

# Public Education Foundation Ltd

ABN 12 129 228 413

## Financial report - 30 June 2017

### Contents

	Page
Directors' report	1
Auditor's independence declaration	6
Financial report	
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Director's declaration	20
Independent audit report to the members	21
Other financial information statement	23



The Directors present their report together with the financial statements on Public Education Foundation Ltd (The Foundation) for the year ended 30 June 2017.

### **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

Robin Low

Patrick Regan (resigned 1 June 2017)

Chris Ryan PSM – Chairperson

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.

David Hetherington was appointed Executive Director of the Foundation in October 2016.

Michelle Stanhope is the General Manager of the Foundation.

### **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 principal 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

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 working in schools, education bureaucracies and universities. She is currently a Special Advisor at KPMG where she is contributing to the higher education practice and Director of Judyth Sachs Consulting. 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. Her academic work has focussed on the teaching profession, teacher professional development, women in leadership and higher education.

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

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

**Robin Low, BComm, FCA**  
Director & 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. His research areas include citizenship, resilience, piracy and the future of universities. James has authored over 100 articles and in 2017 released the book *Property, Place and Piracy*. James is a regular media commentator appearing on ABC TV and hosts the podcast 'Sociologic'.

James is a member of the Australian Research Council: Excellence in Research for Australia 2015 Evaluation Committee, a member of the panel of experts for the Tertiary Education Quality and Standards Agency (TEQSA), on the committee of the Australian Human Rights Education Council, a member of the peer review committee Australian Awards for University Teaching, is the Chair of Diversity Arts Australia and a research fellow at The Centre for Policy Development.

**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 ten books.

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

Jane 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 attended Vacluse Boys High School. He 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, the ASX Capital Markets Panel

and its Disciplinary Tribunal. He is currently on the Adara Panel and the Corporations Committee of the Law Council of Australia.

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

**Patrick Regan** BComm, MBA, MEd  
Director (resigned 1 June 2017)

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 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

Carol Taylor is a former 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**

**David Hetherington** BA (Hons) MPA (Distinction)  
Executive Director

David Hetherington has spent over a decade as a founder and leader of successful non-profit organisations focused on social change, and is a recognised contributor to the Australian public policy debate. Prior to this, David worked as a management consulting for a global strategy consulting firm.

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

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	4
Jane Caro	5	2
David Friedlander	5	5
Robin Low	5	4
Patrick Regan	5	3
Chris Ryan	5	5
Judyth Sachs	5	3
Carol Taylor	5	5

### 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. Total surplus before income tax for the year was \$283,800 (2016: deficit of \$24,004).

### 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 operation or results of those operations or The Foundation's state of affairs in future years.

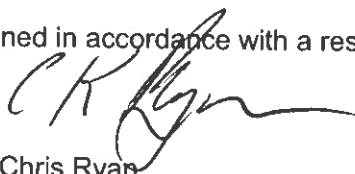
### Contributions on winding up

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 Australian Charities and Non-profit Commission Act 2012 is set out on page 6.

Signed in accordance with a resolution of directors.



Mr Chris Ryan  
Director & Chairperson  
Sydney  
November 21<sup>st</sup>, 2017



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## DECLARATION OF INDEPENDENCE BY GILLIAN SHEA TO THE DIRECTORS OF THE PUBLIC EDUCATION FOUNDATION LTD

As lead auditor of the Public Education Foundation Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

