



## INDEPENDENT AUDITOR'S REPORT

### Agency for Clinical Innovation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Agency for Clinical Innovation (the Agency), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Agency and the consolidated entity. The consolidated entity comprises the Agency and the entities it controlled at the year's end or from time to time during the financial year.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Agency and the consolidated entity as at 30 June 2015, and of their financial performance and 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.

### Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 2(t). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Agency. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Agency's financial statements present adjusted budget information.

### The Board's Responsibility for the Financial Statements

The Board is responsible for preparing 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 Board determines is necessary to enable the preparation of financial statements that give a true and fair view and 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 an 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 management, 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 Agency or the consolidated entity
- that they carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- 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 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.



Weini Liao  
Director, Financial Audit Services

25 September 2015  
SYDNEY

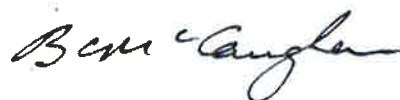
**Agency for Clinical Innovation  
Certification of the Financial Statements  
for the year ended 30 June 2015**

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

- 1) The financial statements of the Agency for Clinical Innovation for the year ended 30 June 2015 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 2015* 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 Agency for Clinical Innovation; and
- 3) There are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Mr Chris Shipway  
**A/Chief Executive**  
25 September 2015



Professor Brian McCaughan  
**Chair - ACI Board**



**Agency for Clinical Innovation**  
**Statement of Financial Position as at 30 June 2015**

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual		Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000	Notes	2015 \$000	2015 \$000	2014 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
12,256	8,880	8,880		12,256	8,880	8,880
508	940	940	16	508	940	940
<u>12,764</u>	<u>9,820</u>	<u>9,820</u>		<u>12,764</u>	<u>9,820</u>	<u>9,820</u>
<b>12,764</b>	<b>9,820</b>	<b>9,820</b>		<b>12,764</b>	<b>9,820</b>	<b>9,820</b>
<b>Total Current Assets</b>						
<b>Non-Current Assets</b>						
575	581	608		575	581	608
133	183	183	18	133	183	183
<u>708</u>	<u>764</u>	<u>791</u>		<u>708</u>	<u>764</u>	<u>791</u>
<b>708</b>	<b>764</b>	<b>791</b>		<b>708</b>	<b>764</b>	<b>791</b>
<u>13,472</u>	<u>10,584</u>	<u>10,611</u>		<u>13,472</u>	<u>10,584</u>	<u>10,611</u>
<b>Total Assets</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
2,804	2,668	2,668		2,804	2,668	2,668
2,368	2,323	2,264	20	2,368	2,323	2,264
<u>5,172</u>	<u>4,991</u>	<u>4,932</u>		<u>5,172</u>	<u>4,991</u>	<u>4,932</u>
<b>Total Current Liabilities</b>						
<b>Non-Current Liabilities</b>						
35	35	20		35	35	20
<u>35</u>	<u>35</u>	<u>20</u>	21	<u>35</u>	<u>35</u>	<u>20</u>
<b>Total Non-Current Liabilities</b>						
<b>5,207</b>	<b>5,026</b>	<b>4,952</b>		<b>5,207</b>	<b>5,026</b>	<b>4,952</b>
<b>Total Liabilities</b>						
<b>8,265</b>	<b>5,558</b>	<b>5,659</b>		<b>8,265</b>	<b>5,558</b>	<b>5,659</b>
<b>Net Assets</b>						
<b>EQUITY</b>						
8,265	5,558	5,659		8,265	5,558	5,659
<u>8,265</u>	<u>5,558</u>	<u>5,659</u>		<u>8,265</u>	<u>5,558</u>	<u>5,659</u>
<b>Total Equity</b>						

The accompanying notes form part of these financial statements.

**Agency for Clinical Innovation**  
**Statement of Changes in Equity for the year ended 30 June 2015**

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2014		5,659	5,659
<b>Total Equity at 1 July 2014</b>		<b>5,659</b>	<b>5,659</b>
Net Result for the year		2,606	2,606
Total Other Comprehensive Income		-----	-----
Total Comprehensive Income for the year		2,606	2,606
Balance at 30 June 2015		<b>8,265</b>	<b>8,265</b>
Balance at 1 July 2013		4,349	4,349
<b>Total Equity at 1 July 2013</b>		<b>4,349</b>	<b>4,349</b>
Net Result for the year		1,310	1,310
Total Comprehensive Income for the year		1,310	1,310
<b>Transactions With Owners In Their Capacity As Owners</b>			
Increase/(Decrease) in Net Assets From Equity Transfers	26	-----	-----
<b>Balance at 30 June 2014</b>		<b>5,659</b>	<b>5,659</b>

The accompanying notes form part of these financial statements.

