



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Clinical Excellence Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Clinical Excellence Commission (the Commission), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission 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 Commission and the consolidated entity, as at 30 June 2011, and of the financial performance 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion does not extend to the budget information. I have not audited the budget figures disclosed in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cashflows.

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

Board's Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of 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 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 and fair presentation of the financial statements 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 Board, 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 Commission 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 any other information which 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 other 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 role by the possibility of losing clients or income.



Peter Achterstraat
Auditor-General

30 September 2011
SYDNEY

**Certification of Parent/Consolidated Financial Statements, Clinical Excellence Commission,
For Period Ended 30 June 2011**

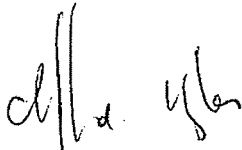
Pursuant to Section 45F of the *Public Finance and Audit Act, 1983*, I state that in my opinion:

- 1) The financial statements have been prepared in accordance with:
 - Australian Accounting Standards (which include Australian Accounting Interpretations)
 - *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions


- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Clinical Excellence Commission

- 3) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

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



Professor Clifford Hughes AO
Chief Executive
29 September 2011



A/Professor Brian McCaughan AM
Chairman
29 September 2011

Clinical Excellence Commission
Statement of Comprehensive Income for the year ended 30 June 2011

PARENT		CONSOLIDATION			
Actual 2011 \$000	Budget (unaudited) 2011 \$000	Notes	Actual 2011 \$000	Budget (unaudited) 2011 \$000	Actual 2010 \$000
0					
7,431	6,537	3	7,431	6,537	6,579
2,127	0	4	0	0	0
585	2,880	5	2,127	2,880	2,345
154	490	2(h), 6	585	490	490
	50	7	154	50	381
10,297	9,957		10,297	9,957	9,795
		Expenses excluding losses			
		Operating Expenses			
		Employee Related			
		Personnel Services			
		Other Operating Expenses			
		Depreciation and Amortisation			
		Grants and Subsidies			
		Total Expenses excluding losses			
		Revenue			
118	0	8	118	0	33
436	0	9	436	0	337
167	0	10	167	0	263
721	0		721	0	633
(393)	0	11	(393)	0	(2)
9,969	9,957	25	9,969	9,957	9,164
		Government Contributions			
		NSW Health Department			
9,175	9,175	2(d)	9,175	9,175	8,379
417	187	2(a)(ii)	417	187	132
9,592	9,362		9,592	9,362	8,511
(377)	(595)		(377)	(595)	(653)
		Other Comprehensive Income			
0	0		0	0	0
0	0		0	0	0
(377)	(595)		(377)	(595)	(653)

The accompanying notes form part of these financial statements.

Clinical Excellence Commission
Statement of Financial Position as at 30 June 2011

PARENT			CONSOLIDATION			
Actual 2011 \$000	Budget (unaudited) 2011 \$000	Actual 2010 \$000	Notes	Actual 2011 \$000	Budget (unaudited) 2011 \$000	Actual 2010 \$000
ASSETS						
Current Assets						
6,286	5,507	6,827	12	6,286	5,507	6,827
523	294	294	13	523	294	294
135	128	128	14	135	128	128
6,944	5,929	7,249		6,944	5,929	7,249
Non-Current Assets						
932	1,839	514	15	932	1,839	514
437	231	874	16	437	231	874
112	0	0	17	112	0	0
1,481	2,070	1,388		1,481	2,070	1,388
8,425	7,999	8,637		8,425	7,999	8,637
LIABILITIES						
Current Liabilities						
866	736	736	18	866	736	736
727	1,713	1,756	19	727	1,713	1,756
1,593	2,449	2,492		1,593	2,449	2,492
Non-Current Liabilities						
3	78	78	19	3	78	78
124	0	0	20	124	0	0
127	78	78		127	78	78
1,720	2,527	2,570		1,720	2,527	2,570
6,705	5,472	6,067		6,705	5,472	6,067
EQUITY						
6,705	5,472	6,067		6,705	5,472	6,067
6,705	5,472	6,067		6,705	5,472	6,067

Clinical Excellence Commission
Statement of Changes in Equity for the year ended 30 June 2011

	Notes	Accumulated Funds	Total
		\$000	\$000
Balance at 1 July 2010		6,067	6,067
Restated Total Equity at 1 July 2010		6,067	6,067
Result For The Year		(377)	(377)
Other Comprehensive Income:			
Total Other Comprehensive Income		0	0
Total Comprehensive Income For The Year		5,690	5,690
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	26	1,015	0
Balance at 30 June 2011		6,705	5,690
Balance at 1 July 2009		6,720	6,720
Restated Total Equity at 1 July 2009		6,720	6,720
Result For The Year		(653)	(653)
Other Comprehensive Income:			
Total Other Comprehensive Income		0	0
Total Comprehensive Income For The Year		6,067	6,067
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers		0	0
Balance at 30 June 2010		6,067	6,067

The accompanying notes form part of these financial statements.