Gillian Shea  
Partner

BDO  
BDO East Coast Partnership

Sydney, 21 November 2017



**Public Education Foundation Ltd**  
**Statement of profit or loss and other comprehensive income**  
For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
<b>Revenue</b>	2	1,177,445	802,563
Other income	3	39,433	2,224
<b>Expenses</b>			
Scholarship expenses		(507,328)	(392,162)
Employee benefits expense		(277,363)	(290,659)
Auditors remuneration	4	(9,800)	(9,500)
Finance costs		(768)	(649)
Software expense		(15,055)	(3,384)
Amortisation expense		(401)	(7,963)
Other expenses		<u>(122,363)</u>	<u>(124,474)</u>
<b>Surplus/(Deficit) before income tax expense</b>		283,800	(24,004)
Income tax expense	1(b)	<u>-</u>	<u>-</u>
<b>Surplus/(Deficit) after income tax expense for the year attributable to members of The Foundation</b>		283,800	(24,004)
<b>Other comprehensive income/(loss) for the year</b>			
Available-for-sale financial assets	12(c)	<u>33,141</u>	<u>(34,201)</u>
<b>Total comprehensive income/(loss) for the year attributable to members of The Foundation</b>		<u>316,941</u>	<u>(58,205)</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 2017

	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	477,419	192,593
Trade and other receivables	6	<u>107,354</u>	<u>148,000</u>
Total current assets		<u>584,773</u>	<u>340,593</u>
<b>Non-current assets</b>			
Intangible Assets	7	7,619	-
Available-for-sale financial assets	8	<u>1,838,680</u>	<u>1,826,843</u>
Total non-current assets		<u>1,846,299</u>	<u>1,826,843</u>
<b>Total assets</b>		<u>2,431,072</u>	<u>2,167,436</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	191,373	244,951
Employee benefits	10	<u>8,397</u>	<u>4,124</u>
Total current liabilities		<u>199,770</u>	<u>249,075</u>
<b>Non-current liabilities</b>			
Other payables	11	<u>20,204</u>	<u>24,204</u>
Total non-current liabilities		<u>20,204</u>	<u>24,204</u>
<b>Total liabilities</b>		<u>219,974</u>	<u>273,279</u>
<b>Net assets</b>		<u>2,211,098</u>	<u>1,894,157</u>
<b>Equity</b>			
Retained earnings	12	262,130	184,505
Scholarship reserve	12	1,930,121	1,723,946
Available-for-sale financial assets reserve	12	<u>18,847</u>	<u>(14,294)</u>
<b>Total equity</b>		<u>2,211,098</u>	<u>1,894,157</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 2017

	<b>Retained earnings \$</b>	<b>Scholarship reserve \$</b>	<b>Available-for- sale financial assets reserve \$</b>	<b>Total equity \$</b>
<b>Balance at 30 June 2015</b>	<b>236,848</b>	<b>1,695,607</b>	<b>19,907</b>	<b>1,952,362</b>
Total comprehensive income for the year	<u>(24,004)</u>	<u>-</u>	<u>(34,201)</u>	<u>(58,205)</u>
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><u>184,505</u></b>	<b><u>1,723,946</u></b>	<b><u>(14,294)</u></b>	<b><u>1,894,157</u></b>
Total comprehensive income for the year	<u>283,800</u>	<u>-</u>	<u>33,141</u>	<u>316,941</u>
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	(206,175)	206,175	-	-
<b>Balance at 30 June 2017</b>	<b><u>262,130</u></b>	<b><u>1,930,121</u></b>	<b><u>18,847</u></b>	<b><u>2,211,098</u></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 2017

	Notes	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Receipts from donations and grants		1,041,640	836,883
Payments to suppliers and employees		(466,156)	(538,689)
Payments to scholarship recipients		(448,254)	(392,162)
Interest paid		(633)	(649)
<b>Net cash inflow/(outflow) from operating activities</b>	13	<u>126,597</u>	<u>(94,617)</u>
<b>Cash flows from investing activities</b>			
Dividend, interest and distribution income received		105,653	107,287
Receipts from available-for-sale financial assets		875,155	-
Payments for available-for-sale financial assets		(814,559)	(131,040)
Payment for purchase of website		(8,020)	-
<b>Net cash inflow/(outflow) inflow from investing activities</b>		<u>158,229</u>	<u>(23,753)</u>
Net increase/(decrease) in cash and cash equivalents		284,826	(118,370)
Cash and cash equivalents at the beginning of the year		<u>192,593</u>	<u>310,963</u>
<b>Cash and cash equivalents at the end of the year</b>	5	<u>477,419</u>	<u>192,593</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 2017. 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.