**Agency for Clinical Innovation**  
**Statement of Cash Flows for the year ended 30 June 2015**

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
----	----	----		(16,218)	(18,135)	(14,992)
(3,740)	(3,388)	(2,492)		(3,740)	(3,388)	(2,492)
(25,802)	(28,303)	(24,187)		(9,584)	(10,168)	(9,195)
(29,542)	(31,691)	(26,679)		(29,542)	(31,691)	(26,679)
<b>Receipts</b>						
29,990	29,990	26,319		29,990	29,990	26,319
88	88	113		88	88	113
385	385	250		385	385	250
50	1	(45)		50	1	(45)
420	33	305		420	33	305
625	10	802		625	10	802
1,409	1,272	901		1,409	1,272	901
32,967	31,779	28,645		32,967	31,779	28,645
<b>3,425</b>	<b>88</b>	<b>1,966</b>	<b>24</b>	<b>3,425</b>	<b>88</b>	<b>1,966</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
55	----	104		55	----	104
6,000	6,000	3,000		6,000	6,000	3,000
(104)	(88)	(346)		(104)	(88)	(346)
(6,000)	(6,000)	----		(6,000)	(6,000)	----
(49)	(88)	2,758		(49)	(88)	2,758
<b>NET INCREASE / (DECREASE) IN CASH</b>						
3,376	----	4,724		3,376	----	4,724
8,880	8,880	4,156		8,880	8,880	4,156
<b>12,256</b>	<b>8,880</b>	<b>8,880</b>	<b>16</b>	<b>12,256</b>	<b>8,880</b>	<b>8,880</b>

The accompanying notes form part of these financial statements.

Agency for Clinical Innovation  
Service Group Statements  
for the year ended 30 June 2015

	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Expenses excluding losses</b>																						
Operating Expenses																						
Employees Related	2,576		860		2,697		2,336		8,038				429				240	16,015			17,176	16,015
Visiting Medical Officers																						
Other Operating Expenses	3,002		567		1,620		769		2,938				156				101	8,981			9,153	8,981
Depreciation and Amortisation	23		1		17		3		66				1				1	97			112	97
Grants and Subsidies	1,257				206		89		1,847								27	2,326			3,426	2,326
Finance Costs																						
Payments to Affiliated Health Organisations																						
Other Expenses																						
<b>Total Expenses excluding losses</b>	<b>6,858</b>		<b>1,428</b>		<b>4,540</b>		<b>3,197</b>		<b>12,889</b>				<b>586</b>				<b>369</b>	<b>27,419</b>			<b>29,867</b>	<b>27,419</b>
<b>Revenue</b>																						
NSW Ministry of Health Recurrent Allocations **																						
NSW Ministry of Health Capital Allocations **																						
Transfers to the NSW Ministry of Health																						
Acceptance by the Crown Entity																						
of Employee Benefits and Other Liabilities	152		104		237		129		670		23						19	1,109			1,334	1,109
Sale of Goods and Services	5				6				19									38			30	38
Investment Revenue	63		14		118		67		152								3	305			420	305
Grants and Contributions	77				164		305		79									802			625	802
Other Revenue							2		2									69			4	69
<b>Total Revenue</b>	<b>297</b>		<b>118</b>		<b>525</b>		<b>503</b>		<b>922</b>		<b>23</b>		<b>3</b>				<b>22</b>	<b>2,323</b>			<b>30,078</b>	<b>28,755</b>
Gain / (Loss) on Disposal	(2)		(1)		(4)		(5)		(6)									(26)			(18)	(26)
Other Gains / (Losses)																						
<b>Net Result</b>	<b>(6,563)</b>		<b>(1,311)</b>		<b>(4,019)</b>		<b>(2,699)</b>		<b>(11,973)</b>		<b>23</b>		<b>(583)</b>				<b>(347)</b>	<b>(25,122)</b>			<b>26,432</b>	<b>1,310</b>
<b>Other Comprehensive Income</b>																						
Increase/(Decrease) in Revaluation Surplus																						
Other (SPECIFY)																						
<b>Total Other Comprehensive Income</b>																						
<b>Total Comprehensive Income</b>	<b>(6,563)</b>		<b>(1,311)</b>		<b>(4,019)</b>		<b>(2,699)</b>		<b>(11,973)</b>		<b>23</b>		<b>(583)</b>				<b>(347)</b>	<b>(25,122)</b>			<b>26,432</b>	<b>1,310</b>

\* The name and purpose of each service group is summarised in Note 15

\*\* Allocations are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column.



