



INDEPENDENT AUDITOR'S REPORT

Health Education and Training Institute

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Health Education and Training Institute (the Institute), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 2 April 2012 to 30 June 2012, notes comprising a summary 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 period's end or from time to time during the financial period.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Institute and the consolidated entity as at 30 June 2012, and of the financial performance and the cash flows for the period 2 April 2012 to 30 June 2012 in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view 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 of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, 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 statements that give 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 Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

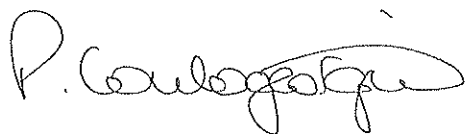
My opinion does *not* provide assurance:

- about the future viability of the Institute or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Peter Coulogeorgiou
Director, Financial Audit Services

12 October 2012
SYDNEY

Health Education and Training Institute
Certification of the Financial Statements
for the period 2 April to 30 June 2012

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that in my opinion:

- 1) The financial statements have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions
 - c) the Financial Reporting Code for NSW General Government Sector Entities;
- 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) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.

I further state the financial statements have been prepared in accordance with the NSW Ministry of Health's Accounts and Audit Determination for Public Health Organisations.



Ms Heather Gray
Chief Executive
11 October 2012

Health Education and Training Institute
Statement of Comprehensive Income for the period 2 April to 30 June 2012

PARENT			CONSOLIDATION
Actual		Notes	Actual
2012			2012
\$000			\$000
	Expenses excluding losses		
	Operating Expenses		
	Employee Related	3	2,037
2,037	Personnel Services	4	
1,459	Other Operating Expenses	5	1,459
	23 Depreciation and Amortisation	2(h), 6	23
2,679	Grants and Subsidies	7	2,679
6,198	Total Expenses excluding losses		6,198
	Revenue		
	825 NSW Ministry of Health Recurrent Allocations	2(d)	825
	0 Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 11	149
104	Sale of Goods and Services	8	104
114	Investment Revenue	9	114
205	Grants and Contributions	10	56
10	Other Revenue	12	10
1,258	Total Revenue		1,258
(4,940)	Net Result	22	(4,940)
(4,940)	TOTAL COMPREHENSIVE INCOME		(4,940)

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Financial Position as at 30 June 2012

PARENT		Notes	CONSOLIDATION
Actual			Actual
2012			2012
\$000			\$000
ASSETS			
Current Assets			
10,882	Cash and Cash Equivalents	14	10,882
1,621	Receivables	15	1,621
<u>12,503</u>	Total Current Assets		<u>12,503</u>
Non-Current Assets			
65	- Leasehold Improvements	16	65
321	- Plant and Equipment	16	321
<u>386</u>	Total Property, Plant and Equipment		<u>386</u>
<u>386</u>	Total Non-Current Assets		<u>386</u>
<u>12,889</u>	Total Assets		<u>12,889</u>
LIABILITIES			
Current Liabilities			
5,496	Payables	17	5,496
569	Refundable Internship Application Fees	18	569
416	Provisions	19	416
<u>6,481</u>	Total Current Liabilities		<u>6,481</u>
Non-Current Liabilities			
2	Provisions	19	2
<u>2</u>	Total Non-Current Liabilities		<u>2</u>
<u>6,483</u>	Total Liabilities		<u>6,483</u>
<u>6,406</u>	Net Assets		<u>6,406</u>
EQUITY			
<u>6,406</u>	Accumulated Funds		<u>6,406</u>
<u>6,406</u>	Total Equity		<u>6,406</u>

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Changes in Equity for the period 2 April to 30 June 2012

	Notes	Accumulated Funds	Total
		\$000	\$000
Balance at 2 April 2012		0	0
Net Result for the year		(4,940)	(4,940)
Total Comprehensive Income for the year		(4,940)	(4,940)
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	24	11,346	11,346
Balance at 30 June 2012		<u>6,406</u>	<u>6,406</u>

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Cash Flows for the period 2 April to 30 June 2012