### Comparatives

Comparative amounts have been restated in the statement of financial position and statement of changes in equity where it results in a more meaningful interpretation of the current year balance for the user of the financial report. This has included a reclassification of \$13,692 in the opening comparative balances from reserves to retained earnings to reflect the nature of the gain in investments as being realised in a prior period. The net assets balance of the comparative period has not been affected by these changes.

### 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.

**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

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

**Measurement (continued)**

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 2017. The Foundation has not yet formally assessed the impact of these new or amended accounting standards and interpretations.

**Public Education Foundation Ltd**  
**Notes to the financial statements**  
For the year ended 30 June 2017  
(continued)

**Note 2. Revenue**

	2017	2016
	\$	\$
Grants - Department of Education and Training	208,056	204,449
Donations and other grants	757,384	424,390
Investment income	106,323	102,360
Sponsorship income	105,682	71,364
	<u>1,177,445</u>	<u>802,563</u>

**Note 3. Other income**

	2017	2016
	\$	\$
Net realised gain on disposal of available-for-sale assets	39,298	-
Other income	135	2,224
	<u>39,433</u>	<u>2,224</u>

**Note 4. Remuneration of auditors**

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

	2017	2016
	\$	\$
Audit of the financial report	8,200	8,500
Other services:		
Assistance with the preparation of the financial report	1,600	1,000
	<u>9,800</u>	<u>9,500</u>

**Note 5. Current assets - Cash and cash equivalents**

	2017	2016
	\$	\$
Cash at bank and on hand	<u>477,419</u>	<u>192,593</u>

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

**Note 6. Current assets - Trade and other receivables**

	2017	2016
	\$	\$
Trade and other receivables	30,019	40,262
Scholarship Prepayments	77,335	107,738
	<u>107,354</u>	<u>148,000</u>

**Note 7. Intangible Assets - Software**

	2017	2016
	\$	\$
Cost	26,395	18,375
Accumulated amortisation	<u>(18,776)</u>	<u>(18,375)</u>
Net Carrying amount	<u>7,619</u>	<u>-</u>

**Movement in intangible assets**

Balance of net carrying amount at 30 June 2016	-	
Additions	8,020	
Amortisation	<u>(401)</u>	
Balance of net carrying amount at 30 June 2017	<u>7,619</u>	

**Note 8. Non-current assets - Available-for-sale financial assets**

	2017	2016
	\$	\$
Investment in equities	547,743	354,642
Investment in debt instruments	726,503	402,515
Investment in convertible securities	<u>564,434</u>	<u>1,069,686</u>
Investments in equities and fixed interest securities	<u>1,838,680</u>	<u>1,826,843</u>

**Note 9. Current liabilities - Trade and other payables**

	2017	2016
	\$	\$
Trade payables and accruals	54,416	70,560
Deferred revenue	<u>136,957</u>	<u>174,391</u>
Total current liabilities	<u>191,373</u>	<u>244,951</u>