Clinical Excellence Commission
Cash Flow Statement for the year ended 30 June 2011

PARENT			CONSOLIDATION			
Actual 2010 \$000	Budget (unaudited) 2010 \$000	Actual 2009 \$000	Notes	Actual 2011 \$000	Budget (unaudited) 2011 \$000	Actual 2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
0	(6,350)	0		(7,065)	(6,350)	(5,855)
(9,079)	(2,880)	(8,367)		(2,014)	(2,880)	(2,512)
(149)	(50)	(251)		(149)	(50)	(251)
(9,228)	(9,280)	(8,618)		(9,228)	(9,280)	(8,618)
Receipts						
(125)	0	55		(125)	0	55
409	0	405		409	0	405
167	0	260		167	0	260
8	0	151		8	0	151
459	0	871		459	0	871
Cash Flows From Government						
9,175	9,175	8,379		9,175	9,175	8,379
9,175	9,175	8,379		9,175	9,175	8,379
NET CASH FLOWS FROM OPERATING ACTIVITIES						
406	(105)	632	23	406	(105)	632
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Land and Buildings, Plant and						
(26)	0	23		(26)	0	23
Purchases of Land and Buildings, Plant and Equipment						
(921)	(1,215)	(25)		(921)	(1,215)	(25)
Infrastructure Systems and Intangible Assets						
0	0	550		0	0	550
Purchases of Investments						
(947)	(1,215)	548		(947)	(1,215)	548
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Borrowings and Advances						
0	0	0		0	0	0
0	0	0		0	0	0
NET INCREASE / (DECREASE) IN CASH						
(541)	(1,320)	1,180		(541)	(1,320)	1,180
6,827	6,827	5,647		6,827	6,827	5,647
6,286	5,507	6,827	12	6,286	5,507	6,827
CLOSING CASH AND CASH EQUIVALENTS						

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

1 The Clinical Excellence Commission

The Institute for Clinical Excellence (ICE) was established on 5 December 2001 by the Health Services Amendment (Institute for Clinical Excellence) Order 2001. The Order established the Institute for Clinical Excellence as a statutory health corporation under Schedule 2 of the Health Services Act 1997. The Institute for Clinical Excellence's name change to Clinical Excellence Commission (CEC) was effected on 20th August 2004, in accordance with Amendment No. 154 to the Health Services Act 1997.

The mission of the Clinical Excellence Commission is to build confidence in healthcare in NSW by making it demonstrably better and safer for patients and a more rewarding workplace. The CEC will be the publicly respected voice providing the people of NSW with assurance of improvement in the safety and quality of health care.

With effect from 17 March 2006 fundamental changes to the employment arrangements of the Clinical Excellence Commission were made through amendment to the Public Sector Employment and Management Act 2002 and other Acts including the Health Services Act 1997.

The status of the previous employees of the Clinical Excellence Commission changed from that date. They are now employees of the Government of New South Wales in the service of the Crown rather than employees of the Clinical Excellence Commission. Employees of the Government are employed in Divisions of the Government Service.

In accordance with Accounting Standards these Divisions are regarded as special purpose entities that must be consolidated with the financial statement of the Clinical Excellence Commission. This is because the Division was established to provide personnel services to enable the Clinical Excellence Commission to exercise its functions.

"As a consequence the values in the annual financial statements presented herein consist of the Clinical Excellence Commission (as the parent entity), and the consolidated financial statements of the economic entity". Separate financial statements of the special purpose entity are not presented in the consolidated statements.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The Clinical Excellence Commission is consolidated as part of the financial statements prepared for both the NSW Department of Health and the NSW Total State Sector Accounts. The Clinical Excellence Commission is a not-for-profit entity as profit is not its principal objective.

These consolidated financial statements for the year ended 30 June 2011 have been authorised for issue by the Chief Executive on 29 September 2011.

2 Summary of Significant Accounting Policies

The Clinical Excellence Commission's financial statements are general purpose financial statements which has been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, *Public Finance and Audit regulation 2010*, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2) (n) of the Act. The requirements of the Health Services Act 1997 and its regulations including the Accounts and Audit Determination for Public Health Organisations have also been observed.

Apart from the basis for the Clinical Excellence Commission's budget figures, the financial statements comply with the Financial Reporting Code for Budget Dependent General Government Sector Agencies. Further information on the budget figures can be found at Note 2(u).

