

Health Education & Training Institute (HETI)

Financial Statements

for the year ended 30 June 2019



INDEPENDENT AUDITOR'S REPORT

Health Education and Training Institute

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Health Education and Training Institute (the Institute), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Institute and the consolidated entity. The consolidated entity comprises the Institute and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Institute as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Institute in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter – Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 1(z). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Institute. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Institute's financial statements present adjusted budget information.

Other Information

The Institute's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive of the Institute is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Certification of the Financial Statements.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

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

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive's Responsibilities for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the Institute's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Institute carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D. Ryan'.

Dominika Ryan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

25 September 2019
SYDNEY

**Health Education and Training Institute
Certification of the Financial Statements
for the year ended 30 June 2019**

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Health Education and Training Institute for the year ended 30 June 2019 have been prepared in accordance with:
 - a) Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b) the requirements of the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*; and
 - c) NSW Treasurer's Directions issued under the Act.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Health Education and Training Institute; and
- 3) I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Adjunct Professor Annette Solman
Chief Executive
24 September 2019

Health Education and Training Institute
Statement of Comprehensive Income for the year ended 30 June 2019

PARENT			CONSOLIDATION			
Actual 2019 \$000	Adjusted Budget Unaudited 2019 \$000	Actual 2018 \$000	Notes	Actual 2019 \$000	Adjusted Budget Unaudited 2019 \$000	Actual 2018 \$000
Continuing Operations						
Expenses excluding losses						
-	-	-				
21,214	22,689	19,482		22,488	23,937	20,680
16,885	16,906	19,012		-	-	-
403	296	258		16,885	16,906	19,012
8,670	9,475	8,105		403	296	258
47,172	49,366	46,857		8,670	9,475	8,105
				48,446	50,614	48,055
Revenue						
40,507	40,507	33,188		40,507	40,507	33,188
77	77	77		77	77	77
-	-	-				
3,529	3,542	4,035		1,274	1,248	1,198
-	-	1		3,529	3,542	4,035
3,487	3,484	3,825		-	-	1
480	-	163		3,487	3,484	3,825
48,080	47,610	41,289		480	-	163
				49,354	48,858	42,487
908	(1,756)	(5,568)		908	(1,756)	(5,568)
8	-	29		8	-	29
916	(1,756)	(5,539)		916	(1,756)	(5,539)
-	-	-		-	-	-
916	(1,756)	(5,539)		916	(1,756)	(5,539)

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Financial Position as at 30 June 2019

PARENT			CONSOLIDATION				
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual	
2019 \$000	2019 \$000	2018 \$000		2019 \$000	2019 \$000	2018 \$000	
ASSETS							
Current Assets							
1,790	100	1,547		1,790	100	1,547	
1,676	1,321	1,321	13	1,676	1,321	1,321	
3,466	1,421	2,868		3,466	1,421	2,868	
-	11	11	14	-	11	11	
3,466	1,432	2,879	17	3,466	1,432	2,879	
Non-Current Assets							
-	68	68		-	68	68	
1,114	1,151	1,255	14	1,114	1,151	1,255	
289	252	331	15	289	252	331	
1,403	1,403	1,586		1,403	1,403	1,586	
223	317	141	16	223	317	141	
1,626	1,788	1,795		1,626	1,788	1,795	
5,092	3,220	4,674		5,092	3,220	4,674	
LIABILITIES							
Current Liabilities							
3,977	4,828	4,619		3,977	4,828	4,619	
2,862	2,652	2,566	18	2,862	2,652	2,566	
301	610	611	19	301	610	611	
7,140	8,090	7,796	20	7,140	8,090	7,796	
Non-Current Liabilities							
192	42	34		192	42	34	
192	42	34	19	192	42	34	
7,332	8,132	7,830		7,332	8,132	7,830	
(2,240)	(4,912)	(3,156)		(2,240)	(4,912)	(3,156)	
EQUITY							
(2,240)	(4,912)	(3,156)		(2,240)	(4,912)	(3,156)	
(2,240)	(4,912)	(3,156)		(2,240)	(4,912)	(3,156)	

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Changes in Equity for the year ended 30 June 2019

PARENT AND CONSOLIDATION

	Accumulated Funds \$000	Total \$000
Balance at 1 July 2018	(3,156)	(3,156)
Net Result for the Year	916	916
Total Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	<u>916</u>	<u>916</u>
Balance at 30 June 2019	<u>(2,240)</u>	<u>(2,240)</u>
Balance at 1 July 2017	2,383	2,383
Net Result for the Year	(5,539)	(5,539)
Total Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	<u>(5,539)</u>	<u>(5,539)</u>
Balance at 30 June 2018	<u>(3,156)</u>	<u>(3,156)</u>

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Cash Flows for the year ended 30 June 2019

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2019	2019	2018		2019	2019	2018
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
-	-	-		(21,025)	(22,791)	(19,124)
(18,952)	(18,279)	(19,239)		(18,952)	(18,279)	(19,239)
(9,482)	(10,286)	(8,719)		(9,482)	(10,286)	(8,719)
(21,025)	(22,791)	(19,124)		-	-	-
(49,459)	(51,356)	(47,082)		(49,459)	(51,356)	(47,082)
Total Payments						
Receipts						
40,507	40,507	33,188		40,507	40,507	33,188
77	77	77		77	77	77
205	205	133		205	205	133
2,899	3,696	4,333		2,899	3,696	4,333
3,503	3,499	3,854		3,503	3,499	3,854
2,794	2,215	2,238		2,794	2,215	2,238
49,985	50,199	43,823		49,985	50,199	43,823
Total Receipts						
NET CASH FLOWS FROM OPERATING ACTIVITIES						
526	(1,157)	(3,259)	22	526	(1,157)	(3,259)
CASH FLOWS FROM INVESTING ACTIVITIES						
19	-	73		19	-	73
(302)	(290)	(279)		(302)	(290)	(279)
(283)	(290)	(206)		(283)	(290)	(206)
NET CASH FLOWS FROM INVESTING ACTIVITIES						
NET CASH FLOWS FROM FINANCING ACTIVITIES						
-	-	-		-	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
243	(1,447)	(3,465)		243	(1,447)	(3,465)
1,547	1,547	5,012	13	1,547	1,547	5,012
1,790	100	1,547	13	1,790	100	1,547
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

a) The Reporting Entity

The Health Education and Training Institute (the Institute) was established under the provisions of the Health Services Act 1997 with effect from 2 April 2012.

The Institute is a NSW Government entity and is controlled by the NSW Ministry of Health, which is the immediate parent. The reporting entity is also controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent. The reporting entity is a not-for-profit entity (as profit is not its principal objective).

The Institute, as a reporting entity, comprises all the entities under its control, namely:

- * The parent entity, comprises all the operating activities of the Health Education and Training Institute
- * The Health Education and Training Institute Special Purpose Service Entity, which was established as a Division of the Institute on 2 April 2012 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the Institute to exercise its functions.

As a consequence the values in the financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2019 have been authorised for issue by the Chief Executive on 24 September 2019.

b) Basis of Preparation

The Institute's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), *the Public Finance and Audit Act 1983 (the Act) and the Public Finance and Audit Regulation 2015*, and the NSW Treasurer's Directions issued under the Act. The financial statements comply with the NSW Treasury mandates circular for NSW General Government Sector Entities.

The financial statements of the Institute have been prepared on a going concern basis.

The Secretary of NSW Health and the Chief Executive, have agreed to service and funding levels for the forward financial year. The Statement of Service sets out the level of financial resources for public health services under the Institute's control and the source of these funds. By agreement, the Statement of Service requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Institute fails to meet Statement of Service performance standards, the NSW Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the NSW Ministry of Health.

Other circumstances why the going concern assumption is appropriate include:

- * Allocated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- * The Institute has the capacity to review timing of subsidy cash flows to ensure that debts can be paid when they become due and payable.
- * The Institute has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the Institute and assist in meeting its overall budget target. The EIP is monitored and evaluated by the NSW Ministry of Health throughout the financial year.

Property, plant and equipment, assets held for sale and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Institute's presentation and functional currency.

c) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

d) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

e) Employee Benefits and Other Provisions

i) Salaries and Wages, Annual Leave, Sick Leave, Allocated Days Off (ADO) and On-Costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave and ADO are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, they are required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 16.1% are applied to the value of leave payable at 30 June 2019 (comparable on-costs for 30 June 2018 were 16.1%). The Institute has assessed the actuarial advice based on the Institute's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the consolidated entity does not expect to settle the liability within 12 months as the consolidated entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

ii) Long Service Leave and Superannuation

The Institute's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity, which is a controlled entity of the ultimate parent.

The Institute accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Employee Benefits'.

Specific on-costs relating to long service leave assumed by the Crown Entity are borne by the Institute as shown in Note 19.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using the long-term Commonwealth Government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

iii) Consequential On-Costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of workers' compensation insurance premiums and fringe benefits tax.

iv) Other Provisions

Other provisions are recognised when the Institute has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

f) Insurance

The Institute's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare), a controlled entity of the ultimate parent.

g) Grants and Subsidies

Grant and subsidies expense generally comprise contributions in cash or in kind to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grant and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

h) Finance Costs

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

i) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the Institute transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Grants and Other Contributions

Grants and other contributions, comprising mainly cash and in-kind contributions, are recognised as revenues when control passes to the Institute and the contractual obligations have been satisfied. In-kind contributions are measured at fair value on transfer date.

Investment Revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

Forgiveness of Liabilities

The gross amount of a liability forgiven by a credit provider is recognised by the borrower as other income.