PARENT		CONSOLIDATION
Actual		Actual
2012	Notes	2012
\$000		\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
		(2,147)
(2,797)	Employee Related	
		(2,797)
(2,147)	Grants and Subsidies	
		0
(1,011)	Personnel Services	
		(1,011)
	Other	
<u>(5,955)</u>	Total Payments	<u>(5,955)</u>
Receipts		
4,559	NSW Ministry of Health Recurrent Allocations	4,559
0	Cash Reimbursements from the Crown Entity	148
123	Sale of Goods and Services	123
114	Interest Received	114
204	Grants and Contributions	56
10	Other	10
<u>5,010</u>	Total Receipts	<u>5,010</u>
<u>(945)</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(945)</u>
		22
(945)	NET INCREASE / (DECREASE) IN CASH	(945)
0	Opening Cash and Cash Equivalents	0
11,827	Cash Transferred In/(Out) as a Result of Administrative Restructuring	11,827
		24
<u>10,882</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>10,882</u>
		14

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 period 2 April to 30 June 2012

1. The Reporting Entity

The Director-General's Governance Review on the future directions for NSW Health was completed in October 2011. An outcome was the restructure of the Clinical Education and Training Institute (CETI) to become the Health Education and Training Institute (the Institute).

On the 2 April 2012, Health Education and Training Institute was established and Clinical Education and Education Institute was dissolved, in accordance with Order 2012 No. 111, Health Services (Health Education and Training Institute) Order 2012 under the Health Services Act 1997.

The Institute has an enhanced focus on clinical and non-clinical education and training, with an expanded scope to cover management development and leadership programs for the NSW health system, in addition to CETI's focus on postgraduate services, including undergraduate and vocational training. The Institute will establish itself as a national leader in people development within the health sector in NSW.

The Institute also controls the Health Education and Training Institute Special Purpose Service Entity, which was established as a Division of the Government Service on 2 April 2012, in accordance with the *Public Sector Employment and Management Act 2002* and the *Health Services Act 1997*. This Division provides personnel services to enable the Institute to exercise its functions.

The financial statements presented herein consist of the Health Education and Training Institute (as the parent entity), and the consolidated entity which comprises the parent and special purpose entity division. 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.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The Institute is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the three month period 2 April 2012 to 30 June 2012 have been authorised for issue by the Chief Executive on 11 October 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Institute's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (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 and its regulations, and the Treasurer's Directions. Apart from the basis for the Institute's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(f).

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at "fair value through profit and loss" and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

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

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. There is no comparative period as the entity was established on 2 April 2012.

Statement of Compliance

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

Significant accounting policies used in the preparation of these financial statements are as follows:

- a) **Employee Benefits and Other Provisions**
 - i) **Salaries & Wages, Annual Leave, Sick Leave and On-Costs**

At the consolidated level of reporting, liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
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All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term".

On-costs of 17.8% are applied to the value of leave payable at 30 June 2012, such on-costs being based on actuarial assessment.

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.

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

ii) **Long Service Leave and Superannuation**

The Institute's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity.

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.

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 present value in accordance with AASB119, *Employee Benefits*. This is based on the application of certain factors (specified in NSW Treasury Circular 12/06) to employees with five or more years of service, using current rates of pay. These approximate present value.

The Institute's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

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'.

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 17, 'Payables'.

The superannuation expense for the reporting period is determined by using the formulae specified by the NSW Treasury. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

b) Insurance

The Institute's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector agencies.

d) 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 agency transfers the significant risks and rewards of ownership of the assets.

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).

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB139, Financial Instruments: Recognition and Measurement.

Debt Forgiveness

Debts are accounted for as extinguished when and only when settlement occurs through repayment or replacement by another liability.

Grants and Contributions

Grants and Contributions are generally recognised as revenues when the Institute obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health 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 Ministry. Allocations are normally recognised upon the receipt of Cash.

e) 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 the cost of acquisition of an asset 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 is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

f) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Institute.