Agency for Clinical Innovation  
Service Group Statements (Continued)  
for the year ended 30 June 2015

	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000
<b>ASSETS</b>																							
Current Assets																							
Cash and Cash Equivalents	2,814			567	1,863		1,312		5,269				240				151	8,880				12,256	8,880
Receivables	66				110			322					3				7	940				508	940
Inventories																							
Financial Assets at Fair Value																							
Other Financial Assets																							
Other																							
Non-Current Assets Held for Sale																							
<b>Total Current Assets</b>	<b>2,880</b>			<b>567</b>	<b>1,973</b>		<b>1,312</b>		<b>5,611</b>				<b>243</b>				<b>158</b>	<b>9,820</b>				<b>12,764</b>	<b>9,820</b>
<b>Non-Current Assets</b>																							
Receivables																							
Financial Assets at Fair Value																							
Other Financial Assets																							
Property, Plant and Equipment																							
- Land and Buildings																							
- Plant and Equipment	119			6	89		14		339				4				4	608				575	608
- Infrastructure Systems																							
- Leasehold Improvements	28			2	20		3		78				1				1	183				133	183
Intangible Assets																							
Other																							
<b>Total Non-Current Assets</b>	<b>147</b>			<b>8</b>	<b>109</b>		<b>17</b>		<b>417</b>				<b>5</b>				<b>5</b>	<b>791</b>				<b>708</b>	<b>791</b>
<b>TOTAL ASSETS</b>	<b>3,027</b>			<b>595</b>	<b>2,082</b>		<b>1,329</b>		<b>6,028</b>				<b>248</b>				<b>163</b>	<b>10,611</b>				<b>13,472</b>	<b>10,611</b>
<b>LIABILITIES</b>																							
<b>Current Liabilities</b>																							
Payables	920			173	496		236		900				48				31	2,668				2,804	2,668
Borrowings																							
Provisions	355			119	372		322		1,108				59				33	2,264				2,368	2,264
Other																							
<b>Total Current Liabilities</b>	<b>1,275</b>			<b>292</b>	<b>868</b>		<b>558</b>		<b>2,008</b>				<b>107</b>				<b>64</b>	<b>4,932</b>				<b>5,172</b>	<b>4,932</b>
<b>Non-Current Liabilities</b>																							
Borrowings																							
Provisions	5			3	5		5		16				1					20				35	20
Other																							
<b>Total Non-Current Liabilities</b>	<b>5</b>			<b>3</b>	<b>5</b>		<b>5</b>		<b>16</b>				<b>1</b>				<b>20</b>					<b>35</b>	<b>20</b>
<b>TOTAL LIABILITIES</b>	<b>1,280</b>			<b>295</b>	<b>873</b>		<b>563</b>		<b>2,024</b>				<b>108</b>				<b>64</b>	<b>4,952</b>				<b>5,207</b>	<b>4,952</b>
<b>NET ASSETS</b>	<b>1,747</b>			<b>300</b>	<b>1,209</b>		<b>766</b>		<b>4,004</b>				<b>140</b>				<b>99</b>	<b>5,659</b>				<b>8,265</b>	<b>5,659</b>

\* The name and purpose of each service group is summarised in Note 15

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**1. The Reporting Entity**

The Agency for Clinical Innovation (the ACI) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2010.

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

- \* The Agency for Clinical Innovation Special Purpose Service Entity which was established as a Division of the ACI on 1 January 2010 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the ACI to exercise its functions.

As a consequence the values in the annual 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.

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 ACI is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the A/Chief Executive on 25 September 2015.

**2. Summary of Significant Accounting Policies**

**Basis of Preparation**

The ACI's financial statements are general purpose financial statements which have been prepared on an accrual basis and 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 Public Finance and Audit Regulation 2015, and the Treasurers' Directions. 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(t).

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

The Secretary of Health, the Chair of Agency for Clinical Innovation Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The service agreement sets out the level of financial resources for public health services under the ACI's control and the source of these funds. By agreement, the service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the ACI fails to meet service agreement performance standards, the 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 Ministry.

Other mitigating circumstances why the going concern is appropriate include:

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

Property, plant and equipment, 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 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.

### **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. The comparative period is a twelve month period.

### **Statement of Compliance**

The financial statements and notes 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**

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

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 15.3% are applied to the value of leave payable at 30 June 2015 (comparable on-costs for 30 June 2014 were 15.1%). The ACI has assessed the actuarial advice based on the ACI's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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 ACI's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity.

The ACI 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'.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the reporting period 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 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.

**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 exist when the ACI 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.

**b) Insurance**

The ACI's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past claims 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 entities.

**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 ACI transfers the significant risks and rewards of ownership of the assets.

*Investment Revenue*

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

*Grants and Contributions*

Grants and contributions are recognised as revenues when the ACI 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 ACI 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:

- \* amount of GST incurred by the ACI 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.

**f) Acquisition of Assets**

Assets acquired are initially recognised at cost. 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 (see also assets transferred as a result of an equity transfer Note 2(r)).

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 over the period of credit.

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

**g) Capitalisation Thresholds**

Individual items of Property, Plant & Equipment are capitalised where their cost is \$10,000 or above.