**Note 10. Current liabilities – Employee benefits**

	2017	2016
	\$	\$
Provision for annual leave	<u>8,397</u>	<u>4,124</u>

**Note 11. Non-current liabilities - Other payables**

	2017	2016
	\$	\$
Deferred revenue	<u>20,204</u>	<u>24,204</u>

**Note 12. Retained earnings and reserves**

	2017	2016
	\$	\$
<b>(a) Retained earnings</b>		
Opening balance	184,505	236,848
Net surplus/(deficit) for the year	283,800	(24,004)
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	<u>(206,175)</u>	<u>(28,339)</u>
Closing balance	<u>262,130</u>	<u>184,505</u>
<b>(b) Scholarship reserve</b>		
Opening balance	1,723,946	1,695,607
Transfer from retained earnings to scholarship reserve for scholarship income received but unexpended during the year	206,175	28,339
Closing balance	<u>1,930,121</u>	<u>1,723,946</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	(14,294)	19,907
Transfer of net surplus on sale of available-for-sale financial assets to Statement of Comprehensive Income	39,298	-
Net revaluation of available-for-sale financial assets at year end	<u>(6,157)</u>	<u>(34,201)</u>
Closing balance	<u>18,847</u>	<u>(14,294)</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. 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 13. Reconciliation of net cash inflow /(outflow) from operating activities to surplus /(deficit) after income tax**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Net surplus/(deficit) for the year	244,504	(24,004)
Amortisation	401	7,963
Dividend, interest and distribution income received	(106,323)	(102,360)
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in trade receivables	41,320	(68,651)
(Decrease)/Increase in trade payables	(16,144)	31,429
Increase/(Decrease) in employee benefits	4,273	(5,160)
(Decrease)/Increase in deferred revenue	(41,434)	66,166
Net cash inflows/(outflows) from operating activities	126,597	(94,617)

**Note 14. Contingent assets and liabilities**

There are no contingent assets or contingent liabilities as at 30 June 2017 and 30 June 2016.

**Note 15. Commitments for expenditure**

Apart from 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 2017.

**Note 16. 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 17. 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 2017 the number of members was 8 (2016: 8).

**Note 18. Foundation details**

The registered office and principal place of business of The Foundation is:

Level 11  
1 Oxford Street  
Darlinghurst NSW 2011

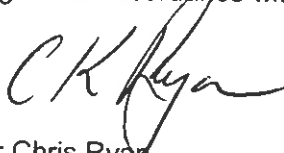
In the directors' opinion:

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 2017 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.



Mr Chris Ryan  
Director & Chairperson

Sydney  
21 November 2017



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Sydney NSW 2000  
Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of The Public Education Foundation Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of The Public Education Foundation Ltd (the Foundation), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of The Foundation, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Foundation's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Foundation in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Emphasis of matter - Basis of accounting

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 Foundation's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Foundation's annual report, but does not include the financial report and our auditor's report thereon.



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of directors for the Financial Report**

The directors of the Foundation 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 ACNC Act and 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

BDO East Coast Partnership

BDO

Gillian Shea  
Partner

Sydney, 21 November 2017



**Public Education Foundation Ltd**  
**Other Financial Information Statement (unaudited)**  
For the year ended 30 June 2017

	Notes to Audited Statements	2017 \$	2016 \$
<b>Scholarship Income and Expenses</b>			
Donation revenue received for current and future scholarship awards	2	757,384	424,390
Scholarship Expenses		<u>(507,328)</u>	<u>(392,162)</u>
<b>Scholarship Surplus before income tax expense</b>		250,056	32,228
<b>Administration Income and Expenses</b>			
Administration Revenue	2	420,061	378,173
Other Revenue	3	39,433	2,224
Administration Expenses			
Employee Benefits Expense		(277,363)	(290,659)
Auditors Remuneration	4	(9,800)	(9,500)
Finance Costs		(768)	(649)
Website development expense		(15,055)	(3,384)
Amortisation expense		(401)	(7,963)
Other Expenses		<u>(122,363)</u>	<u>(124,474)</u>
<b>Administration Surplus/(Deficit) before income tax expense</b>		33,744	(56,232)
<b>Total Surplus / (Deficit) before income tax expense</b>		283,800	(24,004)
Income tax expense	1(b)	<u>-</u>	<u>-</u>
<b>Total Surplus / (Deficit) after income tax expense for the year attributable to members of the Foundation</b>		<b>283,800</b>	<b>(24,004)</b>
<b>Other comprehensive income/(loss) for the year</b>			
Available-for-sale financial assets	12(c)	<u>33,141</u>	<u>(34,201)</u>
<b>Total comprehensive income/(loss) for the year attributable to members of The Foundation</b>		<u><b>316,941</b></u>	<u><b>(58,205)</b></u>