NSW Ministry of Health Allocations

Payments are made by the immediate parent on the basis of the allocation for the Institute as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the Statement of Comprehensive Income before arriving at the 'Net Result' on the basis that the allocation is earned in return for the health services provided on behalf of the NSW Ministry of Health. Allocations are normally recognised upon the receipt of cash.

j) Accounting for the Goods & Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- * amount of GST incurred by the Institute as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

k) Acquisition of Property, Plant and Equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Land and buildings are owned by the Health Administration Corporation. Land and buildings which are operated/occupied by the Institute are deemed to be controlled by the Institute and are reflected as such in the financial statements.

l) Capitalisation Thresholds

Property, plant and equipment and Intangibles costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

m) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Institute. Land is not a depreciable asset. All material identifiable components of assets are depreciated over their useful lives.

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	
- Computer Equipment	20.0%
- Furniture, Fittings and Furnishings	5.0%
- Motor Vehicle Sedans	12.5%
- Motor Vehicles, Trucks & Vans	20.0%
- Office Equipment	10.0%
- Plant and Machinery	10.0%
Leasehold Improvements	10.0%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

n) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The Institute has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

o) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 Impairment of Assets modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

p) Restoration Costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

q) Non-Current Assets Held for Sale

The Institute has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs of disposal. These assets are not depreciated while they are classified as held for sale.

r) Intangible Assets

The Institute recognises intangible assets only if it is probable that future economic benefits will flow to the Institute and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Institute's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Computer software developed or acquired by Institute are recognised as intangible assets and are amortised over seven years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. Most computer software is acquired from the Health Administration Corporation, a controlled entity of the immediate parent.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

s) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

t) Receivables and Other Financial Assets

Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement under AASB 9 Financial Instruments (from 1 July 2018)

The Institute holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Classification and measurement under AASB 139 Financial Instruments: Recognition and Measurement (for comparative period ended 30 June 2018)

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

u) Impairment of Financial Assets

Impairment under AASB 9 (from 1 July 2018)

The Institute recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Institute expects to receive, discounted at the original effective interest rate.

Receivables

For trade receivables, the Institute applies a simplified approach in calculating ECLs. The Institute recognises a loss allowance based on lifetime ECLs at each reporting date. The Institute has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

Impairment of financial assets under AASB 139 (for the comparative period ended 30 June 2018)

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Institute will not be able to collect all amounts due, as a result of one or more events that occurred after the initial recognition of the asset, the estimated cash flows have been affected.

For certain categories of financial assets, such as trade receivables, the Institute first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

v) De-recognition of Financial Assets and Financial Liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- * the Institute has transferred substantially all the risks and rewards of the asset; or
- * the Institute has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Institute has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Institute has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Institute continuing involvement in the asset. In that case, the Institute also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

w) Payables

These amounts represent liabilities for goods and services provided to the Institute and other amounts. Payables are recognised initially at fair value, net of directly attributable transaction costs.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Institute.

x) Fair Value Hierarchy

A number of the Institute's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

For non-specialised assets with short useful lives, AASB 13 Fair Value Measurement allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant & Equipment and Leasehold Improvements are not required to be reported under the fair value hierarchy.

y) Equity and Reserves

Accumulated Funds

The category 'accumulated funds' includes all current and prior period retained funds.

z) Adjusted Budget Amounts

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The Institute's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 Budgetary Reporting to present original budget information, the Institute's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Statement of Service between the Institute and the NSW Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit and, accordingly, the relevant column entries in the financial statements are denoted as 'Unaudited'.

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 23.

aa) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2018-19

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The Institute has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The Institute applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

There is no material impact to the Institute on balances reported on reserves and accumulated funds as at 1 July 2018 by adoption of AASB9.

a) Classification and measurement of financial instruments

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

On 1 July 2018 (the date of initial application of AASB 9), the Institute's management has assessed which business models apply to the financial assets by the Institute and has classified its financial instruments into the appropriate AASB 9 categories. The classification and measurement requirements of AASB 9 did not have a material impact to the Institute.

The Institute continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the Institute's financial assets:

- Trade receivables and other financial assets (i.e., term deposits) classified as 'Loans and receivables' (L&R) under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.

- The Institute has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the Institute's financial liabilities.

In summary, upon the adoption of AASB 9, the Institute had the following required or elected reclassifications as at 1 July 2018:

AASB 139 measurement category	Measurement category		Carrying amount		Difference \$'000
	AASB 139	AASB 9	Original \$'000	New \$'000	
Receivables	L&R	Amortised cost	1,389	1,389	-

b) Impairment

The adoption of AASB 9 has changed the Institute's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Institute to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss.

There is no material impact to the Institute on adopting the new impairment model.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Institute have not been applied and are not yet effective. The possible impact of these Accounting Standards in the period of initial application includes:

AASB 16 Leases replaces all existing lease requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 Leases will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below \$10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset rather than operating lease expense.

