



Australian Wool Education Trust

PROGRESS REPORT - 2012/2013

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. However, the removal of a Trustee may only take place upon 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 – 2012/2013

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

Appointed by AWTA Ltd	Mr D. J. Ward OAM: (Chairman of Trustees) Principal, David Ward Consulting Pty 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. A. Michell AM: Immediate Past Chairman, Michell Pty Ltd Mr R. Thirkell-Johnston AM: Woolgrower, Former President of Wool Council of Australia and of Australian Superfine Wool Growers Association Mr J.W. Lewis: Former Divisional Manager AWTA Ltd Product Testing and Former Managing Director Macquarie Textiles Mr G. Fisken: Woolgrower, Former President Australian Wool Producers and Executive Committee Member FAWO	Resigned, 1 st August, 2012 Deceased, 31 st August, 2012 Appointed, 15 th August, 2012 Appointed, 8 th October, 2012
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	Appointed, 19 th July, 2012

John Michell AM was a Foundation Trustee, appointed in 1997. During his long and distinguished service with the Trust, Mr Michell consistently argued that the use of wool products is best influenced by educating those who make the fibre selection decisions near the top of the supply chain. To this end, he played a significant role in initiating, developing and supporting the Trust's strategy to educate Textile Fashion & Design students through the provision of wool fabric resources to Fashion Schools across Australia.

Regrettably, John passed away on 19th August, 2013, as a result of brain cancer. His career with his family wool business, the South Australian-based Michell Proprietary Limited, spanned six decades and included 30 years as Managing Director.

Rod Thirkell-Johnston AM (Deceased) was also a founding Trustee. He was appointed for his in-depth experience and understanding of the challenges faced by woolgrowers, for his engagement with leading overseas manufacturers and marketers of superfine wool fabrics and, in particular, for his commitment to the view that strategic investment in education and training is fundamental to the future of the wool and thoroughbred racing industries.

Through his negotiating skills, hard work and commitment for the benefit of others in those industries, he proved to be an enthusiastic and most effective leader.

While the Trust and the world wool industry have lost a true friend and colleague, Rod's wise counsel and dedication will continue to provide inspiration and guidance for years to come.

Assets Held by the Trust

As at 30th June 2013, the total capital held in trust was \$9.015 million. This was significantly higher than the \$8.288 million held at 30th June 2012, reflecting the improved performance of investment markets during financial year 2012/2013. Revenue for 2012/2013 was \$1.077 million and total expenditure \$0.542 million.

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 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

Note: ANPR420 has been superceded. 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 and Livestock Australia (MLA). The development of all modules was co-ordinated by UNE.

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

- 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.

With the exception of the video, these materials are available on the Trust’s website (www.woolwise.com) and can be viewed on-line or downloaded in a single file and burnt to CD and/or DVD. Also, with the exception of the video, the materials are also being distributed as a consolidated package with the Education Modules.

Also available on www.woolwise.com, at no charge, are the educational materials produced by the first CRC (i.e. Co-operative Research Centre for Premium Quality Wool), which operated from 1993-2001.

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.



Completed Updates

Merging of WOOL412 and ANPR420

The Licence Agreement also allows UNE, subsequent to appropriate advice to the Trust, to withdraw from the delivery of one or more of these modules. Should this occur, the Trust has the right to license another tertiary institution(s) to deliver those modules.

During 2009, UNE advised the Trust that it would no longer deliver ANPR420. In reviewing the content of the units, it was noted that there was significant duplication of material within ANPR420 and WOOL412. Consequently, Trustees decided to merge both units and, during 2011, a Teaching Fellowship (\$46,000 p.a.) was awarded to UNE for this project. This enabled UNE to negotiate additional funding of \$50,000 from MLA to broaden the scope of the unit.

A teaching fellow was appointed for one (1) year at UNE, with specific aims:

- a) to integrate Sheep Meat Production and Marketing material (ANPR420/520) into existing Sheep/Wool units offered at UNE; and
- b) to facilitate the conversion of WOOL412 from external only to internal/external mode, with development of associated tutorial and practical class material making use of the dedicated sheep teaching flock at UNE.