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

Property, plant and equipment, investment property and assets held for trading 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.

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

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.

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial statements of the Clinical Excellence Commission.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

Accounting Standard/Interpretation

AASB 2010-07, *Financial Instruments, arising from the issuance of AASB 9, Financial Instruments, in AASB 2009-5 in December 2010, has mandatory application from 1 July 2013 and will not be early adopted by the Health Service.*

AASB 124 and AASB2009-12, *Related Party Transactions*, have application from 1 July 2011 but are assessed as having no material impact on the Health Service.

AASB 2009-14, *Amendments to Australian Interpretation -Prepayment of a Minimum Funding Requirement*, has application from 1 July 2011 and principally addresses contributions relating to future service. It has no impact on the Health Service.

AASB 1053 and AASB 2010-2, *Application of Tiers of Australian Accounting Standards*, have application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 2010-04, *Annual Improvements*, has application from 1 July 2011 and is assessed as having no material impact on the Health Service.

AASB 2010-5, *Editorial Corrections*, applies from 1 July 2011 and principally addresses editorial amendments to a range of Australian Accounting Standards and Interpretations. It is assessed as having no impact on the Health Service.

AASB 2010-6, *Disclosures on Transfers of Financial Assets*, has mandatory application from 1 July 2011 and is assessed as having no impact on the Health Service.

AASB 2010-8, *Deferred Tax:Recovery of Underlying Assets*, has mandatory application from 1 July 2012 but will have no impact on the Health Service.

AASB 2010-9, *Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters*, has application from 1 July 2011 and is assessed as having no impact on the Health Service.

AASB 2010-10, *Removal of Fixed Dates for First Time Adopters*, has application from 1 July 2013 and is assessed as having no impact on the Health Service.

Other 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.

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% are applied to the value of leave payable at 30 June 2011, such on-costs being consistent with actuarial assessment (Comparable on-costs for 30 June 2010 were also 17%).

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

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

Responsibility for Long Service Leave liability transferred to the Crown Entity with effect from 31 December 2010. As is the case with other Budget Sector agencies both the Defined Benefit Superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) and Long Service Leave liabilities are now assumed by the Crown Entity.

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 11/06) to employees with five or more years of service, using current rates of pay. These approximate present value.

The Clinical Excellence Commission's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity. The Clinical Excellence Commission 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 Treasury and communicated via the NSW Department of Health. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

iii) Other Provisions

Other provisions exist when: the Clinical Excellence Commission 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.

These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

b) Insurance

The Clinical Excellence Commission'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 experience.

c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with Departments' 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 and Services

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 from the rendering of services is generally recognised as revenue when the service is provided

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in *AASB139, Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with *AASB117 Leases* on a straight line basis over the lease term.

Grants and Contributions

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

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

NSW Department of Health Allocations

Payments are made by the NSW Department of Health on the basis of the allocation for the Clinical Excellence Commission as adjusted for approved supplementations mostly for salary agreements. This allocation is included in the Statement of Comprehensive Income before arriving at the "Result for the Year" on the basis that the allocation is earned in return for the Clinical Excellence Commission provided on behalf of the Department. Allocations are normally recognised upon the receipt of Cash.

The Health Service is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

- * the amount of GST incurred by the Clinical Excellence Commission 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;
- * 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.

f) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Clinical Excellence Commission. 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 also assets transferred as a result of an equity transfer refer to Note 2(t)).

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, ie 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.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

h) Depreciation

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 Health Service. 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:

Buildings	2.5%
Computer Equipment	20.0%
Motor Vehicle Sedans	12.5%
Office Equipment	10.0%
Furniture, Fittings and Furnishings	20.0%

"Infrastructure Systems" means assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems.

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

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

j) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Clinical Excellence Commission 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.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

k) Intangible Assets

The Health Service recognises intangible assets only if it is probable that future economic benefits will flow to the Health Service and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. The Clinical Excellence Commission has chosen 7 years for its intangible assets.

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

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

l) 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.

m) Leased Assets

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

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. 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 charged to the Statement of Comprehensive Income in the periods in which they are incurred.

n) 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 Result for the Year when impaired, derecognised or through the amortisation process.

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

o) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Clinical Excellence Commission determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

Fair value through profit or loss - The Clinical Excellence Commission subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the Result for the Year.

The Hour-Glass Investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the agency's key management personnel.

The risk management strategy of the The Clinical Excellence Commission has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act. T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposures.

The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

Held to maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Clinical Excellence Commission has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Result for the Year when impaired, derecognised or through the amortisation process.