**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 ACI. 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:

	<b>2015</b>	<b>2014</b>
Computer Equipment	20.0%	20.0%
Motor Vehicle Sedans	12.5%	12.5%
Office Equipment	10.0%	10.0%
Plant and Machinery	10.0%	10.0%
Furniture, Fittings and Furnishings	5.0%	5.0%

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 '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 entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

**j) 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 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.

**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) Leased Assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

**m) 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.

**n) Impairment of financial assets**

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

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.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously 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, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale", must be made through the reserve. 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.

**o) 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 ACI transfers the financial asset:

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

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

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

**p) Payables**

These amounts represent liabilities for goods and services provided to the ACI 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 ACI.

**q) Fair Value Hierarchy**

A number of the ACI'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. Under AASB 13 Fair Value Measurement, the ACI categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- \* Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- \* Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- \* Level 3 – inputs that are not based on observable market data (unobservable inputs).

The ACI recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 27 for further disclosures regarding fair value measurements of financial and non-financial assets.

For non-specialised assets with short useful lives, AASB 13 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.

**r) Equity Transfers**

The transfer of net assets between entity is as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities 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 AASB 1004, Contributions and Australian Accounting 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 entity does not recognise that asset.

**s) Equity and Reserves**

**(i) Accumulated Funds**

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

**(ii) Revaluation Surplus**

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the ACI's policy on the revaluation of property, plant and equipment as discussed in Note 2(i).



**t) Adjusted Budgeted 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 ACI'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 ACI's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the ACI 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".

**u) Service Group Statements Allocation Methodology**

Using Independent Hospital Pricing Authority criteria the financial values for 2014/15 have been assigned to Service Groups in the same manner as all other NSW Health controlled entities.

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 15.

Income and expenses are allocated to service groups using statistical data for the twelve months ending 30 June 2014, then adjusted for any material change in service delivery or funding distribution occurring in the 2014-15 financial year.

In respect of assets and liabilities the Ministry requires the ACI take action to identify those components that can be specifically identified and reported by service groups.

Remaining values are attributed to service groups in accordance with values advised by the NSW Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

**v) Changes in Accounting Policy, including new or revised Australian Accounting Standards**

**(i) Effective for the first time in 2014-15**

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2014-15 and have been applied for the first time as follows:

AASB 10 Consolidated Financial Statements, AASB 2011-7, and AASB 2013-8 Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not for profit entities, the changes have application from 1 July 2014.

Following an assessment of the applicable new accounting standards mentioned above in relation to consolidation and joint arrangements, ACI management is of the opinion that there will be no material implications for the financial statements.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. This standard is not applicable to the ACI as individual budgets are not presented in parliament. Refer note 2(t) on how the ACI derives its adjusted budgetary information.

**(ii) Issued but not yet effective**

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

AASB 9, Financial Instruments, has application from 1 January 2018. The standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 15 and AASB 2014-5, Revenue from Contracts with Customers has application from 1 January 2017. We believe this standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 2010-7, regarding Financial Instruments has mandatory application from 1 July 2015 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-3, Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations. This amending standard clarifies the treatment of expensing all acquisition-related costs, and recognition of share in a joint operation according to the contractual arrangements. This standard is applicable from 1 January 2016.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life.

AASB 2014-7, Amendments to various Australian Accounting Standards as a result of the changes from AASB 9 (December 2014) and will have application from 1 Jan 2018. The new AASB 9 includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-8, Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] has application from 1 Jan 2015. This update limits the application of the existing versions of AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-9, Amendments to Australian Accounting Standards – It gives entities the choice of using the Equity Method for their subsidiaries in their separate financial statements [AASB 1, 127 & 128]. It has application from 1 January 2016.

AASB 2014-10, Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]. This has application from 1 January 2016.

AASB 2015-01, Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]. This has application from 1 January 2016.

AASB 2015-02, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016.

AASB 2015-03, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 January 2016. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

AASB 2015-5, Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12 & AASB 128], has application from 1 January 2016. This standard is unlikely to have any impact on this entity as the exceptions would be hard to satisfy.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049], has application from 1 July 2016. Based on preliminary evaluation, this standard could potentially increase the level of disclosure required for not for profit entities where delegated power exists for senior officers of the entity.