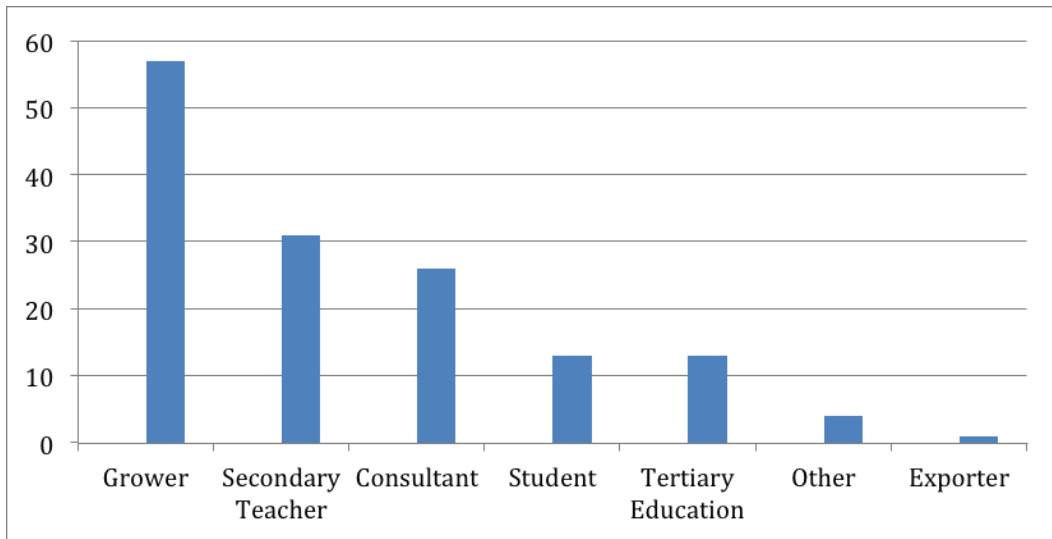
This project was finalised in 2012 and the courses based on WOOL412 are now available.

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.

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 the courses they offer. By 30th June 2013, a total of 7 such Licences had been issued.

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 2013, a total of 138 such Licences had been issued, distributed by sector as illustrated in the above graph. Only 4 Licences were issued in 2012/13 - a substantial decrease on the previous year.

The DVD containing the Modules also contains all the other educational materials assigned to the Trust by the CRC, with the exception of a series of supplementary videos.

All other materials held by the Trust can be downloaded from (www.woolwise.com).

Funding Strategies

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

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
<i>% of Annual Funding Committed</i>	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 subject to some flexibility, dependent on the specific circumstances and details of any projects being funded. They are not finite limits to be applied annually.

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

This led to two (2) significant funding changes. The first was a decision to withdraw from funding any new PhDs and/or Post Doctorate Fellowships, and the second was to place a cap on funding to support delivery of undergraduate courses at UNE.

Contracted delivery of the Wool Modules by UNE is the Trust’s major expenditure. The Contract expired in early 2013 and a new capped 3-year Contract was negotiated in its place, which will enable the Trust to bring its progressive expenditure closer to the long term 51% of earnings 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 2012/13, the amended funding ranges for each sector are:

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 the applications received.

Allocation of Funds by Educational Sector – Review of 2012/13

Actual expenditure for the academic year under review was:

Sector	%Range	Mid-point	\$ Available	\$Invested	Actual%
Schools	2% - 5%	3.50%	\$11,604	\$0	0.0%
VET - Production	5% - 10%	7.50%	\$24,865	\$18,000	4.8%
VET - Fashion Schools	10% - 23%	16.50%	\$54,702	\$0	0.0%
Undergraduate	65% - 80%	72.50%	\$240,359	\$316,122	84.5%
Post Graduate	0%	0.00%	\$0	\$40,000	10.7%
			\$331,529	\$374,122	100.0%

Note: Funds committed to Fashion Schools during 2012/13 had not been invoiced by the end of financial year. Funding for Post Graduate students was to meet commitments made prior to the 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. An amount of \$25,000 was contributed towards a pilot program, completed in 2011, and an additional \$10,000 was committed to a revised and enhanced program during 2012. This level of funding will be continued into 2013.

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 2012/13, three (3) of these were awarded to students attending Tocal College in NSW and three (3) were awarded to students attending WA College of Agriculture.



Vocational Education Training – Fashion Schools



Fabric samples, funded by AWET, on display at the Adelaide College of the Arts.

The Trust held its annual meeting with representatives of the Fashion and Design schools in July 2012, continuing the strategy initiated in 2008. Key AWI staff also attended and participated actively.



Abby Potter and Cooper Davis, both studying Fashion Design at the Adelaide College of the Arts, inspect the fabric samples funded by AWET.

The meeting was advised that a Fabric Portfolio, funded by the Trust and organised by RMIT, had been distributed to 31 Fashion Schools. To further build upon this initiative, the Trust accepted a recommendation to expand this educational resource by funding the addition of five (5) new wool fabric swatches for each institution each year, at an estimated annual cost of \$10,300 per annum.

The meeting also discussed a proposal to provide a choice of 5 different wool fabrics to final year students, at a cost of \$15,300 plus GST for administration and a further estimated cost of \$70,000 for the wool fabrics. The Trust is prepared to fund the management component of this proposal, but has insufficient funds to meet the larger fabric cost. However, it is facilitating collaboration between the Schools and AWI to progress this matter.

Provided that the range of fabrics is limited and innovative and that the Fashion Schools have agreed upon and specified their requirements, AWI staff will identify sourcing alternatives and assess the level of financial assistance that might be needed.

AWI also demonstrated its Wool Lab resource to the Fashion institute representatives, who agreed that it represents an unique education resource that will excite and educate both teachers and students as to the versatility of wool textile products. AWI will be invited to present the physical Wool Lab materials progressively to key teaching staff at the major Fashion Schools in each State.

It was also agreed that the Wool Lab provided an excellent starting point for selecting fabrics suitable for final year design students' projects, and that superseded Wool Labs would have a lasting value for Fashion students.

AWI also advised that an electronic version of the Wool Lab is already available via the Apple Store at:

<http://itunes.apple.com/us/app/wool-lab/id476288798?mt=8>

Undergraduate Studies

Teaching Support for Undergraduate Studies in Sheep and Wool

The second 3-year Lectureship Agreement with UNE expired in early 2013. A new Agreement has been negotiated for the ensuing period, 2013-2015.

The numbers of enrolments in each module, since the Trust's funding commenced, is tabulated below.

Title	2007	2008	2009	2010	2011	2012	*2013
Sheep Production	13	50	26	51	63	55	40
Wool Biology and Measurement	4	8	NO	10	7	9	4
Wool Marketing	13	23	9	15	20	15	
Wool Processing	7	6	5	17	20	18	
Total Enrolments : AWET Sponsored Units	37	87	40	93	110	97	44
Applied Animal Nutrition	29	48	43	49	54	27	46
Sustainable Land Management	30	33	43	32	29	15	NO
Meat Technology	15	31	26	36	23	19	13
Genetic Evaluation and Breeding	19	13	5	7	10	19	7
Sheep Meat Production & Marketing	NO	16	3	NO	NO	NO	NO
Managing Sheep Enterprises	NO	24	11	21	13	16	7
Total Enrolments : Other Units	93	165	131	145	129	96	73
Total Enrolments: All Units	130	252	171	238	239	193	117

NO denotes Not Offered

* denotes that final numbers for some modules are not available for 2013/14

During 2012/13, the Trust committed \$316,000 to support the delivery and maintenance of the 4 wool modules. Approximately \$160,000 of this funding supported lecturing staff and the remaining \$156,000 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. Additional funding was provided to enable students undertaking WOOL482 to attend a residential school in New Zealand. The new contract makes no provision for this expenditure, as alternative local arrangements are planned.

Total expenditure on Travel Awards during 2012/13 was \$30,069.

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 2012/13 was \$38,400.

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 \$82,500 during 2012/13 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/year) 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.

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 \$6000, 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.

Fifteen (15) such scholarships were awarded for 2013, although one student did not proceed.

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 2013.

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 2013.



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 2012/13 and the Auditor's Report.

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

D.J. WARD OAM
CHAIRMAN

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
INCOME STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2013

	Note	2013 \$	2012 \$
Revenue	2	1,076,583.67	565,507.55
Miscellaneous Income	2	1,318.60	518.06
Sponsorship		16,000.00	0.00
Impairment Charge on Available-for-Sale Financial Assets		0.00	(356,429.00)
Education Funding Projects	4	(379,340.49)	(511,016.73)
Trustee Expenses		(43,137.46)	(55,288.21)
Insurance Premiums		(6,713.40)	(7,161.00)
Investment Management Fees		(57,297.00)	(40,255.00)
Secretarial Expenses		(22,520.50)	(19,668.00)
Other Expenses		(5,218.81)	(3,812.69)
Surplus/(Deficit)		<u>579,674.61</u>	<u>(427,605.02)</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, 2013