Available for sale investments - Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the Result for the Year. However, interest calculated using the effective interest method and dividends are recognised in the Result for the Year.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the Health Service commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position.

p) 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 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 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 Result for the Year.

Any reversals of impairment losses are reversed through the 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.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

q) 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 agency transfers the financial asset:

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

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

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

r) Payables

These amounts represent liabilities for goods and services provided to the Clinical Excellence Commission 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 Clinical Excellence Commission.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

s) 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 between Health Services/Government Departments are recognised at the amount at which the asset was recognised by the transferor Health Service/Government Department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at 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.

t) Equity and Reserves

(i) Asset Revaluation Reserve

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

(ii) Accumulated Funds

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

(iii) Separate Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

u) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Health Department at the beginning of the financial reporting period and with any adjustments for the effects of additional supplementation provided. The budget figures are unaudited.

v) Service Group Statements

The Clinical Excellence Commission only operates under one program, that program being 6.1 Teaching & Research (see below). Separate group statements are therefore not required.

Program 6.1 Teaching & Research

To develop the skills and knowledge of the health workforce to support patient care and population health. To extend knowledge through scientific enquiry and applied research aimed at improving the health and well being of people of New South Wales.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011	2010		2011	2010
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
0	0	Salaries and Wages	6,028	5,252
0	0	Superannuation - defined benefit plans	105	132
0	0	Superannuation - defined contributions	378	324
0	0	Long Service Leave	375	254
0	0	Annual Leave	399	403
0	0	Sick Leave and Other Leave	123	198
0	0	Workers Compensation Insurance	22	16
0	0	Fringe Benefits Tax	1	0
These consolidated financ				
<u>0</u>	<u>0</u>		<u>7,431</u>	<u>6,579</u>
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
6,028	5,252	Salaries and Wages	0	0
105	132	Superannuation - defined benefit plans	0	0
378	324	Superannuation - defined contributions	0	0
375	254	Long Service Leave	0	0
399	403	Annual Leave	0	0
123	198	Sick Leave and Other Leave	0	0
22	16	Workers Compensation Insurance	0	0
1	0	Fringe Benefits Tax	0	0
<u>7,431</u>	<u>6,579</u>		<u>0</u>	<u>0</u>
5. Other Operating Expenses				
6	12	Domestic Supplies and Services	6	12
24	49	Food Supplies	24	49
329	738	General Expenses (See (a) below)	329	738
316	230	Information Management Expenses	316	230
Maintenance (See (b) below)				
15	16	Maintenance Contracts	15	16
95	15	New/Replacement Equipment under \$10,000	95	15
24	7	Repairs	24	7
117	89	Postal and Telephone Costs	117	89
213	287	Printing and Stationery	213	287
1	3	Rates and Charges	1	3
554	311	Rental	554	311
114	48	Special Service Departments	114	48
49	184	Staff Related Costs	49	184
270	356	Travel Related Costs	270	356
<u>2,127</u>	<u>2,345</u>		<u>2,127</u>	<u>2,345</u>

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011	2010		2011	2010
\$000	\$000		\$000	\$000
		(a) General Expenses include:-		
5	101	Advertising	5	101
3	12	Audio Visual	3	12
31	5	Books, Magazines and Journals	31	5
4	44	Consultancies	4	44
25	3	Courier and Freight	25	3
0	13	Sitting Allowance Committee Membership Fees	0	13
31	25	Auditor's Remuneration - Audit of financial reports	31	25
0	107	Other Services	0	107
0	6	Legal Services	0	6
26	29	Membership/Professional Fees	26	29
15	19	Motor Vehicle Expenses	15	19
121	311	Other Management Services	121	311
68	63	Other	68	63
329	738		329	738
		(b) Maintenance		
		Reconciliation Total Maintenance		
134	38	Maintenance (non employee Maintenance expense - contracted labc other related), included in Note 5	134	38
134	38	Total maintenance expenses included in Notes 3, 4 and 5	134	38

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011	2010		2011	2010
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
136	53	Depreciation - Plant and Equipment	136	53
437	437	Amortisation - Intangible Assets	437	437
12	0	Amortisation - Leased Premises Make Good	12	0
<hr/>				
585	490		585	490
<hr/>				
7. Grants and Subsidies				
134	113	Research Organisations	134	113
0	130	Australasian Cardiac Surgery Research Institution	0	130
8	35	Ian O'Rourke Scholarship Fund (University of Sydney)	8	35
12	13	Other	12	13
0	90	Falls Program Funding	0	90
<hr/>				
154	381		154	381
<hr/>				

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
8. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
107	28	Commercial Activities*	107	28
3	0	Salary Packaging Fee	3	0
8	5	Other	8	5
<u>118</u>	<u>33</u>		<u>118</u>	<u>33</u>
9. Investment Revenue				
430	328	Interest on Fixed term deposits	430	328
6	9	T Corp Hour Glass Investment Facilities designated at Fair Value through profit & loss	6	9
<u>436</u>	<u>337</u>		<u>436</u>	<u>337</u>

*Commercial Activities consists of conference & training receipts & professional fees.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
		10. Grants and Contributions		
25	60	NSW Government grants	25	60
0	0	Personnel Services - Superannuation Defined Benefits	0	0
		Research grants:		
18	0	- National Blood Authority Australia grants (TMIP)	18	0
104	0	- Austin Health (Hand Hygiene Program grants)	104	0
20	0	- Australian Commission grants (Mortality Data Project)	20	0
0	203	Other grants	0	203
<u>167</u>	<u>263</u>		<u>167</u>	<u>263</u>
		11. Gain/(Loss) on Disposal		
587	40	Property Plant and Equipment	587	40
194	15	Less Accumulated Depreciation	194	15
393	25	Written Down Value	393	25
0	23	Less Proceeds from Disposal	0	23
<u>(393)</u>	<u>(2)</u>	Gain/(Loss) on Disposal of Property Plant and Equipment	<u>(393)</u>	<u>(2)</u>
<u>(393)</u>	<u>(2)</u>	Total Gain/(Loss) on Disposal	<u>(393)</u>	<u>(2)</u>

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011	2010		2011	2010
\$000	\$000		\$000	\$000
		12 Cash & Cash Equivalent Assets		
656	407	Cash at bank and on hand	656	407
5,630	6,420	Short Term Interest Bearing Deposits	5,630	6,420
<u>6,286</u>	<u>6,827</u>		<u>6,286</u>	<u>6,827</u>
		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:		
6,286	6,827	Cash and cash equivalents (per Statement of Financial Position)	6,286	6,827
<u>6,286</u>	<u>6,827</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>6,286</u>	<u>6,827</u>

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

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
		13. Receivables		
		Current		
		(a) Sale of Goods and Services :		
0	58	NSW Health Department	0	58
9	30	Debtors Intra Health	9	30
189	50	Goods & Services Tax	189	50
317	123	Other Debtors	317	123
515	261	Sub Total	515	261
515	261	Sub Total	515	261
5	5	Prepayments Salary & Wages	5	5
3	28	Prepayments GST	3	28
523	294	Total	523	294

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

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
		14 Financial Assets at Fair Value		
		Current		
135	128	Treasury Corporation - Hour Glass Investment Facilities (Cash)	135	128
135	128		135	128

Refer Note 27 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
		15. Plant and Equipment		
		Plant and Equipment		
1,293	754	At Fair Value	1,293	754
(361)	(240)	Less Accumulated depreciation and impairment	(361)	(240)
<u>932</u>	<u>514</u>	Net Carrying Amount	<u>932</u>	<u>514</u>
<u>932</u>	<u>514</u>	Total Plant and Equipment	<u>932</u>	<u>514</u>
		At Net Carrying Amount		

**Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011**

PARENT AND CONSOLIDATION

15. Plant and Equipment - Reconciliations

	Plant and Equipment	Total
	\$000	\$000
2011		
Carrying amount at start of year	514	514
Additions	947	947
Disposals	(393)	(393)
Depreciation expense	(136)	(136)
Carrying amount at end of year	932	932

	Plant and Equipment	Total
	\$000	\$000
2010		
Carrying amount at start of year	569	569
Additions	23	23
Disposals	(25)	(25)
Depreciation expense	(53)	(53)
Carrying amount at end of year	514	514

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT AND CONSOLIDATION

16. Intangibles - Reconciliation

	Software	Total
	\$000	\$000
2011		
Net Carrying amount at start of year	874	874
Additions (from internal development or acquired separately)	0	0
Amortisation (recognised in depreciation and amortisation)	(437)	(437)
Net Carrying amount at end of year	437	437

	Software	Total
	\$000	\$000
2010		
Net Carrying amount at start of year	1,311	1,311
Additions (from internal development or acquired separately)	0	0
Amortisation (recognised in depreciation and amortisation)	(437)	(437)
Net Carrying amount at end of year	874	874

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
		17. Other Non-Current assets		
112	0	Make Good Provision Leased Premises (Elizabeth St)	112	0
<u>112</u>	<u>0</u>	Total	<u>112</u>	<u>0</u>