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 specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition (See assets transferred as a result of an equity transfer Note 2(o)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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 at an asset-specific rate.

g) Capitalisation Thresholds

Individual items of property, plant & equipment are capitalised where their cost is \$10,000 or above as mandated by the Ministry's policy.

h) 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 separately identifiable components of assets are depreciated over their shorter useful lives.

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

Leasehold Building Improvements	20.0%
Computer Equipment	20% - 30%
Motor Vehicle Sedans	12.5% - 25%
Office Equipment	10% - 20%
Plant and Machinery	10% - 25%
Furniture, Fittings and Furnishings	5% - 20%

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

i) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the NSW Ministry of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, Property, Plant and Equipment and AASB140, Investment Property.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is the depreciated replacement cost.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

j) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Institute is effectively exempt from AASB 136 Impairment of Assets and impairment testing.

This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

k) 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.

l) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the Net Result 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.

m) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Institute transfers the financial asset:

- * where substantially all the risks and rewards have been transferred; or
- * where the Institute has not transferred substantially all the risks and rewards, if the Institute has not retained control.

Where the Institute has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Institute's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

n) Payables

These amounts represent liabilities for goods and services provided to the Institute and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value.

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.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

o) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB1004, *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the agency does not recognise that asset.

p) Equity and Reserves

(i) Accumulated Funds

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

q) Trust Funds

The Institute does not receive monies in a trustee capacity.

r) Budgeted Amounts

The NSW Ministry of Health has advised that, given that the Institute was only established with effect from 2 April 2012, no budgetary information is required in the Institute's financial statements.

s) Service Group Statements Allocation Methodology

All Health Education and Training Institute activities relate to the service group "Teaching and Research". This service group covers the provision of professional training for the needs of New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

t) New Australian Accounting Standards Issued but not Effective

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. New accounting standards will not have a material impact on the financial statements of the Institute.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

PARENT		CONSOLIDATION
2012 \$000		2012 \$000
	3. Employee Related	
	Employee related expenses comprise the following:	
	Salaries and Wages	1,663
	Superannuation - Defined Benefit Plans	13
	Superannuation - Defined Contribution Plans	76
	Long Service Leave	165
	Annual Leave	83
	Sick Leave and Other Leave	21
	Workers' Compensation Insurance	16
0		2,037
	4. Personnel Services	
	Personnel Services comprise the purchase of the following:	
1,663	Salaries and Wages	
13	Superannuation - Defined Benefit Plans	
76	Superannuation - Defined Contribution Plans	
165	Long Service Leave	
83	Annual Leave	
21	Sick Leave and Other Leave	
16	Workers' Compensation Insurance	
2,037		0
	5. Other Operating Expenses	
1	Food Supplies	1
384	General Expenses (See (a) below)	384
200	Information Management Expenses	200
4	Insurance	4
	Maintenance (See (b) below)	
197	New/Replacement Equipment under \$10,000	197
1	Repairs Maintenance/Non Contract	1
13	Motor Vehicle Expenses	13
8	Postal and Telephone Costs	8
51	Printing and Stationery	51
21	Rental	21
436	Staff Related Costs	436
143	Travel Related Costs	143
1,459		1,459

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

	PARENT	CONSOLIDATION
	2012 \$000	2012 \$000
(a) General Expenses include :-		
Advertising	5	5
Auditor's Remuneration - Audit of Financial Statements	18	18
Books, Magazines and Journals	4	4
Consultancies		
- Operating Activities	164	164
Corporate Support Services	32	32
Courier and Freight	2	2
Data Recording and Storage	1	1
Membership/Professional Fees	7	7
Payroll Services	2	2
Quality Assurance/Accreditation	3	3
Other	146	146
	<u>198</u>	<u>198</u>
(b) Reconciliation of Total Maintenance		
Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	<u>198</u>	<u>198</u>
Total Maintenance Expenses included in Notes 3, 4 and 5	<u>198</u>	<u>198</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

