd**  
**Statement of profit or loss and other comprehensive income**  
As at 30 June 2016

	Notes	2016 \$	2015 \$
<b>Revenue</b>	2	802,563	1,039,107
Other income		2,224	-
<b>Expenses</b>			
Scholarship expenses		(392,162)	(448,821)
Employee benefits expense		(290,659)	(276,377)
Auditors remuneration	3	(9,500)	(9,000)
Finance costs		(649)	(793)
Website development expense		(3,384)	(776)
Amortisation expense		(7,963)	(9,188)
Other expenses		<u>(124,474)</u>	<u>(105,450)</u>
<b>(Deficit)/Surplus before income tax expense</b>		(24,004)	188,702
Income tax expense	1(b)	<u>-</u>	<u>-</u>
<b>(Deficit)/Surplus after income tax expense for the year attributable to members of The Foundation</b>		(24,004)	188,702
<b>Other comprehensive loss for the year</b>			
Available-for-sale financial assets	11(c)	<u>(34,201)</u>	<u>(61,284)</u>
<b>Total comprehensive (loss)/income for the year attributable to members of The Foundation</b>		<u>(58,205)</u>	<u>127,418</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Public Education Foundation Ltd**  
**Statement of financial position**  
As at 30 June 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	192,593	310,963
Trade and other receivables	5	<u>148,000</u>	<u>84,274</u>
<b>Total current assets</b>		<u>340,593</u>	<u>395,237</u>
<b>Non-current assets</b>			
Intangible Assets	6	-	7,962
Available-for-sale financial assets	7	<u>1,826,843</u>	<u>1,730,004</u>
<b>Total non-current assets</b>		<u>1,826,843</u>	<u>1,737,966</u>
<b>Total assets</b>		<u>2,167,436</u>	<u>2,133,203</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	244,951	141,392
Employee benefits	9	<u>4,124</u>	<u>9,245</u>
<b>Total current liabilities</b>		<u>249,075</u>	<u>150,637</u>
<b>Non-current liabilities</b>			
Other payables	10	<u>24,204</u>	<u>30,204</u>
<b>Total non-current liabilities</b>		<u>24,204</u>	<u>30,204</u>
<b>Total liabilities</b>		<u>273,279</u>	<u>180,841</u>
<b>Net assets</b>		<u>1,894,157</u>	<u>1,952,362</u>
<b>Equity</b>			
Retained earnings	11	198,198	250,541
Scholarship reserve	11	1,723,946	1,695,607
Available-for-sale financial assets reserve	11	<u>(27,987)</u>	<u>6,214</u>
<b>Total equity</b>		<u>1,894,157</u>	<u>1,952,362</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 2016

	Retained earnings \$	Scholarship reserve \$	Available-for- sale financial assets reserve \$	Total equity \$
<b>Balance at 30 June 2014</b>	<b>255,390</b>	<b>1,502,056</b>	<b>67,498</b>	<b>1,824,944</b>
Total comprehensive income for the year	188,702	-	(61,284)	127,418
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	(193,551)	193,551	-	-
<b>Balance at 30 June 2015</b>	<b>250,541</b>	<b>1,695,607</b>	<b>6,214</b>	<b>1,952,362</b>
Total comprehensive income for the year	(24,004)	-	(34,201)	(58,205)
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	(28,339)	28,339	-	-
<b>Balance at 30 June 2016</b>	<b>198,198</b>	<b>1,723,946</b>	<b>(27,987)</b>	<b>(1,894,157)</b>

*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 2016

	Notes	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts from donations and grants		836,883	849,406
Payments to suppliers and employees		(538,689)	(384,408)
Payments to scholarship recipients		(392,162)	(452,421)
Interest paid		<u>(649)</u>	<u>(793)</u>
<b>Net cash (outflow)/inflow from operating activities</b>	12	<u>(94,617)</u>	<u>11,784</u>
<b>Cash flows from investing activities</b>			
Dividend, interest and distribution income received		107,287	106,676
Net payments of available-for-sale financial assets		<u>(131,040)</u>	<u>(21,729)</u>
<b>Net cash (outflow)/ inflow from investing activities</b>		<u>(23,753)</u>	<u>84,949</u>
Net (decrease)/increase in cash and cash equivalents		(118,370)	96,733
Cash and cash equivalents at the beginning of the year		<u>310,963</u>	<u>214,230</u>
<b>Cash and cash equivalents at the end of the year</b>	4	<u>192,593</u>	<u>310,963</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 2016. The Foundation is a company limited by guarantee, incorporated and domiciled in Australia. The Foundation is a not-for-profit entity.

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. These financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *ACNC Act 2012*. The directors have determined that the company is not a reporting entity.

The report has been prepared in accordance with the requirements of the *ACNC Act 2012* and the following Australian Accounting Standards:

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)**

**(e) Investments and other financial assets (continued)**

**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.



**Note 1. Summary of significant accounting policies (continued)**

**(e) Investments and other financial assets (continued)**

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

**(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 2016. The Foundation has not yet assessed the impact of these new or amended accounting standards and interpretations.

**Note 2. Revenue**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Grants - Department of Education and Training	204,449	229,463
Donations and other grants	424,390	642,651
Investment income	102,360	114,617
Sponsorship income	71,364	52,376
	<b>802,563</b>	<b>1,039,107</b>

**Note 3. Remuneration of auditors**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Audit of the financial report	8,500	8,000
Other services:		
Assistance with the preparation of the financial report	1,000	1,000
	<b>9,500</b>	<b>9,000</b>

**Note 4. Current assets - Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	<b>192,593</b>	<b>310,963</b>

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

**Note 5. Current assets - Trade and other receivables**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade and other receivables	<b>148,000</b>	<b>84,274</b>

**Note 6: Intangible Assets**

	2016 \$	2015 \$
Cost	18,375	18,375
Accumulated amortisation	<u>(18,375)</u>	<u>(10,413)</u>
Net Carrying amount	<u>-</u>	<u>7,962</u>

**Movement in intangible assets**

Balance at 30 June 2015	7,962
Additions	-
Amortisation	<u>(7,962)</u>
Balance at 30 June 2016	<u>-</u>

**Note 7. Non-current assets - Available-for-sale financial assets**

	2016 \$	2015 \$
Investments in equities and fixed interest securities	<u>1,826,843</u>	<u>1,730,004</u>

**Note 8. Current liabilities - Trade and other payables**

	2016 \$	2015 \$
Trade payables and accruals	70,560	40,429
Deferred revenue	<u>174,391</u>	<u>100,963</u>
	<u>244,951</u>	<u>141,392</u>

**Note 9. Current liabilities – Employee benefits**

	2016 \$	2015 \$
Provision for annual leave	<u>4,124</u>	<u>9,245</u>

**Note 10. Non-current liabilities - Other payables**

	2016 \$	2015 \$
Deferred revenue	<u>24,204</u>	<u>30,204</u>

**Note 11. Retained earnings and reserves**

	2016	2015
	\$	\$
<b>(a) Retained earnings</b>		
Opening balance	250,541	255,390
Net (deficit)/surplus for the year	(24,004)	188,702
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	<u>(28,339)</u>	<u>(193,551)</u>
Closing balance	<u>198,198</u>	<u>250,541</u>
<b>(b) Scholarship reserve</b>		
Opening balance	1,695,607	1,502,056
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	<u>28,339</u>	<u>193,551</u>
Closing balance	<u>1,723,946</u>	<u>1,695,607</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) Available-for-sale financial assets reserve**

Opening balance	6,214	67,498
Net revaluation of available-for-sale financial assets at year end	<u>(34,201)</u>	<u>(61,284)</u>
Closing balance	<u>(27,987)</u>	<u>6,214</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 12. Reconciliation of net cash (outflow)/inflow from operating activities to (deficit)/surplus after income tax**

	2016 \$	2015 \$
Net (deficit)/surplus for the year	(24,004)	188,702
Amortisation	7,963	9,188
Dividend, interest and distribution income received	(102,360)	(114,617)
<i>Changes in assets and liabilities:</i>		
Increase in trade receivables	(68,651)	(43,550)
Increase/(decrease) in trade payables	31,429	(415)
(Decrease)/increase in employee benefits	(5,160)	4,453
Increase/(decrease) in deferred revenue	66,166	(31,977)
Net cash (outflows)/inflows from operating activities	(94,617)	11,784

**Note 13. Contingent assets and liabilities**

There are no contingent assets or contingent liabilities as at 30 June 2016 and 30 June 2015.

**Note 14. 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 2016.

**Note 15. 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 16. 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 2016 the number of members was 8 (2015: 8).

**Note 17. 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 directors have determined that Public Education Foundation Ltd is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of Public Education Foundation Ltd declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the *ACNC Act 2012* and:
  - a. comply with Accounting Standards as described in Note 1 to the financial statements and the *ACNC Regulations 2013*; and
  - b. give a true and fair view of the entity's financial position as at 30 June 2016 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Ms Chris Ryan  
Director & Chair

Sydney  
5 December 2016

## INDEPENDENT AUDITOR'S REPORT

To the members of Public Education Foundation Ltd

### Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Public Education Foundation Ltd (The Foundation), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other 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 responsible entities' declaration.

#### Responsible Entities' Responsibility for the Financial Report

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and 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 have 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 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 responsible entities' 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 registered entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the responsible entities, 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.

## Opinion

In our opinion the financial report of Public Education Foundation Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2016 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 *Division 60 the Australian Charities and Not-for-profits Commission Regulation 2013*.

## 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 responsible entities' financial reporting responsibilities under the *ACNC Act*. As a result, the financial report may not be suitable for another purpose.

## BDO East Coast Partnership



**Paul Bull**  
Partner

Sydney, 5 December 2016