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
19. Provisions				
Current Employee Benefits and Related On-Costs				
0	0	Employee Annual Leave - Short Term Benefit	430	318
0	0	Employee Annual Leave - Long Term Benefit	245	403
0	0	Employee Long Service Leave - Short Term Benefit	0	36
0	0	Employee Long Service Leave - Long Term Benefit	0	999
0	0	Long Service Leave On-Costs	52	0
<u>727</u>	<u>1,756</u>	Provision for Personnel Services Liability	<u>0</u>	<u>0</u>
<u>727</u>	<u>1,756</u>	Total Current Provisions	<u>727</u>	<u>1,756</u>
Non Current Employee benefits and Related On-Costs				
0	0	Employee Long Service Leave - Conditional	0	78
3	78	Long Service Leave On-Costs	3	0
<u>3</u>	<u>78</u>	Provision for Personnel Services Liability	<u>0</u>	<u>0</u>
<u>3</u>	<u>78</u>	Total Non Current Provisions	<u>3</u>	<u>78</u>
Aggregate Employee Benefits and Related On-Costs				
727	1,756	Provisions - Current	727	1,756
3	78	Provisions - Non-Current	3	78
<u>150</u>	<u>122</u>	Accrued Salaries and Wages and On-Costs (Note 18)	<u>150</u>	<u>122</u>
<u>880</u>	<u>1,956</u>		<u>880</u>	<u>1,956</u>

Tax and Payroll Deductions (\$10,000)

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
		20. Other Non-Current Liabilities		
124	0	Make Good Provision Leased Premises (Elizabeth St)	124	0
124	0 Total		124	0

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011 \$000	2010 \$000		2011 \$000	2010 \$000
		21 Commitments for Expenditure		
		(a) Other Expenditure Commitments		
		Aggregate other expenditure contracted for at balance date but not provided for in the accounts:		
		Not later than one year	190	207
190	207	Later than one year and not later than five years	440	440
440	440	Later than five years	0	0
0	0			
<u>630</u>	<u>647</u>	Total Other Expenditure Commitments (Including GST)	<u>630</u>	<u>647</u>
		(b) Operating Lease Commitments		
		Commitments in relation to non-cancellable operating leases are payable as follows:		
		Not later than one year	0	416
0	416	Later than one year and not later than five years	0	2,006
0	2,006	Later than five years	0	0
0	0			
<u>0</u>	<u>2,422</u>	Total Operating Lease Commitments (Including GST)	<u>0</u>	<u>2,422</u>
		(c) Contingent Asset related to Commitments for Expenditure		
		The total of "Commitments for Expenditure" \$4,025M as at 30 June 2011 includes input tax credits of \$365,893 that are expected to be recoverable from the Australian Taxation Office.		

22 Contingent Liabilities

There are no contingent liabilities.

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

PARENT			CONSOLIDATION	
2011	2010		2011	2010
\$000	\$000		\$000	\$000
23 Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services				
406	632	Net Cash Used on Operating Activities	406	632
(585)	(490)	Depreciation	(585)	(490)
(418)	(132)	Acceptance by the Crown Entity of Employee Superannuation and LSL Benefits	(418)	(132)
1,105	(479)	(Increase)/ Decrease in Employee Provisions	1,105	(479)
335	(133)	(Increase) / Decrease in Goods and Services Debtors	335	(133)
(79)	(115)	(Increase) / Decrease in Other Debtors (Intra Hlth)	(79)	(115)
(25)	2	Increase / (Decrease) in Prepayments	(25)	2
(131)	(77)	(Increase)/ Decrease in Creditors	(131)	(77)
(393)	(2)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(393)	(2)
(9,175)	(8,379)	(NSW Health Department Recurrent Allocations)	(9,175)	(8,379)
(1,015)	0	Assumption by the Crown for Long Service leave	(1,015)	0
6	9	Fair Value (T-Corp)	6	9
<u>(9,969)</u>	<u>(9,164)</u>	Net Cost of Services	<u>(9,969)</u>	<u>(9,164)</u>

PARENT AND CONSOLIDATION

24 Unclaimed Moneys

Unclaimed salaries and wages are paid to the credit of the Department of Industrial Relations and Employment in accordance with the provisions of the Industrial Arbitration Act, 1940, as amended.

25 Budget Review - Parent and Consolidated

Net Cost of Services

The actual Net Cost of Services was higher than budget by only \$12K. This was primarily due to the non-cash budget adjustment of \$600K which assisted the Clinical Commission achieve its tighter budget variance this year compared to last years surplus. Greater than budget actual revenue of \$721K represents mainly investment income from short term fixed deposits. Once again assisting the Clinical Excellence Commission in its \$12K variance.

Employee Related Expenditure increased during the year compared to budget due to leave expenses and additional staffing positions. This expenditure was funded by savings in Other Operating expenditure and increased revenue.