	PARENT		CONSOLIDATION
2012 \$000			2012 \$000
	6. Depreciation and Amortisation		
4	Depreciation of Leasehold Improvements		4
19	Depreciation - Plant and Equipment		19
<u>23</u>			<u>23</u>
	7. Grants and Subsidies		
106	Allied Health Education Scholarship Program		106
2,020	GP Procedural Program		2,020
185	Medical Scholarships		185
103	Rural Generalist Training Program		103
146	Rural Research Building Capacity Program		146
119	Other		119
<u>2,679</u>			<u>2,679</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

	PARENT	CONSOLIDATION
	2012 \$000	2012 \$000
	10. Grants and Contributions	
13	Personnel Services - Superannuation Defined Benefit Plans	0
136	Personnel Services - Long Service Leave	0
	Other Grants	
24	Medical Accreditation Program	24
25	PGPP Program	25
7	International Graduates Orientation (IGO)	7
<u>205</u>		<u>56</u>
	11. Acceptance by the Crown Entity of employee benefits	
	The following liabilities and expenses have been assumed	
0	Superannuation-defined benefit	13
<u>0</u>	Long Service Leave	<u>136</u>
<u>0</u>		<u>149</u>
	12. Other Revenue	
	Other Revenue comprises the following:-	
10	Conference and Training Fees	10
<u>10</u>		<u>10</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

13. Service Groups of the Institute

Service Group 6.1 - Teaching and Research

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

All Health Education and Training Institute activities relate to the service group "Teaching and Research".

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the period 2 April to 30 June 2012

PARENT	2012	2012	CONSOLIDATION	
	\$000	\$000		
14. Cash and Cash Equivalents				
Cash at Bank and On Hand	10,882		10,882	
	10,882		10,882	
Cash & 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:				
Cash and Cash Equivalents (per Statement of Financial Position)	10,882		10,882	
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	10,882		10,882	

Refer to Note 25 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 period 2 April to 30 June 2012

	PARENT	CONSOLIDATION
	2012 \$000	2012 \$000
	15. Receivables	
	Current	
938	Sale of Goods and Services	938
7	Intra Health Receivables	7
485	Goods and Services Tax	485
191	Other Debtors	191
<hr style="width: 100%;"/>		<hr style="width: 100%;"/>
1,621	Sub Total	1,621
<hr style="width: 100%;"/>		<hr style="width: 100%;"/>
<u>1,621</u>		<u>1,621</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

Health Education and Training Institute
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PARENT & CONSOLIDATED

16. Property, Plant and Equipment - Reconciliation

	Leased Buildings	Plant and Equipment	Total
	\$000	\$000	\$000
2012			
Net Carrying Amount at Start of Year	0	0	0
Additions	0	0	0
Administrative Restructures - Transfers	69	340	409
Depreciation Expense	(4)	(19)	(23)
Net Carrying Amount at End of Year	65	321	386

Health Education and Training Institute
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PARENT		CONSOLIDATION
2012		2012
\$000		\$000
19. Provisions		
	Annual Leave - Short Term Benefit	263
	Annual Leave - Long Term Benefit	119
	Long Service Leave On-Costs	34
416	Provision for Personnel Services Liability	
<u>416</u>	Total Current Provisions	<u>416</u>
Non-Current Employee Benefits and Related On-Costs		
	Long Service Leave On-Costs	2
2	Provision for Personnel Services Liability	
<u>2</u>	Total Non-Current Provisions	<u>2</u>
Aggregate Employee Benefits and Related On-Costs		
416	Provisions - Current	416
2	Provisions - Non-Current	2
	Accrued Salaries, Wages and On-Costs, and Taxation and Payroll Deductions (Note 17)	138
138	Accrued Liability - Purchase of Personnel Services (Note 17)	
<u>556</u>		<u>556</u>

Health Education and Training Institute
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PARENT AND CONSOLIDATED

20. Commitments for Expenditure

There is no formal lease agreement for the Gladesville Hospital Building 12, as the former lease expired on 30 April 2012. However, the Institute remains in occupation of Building 12 and has commenced occupying Building 13, with negotiations taking place for a new lease. Annual rental for Building 12 and 13 is \$266,000.

21. Contingent Liabilities and Assets

There are no contingent liabilities and assets as of 30 June 2012.

Health Education and Training Institute
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	PARENT	CONSOLIDATION
	2012	2012
	\$000	\$000
22. Reconciliation of Cash Flows from Operating Activities to Net Result		
Net Cash Flows from Operating Activities	(945)	(945)
Depreciation	(23)	(23)
Decrease in Provisions	(80)	(80)
Increase / (Decrease) in Prepayments and Other Assets	570	570
(Increase)/ Decrease in Creditors	(4,462)	(4,462)
	<u>(4,940)</u>	<u>(4,940)</u>
	Net Result	Net Result
	<u><u>(4,940)</u></u>	<u><u>(4,940)</u></u>

Health Education and Training Institute
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PARENT AND CONSOLIDATED

23. Budget and Performance Review - Parent and Consolidated

The NSW Ministry of Health has advised that, given that the Institute was only established with effect from 2 April 2012, no budgetary information is required in the Institute's financial statements.

Net Result

The actual Net Result of \$4.940 million deficit is due to the timing of payment by the NSW Ministry of Health of the 2011-12 Recurrent Allocation between the former CETI to 31 March 2012 and the Institute from 2 April 2012.

The net assets transferred to the Institute at 2 April 2012 from the former CETI, included a cash balance sufficient to fund most of the new Institute's operations until 30 June 2012 (note 23 Equity Transfers).

Health Education and Training Institute
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24. Increase/(Decrease) in Net Assets from Equity Transfers

Net assets of \$11.346 million transferred from the former Clinical Education and Training Institute with effect from 2 April 2012 commensurate with the responsibilities for health services assumed by the Institute on that date in accordance with the provisions of the Health Services Act 1997.

Assets and Liabilities transferred are as follows:

	2012
	\$000
Assets	
Cash	11,827
Receivables	1,049
Leasehold Improvements, Plant & Equipment	409
Liabilities	
Payables	(1,602)
Provisions	(337)
Increase/(Decrease) in Net Assets From Equity Transfers	<u><u>11,346</u></u>

Health Education and Training Institute
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25. 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 risk faced by the Institute, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and internal auditors on a regular basis.

(a) Financial Instrument Categories

PARENT / CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount
		2012 \$000
Cash and Cash Equivalents (note 14)	N/A	10,882
Receivables (note 15) ¹	Loans and receivables (at amortised cost)	1,136
Total Financial Assets		<u>12,018</u>
Financial Liabilities		
Payables (note 17) ²	Financial liabilities	5,445
Total Financial Liabilities		<u>5,445</u>

Notes

1 Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

2 Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

Health Education and Training Institute
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(b) Credit Risk

Credit risk arises when there is the possibility of the Institute's debtors defaulting 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 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. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.8%.

Health Education and Training Institute
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Health Education and Training Institute
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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.

As at June 30, there were no aged debtors as all debtors were current for the Institute. The Institute has not impaired any receivables on the basis that all receivables have been assessed as fully recoverable.

(c) 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 effective management of cash, investments and liquid assets and liabilities.

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

During the current period there were no defaults or breaches on any loans payable. No assets have been pledged as collateral.

The 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. 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.

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount 1	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
2012							
Accrued Salaries Wages, On-Costs and Payroll Deductions Creditors		138 1,526 1,664	-	-	138 1,526 1,664	138 1,526 1,664	0
Accrued Salaries Wages, On-Costs		0	0	0	0	0	0

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.

Health Education and Training Institute
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d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Institute's exposures to market risk are considered to be minimal. The Institute has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through the Institute's interest bearing liabilities.

However, the Institute is not permitted to borrow external to the NSW Ministry of Health.

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Institute does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of 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. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Institute's exposure to interest rate risk is set out below.

	Carrying Amount	-1%		+1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2012					
Financial Assets					
Cash and Cash Equivalents	10,882	(109)	(109)	109	109
Receivables	1,136				
Financial Liabilities					
Payables	5,445				

26. Events after the Reporting Period

No matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS