

Australian Wool Education Trust

ANNUAL REPORT - 2013/2014

Background

In July 1997, Australian Wool Testing Authority Ltd (AWTA Ltd) announced that it would donate \$3.00 million of its Unappropriated Profits to a trust vehicle to be named "The AWTA Ltd Wool Education Trust". The objectives set out in the Trust Deed were:

"The Trustees shall hold the Sum upon trust for the application of the income for charitable purposes being the advancement of education in wool and wool textile science and technology including, without limiting the generality of the foregoing, in all or any of the following methods:

- a) to support the education of students, growers and others considered to be capable of contributing to the development of the wool industry, from the growing to the textile product stage, including in such subjects as:
 - i. fibre science, including fibre and follicle development, fibre morphology and characteristics, and their effects on processing performance and product properties;*
 - ii. wool production, including selection, preparation for sale and packaging;*
 - iii. wool metrology, including testing technology, process control, Total Quality Management techniques and the prediction of processing performance;*
 - iv. wool and textile marketing, including trading, processing and promotion of products made wholly or partially from wool;**
- b) to fund attendance at educational conferences and to fund scholarships and prizes;*
- c) to fund educational resources, educational conferences, educational programs and educational institutions and colleges; and*
- d) to fund scientific research undertaken for the advancement of education."*

The Deed provided for the appointment of 5 Trustees - 3 by AWTA Ltd (the Founder) and 2 by the Federation of Australian Wool Organisations (FAWO).

In May 2003, the Deed was amended to broaden the objectives of the Trust to allow Trustees to fund education outside the University sector.

In 2004, Australian Wool Innovation (AWI) agreed to donate \$4.00 million to the Trust, subject to the Trust Deed being amended to provide for appointments of 3 Trustees by AWTA Ltd, 3 by AWI and 2 by FAWO. The new Deed came into effect on 25th June 2004, at which time the organisation was renamed "Australian Wool Education Trust".

AWTA Ltd, FAWO and AWI may provide written notice to the Trustees to remove and replace any Trustee appointed by them, but only on one or more of the following grounds:

- "(i) illness such that performance of normal duties as a Trustee is no longer possible or practicable;*
- (ii) cessation or change in employment or affiliation with industry bodies or associations;*
- (iii) disqualification to act as Trustee under the Trustees Act 1958;*
- (iv) acting in breach of the duties imposed on a Trustee under this Deed or at law; and*
- (v) where circumstances arise which otherwise justify the removal of the Trustee."*

A Trustee may resign at any time, subject to providing notice of at least 30 days, and the entity that originally appointed the resigning Trustee shall nominate a replacement within 90 days of the vacancy occurring.

Trustees – 2013/2014

For the period covered by this report, the Trustees were:

**Appointed by
AWTA Ltd**

Mr D. J. Ward OAM: (Chairman of Trustees)
Former Director, AWTA and Former Managing Director, AWTA Ltd

Mr P. J. Sommerville: (Secretary of Trustees)
Former Corporate Development Manager, AWTA Ltd

Mr M. A. Jackson:
Managing Director, AWTA Ltd

**Appointed by
FAWO**

Mr J.W. Lewis:
Former Divisional Manager, AWTA Ltd Product Testing and Former Managing Director, Macquarie Textiles

Mr G. Fiskien:
Woolgrower, Former President Australian Wool Producers and Executive Committee Member, FAWO

**Appointed by
AWI**

Dr A. C. Archer AM PSM:
Principal, Tocal College

Professor A. L. Vizard:
Associate Professor, Faculty of Veterinary Science, Melbourne University

Mr B. P. van Rooyen:
Chairman Australian Country Spinners, Director AWI

Assets Held by the Trust

As at 30th June 2014, the total capital held in trust was \$9.690 million. This was significantly higher than the \$9.015 million held at 30th June 2013, reflecting the improved performance of investment markets during the financial year. Total revenue for 2013/2014, including a direct contribution by Nikke for an undergraduate project scholarship, was \$0.761 million and total payments to fund sheep and wool education were \$0.361 million - only marginally less than for the previous year.

The Trust owns and manages the Woolwise Website, which was established with Trust funding towards the end of the CRC for Premium Quality Wool. It consists of the rights to Woolwise and all material produced by that CRC are held within the site.

In 2007, the Core Parties of the Australian Sheep Industry CRC assigned to the Trust all IP rights in the CRC-owned Educational Modules and related Additional IP and, during 2008, a Licence Agreement between the University of New England (UNE) and the Trust came into effect. This obliged UNE to continue to deliver, develop and maintain these materials and also, pursuant to this contract, UNE must transfer to the Trust electronic copies of all the materials and any updates undertaken during the term of the Licence Agreement.

The Educational Modules initially covered the following topics:

Item	Reference No.	Title
1	WOOL412	Sheep Production
2	ANUT300	Applied Animal Nutrition
3	RSNR421	Sustainable Land Management
4	WOOL472	Wool Biology and Measurement
5	MEAT418	Meat Technology
6	WOOL422	Wool Marketing
7	WOOL482	Wool Processing
8	GENE412	Genetic Evaluation and Breeding
9	ANPR420	Sheepmeat Production and Marketing
10	ANPR450	Managing Sheep Enterprises



Item	Reference No.	Title
Note:	ANPR420	has been superseded. Supported by AWET and MLA the content of this module has been incorporated into an expanded WOOL412 unit.
	RSNR421	is also no longer offered by UNE. Under the terms of the Licence Agreement, the Trust will approach other Universities to establish their interest in delivering this unit.

In partnership with the CRC, the Trust directly funded development of the 4 Wool Modules, with the remaining 6 Modules being funded by the CRC, AWI and Meat & Livestock Australia (MLA). The development of all modules was co-ordinated by UNE. This material is not directly available on the Trust's website, but it can be obtained subject to terms and conditions designed to maintain the integrity of the materials and to preclude its use in offering courses competing directly with those offered by UNE.

The IP transferred to the Trust also includes other materials produced by the CRC, namely:

- Farm, Fibre and Food: Sheep and Wool Industry Information Tool Kit;
- Internal Parasite Control in Sheep;
- Merino Sheep Breeding Trainer Guide;
- School to Industry Links: National Pack; and
- Video by Mongoose Productions covering wool production from farm to mill.

The Australian Wool Education Trust holds in trust the educational resources created by the CRC for Premium Quality Wool, during its activities from 1993-2000. This resource collection consists of some 2500 high quality Microsoft Powerpoint slides, prepared and edited by leading Australian wool educators, researchers, and industry personnel. Each slide is accompanied by explanatory notes and references to allow users to extract personalised information modules.

The Trust also holds the lecture materials produced for the former Australian Wool Textile Training Centre (AWTTC).

Maintenance of the IP

Licence Agreement with UNE

The maintenance of the IP is facilitated via the Trust's Licence Agreement with UNE. The Trust has continued to encourage utilisation of this IP by providing funds to support lecturing staff at UNE, engaged to deliver and maintain the Wool Modules. The contract with UNE was renewed at the beginning of 2013.

Completed Updates

Fundamentals of Sheep and Wool

A new module, WOOL300, designed for joint delivery by UNE and New England TAFE, was developed during 2013/14. It utilises the content of the existing undergraduate modules licenced to UNE and provides a detailed introduction to the Australian sheep and wool industry and production systems. It also outlines the factors affecting production of sheep meat and wool and the factors a producer needs to take into account, including nutrition, genetics and environment. It also outlines the marketing systems for wool and the importance of meeting consumer demands for the sustainability of the industry.

The following topics are covered:

- Topic 01: Fundamentals of Sheep and Wool
- Topic 02: Important Characteristics of Wool
- Topic 03: Genetic Factors Affecting Wool Production
- Topic 04: Nutritional Determinants of Wool Quality and Quantity
- Topic 05: Physiological and Environmental Determinants of Wool Quality and Quantity
- Topic 06: Wool Marketing and Clip Preparation
- Topic 07: Sheep-meat Production Systems
- Topic 08: Nutritional Management of Lambs for Finishing
- Topic 09: Quality Assurance for Sheep-meat Production
- Topic 10: Marketing Systems for Sheep and Sheep-meat



- Topic 11: Processing of Sheep and Sheep-meat
- Topic 12: Industry services for Sheep Genetics
- Topic 13: Managing Sheep Health
- Topic 14: Grazing Management
- Topic 15: Dry Year Management and Supplementary Feeding
- Topic 16: Pregnancy and Lambing Management
- Topic 17: Precision Sheep Management
- Topic 18: Husbandry Calendars and Benchmarking
- Topic 19: Key Profit Drivers for Sheep Enterprises
- Topic 20: Sheep Enterprise Case Studies

Future of RSNR421

During 2012/2013, the Trust was advised that UNE is no longer delivering this module. Under the terms of the Licence Agreement, the Trust has advised other Australian Universities and invited submissions to utilise the module under a separate Licence. To date, no expressions of interest have been received.

Delivery of the Wool Processing Module

With very little wool now being processed in Australia, enrolments in this module are quite small. In formulating the new Agreement with UNE, the Trust included a research component, with the following 4 elements to be addressed:

- a) an annual survey of student backgrounds, aspirations and satisfaction with the units;
- b) a 3-yearly survey of graduates, to determine career destinations and to assess the extent to which the WOOL units had assisted career development;
- c) emerging opportunities for innovation in electronic methods of education delivery as the NBN becomes more widely available, including the feasibility of delivering the sheep and wool modules by:
 - i. on-line learning systems (e.g. MOOCS, Open University);
 - ii. distribution of electronically-packaged learning modules (e.g. iTunes U, DVD's); and
 - iii. any other systems,
 to be evaluated in terms of their effectiveness, cost, quality control and amenity for accreditation upon completion of modules, with a view to identifying appropriate strategies for utilising these capabilities.
- d) investigation of the feasibility of delivering relevant WOOL units to "spoke" institutes in China, India and/or Vietnam, where the efficiency of processing Australian wool would be enhanced through access to the Wool Processing unit (WOOL482/582) in particular, and to other wool units in general, by:
 - i. assessing the likely international demand for access to the Wool Processing education resources, in consultation with relevant staff of Australian Wool Innovation (AWI);
 - ii. developing a level of interest within UNE to expand internationally in the area of wool and sheep science; and
 - iii. in consultation with AWI and AWET, developing plans for international delivery of the wool units.

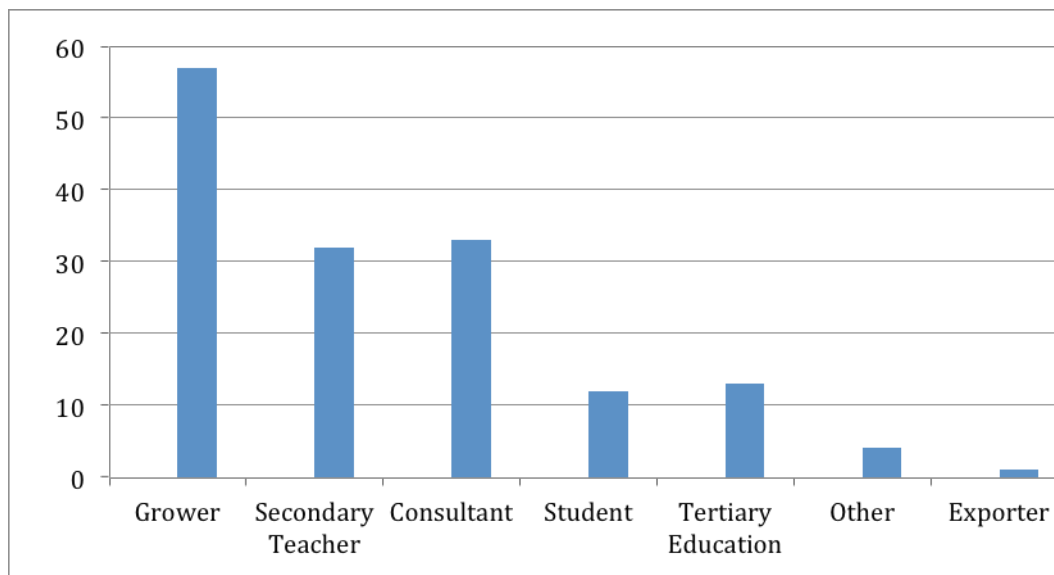
Staff supported by the project will also be encouraged to become active in other areas of research directly relevant to sheep and wool.

UNE has already created a prototype on-line course based on the Wool Biology and Measurement Module.

The Trust's interest in delivering the Wool Processing Course overseas in conjunction with its delivery here in Australia is intended to maximise the benefit of this module to the wool industry. UNE is working with Deakin University on this feasibility study, because Deakin already has considerable experience working directly with Universities in China, whereas UNE does not.

Distribution of the IP

Pursuant to the Assignment Deed, the Trust provides copies of all the Educational Modules and the other materials produced by the CRC to interested parties, subject to acceptance of Terms of Use designed to ensure that there will be no breach of the Licence Agreement with UNE. To maximise the use of these resources, no charges are raised by the Trust.



Two (2) types of Licence are available.

The first provides all lecture notes and references, with lecture notes available in both PDF and MSWord format. This Licence is designed primarily for Tertiary Institutions wishing to incorporate material from the modules within their own courses. By 30th June 2014, a total of 7 such Licences had been issued, with a further 8 licences issued in August 2014. This was facilitated by a simplification of the Terms and Conditions associated with the Licence.

The second type of Licence provides all the same material, minus the MSWord documents. It is designed specifically for individuals who wish to use the materials for reference purposes.

As at 30th June 2014, a total of 147 such Licences had been issued.

The distribution of Licences by sector is shown in the above graph.

The DVD provided with this Licence now includes all educational materials managed by the Trust, including multimedia presentations in MP3 format.

The education resources generated by the first CRC (CRC for Premium Quality Wool) consist of a large number of MSPowerpoint presentations grouped into Subjects, Themes, Topics and Modules. The PPT files are the modules and the subjects are:

- Wool Biology
- Wool Metrology
- Wool Production
- Wool Marketing
- Wool Technology

Each slide is accompanied by brief explanatory notes.

The materials produced by the Australian Wool Textile Training Centre cover the following topics:

- Introduction to the Australian Wool Industry
- Buying and Consignment Preparation of Australia Wool
- Wool Topmaking and Early Stage Processing
- Contemporary Wool Dying and Finishing
- Innovations in Wool Textile Technology
- Australian Wool – Knowledge for Designers & Retailers

Other resources directly funded by the Trust, such as a number of industry case studies, are also included. The DVD is provided in 2 versions – an Academic Version and a Student Version. The Academic Version provides all modules licenced to UNE in MSWord and PDF format. It also provides copies of all iterations of the modules since the IP was transferred to the Trust. The student Version does not include these iterations and the materials are available in PDF format only.

Funding Strategies

Trustees recognise that, to ensure that the Trust has a long term future and maintains its spending power, some earnings must be retained to offset the effects of inflation on its capital. In this regard, a target cap on total expenditure has been set at 51% of earnings over time.

The Trust aims to leverage funds by playing a catalytic, facilitation role whenever opportunities arise, with emphasis towards targets that will produce a large impact (preferably Australia-wide), rather than spreading available funds too thinly. In short, the Trust aims to make a significant difference.

Since 2005, Trustees have developed the following Funding Policy and guidelines.

FUNDING POLICY

To fund worthwhile projects that fully comply with the objects of the Trust Deed while:

- *maintaining the purchasing power of the Trust's assets in perpetuity;*
- *committing to some long-term projects, without removing the ability to fund new projects in subsequent years; and*
- *concurrently, funding at least 2 major projects.*

To achieve these objectives, Trustees have determined the following:

A) LEVEL OF FUNDING

On an annual basis, approximately 4% of the asset value of the Trust is expected to be available to be distributed to funded projects. (Note: This figure is calculated from the expected long-term nominal return on investment of 8% less CPI (2.5%), investment management fees (1.0%) and other administrative costs (0.5%).)

B) LENGTH & TIMING OF FUNDING COMMITMENTS

The following table represents the maximum funding commitments for future years:

	Current Year	1 Year Out	2 Years Out
% of Annual Funding Committed	100%	60%	30%

C) SIZE OF MAJOR PROJECTS

Typically, the Trust funds projects up to approximately \$50,000 per annum for up to 3 years.

It should be noted that these guidelines are applied with some flexibility, taking into account the specific circumstances and details of projects being funded. They are not mandatory limits to be applied annually.

From its inception and up to 30th June 2014, the Trust has spent 61.8% of its earnings on educational projects/programs. Whilst this is higher than the long term Policy, it has been deemed necessary to establish and increase momentum for the Trust's initiatives, particularly those involving UNE. However, some corrective action was initiated during 2012, when Trustees reviewed all investment initiatives with a view to reducing overall funding expenditure. As a consequence, this figure has fallen from 66.0% during 2013/14.

Contracted delivery of the Wool Modules by UNE is the Trust's major expenditure. When the Contract expired in early 2013, a capped 3-year Contract was negotiated in its place, which has enabled the Trust to bring its progressive expenditure closer to the 51% Policy guideline.

General Policy for Allocation of Funds by Educational Sector

The objectives of the Trust allow for funding across all educational sectors, but do not specify the proportion of funding to be allocated to each sector. The overall limit on funding is

dictated by the Funding Policy and the Trustees' decisions in apportioning funds are circumscribed by the Trust's Principal Objective, namely:

"To support the education of students, growers and others considered to be capable of contributing to the development of the wool industry, from the growing to the textile product stage."

The policy for apportioning funds is described as ranges per sector, rather than as finite targets, to ensure that they are not overly prescriptive.

For 2013/14 onwards, the funding ranges for each sector have been amended to:

Sector	Percentage Range	Percentage Mid-point
Schools	2% - 5%	3.5%
VET - Production	5% - 10%	7.5%
VET - Fashion Schools	10% - 23%	16.5%
Undergraduate	65% - 80%	72.5%

The long term percentage range applies over a 10-year funding cycle, but within any particular year these may be exceeded depending upon the quality of applications received.

Allocation of Funds by Educational Sector – Review of 2013/14

Actual expenditure for the academic year under review was:

Sector	%Range	Mid-point	\$ Available	\$Invested	Actual%
Schools	2% - 5%	3.50%	\$13,407	\$0	0.0%
VET - Production	5% - 10%	7.50%	\$28,728	\$18,000	5.0%
VET - Fashion Schools	10% - 23%	16.50%	\$63,203	\$10,300	2.9%
Undergraduate	65% - 80%	72.50%	\$277,708	\$312,858	86.6%
Post Graduate	0%	0.00%	\$0	\$20,000	5.5%
			\$383,046	\$361,158	100.0%

Note: Funding for Post Graduate students was to meet commitments made prior to the Trust's decision to withdraw from this area.

Schools

The Trust's recent activity in the Schools sector has been via contributions to AWI's Wool4Skools Program.

Vocational Education Training - Production

The Trust offers VET sector scholarships, each valued at \$3,000 per annum, to students attending institutions in this sector. In 2013/14, three (3) of these were awarded to students attending Tocal College in NSW and another three (3) were awarded to students attending WA College of Agriculture.

Vocational Education Training – Fashion Schools

The Trust held its annual meeting with representatives of the Fashion and Design schools in July 2013, continuing the strategy initiated in 2008. Key AWI staff also attended and participated actively.

Trust funding in this sector has been targeted at the production and distribution of fabric swatches to fashion schools throughout Australia and, in 2013/14, a further 5 new swatches were distributed - sourced with the assistance of AWI.

Undergraduate Studies

Teaching Support for Undergraduate Studies in Sheep and Wool

The second 3-year Lectureship Contract with UNE expired in early 2013 and a new Agreement was negotiated for the ensuing period, 2013-2015.

The numbers of enrolments in each module, since the Trust's funding commenced, is tabulated below (NO – Not Offered, NA – Not Available).

Title	2007	2008	2009	2010	2011	2012	2013	2014
Sheep Production	13	50	26	51	63	55	40	76
Wool Biology and Measurement	4	8	NO	10	7	9	4	18
Wool Marketing	13	23	9	15	20	15	24	15
Wool Processing	7	6	5	17	20	18	5	5
Total Enrolments : AWET Sponsored Units	37	87	40	93	110	97	73	114
Applied Animal Nutrition	29	48	43	49	54	27	46	41
Sustainable Land Management	30	33	43	32	29	15	62	54
Meat Technology	15	31	26	36	23	19	20	19
Genetic Evaluation and Breeding	19	13	5	7	10	19	7	9
Sheep Meat Production & Marketing	NO	16	3	NO	NO	NO	NO	NO
Managing Sheep Enterprises	NO	24	11	21	13	16	7	9
Fundamentals of Sheep & Wool	NA	NA	NA	NA	NA	NA	NA	13
Total Enrolments : Other Units	93	165	131	145	129	96	142	145
Total Enrolments: All Units	130	252	171	238	239	193	213	259

During 2013/14, the Trust committed \$292,000 to support the delivery and maintenance of the 4 wool modules. Approximately \$151,000 of this funding supported lecturing staff and the remaining \$141,000 was invested in a range of support strategies summarised below.

Travel Awards:

These are paid to non-UNE students enrolling in Wool Units delivered by UNE, to offset costs associated with travelling to Armidale for workshops. Funding is capped at \$700 for students from Eastern State institutions and at \$1,000 for Western Australian students.

Performance Awards:

These are contestable by all students enrolling in each of the Wool Units delivered by UNE, based on personal performance. Awards are made to 2 students per Unit, as nominated by their lecturer, with a prize of \$350 for the top student and \$200 for the runner-up.

Subsidies to External Institutions:

To encourage enrolments from students at non-UNE Universities, the Trust pays those Universities \$1,000 per student for the first 10 students and \$1,200 for each additional student as compensation for their loss of income when students enrol externally in the Wool units delivered by UNE. These subsidies are paid directly to the Universities by the Trust, based on enrolment records provided by UNE.

Total expenditure in this area during 2013/14 was \$28,200.

Evaluation and Research:

Funding of up to \$10,000 is available to support research being conducted by UNE to evaluate the uptake of the units and to track the education outcomes for the sheep industry.

Undergraduate Scholarships:

To attract enrolments in the Units offered by UNE, the Trust provided \$66,000 during 2013/14 to support 3 and/or 4-year undergraduate scholarships. Under this arrangement, UNE is required to seek co-funding from industry sources, so that the number of scholarships awarded each year (each worth \$6000 p.a.) can be maximised. This arrangement guarantees work experience for the scholarship recipients and gives the industry co-funders the opportunity to consider employing them. The annual commitment to these scholarships varies, depending on the period covered by the scholarship, the availability of industry co-funders and the progress of the recipients.



Scholarship holders and their sponsors for 2014 were:

- William Chaffey, Bachelor of Agriculture/Business, UNE 2011-2014; co-funded by Roberts/Rural Co.
- Kristy McCormack, Bachelor of Rural Science, UNE 2012-2015; co-funded by Australian Council of Wool Exporters and Processors Inc.
- Nicola Turner, Bachelor of Animal Science, UNE 2013-2014; co-funded by Australian Wool Testing Authority Ltd
- Matthew Maunder, Bachelor of Rural Science, UNE 2014-2017, co-funded by Nikke Port Philip Scouring
- Heather Earney, Bachelor of Animal Science, UNE 2014-2017, co-funded by Australian Wool Network.

Nikke Port Phillip Scouring's sponsorship is a generous \$16,000 per annum.



Professor Steve Walken Brown with Heather Earney and Matthew Maunder at this year's Scholarships Award Night at UNE.



Supplementary Funding

The Trust is continuing to provide additional support via:

Undergraduate Project Scholarships:

To attract enrolments in the Units offered by UNE, the Trust is continuing to fund up to 15 undergraduate project scholarships, each worth \$6,000, for students across Australia undertaking sheep and wool education via these Units. The scholarships are available for Honours students and other students engaged in 1-year projects within their degrees.

Eleven (11) such scholarships were awarded for 2014.

Alastair Mackenzie Scholarship:

The Trust again provided funding of \$10,000 per annum to support the Alastair Mackenzie Scholarship at Marcus Oldham College, in Victoria.

Consultative Mechanisms

Having initially focused on funding the establishment of a resource hub for Sheep & Wool education within the Sheep CRC/UNE space, Trustees remain keen to dispel any perception that this relationship inhibits the involvement of other Universities in reviewing and developing the Trust's investment strategies. To this end, Trustees fund an Annual Meeting with the "wool product champions" from all those Universities that incorporate Sheep & Wool components in their undergraduate degrees.

The most recent Meeting was held in July 2014.

Due to the mutually beneficial outcomes of this consultation process, the Trust has adopted a similar strategy for annual consultation with the Fashion & Design Schools and AWI, to ensure that the resources provided are updated and remain relevant. This Meeting was also held in July 2014.

Distribution

This Progress Report has been prepared for the Boards and Executives of those organisations that are responsible for appointing the Trustees, namely, AWTA Ltd, AWI and FAWO.

It is being distributed together with the Trust's Annual Report for 2013/14 and the Auditor's Report.

A handwritten signature in black ink, appearing to be 'D.J. Ward'.

D.J. WARD OAM
CHAIRMAN

ABN 12 886 519 613
INCOME STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2014

	Note	2014 \$	2013 \$
Revenue	2	745,211.92	1,076,583.67
Miscellaneous Income	2	28.22	1,318.60
Sponsorship		16,000.00	16,000.00
Impairment Charge on Available-for-Sale Financial Assets		(6,161.00)	0.00
Education Funding Projects	4	(361,158.98)	(379,340.49)
Trustee Expenses		(40,961.20)	(43,137.46)
Insurance Premiums		(5,178.60)	(6,713.40)
Investment Management Fees		(65,168.00)	(57,297.00)
Secretarial Expenses		(29,152.53)	(22,520.50)
Other Expenses		(4,190.05)	(5,218.81)
Surplus/(Deficit)		<u>249,269.78</u>	<u>579,674.61</u>

The accompanying Notes form part of these financial statements.

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
BALANCE SHEET AS AT 30TH JUNE, 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	61,310.22	15,521.09
Receivables	6	51,644.83	36,722.31
Other Current Assets	7	4,133.95	4,133.95
TOTAL CURRENT ASSETS		117,089.00	56,377.35
NON-CURRENT ASSETS			
Financial Assets	8	9,593,406.64	8,981,024.38
TOTAL NON-CURRENT ASSETS		9,593,406.64	8,981,024.38
TOTAL ASSETS		9,710,495.64	9,037,401.73
CURRENT LIABILITIES			
Payables	9	20,336.00	22,684.00
TOTAL CURRENT LIABILITIES		20,336.00	22,684.00
TOTAL LIABILITIES		20,336.00	22,684.00
NET ASSETS		9,690,159.64	9,014,717.73
EQUITY			
Donations Contributed	1(e)	7,000,000.00	7,000,000.00
Retained Surplus		1,834,809.35	1,585,539.57
Reserves		855,350.29	429,178.16
TOTAL EQUITY		9,690,159.64	9,014,717.73

The accompanying Notes form part of these financial statements.

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE, 2014

	Donations Contributed \$	Retained Surplus \$	Financial Assets Reserve \$	Total \$
Opening Balance as at 1 July 2012	7,000,000.00	1,005,864.96	282,362.16	8,288,227.12
Surplus/(Deficit)	-	579,674.61	-	579,674.61
Unrealised Gains/(Losses)	-	-	519,349.04	519,349.04
Impairment Charge and Write-Downs	-	-	(372,533.04)	(372,533.04)
Closing Balance as at 30 June 2013	<u>7,000,000.00</u>	<u>1,585,539.57</u>	<u>429,178.16</u>	<u>9,014,717.73</u>
Opening Balance as at 1 July 2013	7,000,000.00	1,585,539.57	429,178.16	9,014,717.73
Surplus/(Deficit)	-	249,269.78	-	249,269.78
Unrealised Gains/(Losses)	-	-	360,348.61	360,348.61
Impairment Charge and Write-Downs	-	-	65,823.52	65,823.52
Closing Balance as at 30 June 2014	<u>7,000,000.00</u>	<u>1,834,809.35</u>	<u>855,350.29</u>	<u>9,690,159.64</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest Received		1,153.71	1,631.15
Refund of Franking Credits		66,024.00	72,845.00
Sundry Income		28.22	1,318.36
Sponsorship		16,000.00	16,000.00
Refund of GST Paid		23,546.00	22,895.00
Payments for Education Funding Projects		(361,158.98)	(377,766.58)
Payments to Suppliers for Goods and Services		(99,803.82)	(88,274.27)
NET CASH USED IN OPERATING ACTIVITIES	10	<u>(354,210.87)</u>	<u>(351,351.34)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Calls from Managed Investments - Pitcher Partners		400,000.00	250,000.00
Distributions from Maple-Brown Abbott		0.00	55,296.87
Investments at Call		(50,000.00)	40,000.00
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>350,000.00</u>	<u>345,296.87</u>
NET INCREASE/(DECREASE) IN CASH HELD		(4,210.87)	(6,054.47)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		5,521.09	11,575.56
CASH AT THE END OF THE FINANCIAL YEAR	11	<u>1,310.22</u>	<u>5,521.09</u>

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- (a) The trustees have prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependant 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 trust deed and the information needs of the trustees.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the trustees have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(b) **Measurement Of Assets**

Assets of the trust have been measured at net market values after allowing for costs of realisation. Net market value of the units has been determined by reference to the unit redemption price at the reporting date. Unrealised gains and losses arising from changes in fair value of managed funds are taken directly to equity. Financial instruments are reviewed for a significant or prolonged decline in value to determine if an impairment has arisen. The trustees have deemed an impairment exists if an investment has been declining below its accounting cost for a minimum of 15 months, or if the market value of the investment is more than 30% below its accounting cost, based on valuations at the date of preparation of this report. Impairment losses are recognised in the income statement.

Short Term Deposits are valued at face value.

(c) **Income Tax Expense**

The trust is an income tax exempt charitable trust under Section 50-5 item 1.5 of the Income Tax Assessment Act 1997.

(d) **Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset. All revenue received arises from the operating activities of the trust.

(e) **Donations Contributed**

The \$3 million Founder's Donation is considered to be a capital contribution. A further \$4 million donation was received from Australian Wool Innovation Limited on 25 June 2004.

(f) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown exclusive of GST where the GST is recoverable from the Australian Taxation Office.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(h) **Comparative Figures**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The financial statements were authorised for issue on 27th October 2014 by the trustees.

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2014

2. REVENUE	2014	2013
	\$	\$
Operating Activities:		
Interest from Bank Bills & at Call	1,154.40	1,527.29
Income from Managed Investments:		
Interest from Preference Shares, Term Deposits and at call Cash	175,511.97	214,572.19
Dividends	0.00	79,453.76
Distribution in Unit Trusts	428,118.19	162,970.49
Realised Gains	140,427.36	454,533.93
Income from Unit Trusts		
Distribution in Unit Trusts	0.00	24,112.56
Realised Gains	0.00	139,413.45
	<u>745,211.92</u>	<u>1,076,583.67</u>
Non - Operating Activities:		
Sponsorship	16,000.00	16,000.00
Miscellaneous Income	28.22	1,318.60
Total Revenue	<u><u>761,240.14</u></u>	<u><u>1,093,902.27</u></u>
3. AUDITORS REMUNERATION		
Remuneration of auditor		
- audit	2,350.00	2,100.00
- other services	0.00	0.00
	<u>2,350.00</u>	<u>2,100.00</u>
4. EDUCATION FUNDING PROJECTS		
Agricultural Colleges 1 Year Scholarships	9,000.00	18,000.00
Annual Scholarships for University Honours Students	66,000.00	18,000.00
Education Institutes Meeting Expenses	5,888.30	5,218.11
Establishment of Set of Fabric Samples - RMIT	10,300.00	0.00
Marcus Oldham College - Alastair Mackenzie Scholarship	10,000.00	10,000.00
Post Graduate Degree Scholarships	20,000.00	40,000.00
Small Initiatives Grants	5,000.00	5,000.00
Subsidies to External Institutions	28,200.00	38,400.00
UNE Lecturship Agreement	151,270.68	162,222.38
UNE/CRC Undergraduate Scholarships	46,500.00	82,500.00
VET Scholarships	9,000.00	0.00
	<u><u>361,158.98</u></u>	<u><u>379,340.49</u></u>

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2014

	2014 \$	2013 \$
5. CASH AND CASH EQUIVALENTS		
Cash at Bank	1,310.22	5,521.09
Short Term Deposits at Call	60,000.00	10,000.00
	<u>61,310.22</u>	<u>15,521.09</u>
6. RECEIVABLES AS CURRENT ASSETS		
Debtors - Refund Due for GST Paid	3,297.07	4,055.63
Accrued Income	48,347.76	32,666.68
	<u>51,644.83</u>	<u>36,722.31</u>
7. OTHER CURRENT ASSETS		
Prepayments	<u>4,133.95</u>	<u>4,133.95</u>
8. FINANCIAL ASSETS		
Managed Investments (with Pitcher Partners):		
Investment Valuation at 30.06.2014	9,326,542.06	8,849,066.92
Accrued Income	266,864.58	131,957.46
	<u>9,593,406.64</u>	<u>8,981,024.38</u>
The trust's investing activities are intended to be long-term and have therefore been classified as Non-current Assets. Investments in Unit Trusts can be liquidated at any time by the Trustees.		
9. PAYABLES AS CURRENT LIABILITIES		
Accrued Expenses:		
Audit Fees	2,350.00	2,100.00
Investment Management Fee	16,573.00	15,025.00
Bank Charges	30.00	30.00
Trustees' Fees	1,383.00	5,400.00
	<u>20,336.00</u>	<u>22,555.00</u>
Creditors:		
Australian Taxation Office - PAYG Tax	0.00	129.00
	<u>20,336.00</u>	<u>22,684.00</u>

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2014

	2014 \$	2013 \$
10. STATEMENT OF CASHFLOWS - RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES		
Surplus/(Deficit)	249,269.78	579,674.61
Changes in Assets and Liabilities:		
Changes in Net Market Value of Investments	(1,012,382.26)	(1,168,665.53)
(Increase)/Decrease in Other Current Assets	0.00	1,360.80
(Increase)/Decrease in Receivables	(14,922.52)	81,383.38
Increase/(Decrease) in Payables	(2,348.00)	8,079.40
Increase/(Decrease) in Financial Assets Reserve	426,172.13	146,816.00
NET CASH USED IN OPERATING ACTIVITIES	<u>(354,210.87)</u>	<u>(351,351.34)</u>
11. STATEMENT OF CASHFLOWS - RECONCILIATION OF CASH		
For the purposes of the Statement of Cash Flows, cash includes cash only. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash at Bank	<u>1,310.22</u>	<u>5,521.09</u>
12. PROJECTED FUNDING COMMITMENTS		
Contracted and Conditional Funding Commitments		
Payable not later than 1 year:		
- Undergraduate	285,185.00	295,357.00
- Post Graduate	0.00	45,000.00
	<u>285,185.00</u>	<u>340,357.00</u>
Payable later than 1 year but not later than 5 years:		
- Undergraduate	320,425.00	527,302.00
	<u>320,425.00</u>	<u>527,302.00</u>
	<u>605,610.00</u>	<u>867,659.00</u>

These projected funding commitments are contracted, with payment conditional upon agreed outcomes being delivered.

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2014

	2014	2013
	\$	\$
13. RELATED PARTY TRANSACTIONS		
Remuneration of Trustees	<u>39,281.70</u>	<u>38,544.10</u>
Trustees who held office during the financial year were:		
Mr A. C. Archer		
Mr G. C. Fiskien		
Mr M. A. Jackson		
Mr J. W. Lewis		
Mr P.J. Sommerville		
Mr B. Van Rooyen		
Mr A. L. Vizard		
Mr D. J. Ward		
14. TRUST DETAILS		
The principal place of business of the trust is 70 Robertson Street, Kensington, Victoria, 3031.		
15. SEGMENT REPORTING		
The trust operates in one business and geographical segment, being a provider of funding for advancement of education in wool and wool textile science and technology.		

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
DECLARATION BY TRUSTEES

The Trustees declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Trustees declare that:

1. the financial statements and notes, as set out on pages 1 to 8, present fairly the trust's financial position as at 30th June, 2014 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements;
2. in the Trustees' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable; and
3. having reviewed the Trust's performance during 2013/14, the Trustees are satisfied that the Trust continues to comply with the Objects of its Deed and meets its obligations as a charitable entity.

This declaration is made in accordance with a resolution of the Trustees.

D. J. Ward OAM
TRUSTEE/CHAIRMAN

P. J. Sommerville
TRUSTEE/SECRETARY

Dated this twenty seventh day of October, 2014.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN WOOL EDUCATION TRUST**

ABN: 12 886 519 613

To the board of directors

We have audited the accompanying financial report, being a special purpose financial report of Australian Wool Education Trust., which comprises the balance sheet as at 30 June 2014, the income statement, 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.

Trustee' Responsibility for the Financial Report

The Director's of the trustee company 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 trust deed 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 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 entity'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 entity'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.

Opinion

In our opinion the financial report presents fairly, in all material respects, the balance sheet of Australian Wool Education Trust as at 30 June 2014, and of its income statement and its statement of cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

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 trustees' financial reporting responsibilities trust deed. As a result, the financial report may not be suitable for another purpose.

**JTP Assurance****Chartered Accountants****Signed at Melbourne this 20th day of November 2014**
SAM CLARINGBOLD
Partner