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	15,521.09	61,575.56
Receivables	6	36,722.31	118,105.69
Other Current Assets	7	4,133.95	5,494.75
TOTAL CURRENT ASSETS		<u>56,377.35</u>	<u>185,176.00</u>
NON-CURRENT ASSETS			
Financial Assets	8	8,981,024.38	8,117,655.72
TOTAL NON-CURRENT ASSETS		<u>8,981,024.38</u>	<u>8,117,655.72</u>
TOTAL ASSETS		<u>9,037,401.73</u>	<u>8,302,831.72</u>
CURRENT LIABILITIES			
Payables	9	22,684.00	14,604.60
TOTAL CURRENT LIABILITIES		<u>22,684.00</u>	<u>14,604.60</u>
TOTAL LIABILITIES		<u>22,684.00</u>	<u>14,604.60</u>
NET ASSETS		<u>9,014,717.73</u>	<u>8,288,227.12</u>
EQUITY			
Donations Contributed	1(e)	7,000,000.00	7,000,000.00
Retained Surplus		1,585,539.57	1,005,864.96
Reserves		429,178.16	282,362.16
TOTAL EQUITY		<u>9,014,717.73</u>	<u>8,288,227.12</u>

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, 2013

	Donations Contributed \$	Retained Surplus \$	Financial Assets Reserve \$	Total \$
Opening Balance as at 1 July 2011	7,000,000.00	1,433,469.98	466,135.76	8,899,605.74
Surplus/(Deficit)	-	(427,605.02)	-	(427,605.02)
Unrealised Gains/(Losses)	-	-	(401,039.58)	(401,039.58)
Impairment Charge and Write-Downs	-	-	217,265.98	217,265.98
Closing Balance as at 30 June 2012	<u>7,000,000.00</u>	<u>1,005,864.96</u>	<u>282,362.16</u>	<u>8,288,227.12</u>
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>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest Received		1,631.15	4,224.04
Refund of Franking Credits		72,845.00	103,808.00
Sundry Income		1,318.36	518.06
Sponsorship		16,000.00	0.00
Refund of GST Paid		22,895.00	30,968.00
Payments for Education Funding Projects		(377,766.58)	(609,888.66)
Payments to Suppliers for Goods and Services		(88,274.27)	(111,436.30)
NET CASH USED IN OPERATING ACTIVITIES	10	<u>(351,351.34)</u>	<u>(581,806.86)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Pitcher Partners		250,000.00	500,000.00
Distributions from Maple-Brown Abbott		55,296.87	61,699.33
Investments at Call		40,000.00	30,000.00
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>345,296.87</u>	<u>591,699.33</u>
NET INCREASE/(DECREASE) IN CASH HELD		(6,054.47)	9,892.47
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		11,575.56	1,683.09
CASH AT THE END OF THE FINANCIAL YEAR	11	<u>5,521.09</u>	<u>11,575.56</u>

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- (a) The financial statements are a special purpose financial report prepared to satisfy the requirements of the Trust Deed. The Trustees have determined that the Trust is not a reporting entity.

The financial report covers the entity Australian Wool Education Trust. The Australian Wool Education Trust is a trust established and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

(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 a 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 report was authorised for issue on 9th September 2013 by the trustees.

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2013

2.	REVENUE	2013 \$	2012 \$
	Operating Activities:		
	Interest from Bank Bills & at Call	1,527.29	4,122.12
	Income from Managed Investments:		
	Interest from Preference Shares, Term Deposits and at call Cash	214,572.19	186,386.28
	Dividends	79,453.76	104,521.46
	Distribution in Unit Trusts	162,970.49	65,897.72
	Realised Gains	454,533.93	33,924.40
	Income from Unit Trusts		
	Distribution in Unit Trusts	24,112.56	170,655.57
	Realised Gains	139,413.45	0.00
		1,076,583.67	565,507.55
	Non - Operating Activities:		
	Sponsorship	16,000.00	0.00
	Miscellaneous Income	1,318.60	518.06
	Total Revenue	1,093,902.27	566,025.61
3.	AUDITORS REMUNERATION		
	Remuneration of auditor		
	- audit	2,100.00	2,000.00
	- other services	0.00	0.00
		2,100.00	2,000.00
4.	EDUCATION FUNDING PROJECTS		
	Agricultural Colleges 1 Year Scholarships	18,000.00	24,000.00
	Annual Scholarships for University Honours Students	18,000.00	108,000.00
	AWI Schools Uniform Design Competition	0.00	10,000.00
	Education Institutes Meeting Expenses	5,218.11	7,434.81
	Marcus Oldham College - Alastair Mackenzie Scholarship	10,000.00	10,000.00
	Post Graduate Degree Scholarships	40,000.00	75,000.00
	RMIT: Establishment of Set of Fabric Samples	0.00	18,000.00
	Small Initiatives Grants	5,000.00	5,000.00
	Subsidies to External Institutions	38,400.00	34,600.00
	UNE Fellowship to Combine Wool and Meat Units	0.00	25,300.00
	UNE Lecturship Agreement	162,222.38	175,681.92
	UNE/CRC Undergraduate Scholarships	82,500.00	18,000.00
		379,340.49	511,016.73

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2013

		2013	2012
		\$	\$
5.	CASH AND CASH EQUIVALENTS		
	Cash at Bank	5,521.09	11,575.56
	Short Term Deposits at Call	10,000.00	50,000.00
		<u>15,521.09</u>	<u>61,575.56</u>
6.	RECEIVABLES AS CURRENT ASSETS		
	Debtors - Refund Due for GST Paid	4,055.63	8,321.00
	Accrued Income	32,666.68	109,784.69
		<u>36,722.31</u>	<u>118,105.69</u>
7.	OTHER CURRENT ASSETS		
	Prepayments	<u>4,133.95</u>	<u>5,494.75</u>
8.	FINANCIAL ASSETS		
	Managed Investments (Pitcher Partners):		
	Investment Valuation at 30.06.2013	8,849,066.92	4,764,571.41
	Accrued Income	131,957.46	69,133.95
		<u>8,981,024.38</u>	<u>4,833,705.36</u>
	Units in Managed Funds:		
	Maple-Brown Abbott Diversified Investment Trust	<u>0.00</u>	<u>3,283,950.36</u>
		<u>8,981,024.38</u>	<u>8,117,655.72</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	2,100.00	2,000.00
	Investment Management Fee	15,025.00	9,888.00
	Bank Charges	30.00	30.00
	Trustee Meeting Expenses	0.00	1,684.60
	Trustees' Fees	5,400.00	0.00
		<u>22,555.00</u>	<u>13,602.60</u>
	Creditors:		
	Australian Taxation Office - PAYG Tax	129.00	1,002.00
		<u>22,684.00</u>	<u>14,604.60</u>

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2013

	2013	2012
	\$	\$
10. STATEMENT OF CASHFLOWS - RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES		
Surplus/(Deficit)	579,674.61	(427,605.02)
Changes in Assets and Liabilities:		
Changes in Net Market Value of Investments	(1,168,665.53)	139,308.16
(Increase)/Decrease in Other Current Assets	1,360.80	0.00
(Increase)/Decrease in Receivables	81,383.38	(9,731.07)
Increase/(Decrease) in Payables	8,079.40	(100,005.33)
Increase/(Decrease) in Financial Assets Reserve	146,816.00	(183,773.60)
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(351,351.34)</u></u>	<u><u>(581,806.86)</u></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><u>5,521.09</u></u>	<u><u>11,575.56</u></u>
12. PROJECTED FUNDING COMMITMENTS		
Contracted and Conditional Funding Commitments		
Payable not later than 1 year:		
- VET: Fashion Schools	0.00	10,000.00
- Undergraduate	295,357.00	292,447.00
- Post Graduate	<u>45,000.00</u>	<u>35,000.00</u>
	340,357.00	337,447.00
Payable later than 1 year but not later than 5 years:		
- Undergraduate	<u>527,302.00</u>	0.00
	527,302.00	0.00
	<u><u>867,659.00</u></u>	<u><u>337,447.00</u></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, 2013

		2013	2012
		\$	\$
13. RELATED PARTY TRANSACTIONS			
Remuneration of Trustees		38,544.10	38,394.00

Trustees who held office during the financial year were:

Mr A. C. Archer
 Mr G. C. Fisken
 Mr M. A. Jackson
 Mr J. W. Lewis
 Mr J. A. Michell
 Mr P.J. Sommerville
 Mr R. Thirkell-Johnston
 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 9, present fairly the trust's financial position as at 30th June, 2013 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.

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 ninth day of September, 2013.

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 2013, 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 2013, and of its income statement and its statement of cash flows for the year then ended in accordance with the accounting policies described in Note1 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.



JT&P Assurance
Chartered Accountants



SAM CLARINGBOLD
Partner

Signed at Melbourne this 10th day of October 2013