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	12,104	11,741
----	----	Superannuation - Defined Benefit Plans	170	184
----	----	Superannuation - Defined Contribution Plans	1,101	972
----	----	Long Service Leave	1,240	997
----	----	Annual Leave	1,173	1,182
----	----	Sick Leave and Other Leave	958	796
----	----	Redundancies	288	61
----	----	Workers' Compensation Insurance	58	81
----	----	Fringe Benefits Tax	84	----
-----	-----		<b>17,176</b>	<b>16,015</b>
-----	-----		<b>17,176</b>	<b>16,015</b>
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
12,104	11,741	Salaries and Wages	----	----
1,101	972	Superannuation - Defined Contribution Plans	----	----
76	72	Long Service Leave	----	----
1,173	1,182	Annual Leave	----	----
958	796	Sick Leave and Other Leave	----	----
288	61	Redundancies	----	----
58	81	Workers' Compensation Insurance	----	----
84	----	Fringe Benefits Tax	----	----
<b>15,842</b>	<b>14,906</b>		-----	-----
<b>15,842</b>	<b>14,906</b>		-----	-----
<b>5. Other Operating Expenses</b>				
77	273	Advertising	77	273
14	42	Auditor's Remuneration - Audit of Financial Statements	14	42
596	1,399	Consultancies - Other	596	1,399
15	38	Contractors	15	38
8	5	Domestic Supplies and Services	8	5
179	126	Food Supplies	179	126
21	11	Fuel, Light and Power	21	11
433	527	Information Management Expenses	433	527
11	19	Insurance	11	19
153	101	Maintenance (See (b) below)	153	101
28	----	Medical and Surgical Supplies	28	----
68	69	Motor Vehicle Expenses	68	69
123	103	Postal and Telephone Costs	123	103
227	236	Printing and Stationery	227	236
860	737	Rental	860	737
706	335	Staff Related Costs	706	335
1,084	826	Travel Related Costs	1,084	826
4,550	4,134	Other (See 5(a) below)	4,550	4,134
<b>9,153</b>	<b>8,981</b>		<b>9,153</b>	<b>8,981</b>
<b>9,153</b>	<b>8,981</b>		<b>9,153</b>	<b>8,981</b>

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>5(a) Other Includes:</b>		
6	11	Contract for Patient Services	6	11
123	118	Corporate Support Services	123	118
4	5	Courier and Freight	4	5
7	9	Legal Services	7	9
167	46	Membership/Professional Fees	167	46
-----	39	Other Operating Lease Expense	-----	39
3,330	3,014	Other Management Services	3,330	3,014
3	4	Security Services	3	4
910	888	Other Miscellaneous	910	888
<u>4,550</u>	<u>4,134</u>		<u>4,550</u>	<u>4,134</u>
		<b>(b) Reconciliation of Total Maintenance</b>		
16	-----	Maintenance Contracts	16	-----
108	88	New/Replacement Equipment under \$10,000	108	88
29	12	Repairs Maintenance/Non Contract	29	12
-----	1	Other	-----	1
153	101	Maintenance Expense - Contracted Labour and Other (Non- Employee Related in Note 5)	153	101
-----	-----	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	-----	-----
<u>153</u>	<u>101</u>	Total Maintenance Expenses	<u>153</u>	<u>101</u>

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>6. Depreciation and Amortisation</b>				
84	75	Depreciation - Plant and Equipment	84	75
28	22	Amortisation - Leasehold Improvements	28	22
<u>112</u>	<u>97</u>		<u>112</u>	<u>97</u>
<b>7. Grants and Subsidies</b>				
70	103	Non-Government Organisations	70	103
343	64	Grants to Research Organisations	343	64
(66)	536	NSW Government Sector Grants	(66)	536
2,540	911	Grant Payments to Other NSW Health Entities	2,540	911
539	712	Other Grants	539	712
<u>3,426</u>	<u>2,326</u>		<u>3,426</u>	<u>2,326</u>

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>8. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
----	9	Other	----	9
(b) Rendering of Services comprise the following:-				
2	4	Car Parking	2	4
----	----	Commercial Activities	----	----
22	18	Private Use of Motor Vehicles	22	18
6	6	Salary Packaging Fee	6	6
----	1	Other	----	1
<hr/>			<hr/>	
<b>30</b>	<b>38</b>		<b>30</b>	<b>38</b>
<hr/>			<hr/>	
<b>9. Investment Revenue</b>				
420	305	Interest	420	305
<hr/>			<hr/>	
<b>420</b>	<b>305</b>		<b>420</b>	<b>305</b>
<hr/>			<hr/>	

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>10. Grants and Contributions</b>				
143	211	Commonwealth Government Grants	143	211
131	249	NSW Government Grants	131	249
30	----	Grants from Other NSW Health Entities	30	----
321	342	Other Grants	321	342
<b>625</b>	<b>802</b>		<b>625</b>	<b>802</b>
<b>11. Acceptance by the Crown Entity of Employee Benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	169	184
----	----	Long Service Leave	1,165	925
----	----		<b>1,334</b>	<b>1,109</b>
<b>12. Other Revenue</b>				
Other Revenue comprises the following:-				
4	46	Conference and Training Fees	4	46
----	20	Property not Previously Recognised	----	20
----	3	Other	----	3
<b>4</b>	<b>69</b>		<b>4</b>	<b>69</b>



Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

<b>PARENT</b>			<b>CONSOLIDATION</b>	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
<b>13. Gain / (Loss) on Disposal</b>				
101	172	Property, Plant and Equipment	101	172
<u>27</u>	<u>43</u>	Less: Accumulated Depreciation	<u>27</u>	<u>43</u>
74	129	<b>Written Down Value</b>	74	129
<u>56</u>	<u>103</u>	Less: Proceeds from Disposal	<u>56</u>	<u>103</u>
<u><b>(18)</b></u>	<u><b>(26)</b></u>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<u><b>(18)</b></u>	<u><b>(26)</b></u>
<u><b>(18)</b></u>	<u><b>(26)</b></u>	<b>Total Gain/(Loss) on Disposal</b>	<u><b>(18)</b></u>	<u><b>(26)</b></u>

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**PARENT & CONSOLIDATION**

**14. Conditions on Contributions**

	<b>Purchase of Assets</b>	<b>Health Promotion, Education and Research</b>	<b>Other</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Contributions recognised in previous years which were not expended in the current reporting period	----	----	154	154
Total amount of unexpended contributions as at reporting date	----	----	154	154

Comment on restricted assets appears in Note 19

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

## 15. Service Groups of the ACI

### Service Group 1.1 - Primary and Community Based Services

Service Description:

This service group covers the provision of health services to persons attending community health centres or in the home, including health promotion activities, community based women's health, dental, drug and alcohol and HIV/AIDS services. It also covers the provision of grants to non-Government organisations for community health purposes.

Objective:

This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and over.

### Service Group 1.2 - Aboriginal Health Services

Service Description:

This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. This program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that are used by all members of the community.

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:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

### Service Group 1.3 - Outpatient Services

Service Description:

This service group covers the provision of services in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective:

This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**Service Group 2.1 - Emergency Services**

Service Description: This service group covers the provision of emergency road and air ambulance services and treatment of patients in emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

**Service Group 2.2 - Inpatient Hospital Services**

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

**Service Group 3.1 - Mental Health Services**

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental illnesses and mental health problems. It also covers the development of preventative programs that meet the needs of specific client groups.

Objective: This service group contributes to strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improving the health, wellbeing and social functioning of people with disabling mental disorders and
- reducing the incidence of suicide, mental health problems and mental disorders in the community.

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**Service Group 4.1 - Rehabilitation and Extended Care Services**

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Ministry's services for the aged and disabled, with those provided by other agencies and individuals.

Objective: This service group contributes to strengthening primary health and continuing care in the community and creating better experiences for people using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of people with disabilities or chronic conditions, the frail and terminally ill.

**Service Group 5.1 - Population Health Services**

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

**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.

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>16. Cash and Cash Equivalents</b>		
6,256	5,880	Cash at Bank and On Hand	6,256	5,880
6,000	3,000	Short Term Deposits	6,000	3,000
<b>12,256</b>	<b>8,880</b>		<b>12,256</b>	<b>8,880</b>
<p>For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>Cash &amp; 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>				
12,256	8,880	Cash and Cash Equivalents (per Statement of Financial Position)	12,256	8,880
<b>12,256</b>	<b>8,880</b>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b>12,256</b>	<b>8,880</b>

*Refer to Note 27 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.*

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>17. Receivables</b>		
		<b>Current</b>		
23	117	Sale of Goods and Services	23	117
183	196	Intra Health Receivables	183	196
256	478	Goods and Services Tax	256	478
23	74	Other Debtors	23	74
485	865	<b>Sub Total</b>	485	865
-----	-----	Less Allowance for Impairment	-----	-----
485	865	<b>Sub Total</b>	485	865
23	75	Prepayments	23	75
<b>508</b>	<b>940</b>		<b>508</b>	<b>940</b>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 27.*

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>18. Property, Plant and Equipment</b>				
<b>Plant and Equipment - Fair Value*</b>				
795	772	Gross Carrying Amount	795	772
220	164	Less: Accumulated Depreciation and Impairment	220	164
<u>575</u>	<u>608</u>	Net Carrying Amount	<u>575</u>	<u>608</u>
<b>Leasehold Improvements - Fair Value*</b>				
198	219	Gross Carrying Amount	198	219
65	36	Less: Accumulated Depreciation and Impairment	65	36
<u>133</u>	<u>183</u>	Net Carrying Amount	<u>133</u>	<u>183</u>
<u>708</u>	<u>791</u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u>708</u>	<u>791</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.



Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**PARENT & CONSOLIDATION**

**18. Property, Plant and Equipment - Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2015</b>						
Net Carrying Amount at Start of Year	----	----	608	----	183	791
Additions	----	----	104	----	----	104
Reclassifications to Intangibles	----	----	----	----	----	----
Recognition of Assets Held for Sale	----	----	----	----	----	----
Disposals	----	----	(74)	----	----	(74)
Administrative Restructures - Transfers In/(Out)	----	----	----	----	----	----
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	----	----	----	----	----
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----	----
Depreciation Expense	----	----	(84)	----	(29)	(113)
Reclassifications	----	----	21	----	(21)	----
Net Carrying Amount at End of Year	0	0	575	0	133	708

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2014</b>						
Net Carrying Amount at Start of Year	----	----	534	----	136	670
Additions	----	----	261	----	69	330
Reclassifications to Intangibles	----	----	----	----	----	----
Recognition of Assets Held for Sale	----	----	----	----	----	----
Disposals	----	----	(129)	----	----	(129)
Administrative Restructures - Transfers In/(Out)	----	----	17	----	----	17
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	----	----	----	----	----
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----	----
Depreciation Expense	----	----	(75)	----	(22)	(97)
Reclassifications	----	----	----	----	----	----
Net Carrying Amount at End of Year	0	0	608	0	183	791

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**PARENT**

**CONSOLIDATION**

**2015  
\$000**

**2014  
\$000**

**2015  
\$000**

**2014  
\$000**

**19. Restricted Assets**

The ACI's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

		<b>Category</b>		
39	34	Specific Purposes - Burns Network	39	34
78	77	Specific Purposes - Spinal Cord Injury Network	78	77
8	8	Specific Purposes - ICCMU Network	8	8
29	29	Specific Purposes - ICCMU Network NECSS Conferences	29	29
<u>154</u>	<u>148</u>		<u>154</u>	<u>148</u>

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>20. Payables</b>		
		<b>Current</b>		
----	----	Accrued Salaries, Wages and On-Costs	517	464
---	----	Taxation and Payroll Deductions	64	25
581	489	Accrued Liability - Purchase of Personnel Services	----	----
30	537	Creditors	30	537
		Other Creditors		
1,438	961	- Intra Health Liability	1,438	961
755	681	- Other	755	681
<u>2,804</u>	<u>2,668</u>		<u>2,804</u>	<u>2,668</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 27.*

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>21. Provisions</b>				
<b>Current</b>				
----	----	Annual Leave - Short Term Benefit	1,159	868
----	----	Annual Leave - Long Term Benefit	806	1,052
----	----	Long Service Leave Consequential On-Costs	403	344
2,368	2,264	Provision for Personnel Services Liability	----	----
<b>2,368</b>	<b>2,264</b>	<b>Total Current Provisions</b>	<b>2,368</b>	<b>2,264</b>
<b>Non-Current</b>				
----	----	Long Service Leave Consequential On-Costs	35	20
35	20	Provision for Personnel Services Liability	----	----
<b>35</b>	<b>20</b>	<b>Total Non-Current Provisions</b>	<b>35</b>	<b>20</b>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
----	----	Provisions - Current	2,368	2,264
----	----	Provisions - Non-Current	35	20
----	----	Accrued Salaries, Wages and On-Costs (Note 20)	581	489
2,984	2,773	Liability - Purchase of Personnel Services	----	----
<b>2,984</b>	<b>2,773</b>		<b>2,984</b>	<b>2,773</b>

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000	22. Commitments for Expenditure	2015 \$000	2014 \$000
		(a) <b>Operating Lease Commitments</b>		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	1,136	1,090
1,136	1,090	Later than one year and not later than five years	3,696	2,581
3,696	2,581	Later than five years	-----	-----
-----	-----		-----	-----
<u>4,832</u>	<u>3,671</u>	<b>Total Operating Lease Commitments (Including GST)</b>	<u>4,832</u>	<u>3,671</u>

The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**PARENT AND CONSOLIDATED**

**23. Contingent Liabilities and Assets**

**a) Workers Compensation Hindsight Adjustment**

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2009/10 fund year and an interim adjustment for the 2011/12 fund year were not calculated until 2014/15.

As a result, the 2010/11 final and 2012/13 adjustments pertaining to the hospitals and community services now forming part of the ACI will be paid in 2015/16. It is not possible for the ACI to reliably quantify the benefit to be received or amount payable.

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>24. Reconciliation of Cash Flows from Operating Activities to Net Result</b>				
3,425	1,966	Net Cash Flows from Operating Activities	3,425	1,966
(112)	(97)	Depreciation	(112)	(97)
(121)	(261)	(Increase)/ Decrease in Provisions	(121)	(261)
(425)	311	Increase / (Decrease) in Prepayments and Other Assets	(425)	311
(143)	(583)	(Increase)/ Decrease in Payables from Operating Activities	(143)	(583)
(18)	(26)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(18)	(26)
<u>2,606</u>	<u>1,310</u>	<b>Net Result</b>	<u>2,606</u>	<u>1,310</u>

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

## PARENT AND CONSOLIDATION

### 25. Adjusted Budget Review - Parent and Consolidated

In 2014/15 ACI achieved a \$1.5m favourable result to budget mainly due to Employment Related Expenses (ERE) and Maintenance line items. ERE favourability was driven by new programs of work being transferred part way through the year with full year ERE budget, vacancies and adjustments to operational FTE requirements across the financial year.

#### Net Result

The actual net result was higher than budget by \$2.7m, mainly due to expenditure favourabilities of \$1.5m and improved revenue performance of \$1m during the year.

#### Assets and Liabilities

The improvement in Current Assets is mainly attributable to Cash and Cash Equivalents \$2.9m due to under expenditure and improved revenue performance during the year.

#### Cash Flows

The improvement as at 30 June 2015 is due to the combination of expenditure favourabilities and improved revenue performance during 2014/2015.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2014 are as follows:

	<b>\$000</b>
Initial Allocation	28,179
Award Increases	526
Special Projects <b>(Mental Health &amp; Drug &amp; Alcohol Networks SB15-049, Integrated Care N-SB15-125)</b>	1,285
	<hr/>
Balance as per Statement of Comprehensive Income	<u>29,990</u>



Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**26. Increase/(Decrease) in Net Assets from Equity Transfers**

Equity transfers effected in the 2013/14 year were:  
Nil

Equity transfers effected in the 2014/15 year were:  
Nil

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**27. Financial Instruments**

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

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

The A/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 ACI, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and the internal auditors on a regular basis.

**(a) Financial Instrument Categories**

<b>PARENT AND CONSOLIDATION</b>		<b>Carrying Amount 2015 \$000</b>	<b>Carrying Amount 2014 \$000</b>
<b>Class:</b>	<b>Category</b>		
<b>Financial Assets</b>			
Cash and Cash Equivalents (note 16)	N/A	12,256	8,880
Receivables (note 17)*	Loans and receivables (at amortised cost)	229	387
Total Financial Assets		12,485	9,267
<b>Financial Liabilities</b>			
Payables (note 20)**		2,740	2,643
Total Financial Liabilities		2,740	2,643

Notes

\*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

\*\*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**(b) 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 ACI. 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 ACI, including cash, receivables and authority deposits. No collateral is held by the ACI. The ACI has not granted any financial guarantees.

Credit risk associated with the ACI'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 within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 2.85% in 2014/15 compared to 3.35% in the previous year.

**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 ACI 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 ACI 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 (2015:\$174K; 2014: \$225K) and not more than 3 months past due (2015: \$14K; 2014:\$48K) are not considered impaired. Together these represent 92% of the total trade debtors.

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. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

<b>2015</b>	<b>Total</b> <sup>1,2</sup>	<b>Past due but not impaired</b> <sup>1,2</sup>	<b>Considered impaired</b> <sup>1,2</sup>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<3 months overdue	14	14	-----
3 months - 6 months overdue	-----	-----	-----
> 6 months overdue	15	15	-----
<b>2014</b>			
<3 months overdue	48	48	-----
3 months - 6 months overdue	96	96	-----
> 6 months overdue	53	53	-----

**Notes**

1 Each column in the table reports "gross receivables".

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**Authority Deposits**

**(c) Liquidity Risk**

Liquidity risk is the risk that the ACI will be unable to meet its payment obligations when they fall due. The ACI 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 ACI has negotiated no loan outside of arrangements with the NSW Ministry of Health or Treasury.

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

The ACI 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 ACI 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 2).

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 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.

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

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

*Maturity Analysis and interest rate exposure of financial liabilities*

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
		\$000	\$000	\$000	\$000	\$000	\$000
<b>2015</b>							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions	517	-----	-----	-----	517	517	-----
- Creditors	2,223	-----	-----	-----	2,223	2,223	-----
	2,740	-----	-----	-----	2,740	2,740	-----
<b>2014</b>							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions	464	-----	-----	-----	464	464	-----
- Creditors	2,179	-----	-----	-----	2,179	2,179	-----
	2,643	-----	-----	-----	2,643	2,643	-----

Notes:

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the ACI 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.

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**(d) 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 ACI's exposures to market risk are primarily through interest rate risk on the ACI's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The ACI has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit 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 ACI 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 for 2014. The analysis assumes that all other variables remain constant.

*Interest rate risk*

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

However, the ACI 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 ACI 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 (based on official RBA 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.

The ACI's exposure to interest rate risk is set out below.

	Carrying Amount \$000	-1% Net Result	Equity	Profit	+1% Equity
<b>2015</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	12,256	(123)	(123)	123	123
Receivables	229	----	----	----	----
<b>Financial Liabilities</b>					
Payables	2,740	----	----	----	----
Other	----	----	----	----	----
<b>2014</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	8,880	(89)	(89)	89	89
Receivables	387	----	----	----	----
<b>Financial Liabilities</b>					
Payables	2,643	----	----	----	----
Other	----	----	----	----	----

Agency for Clinical Innovation  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**28. Events after the Reporting Period**

There are no events after the reporting period that require amendment to the financial statements.

**END OF AUDITED FINANCIAL STATEMENTS**