The new standard will gross up the Statement of Financial Position and change Statement of Comprehensive Income and cash flow presentation. Rent and lease expense will be replaced by depreciation and interest expense in Statement of Comprehensive Income. This results in a front-loaded lease expense, decreasing the net result and equity position. The Statement of Cash Flows for lessees will also be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117 Leases. Lessors will continue to classify all leases using the same classification as in AASB 117 Leases and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated a modified retrospective application of this accounting standard.

AASB 15 Revenue from Contracts with Customers (and associated amending standards AASB 2014-5, AASB 2015-8, AASB 2016-3, AASB 2016-7 and AASB 2016-8) applies to annual periods beginning on or after 1 January 2019 for not-for-profit entities. AASB 15 Revenue from Contracts with Customers establishes a contract-based five-step analysis of transactions to determine the nature, amount and timing of revenue arising from contracts with customers. This new standard requires revenue to be recognised when control of the goods or services are transferred to the customer at the transaction price. This may impact the timing of recognising certain revenue currently recognised by reference to the stage of completion of the transaction.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 Income of Not-for-Profit Entities also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

AASB 1059 Service Concession Arrangements is applicable to public sector entities only and is effective for annual periods beginning on or after 1 January 2020. This standard requires the grantor to recognise a service concession asset in a service concession arrangement where it controls the asset. A corresponding financial liability and/or grant of right liability is also recognised depending on the nature of the consideration exchanged. Service concession assets (including those provided by the operator, an upgrade to or a major component replacement of an existing asset of the grantor; and existing assets of the grantor – also applicable to previously unrecognised intangible assets except goodwill) are initially measured at current replacement cost based on AASB 13 Fair Value Measurement principles. They are subsequently accounted for under AASB 116 Property, Plant & Equipment or AASB 138 Intangible Assets. Service concession liabilities are initially measured at the same amount as the service concession asset and subsequently measured using either the 'financial liability' model applying AASB 9 Financial Instruments or, the 'grant of right' model under AASB 1059 Service Concession Arrangements. AASB 1059 Service Concession Arrangements requires retrospective application.

Overview of Assessment Activities

The Ministry of Health has formed a project team to lead the implementation of the new accounting standards. The objective of the project is to continuously analyse and assess the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

The project team has conducted various data gathering tasks with health entities around leases and certain revenue streams.

Work currently underway includes:

- * implementation of an IT solution for lease management and accounting
- * comprehensive review and capture of lease information
- * review of accounting policies and processes surrounding leases and revenue.

Potential Impact on the Institute's Financial Report

While the consolidated entity, controlled by the ultimate parent, is yet to complete full implementation and adoption of the new accounting standards, the following summaries work undertaken by the Institute so far and the known and expected impacts:

Leases

The Institute has compiled a lease register and expects the following impact from the preliminary work performed so far:

- * No significant impact expected on the Institute.

Revenue and Income of Not-for-Profit Entities

Institute in consultation with the NSW Ministry of Health has performed a preliminary impact assessment by the major revenue lines. The review has not indicated any material impact arising from the adoption of the new revenue accounting standard. The likely impacts are:

- * Deferral of 'Grants and Other Contributions' revenue. The impacts are not expected to be material as most funds received correlates to the level of activities performed during the year and most contracts are short to medium term only. Some timing differences is expected between inflow of funds and the level of activity, which may require some deferral or accrual of grant and other contribution revenue.
- * Specific quantitative and qualitative disclosures will be required under AASB 15 Revenue from Contracts with Customers.

Service Concession Arrangements

The work on Service Concession Arrangements is in progress. The Institute expects the following impact from the preliminary work performed so far:

- * No significant impact expected on the Institute.

Application Date

The Institute plans to adopt the new accounting standards on the required effective date in line with the NSW Treasury's instructions.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		2. Employee Related Expenses		
-	-	Salaries and Wages (including Annual Leave and ADO)	19,265	17,803
-	-	Superannuation - Defined Benefit Plans	83	79
-	-	Superannuation - Defined Contribution Plans	1,679	1,496
-	-	Long Service Leave	1,285	1,244
-	-	Redundancies	116	-
-	-	Workers' Compensation Insurance	53	51
-	-	Fringe Benefits Tax	7	7
<u>-</u>	<u>-</u>		<u>22,488</u>	<u>20,680</u>
		3. Personnel Services		
19,265	17,803	Salaries and Wages (including Annual Leave and ADO)	-	-
1,679	1,496	Superannuation - Defined Contribution Plans	-	-
94	125	Long Service Leave	-	-
116	-	Redundancies	-	-
53	51	Workers' Compensation Insurance	-	-
7	7	Fringe Benefits Tax	-	-
<u>21,214</u>	<u>19,482</u>		<u>-</u>	<u>-</u>