Result for the Year

The result for the year was higher than budget by \$218K due to the slightly unfavourable Net Cost of Services position.

Assets and Liabilities

Current Assets

The decrease in actuals compared to last year can be attributed to our fixed term deposits as we had to call on these funds for various capital costs. Current assets were greater than budget primarily due to our cash investments of fixed term deposits.

Non-Current Assets

There was significant movement within non-current assets due to the refurbishment of the new premises and disposal of assets including write back on depreciation for the old premises & equipment. Non current assets were less than budget by \$589K.

Current Liabilities

A significant reduction in actuals in comparison to last year as the LSL component has now been accepted by the crown. There is now a budget surplus of \$856k.

Non-Current Liabilities

A reduction in actual non-current provisions in comparison to last year as the LSL component has now been accepted by the crown. We have now provided for the make good provision in terms of our lease. The result of the make good provision is an increase of \$49K higher than budget.

Cash Flows

Operating Activities

The actual expenditure result has increased in comparison to last year with a budget variance result of \$52K under budget for 2010/11. This can be attributed to the increase in service delivery by the Clinical Excellence Commission for the financial year.

Investing Activities

Actual capital expenditure has increased compared to last year due to the refurbishment of the new premises. The result is a budget surplus of \$294K for 2010/11.

Financing Activities

There are no financing activities currently undertaken by the Clinical Excellence Commission.

Movements in the level of the NSW Health Department Recurrent Allocation that have occurred since the time of the initial allocation on 30th July 2010 are as follows:

	2011	2010
	\$000	\$000
Initial Allocation, 30th July 2010	9,583	8,720
Government Cash Payments	270	0
Collaborating Hospital Audit Surgical Mortality	0	250
DVA Innovative Funding Project	145	0
Statewide Clinical Leadership Program	(1,153)	(1,231)
DETECT Education	0	106
Paediatric Recognition of the Sick Child and Resuscitation Project	137	264
Falls Prevention Program	211	269
Super Guarantee Charge	3	1
Crown Acceptance LSL	(21)	0
Balance as per Statement of Comprehensive Income	9,175	8,379

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

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

Consistent with Treasury approval Long Service Leave liability of \$1.015 Million transferred from the Clinical Excellence Commission with effect from 31 December 2010 from which time the Crown Entity assumed responsibility for Long Service Leave.

Assets and Liabilities transferred are as follows:

	2011	2,010
	\$000	\$000

Assets

Liabilities

Long Service Leave Current/Non-Current

	(1015)	0
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Increase/(Decrease) in Net Assets From Equity Transfers

	(1015)	0
--	--------	---

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

Note 27 Financial Instruments

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

The Clinical Excellence Commission's main risks arising from financial instruments are outlined below, together with the Health Service'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 Clinical Excellence Commission, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit Committee/Internal auditors on a continuous basis.

Financial Instrument Categories

PARENT

		Total carrying amounts as per Statement of Financial Position	
		2011 \$000	2010 \$000
Financial Assets			
Class:	Category		
Cash and Cash Equivalents (note 12)		6,286	6,827
Receivables (note 13)1	Loans and receivables (at amortised cost)	326	211
Financial Assets at Fair Value (note 14)	At fair value through profit & loss (designated as such upon initial recognition)	135	128
Total Financial Assets		6,747	7,166
Financial Liabilities			
Payables (Note 17)2	Financial liabilities measured at amortised cost	664	657
Total Financial Liabilities		664	657

Notes

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

CONSOLIDATION

		Total carrying amounts as per Statement of Financial Position	
		2011 \$000	2010 \$000
Financial Assets			
Class:	Category		
Cash and Cash Equivalents (note 12)		6,286	6,827
Receivables (note 13)1	Loans and receivables (at amortised cost)	326	211
Financial Assets at Fair Value (note 14)	At fair value through profit & loss (designated as such upon initial recognition)	135	128
Total Financial Assets		6,747	7,166
Financial Liabilities			
Payables (Note 17)2	Financial liabilities measured at amortised cost	664	657
Total Financial Liabilities		664	657

Notes

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

Credit Risk

Credit risk arises when there is the possibility of the Entity's debtors defaulting on their contractual obligations, resulting in a financial loss to the Entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

Credit risk arises from financial assets of the Entity including cash, receivables or authority deposits. No collateral is held by the Entity nor has it granted any financial guarantees.

Credit risk associated with the Clinical Excellence Commission'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 balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 4.62% in 2010/11 compared to 4.51% in the previous year. The TCorp Hour Glass cash facility is discussed in para (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Department of Health Accounting Manual 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 entity will not be able to collect all amounts due. The evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

Of the total trade debtors balance at year-end, \$306K (\$2010: \$181K) related to debtors that were not past due and not considered impaired and debtors of \$20K (2010: \$30K) were past due but not considered impaired. Together these represent 100% (2010:100%) of total trade debtors.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet.

		\$000	\$000
2011	Total	Past due but not impaired	Considered impaired
<3 months overdue	20	20	0
3 months - 6 months overdue	0	0	0
> 6 months overdue	0	0	0
	20	20	0
2010			
<3 months overdue	0	0	0
3 months - 6 months overdue	30	30	0
> 6 months overdue	0	0	0
	30	30	0

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 totals recognised in the statement of financial position.

Authority Deposits

The Clinical Excellence Commission has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits vary. None of these assets are past due or impaired.

Liquidity risk

Liquidity risk is the risk that the Clinical Excellence Commission will be unable to meet its payment obligations when they fall due. The Clinical Excellence Commission 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 Clinical Excellence Commission has negotiated no loans outside of arrangements with the NSW Department of Health or the Sustainable Energy Development Authority.

No assets have been pledged as collateral. The Clinical Excellence Commission exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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 Department of Health. 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.

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

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

Maturity Analysis and interest rate exposure of financial liabilities

	\$'000 Interest Rate Exposure					Maturity Dates			Weighted Average Effective int rate
	Fixed Interest Rate	Variable Interest Rate	Nominal Amount ¹	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr	
2011	%	%	\$	\$000	\$000	\$000	\$000	\$000	%
Payables:									
Accrued salaries			150		150	150			
Creditors			184		184	184			
Intra-Health Creditors			330		330	330			
			664		664	664			
2010									
Payables:									
Accrued salaries			122		122	122			
Creditors			386		386	386			
Intra-Health Creditors			149		149	149			
			657		657	657			

Notes:

¹The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Health Service 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.

**Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011**

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 Clinical Excellence Commission exposures to market risk are primarily through interest rate risk on the Clinical Excellence Commission's investments and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Clinical Excellence Commission 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 Clinical Excellence Commission 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 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

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

However, the Clinical Excellence Commission are not permitted to borrow external to the NSW Department of Health (Sustainable Energy Development Authority loans which are negotiated through Treasury excepted).

Both SEDA and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Clinical Excellence Commission 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 Clinical Excellence Commission exposure to interest rate risk is set out below.

	\$'000				
	Carrying Amount	-1%		+1%	
	Profit	Equity	Profit	Equity	
2011					
Financial assets					
Cash and cash equivalents	6,286	-63	-63	63	63
Financial assets at fair value	135	-1	-1	1	1
Other financial assets					
Financial liabilities					
Borrowings					
2010					
Financial assets					
Cash and cash equivalents	6,827	-68	-68	68	68
Financial assets at fair value	128	-1	-1	-1	-1
Other financial assets					
Financial liabilities					

Other price risk - TCorp Hour Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. The Clinical Excellence Commission has no direct equity investments. The Clinical Excellence Commission holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment horizon	2011	2010
			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 2 years	135	128

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as manager for part of the Cash facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour Glass facilities limits the Clinical Excellence Commission exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based

Clinical Excellence Commission
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2011

volatility information. The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonable possible change is based on the percentage change in unit price multiplied by the redemption price as at 30 June each year for each facility of 1% (as advised by TCorp).

	Change in unit price	Impact on profit/loss	
		2011	2010
		\$'000	\$'000
Hour Glass Investment - Cash Facility	+ 1%	1.4	1.3

e) Fair Value compared to Carrying Amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. As discussed, the value of the Hour Glass Investments is based on the Clinical Excellence Commission's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

Except where specified below, the amortised cost of financial instruments recognised in the balance sheet approximates the fair value because of the short term nature of many of the financial instruments. The following table details the financial instruments where the fair value differs from the carrying amount:

	2011 \$'000	2011 \$'000	2010 \$'000	2010 \$'000
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
T-Corp (Hour glass on call)	135	135	128	128
Fixed cash Investment	0	0	0	0
Financial liabilities				
	135	135	128	128

(f) Fair Value recognised in the Statement of Financial Position

The Health Service uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1 - derived from quoted prices in active markets for identical assets/liabilities.

Level 2 - derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 - derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2011 Total \$'000
TCorp Hour-Glass Inv.Facility		135		135

(The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.)

There were no transfers between level 1 and 2 during the period ended 30 June 2011.

Note 28 Post Balance Date Events

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

However, the function of CEC will be expanded in 2011/12 with the Commission assuming responsibility for most quality and safety functions and resources managed to date by the NSW Department of Health including representing NSW at national safety and quality forums.

END OF AUDITED FINANCIAL STATEMENTS