Personnel services of Health Education and Training Institute were provided by its controlled entity, Health Education and Training Institute Special Purpose Service Entity.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		4. Other Expenses		
171	181	Advertising	171	181
55	53	Auditor's Remuneration - Audit of Financial Statements	55	53
877	766	Consultancies	877	766
2,527	3,865	Contractors	2,527	3,865
106	104	Domestic Supplies and Services	106	104
114	220	Food Supplies	114	220
19	49	Fuel, Light and Power	19	49
1,980	1,632	Information Management Expenses	1,980	1,632
9	9	Insurance	9	9
317	682	Maintenance (See Note 4(b))	317	682
1	-	Medical and Surgical Supplies	1	-
114	64	Motor Vehicle Expenses	114	64
111	260	Postal and Telephone Costs	111	260
340	543	Printing and Stationery	340	543
6	12	Rates and Charges	6	12
424	421	Rental	424	421
414	629	Staff Related Costs	414	629
2,643	3,009	Training Expenses	2,643	3,009
1,356	1,301	Travel Related Costs	1,356	1,301
5,301	5,212	Other (See Note 4(a))	5,301	5,212
16,885	19,012		16,885	19,012

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		4. Other Expenses		
		a) Other Includes:		
789	1,463	Audiovisual	789	1,463
244	237	Corporate Support Services	244	237
29	6	Courier and Freight	29	6
50	88	Membership/Professional Fees	50	88
15	18	Quality Assurance/Accreditation	15	18
3	1	Security Services	3	1
3,072	2,568	Other Management Services	3,072	2,568
1,099	831	Other Miscellaneous	1,099	831
5,301	5,212		5,301	5,212
		b) Reconciliation of Total Maintenance		
93	124	Maintenance Contracts	93	124
211	487	New/Replacement Equipment under \$10,000	211	487
12	71	Repairs Maintenance/Non Contract	12	71
1	-	Other	1	-
317	682	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	317	682
317	682		317	682

'Auditor's Remuneration' was paid to The Audit Office of New South Wales, an entity controlled by the ultimate parent.

The majority of 'Information Management Expenses' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

The majority of 'Corporate Support Services' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

Some 'Rental' and 'Staff Related Costs' were paid to entities controlled by the immediate parent.

Some 'Other Miscellaneous' were paid to entities controlled by the immediate parent.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		5. Depreciation and Amortisation		
174	165	Depreciation - Plant and Equipment	174	165
192	53	Amortisation - Leasehold Improvements	192	53
37	40	Amortisation - Intangible Assets	37	40
403	258		403	258
		6. Grants and Subsidies		
11	5	Non-Government Organisations	11	5
-	5	Grants to Research Organisations	-	5
2,689	2,531	Grants Paid to Entities Controlled by the Immediate Parent	2,689	2,531
949	999	Leadership Program	949	999
947	228	NSW Nursing & Midwifery Education Contract	947	228
720	606	Other Grants	720	606
3,354	3,731	Scholarships & Sponsorships	3,354	3,731
8,670	8,105		8,670	8,105

All 'Leadership Program' grants were paid to the entities controlled by the immediate parent.

Some 'Other Grants' were paid to entities controlled by the immediate parent.

The majority of Grants paid to entities controlled by the immediate parent were paid to:

- Hunter New England Local Health District
- Sydney Local Health District
- South Western Sydney Local Health District
- Western NSW Local Health District
- Western Sydney Local Health District

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		7. Sale of Goods and Services		
1,083	1,267	Australian Mental Health Outcomes & Classification Network (AMHOCN)	1,083	1,267
2	8	Commercial Activities	2	8
330	553	Conference and Training Fees	330	553
833	825	Higher Education Course Fees	833	825
9	13	Private Use of Motor Vehicles	9	13
1	-	Salary Packaging Fee	1	-
1,271	1,369	Other	1,271	1,369
3,529	4,035		3,529	4,035

The majority of 'Other' revenue was received from entities controlled by the ultimate and immediate parent related to the development of eLearning modules and delivery of training services. Most of these revenue was earned from:

- NSW Ministry of Health
- The Sydney Children's Hospital Network

		8. Investment Revenue		
-	1	Royalties	-	1
-	1		-	1

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		9. Grants and Other Contributions		
-	293	Commonwealth Government Grants	-	293
120	120	Cancer Institute Grants Received from an Entity Controlled by the Immediate Parent	120	120
3,256	3,341	Grants & Contributions Received from Entities Controlled by the Immediate Parent	3,256	3,341
111	71	Other Grants	111	71
3,487	3,825		3,487	3,825

The majority of 'Grants & Contributions Received from Entities Controlled by the Immediate Parent' were received from:

- South Eastern Sydney Local Health District
- Western Sydney Local Health District
- Northern Sydney Local Health District
- Illawarra Shoalhaven Local Health District

10. Acceptance by the Crown Entity of Employee Benefits

The following liabilities and expenses have been assumed by the Crown Entity:

-	-	Superannuation - Defined Benefit Plans	83	79
-	-	Long Service Leave Provision	1,191	1,119
-	-		1,274	1,198

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019 \$000	2018 \$000		2019 \$000	2018 \$000
		11. Other Income		
		Other Income comprises the following:-		
-	29	Insurance Refunds	-	29
14	11	Lease and Rental	14	11
-	12	Sponsorship	-	12
466	111	Other	466	111
480	163		480	163
		Some 'Lease and Rental' income was received from entities controlled by the immediate parent.		
		The majority of 'Other' income was received from NSW Ministry of Health and eHealth NSW, entities controlled by the immediate parent.		
		12. Gains / (Losses) on Disposal		
-	252	Property, Plant and Equipment	-	252
-	(208)	Less: Accumulated Depreciation	-	(208)
-	44	Written Down Value	-	44
-	73	Less: Proceeds from Disposal	-	73
-	29	Gain / (Loss) on Disposal of Property, Plant and Equipment	-	29
-	-	Gain / (Loss) on Disposal of Financial Assets at Fair Value	-	-
-	-	Gain / (Loss) on Disposal of Intangible Assets	-	-
11	-	Assets Held for Sale	11	-
19	-	Less: Proceeds from Disposal	19	-
8	-	Gain / (Loss) on Disposal of Assets Held for Sale	8	-
8	29	Total Gains / (Losses) on Disposal	8	29

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		13. Cash and Cash Equivalents		
1,790	1,547	Cash at Bank and On Hand	1,790	1,547
<u>1,790</u>	<u>1,547</u>		<u>1,790</u>	<u>1,547</u>
<p>For the purposes of the Statement of Cash Flows, 'Cash and Cash Equivalents' includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.</p> <p>Cash and Cash Equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:</p>				
1,790	1,547	Cash and Cash Equivalents (per Statement of Financial Position)	1,790	1,547
<u>1,790</u>	<u>1,547</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>1,790</u>	<u>1,547</u>

Refer to Note 24 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019 \$000	2018 \$000		2019 \$000	2018 \$000
		14. Receivables		
		Current		
77	179	Sale of Goods and Services	77	179
996	484	Intra Health Receivables	996	484
316	545	Goods and Services Tax	316	545
58	6	Other Debtors	58	6
1,447	1,214	Sub Total	1,447	1,214
229	107	Prepayments	229	107
1,676	1,321		1,676	1,321
		Non-Current		
-	68	Prepayments	-	68
-	68		-	68

'Intra Health Receivables' includes amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from NSW Ministry of Health.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 24.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
15. Property, Plant and Equipment				
Plant and Equipment - Fair Value*				
2,465	2,431	Gross Carrying Amount	2,465	2,431
1,351	1,176	Less: Accumulated Depreciation and Impairment	1,351	1,176
<u>1,114</u>	<u>1,255</u>	Net Carrying Amount	<u>1,114</u>	<u>1,255</u>
Leasehold Improvements - Fair Value*				
859	709	Gross Carrying Amount	859	709
570	378	Less: Accumulated Depreciation and Impairment	570	378
<u>289</u>	<u>331</u>	Net Carrying Amount	<u>289</u>	<u>331</u>
<u>1,403</u>	<u>1,586</u>	Total Property, Plant and Equipment at Net Carrying Amount	<u>1,403</u>	<u>1,586</u>

* For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT AND CONSOLIDATION

15. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2019			
Net Carrying Amount at Beginning of Year	1,255	331	1,586
Additions	33	150	183
Disposals	-	-	-
Depreciation Expense	(174)	(192)	(366)
Net Carrying Amount at End of Year	1,114	289	1,403

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2018			
Net Carrying Amount at Beginning of Year	1,266	384	1,650
Additions	209	-	209
Reclassification to Assets Held for Sale	(11)	-	(11)
Disposals	(44)	-	(44)
Depreciation Expense	(165)	(53)	(218)
Net Carrying Amount at End of Year	1,255	331	1,586

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		16. Intangible Assets		
		Intangibles		
1,369	1,250	Cost (Gross Carrying Amount)	1,369	1,250
1,146	1,109	Less: Accumulated Amortisation and Impairment	1,146	1,109
223	141	Net Carrying Amount	223	141
223		Total Intangible Assets at Net Carrying Amount	223	
141			141	

PARENT AND CONSOLIDATION

16. Intangible Assets - Reconciliation

	Total \$000
2019	
Net Carrying Amount at Beginning of Year	141
Additions (Acquired Separately)	119
Amortisation (Recognised in Depreciation and Amortisation)	(37)
Net Carrying Amount at End of Year	223
	Total \$000
2018	
Net Carrying Amount at Beginning of Year	111
Additions	70
Amortisation (Recognised in Depreciation and Amortisation)	(40)
Net Carrying Amount at End of Year	141

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019 \$000	2018 \$000		2019 \$000	2018 \$000
		17. Non-Current Assets Held for Sale		
		Assets Held for Sale		
		Plant and Equipment		
-	11		-	11
-	11		-	11

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		18. Payables		
		Current		
-	-	Accrued Salaries, Wages and On-Costs	358	253
-	-	Taxation and Payroll Deductions	293	213
651	466	Accrued Liability - Purchase of Personnel Services	-	-
578	1,182	Creditors	578	1,182
		Other Creditors		
2,160	2,451	- Payables to Entities Controlled by the Immediate Parent	2,160	2,451
588	520	- Other	588	520
3,977	4,619		3,977	4,619

The majority of 'Payables to Entities Controlled by the Immediate Parent' relate to balances payable to the following entities controlled by the immediate parent:

- South Western Sydney Local Health District
- Sydney Local Health District
- eHealth NSW

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 24.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019 \$000	2018 \$000		2019 \$000	2018 \$000
		19. Provisions		
		Current		
-	-	Annual Leave - Short Term Benefit	1,655	1,486
-	-	Annual Leave - Long Term Benefit	599	600
-	-	Long Service Leave Consequential On-Costs	479	393
-	-	Provision for Other Employee Benefits	129	87
2,862	2,566	Provision for Personnel Services Liability	-	-
2,862	2,566		2,862	2,566
		Non-Current		
-	-	Long Service Leave Consequential On-Costs	42	34
42	34	Provision for Personnel Services Liability	-	-
150	-	Make Good Provision	150	-
192	34		192	34
		Aggregate Employee Benefits and Related On-Costs		
-	-	Provisions - Current	2,862	2,566
-	-	Provisions - Non-Current	42	34
-	-	Accrued Salaries, Wages and On-Costs, Taxation and Payroll Deductions (Note 18)	651	466
3,555	3,066	Liability - Purchase of Personnel Services	-	-
3,555	3,066		3,555	3,066
		20. Other Liabilities		
		Other Current Liabilities		
301	611	Unearned Revenue	301	611
301	611		301	611

Most of the 'Unearned Revenue' balance is made up of amounts received in advance from the Department of Industry, an entity controlled by the ultimate parent and NSW Ministry of Health, an entity controlled by the immediate parent.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		21. Commitments		
		Future minimum rentals payable under non-cancellable operating leases at balance date are, as follows:		
-	-	Within one year	-	-
-	-	Later than one year and not later than five years	-	-
-	-	Later than five years	-	-
<u>-</u>	<u>-</u>	Total (Including GST)	<u>-</u>	<u>-</u>

The Institute has entered into cancellable building leases with the Ministry of Health for Buildings 7, 8, 12 and 13 at Gladesville Hospital.

The Health Administration Corporation entered into a Relocation Deed with UrbanGrowth NSW and Western Sydney Local Health District for the land and buildings at North Parramatta.

The Relocation Deed refers to the Institute as a Health Party of the Health Administration Corporation and is licensed to utilise the buildings at North Parramatta (Buildings 101, 102, 103) for the duration of the ten year licence term.

The Health Administration Corporation is responsible for the operating costs of the use of the buildings. Actual operating costs are not currently quantifiable with only estimates available.

The Institute is expected to receive funding to cover reasonable operating costs when incurred from the Ministry of Health on behalf of the Health Administration Corporation.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
22. Reconciliation of Cash Flows from Operating Activities to Net Result				
526	(3,259)	Net Cash Used on Operating Activities	526	(3,259)
(403)	(258)	Depreciation and Amortisation Expense	(403)	(258)
309	(224)	(Increase) / Decrease in Unearned Revenue	309	(224)
(454)	(474)	Decrease / (Increase) in Provisions	(454)	(474)
344	(237)	Increase / (Decrease) in Prepayments and Other Assets	344	(237)
586	(1,116)	Decrease / (Increase) in Payables	586	(1,116)
8	29	Net Gain / (Loss) on Sale of Property, Plant and Equipment	8	29
916	(5,539)	Net Result	916	(5,539)

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT AND CONSOLIDATION

23. Adjusted Budget Review

Net Result

The actual Net Result was higher than adjusted budget by \$2.7m, primarily due to \$2.2m favourable expense variance further enhanced by \$0.5m favourable revenue variance.

The favourable expense variance was primarily due to staff vacancies held throughout the financial year and lower grants payment.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 22 June 2018 are as follows:

	\$000
Initial Allocation	40,427
Nursing & Midwifery Scholarships	2,500
NSW Health Finance Executive Development Program	917
Nurse/Midwife Strategy Reserve	233
Palliative Care Education and Training Initiatives	150
Nurse/Midwife Strategy Reserve	226
Nurse/Midwife Strategy Reserve	239
Child and Adolescent Advanced Training Provision	150
Aboriginal Allied Health Professional Network Forum	25
NSW Rural Generalist Medical and GP Procedural Training Program	(3,059)
Strengthening Foundations Modules	52
Nurse_Midwife Strategy Reserve	251
Underdrawn Subsidy Adjustment	(1,604)
Balance as per Statement of Comprehensive Income	40,507

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

24. Financial Instruments

The Institute's principal financial instruments are outlined below. These financial instruments arise directly from the Institute's operations or are required to finance its operations. The Institute does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Institute's main risks arising from financial instruments are outlined below, together with the Institute's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Institute, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

a) Financial Instrument Categories

i. As at 30 June 2019 under AASB 9

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2019 \$000
Cash and Cash Equivalents (Note 13)	N/A	1,790
Receivables (Note 14) ¹	Amortised cost	1,131
Total Financial Assets		2,921
Financial Liabilities		
Payables (Note 18) ²	Financial liabilities measured at amortised cost	3,684
Total Financial Liabilities		3,684

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

ii. As at 30 June 2018 under AASB 139 (comparative period)

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2018 \$000
Cash and Cash Equivalents (Note 13)	N/A	1,547
Receivables (Note 14) ¹	Loans and receivables (at amortised cost)	669
Total Financial Assets		2,216
Financial Liabilities		
Payables (Note 18) ²	Financial liabilities measured at amortised cost	4,406
Total Financial Liabilities		4,406

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

24. Financial Instruments

b) Financial Risk

i. Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Institute. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

Credit risk arises from financial assets of the Institute, including cash, receivables and authority deposits. No collateral is held by the Institute. The Institute has not granted any financial guarantees.

Credit risk associated with the Institute's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

The Institute considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Institute may also consider a financial asset to be in default when internal or external information indicates that the Institute is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Institute.

Cash and Cash Equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.00% (Restricted funds bank balance: 0.7%) in 2018/19 compared to 0.00% (Restricted funds bank balance: 2.4%) in the previous year.

Accounting policy for impairment of Trade Debtors and Other Financial Assets under AASB 9

Receivables - Trade Debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Institute applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Institute has not identified any relevant factors, and accordingly not adjusted the historical loss rates based on no expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade debtors (Sale of Goods and Services) as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2019						
Expected credit loss rate	0.00%	0%	0%	0%	0.00%	0.00%
Estimated total gross carrying amount at default	71	-	-	-	6	77
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2018						
Expected credit loss rate	0.00%	0.00%	0.00%	0%	0.00%	0.00%
Estimated total gross carrying amount at default	105	13	48	-	13	179
Expected credit loss	-	-	-	-	-	-

The Institute is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

24. Financial Instruments

Accounting policy for impairment of Trade Debtors and Other Financial Assets under AASB 139 (comparative period only)

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Institute will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Institute is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due are not considered impaired.

Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

	2018
	\$000
Neither past due nor impaired	5
Past due but not impaired ^{1,2}	
< 3 months overdue	649
3 - 6 months overdue	1
> 6 months overdue	14
Impaired ^{1,2}	
< 3 months overdue	-
3 - 6 months overdue	-
> 6 months overdue	-
Total ^{1,2}	669

Notes

1 The table reports 'gross receivables'.

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosures. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statement of Financial Position.

ii. Liquidity Risk

Liquidity risk is the risk that the Institute will be unable to meet its payment obligations when they fall due. The Institute continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

The Institute has negotiated no loan outside of arrangements with the NSW Ministry of Health or NSW Treasury.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral.

The Institute has exposure to liquidity risk. However, the risk is minimised by the service agreement with the NSW Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Institute fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 1).

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

24. Financial Instruments

The table below summarises the maturity profile of the Institute's financial liabilities together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Interest Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount ¹ \$000	Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2019								
Payables:								
- Creditors ²		3,684	-	-	3,684	3,684	-	-
		3,684	-	-	3,684	3,684	-	-
2018								
Payables:								
- Creditors ²		4,406	-	-	4,406	4,406	-	-
		4,406	-	-	4,406	4,406	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Institute can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

24. Financial Instruments

iii. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Institute's exposures to market risk are primarily through interest rate risk on the Institute's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. The Institute has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Institute operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Institute's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The Institute does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income or available for sale (until 30 June 2018). Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

However, the Institute is not permitted to borrow external to the NSW Ministry of Health (except energy loans which are negotiated through NSW Treasury). Both NSW Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

		-1%		+1%	
	Carrying Amount \$000	Net Result \$000	Equity \$000	Net Result \$000	Equity \$000
2019					
Financial Assets					
Cash and Cash Equivalents	1,790	(18)	(18)	18	18
Receivables	1,131	-	-	-	-
Financial Liabilities					
Payables ¹	3,684	-	-	-	-
2018					
Financial Assets					
Cash and Cash Equivalents	1,547	(15)	(15)	15	15
Receivables	669	-	-	-	-
Financial Liabilities					
Payables ¹	4,406	-	-	-	-

¹ Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

25. Related Party Transactions

PARENT AND CONSOLIDATION

During the financial year, Health Education and Training Institute obtained key management personnel services from the immediate parent and incurred \$0.382 million (2018: \$0.326 million) for these services.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the Ministry of Health and its controlled entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Remuneration for the Secretary and Deputy Secretaries are paid by the Ministry of Health and is not reimbursed by the health entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members (2018: \$Nil).

Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial year (2018: \$Nil).

26. Events After the Reporting Period

There has not been any matters arising subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS

