



## 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 comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the 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 2012, and of the financial performance and the 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* (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 cash flows.

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 other information that may have been hyperlinked to/from the financial statements.

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Peter Coulogeorgiou  
Director, Financial Audit Services

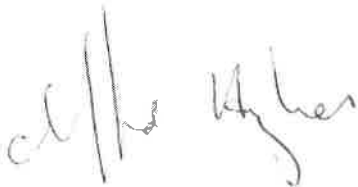
11 October 2012  
SYDNEY

**Clinical Excellence Commission  
Certification of the Financial Statements  
for the year ended 30 June 2012**

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

- 1) The financial statements have been prepared in accordance with:
  - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
  - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
- 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 in the accounts to be misleading or inaccurate.

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



**Professor Clifford Hughes AO**  
**Chief Executive Officer**  
11 October 2012



**A/Professor Brian McCaughan AM**  
**Chairman**  
11 October 2012

**Clinical Excellence Commission**  
**Statement of Comprehensive Income for the year ended 30 June 2012**

PARENT							CONSOLIDATION		
Actual	Budget Unaudited	Actual				Notes	Actual	Budget Unaudited	Actual
2012	2012	2011					2012	2012	2011
\$000	\$000	\$000					\$000	\$000	\$000
<b>Expenses excluding losses</b>									
Operating Expenses									
			Employee Related	3	8,777	8,720	7,431		
8,777	8,720	7,431	Personnel Services	4	0				
2,193	2,100	2,127	Other Operating Expenses	5	2,193	2,100	2,127		
690	700	585	Depreciation and Amortisation	2(h), 6	690	700	585		
137	130	154	Grants and Subsidies	7	137	130	154		
<b>11,797</b>	<b>11,650</b>	<b>10,297</b>	<b>Total Expenses excluding losses</b>			<b>11,797</b>	<b>11,650</b>	<b>10,297</b>	
<b>Revenue</b>									
9,256	9,256	9,175	NSW Ministry of Health Recurrent Allocations	2(d)	9,256	9,256	9,175		
0	0	0	NSW Ministry of Health Capital Allocations	2(d)	0	0	0		
0	0	0	Asset Sales Proceeds Transferred to the Ministry of Health		0	0	0		
0	0	0	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 11	493	460	418		
8	0	10	Sale of Goods and Services	8	8	0	10		
405	0	436	Investment Revenue	9	405	0	436		
725	460	585	Grants and Contributions	2(a)(ii), 10	232	0	167		
77	0	107	Other Revenue	12	77	0	107		
<b>10,471</b>	<b>9,716</b>	<b>10,313</b>	<b>Total Revenue</b>			<b>10,471</b>	<b>9,716</b>	<b>10,313</b>	
3	0	(393)	<b>Gain / (Loss) on Disposal</b>			<b>3</b>	<b>0</b>	<b>(393)</b>	
<b>(1,323)</b>	<b>(1,934)</b>	<b>(377)</b>	<b>Net Result</b>			<b>(1,323)</b>	<b>(1,934)</b>	<b>(377)</b>	
<b>Other Comprehensive Income</b>									
0	0	0	<b>Total Other Comprehensive Income for the year</b>			<b>0</b>	<b>0</b>	<b>0</b>	
<b>(1,323)</b>	<b>(1,934)</b>	<b>(377)</b>	<b>TOTAL COMPREHENSIVE INCOME</b>			<b>(1,323)</b>	<b>(1,934)</b>	<b>(377)</b>	

The accompanying notes form part of these financial statements.

**Clinical Excellence Commission**  
**Statement of Financial Position as at 30 June 2012**

PARENT								CONSOLIDATION		
Actual	Budget Unaudited	Actual				Actual	Budget Unaudited	Actual		
2012	2012	2011				2012	2012	2011		
\$000	\$000	\$000				\$000	\$000	\$000		
<b>ASSETS</b>										
<b>Current Assets</b>										
5,988	6,286	6,286	Cash and Cash Equivalents	15	5,988	6,286	6,286			
590	486	523	Receivables	16	590	486	523			
0	135	135	Financial Assets at Fair Value	17	0	135	135			
<b>6,578</b>	<b>6,907</b>	<b>6,944</b>	<b>Total Current Assets</b>		<b>6,578</b>	<b>6,907</b>	<b>6,944</b>			
<b>Non-Current Assets</b>										
Property, Plant and Equipment										
971	947	964	- Leasehold Improvements	18	971	947	964			
80	80	80	- Plant and Equipment	18	80	80	80			
<b>1,051</b>	<b>1,027</b>	<b>1,044</b>	<b>Total Property, Plant and Equipment</b>		<b>1,051</b>	<b>1,027</b>	<b>1,044</b>			
0	437	437	Intangible Assets	19	0	437	437			
<b>1,051</b>	<b>1,464</b>	<b>1,481</b>	<b>Total Non-Current Assets</b>		<b>1,051</b>	<b>1,464</b>	<b>1,481</b>			
<b>7,629</b>	<b>8,371</b>	<b>8,425</b>	<b>Total Assets</b>		<b>7,629</b>	<b>8,371</b>	<b>8,425</b>			
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
965	677	866	Payables	20	965	677	866			
1,116	730	727	Provisions	21	1,116	730	727			
<b>2,081</b>	<b>1,407</b>	<b>1,593</b>	<b>Total Current Liabilities</b>		<b>2,081</b>	<b>1,407</b>	<b>1,593</b>			
<b>Non-Current Liabilities</b>										
8	0	3	Provisions	21	8	0	3			
158	0	124	Other	22	158	0	124			
<b>166</b>	<b>0</b>	<b>127</b>	<b>Total Non-Current Liabilities</b>		<b>166</b>	<b>0</b>	<b>127</b>			
<b>2,247</b>	<b>1,407</b>	<b>1,720</b>	<b>Total Liabilities</b>		<b>2,247</b>	<b>1,407</b>	<b>1,720</b>			
<b>5,382</b>	<b>6,964</b>	<b>6,705</b>	<b>Net Assets</b>		<b>5,382</b>	<b>6,964</b>	<b>6,705</b>			
<b>EQUITY</b>										
5,382	7,327	6,705	Accumulated Funds		5,382	7,327	6,705			
<b>5,382</b>	<b>7,327</b>	<b>6,705</b>	<b>Total Equity</b>		<b>5,382</b>	<b>7,327</b>	<b>6,705</b>			

The accompanying notes form part of these financial statements.

**Clinical Excellence Commission**  
**Statement of Changes in Equity for the year ended 30 June 2012**

	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
Notes	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2011</b>	6,705	0	0	6,705
Changes in Accounting Policy	0	0	0	0
Correction of Errors (SPECIFY)	0	0	0	0
<b>Restated Total Equity at 1 July 2011</b>	<b>6,705</b>	<b>0</b>	<b>0</b>	<b>6,705</b>
<b>Net Result for the year</b>	<b>(1,323)</b>			<b>(1,323)</b>
<b>Other Comprehensive Income:</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	0			0
<b>Total Other Comprehensive Income</b>	<b>0</b>			<b>0</b>
<b>Total Comprehensive Income for the year</b>	<b>(1,323)</b>	<b>0</b>	<b>0</b>	<b>(1,323)</b>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	0	0	0	0
<b>Balance at 30 June 2012</b>	<b>5,382</b>	<b>0</b>	<b>0</b>	<b>5,382</b>
<b>Balance at 1 July 2010</b>	6,067	0	0	6,067
<b>Balance at 1 July 2010</b>	<b>6,067</b>	<b>0</b>	<b>0</b>	<b>6,067</b>
<b>Net Result for the year</b>	<b>(377)</b>			<b>(377)</b>
<b>Other Comprehensive Income:</b>				
Total Other Comprehensive Income	0	0	0	0
<b>Total Comprehensive Income for the year</b>	<b>(377)</b>	<b>0</b>	<b>0</b>	<b>(377)</b>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	1,015	0	0	1,015
<b>Balance at 30 June 2011</b>	<b>6,705</b>	<b>0</b>	<b>0</b>	<b>6,705</b>

The accompanying notes form part of these financial statements.

**Clinical Excellence Commission**  
**Statement of Cash Flows for the year ended 30 June 2012**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual		Actual	Budget Unaudited	Actual
2012 \$000	2012 \$000	2011 \$000	Notes	2012 \$000	2012 \$000	2011 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
0	0	0		(8,455)	(8,720)	(8,497)
(128)	(8,850)	(10,511)		(128)	(130)	(2,014)
(11,140)	(2,100)	(149)		(2,685)	(2,100)	(149)
<b>(11,268)</b>	<b>(10,950)</b>	<b>(10,660)</b>		<b>(11,268)</b>	<b>(10,950)</b>	<b>(10,660)</b>
<b>Receipts</b>						
9,256	9,256	9,175		9,256	9,256	9,175
0	0	0		493	460	1,432
8	0	0		8	0	0
428	0	409		428	0	409
725	460	1,474		232	0	42
641	0	8		541	0	8
<b>11,058</b>	<b>9,716</b>	<b>11,066</b>		<b>11,058</b>	<b>9,716</b>	<b>11,066</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>(210)</b>	<b>(1,234)</b>	<b>406</b>	25	<b>(210)</b>	<b>(1,234)</b>	<b>406</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Proceeds from Sale of Land and Buildings, Plant and Equipment</b>						
21	0	0		21	0	0
135	0	0		135	0	0
<b>Purchases of Land and Buildings, Plant and Equipment</b>						
<b>Purchase of Land &amp; Buildings, Plant &amp; Equipment and Infrastructure</b>						
(244)	0	(947)		(244)	0	(947)
<b>(88)</b>	<b>0</b>	<b>(947)</b>		<b>(88)</b>	<b>0</b>	<b>(947)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>						
(298)	(1,234)	(541)		(298)	(1,234)	(541)
6,286	6,286	6,827		6,286	6,286	6,827
0	0	0		0	0	0
<b>5,988</b>	<b>5,052</b>	<b>6,286</b>	15	<b>5,988</b>	<b>5,052</b>	<b>6,286</b>

The accompanying notes form part of these financial statements.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

## 1. The Reporting Entity

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 Clinical Excellence Commission Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2006 in accordance with the *Public Sector Employment and Management Act 2002* and the *Health Services Act 1997*. These Divisions 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 parent entity and the consolidated entity which comprises the parent and special purpose service division. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The 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 2012 have been authorised for issue by the Board on 11 October 2012.

## 2. Summary of Significant Accounting Policies

### Basis of Preparation

The Clinical Excellence Commission's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Clinical Excellence Commission.

Health Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and its regulations, and the Treasurers' Direction. Apart from the basis for the budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(u)

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

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

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

### Comparative Information

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

### 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

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 17.8% are applied to the value of leave payable at 30 June 2012, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2011 were 17%).

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

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



Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

ii) **Long Service Leave and Superannuation**

The Clinical Excellence Commission's liability for Long Service Leave and defined benefit superannuation are 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.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Clinical Excellence Commission as shown in Note 22.

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

The 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 21

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

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.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

**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 claim experience.

**c) Finance Costs**

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

**d) Income Recognition**

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

*Sale of Goods*

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

*Rendering of Services*

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

*Investment Revenue*

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

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

*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.

*NSW Ministry of Health Allocations*

Payments are made by the NSW Ministry of Health on the basis of the allocation for the Clinical Excellence Commission 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.

The Clinical Excellence Commission 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 that:

- \* the amount of GST incurred by the Clinical Excellence Commission as a purchaser that is not recoverable from the Australian Taxation
- \* 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 Note 2(s)).

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

Land and Buildings which are owned by the Health Administration Corporation or the State and administered by the Clinical Excellence Commission are deemed to be controlled by the Clinical Excellence Commission 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 Clinical Excellence Commission. 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:

Computer Equipment	20.0%
Motor Vehicle Sedans	12.5%
Office Equipment	10.0%
Plant and Machinery	10.0%
Furniture, Fittings and Furnishings	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**

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

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

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.

**k) Intangible Assets**

The Clinical Excellence Commission recognises intangible assets only if it is probable that future economic benefits will flow to the Clinical Excellence Commission and the cost of the asset can not 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.

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

Computer software developed or acquired by the Clinical Excellence Commission are recognised as intangible assets and are amortised over 7 years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions.

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 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.

Clinical Excellence Commission  
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**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.

*\* 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 net 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 Clinical Excellence Commissions' key management personnel.

The risk management strategy of 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 net 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 net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net 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 Clinical Excellence Commission 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 date.

**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 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.

**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 Clinical Excellence Commission 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 Clinical Excellence Commission 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.

Clinical Excellence Commission  
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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.

s) **Equity Transfers**

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

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

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

t) **Equity and Reserves**

(i) **Accumulated Funds**

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

(ii) **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 Ministry at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

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v) **Service Group Statements Allocation Methodology**

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.

w) **New Australian Accounting Standards Issued but not Effective**

A number of new Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application is unlikely to result to material changes.

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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
0	0	Salaries and Wages	6,898	6,025
0	0	Superannuation - Defined Benefit Plans	162	104
0	0	Superannuation - Defined Contribution Plans	503	379
0	0	Long Service Leave	474	375
0	0	Annual Leave	588	402
0	0	Sick Leave and Other Leave	130	123
0	0	Workers' Compensation Insurance	22	22
0	0	Fringe Benefits Tax	0	1
<u>0</u>	<u>0</u>		<u>8,777</u>	<u>7,431</u>
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
6,898	6,025	Salaries and Wages	0	0
162	104	Superannuation - Defined Benefit Plans	0	0
503	379	Superannuation - Defined Contribution Plans	0	0
474	375	Long Service Leave	0	0
588	402	Annual Leave	0	0
130	123	Sick Leave and Other Leave	0	0
22	22	Workers' Compensation Insurance	0	0
0	1	Fringe Benefits Tax	0	0
<u>8,777</u>	<u>7,431</u>		<u>0</u>	<u>0</u>
<b>5. Other Operating Expenses</b>				
1	4	Domestic Supplies and Services	1	4
35	24	Food Supplies	35	24
26	2	Fuel, Light and Power	26	2
531	417	General Expenses (See (a) below)	531	417
117	316	Information Management Expenses	117	316
1	0	Insurance	1	0
Maintenance (See (b) below)				
10	15	Maintenance Contracts	10	15
45	95	New/Replacement Equipment under \$10,000	45	95
15	24	Repairs Maintenance/Non Contract	15	24
1	0	Other	1	0
3	15	Motor Vehicle Expenses	3	15
114	116	Postal and Telephone Costs	114	116
217	214	Printing and Stationery	217	214
0	1	Rates and Charges	0	1
649	554	Rental	649	554
1	1	Special Service Departments	1	1
61	46	Conference Fees	61	46
17	14	Staff Related Costs	17	14
349	269	Travel Related Costs	349	269
<u>2,193</u>	<u>2,127</u>		<u>2,193</u>	<u>2,127</u>



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	<b>PARENT</b>	<b>2012</b>	<b>2011</b>	<b>CONSOLIDATION</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	8	8	8	8
	29	31	31	31
	13	31	31	31
	4	4	4	4
	102	109	109	109
	7	25	7	25
	0	1	0	1
	85	113	85	113
	8	0	8	0
	7	26	7	26
	32	24	32	24
	0	0	0	0
	7	1	7	1
	160	12	160	12
	2	0	2	0
	67	32	67	32
	<b>531</b>	<b>417</b>	<b>531</b>	<b>417</b>
	70	134	70	134
	0	0	0	0
	<b>70</b>	<b>134</b>	<b>70</b>	<b>134</b>

(a) General Expenses include :-

- Advertising
- Auditor's Remuneration - Audit of financial reports
- Books, Magazines and Journals
- Consultancies
- Corporate Support Services (HSS)
- Courier and Freight
- Data Recording and Storage
- Functions (workshops)
- Legal Services
- Membership/Professional Fees
- Official Visitors
- Quality Assurance/Accreditation
- Security Services
- Other Management Services
- Translator Services
- Other Goods & Services

(b) Reconciliation of Total Maintenance

- Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5
- Employee Related/Personnel Services Maintenance Expense included in Notes
- Total Maintenance Expenses included in Notes 3, 4 and 5

Clinical Excellence Commission  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>6. Depreciation and Amortisation</b>				
211	95	Amortisation - Leasehold Improvements	211	95
15	41	Depreciation - Plant and Equipment	15	41
27	12	Amortisation - Make Good Leased Buildings	27	12
437	437	Amortisation - Intangible Assets	437	437
<b>690</b>	<b>585</b>		<b>690</b>	<b>585</b>
<b>7. Grants and Subsidies</b>				
13	13	ARC Inlkage Project (University of NSW)	13	13
0	35	Avoidable Deaths (University of Western Sydney)	0	35
0	34	Communications in NSW Hospitals (Souther Cross University)	0	34
10	0	Gold Sponsorship (Agency Clinical Innovation)	10	0
9	12	Hand Hygiene (University of NSW)	9	12
20	48	HARC Scholarship (Sax Institute)	20	48
34	8	Ian O'Rourke Scholarship Fund (University of Sydney)	34	8
22	0	Rapid Response Systems (Department of Health & Ageing)	22	0
15	0	The Quantum Leap (Aust Health Care & Hospitals Assoc)	15	0
14	4	Research Organisations	14	4
<b>137</b>	<b>154</b>		<b>137</b>	<b>154</b>

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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		<b>8 Sale of Goods and Services</b>		
		(a) Sale of Goods comprise the following:-		
0	7	Other	0	7
8	3	Salary Packaging Fee	8	3
<u>8</u>	<u>10</u>		<u>8</u>	<u>10</u>
		<b>9 Investment Revenue</b>		
		Interest		
5	6	- T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	5	6
400	430	- Interest on Fixed Term Deposits	400	430
<u>405</u>	<u>436</u>		<u>405</u>	<u>436</u>

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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>10 Grants and Contributions</b>				
15	25	NSW Government grants (MRCA)	15	25
25	0	NSW Government grants (MHDA)	25	0
Research grants:				
89	0	- HCF Foundation	89	0
0	18	- National Blood Authority Australia grants (TMIP)	0	18
44	104	- Austin Health (Hand Hygiene Program grants)	44	104
59	0	- HETI Grant (Detect Junior)	59	0
0	20	- Australian Commission grants (Mortality Data Proc)	0	20
162	105	Personnel Services - Superannuation Defined Benefit	0	0
331	313	Personnel Services - Long Service Leave	0	0
<u>725</u>	<u>585</u>		<u>232</u>	<u>167</u>
<b>11 Acceptance by the Crown Entity of employee benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
0	0	Superannuation-defined benefit	162	105
0	0	Long Service Leave	331	313
<u>0</u>	<u>0</u>		<u>493</u>	<u>418</u>
<b>12 Other Revenue</b>				
Other Revenue comprises the following:-				
76	107	Conference and Professional Fees	76	107
1	0	Sponsorship Income	1	0
<u>77</u>	<u>107</u>		<u>77</u>	<u>107</u>

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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>13 Gain / (Loss) on Disposal</b>				
32	587	Property, Plant and Equipment	32	587
<u>(14)</u>	<u>(194)</u>	Less: Accumulated Depreciation	<u>(14)</u>	<u>(194)</u>
<b>18</b>	<b>393</b>	<b>Written Down Value</b>	<b>18</b>	<b>393</b>
21	0	Less: Proceeds from Disposal	21	0
<u>3</u>	<u>(393)</u>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<u>3</u>	<u>(393)</u>
<u>3</u>	<u>(393)</u>	<b>Total Gain/(Loss) on Disposal</b>	<u>3</u>	<u>(393)</u>

Clinical Excellence Commission  
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**14 Service Groups of the Clinical Excellence Commission**

**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.

Clinical Excellence Commission  
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PARENT	2012	2011	2012	2011	CONSOLIDATION
	\$000	\$000	\$000	\$000	\$000
<b>15 Cash and Cash Equivalents</b>					
Cash at Bank and On Hand	400	656	400	656	
Short Term Interest Bearing Deposits	5,588	5,630	5,588	5,630	
	<u>5,988</u>	<u>6,286</u>	<u>5,988</u>	<u>6,286</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:					
Cash and Cash Equivalents (per Statement of Financial Position)	5,988	6,286	5,988	6,286	
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>5,988</u>	<u>6,286</u>	<u>5,988</u>	<u>6,286</u>	

*Refer to Note 29 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.*

Clinical Excellence Commission  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		<b>16 Receivables</b>		
		<b>Current</b>		
22	15	Sale of Goods and Services	22	15
238	0	Leave Mobility	238	0
76	9	Intra Health Receivables	76	9
76	189	Goods and Services Tax	76	189
125	302	Other Debtors	125	302
<u>537</u>	<u>515</u>	<b>Sub Total</b>	<u>537</u>	<u>515</u>
537	515	<b>Sub Total</b>	537	515
5	5	Prepayments - S&W	5	5
0	3	Prepayments - GST	0	3
48	0	Prepayments - Membership Fees	48	0
<u>590</u>	<u>523</u>		<u>590</u>	<u>523</u>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 29*



Clinical Excellence Commission  
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	PARENT	2012 \$000	2011 \$000	CONSOLIDATION
<b>17 Financial Assets at Fair Value</b>				
<b>Current</b>				
Treasury Corporation - Hour-Glass Investment Facilities (Cash)	0	135		0
	<u>0</u>	<u>135</u>		<u>0</u>
				<u>135</u>

Refer to Note 29 for further information regarding credit risk, liquidity risk and market risk arising from financial investments."

Clinical Excellence Commission  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>18 Property, Plant and Equipment</b>				
<b>Leasehold Improvements</b>				
1,316	1,071	Gross Carrying Amount	1,316	1,071
<u>(345)</u>	<u>(107)</u>	(Less Accumulated Depreciation and Impairment)	<u>(345)</u>	<u>(107)</u>
<u><b>971</b></u>	<u><b>964</b></u>	Net Carrying Amount	<u><b>971</b></u>	<u><b>964</b></u>
<b>Plant and Equipment - Fair Value</b>				
152	152	Gross Carrying Amount	152	152
<u>(72)</u>	<u>(72)</u>	(Less Accumulated Depreciation and Impairment)	<u>(72)</u>	<u>(72)</u>
<u><b>80</b></u>	<u><b>80</b></u>	Net Carrying Amount	<u><b>80</b></u>	<u><b>80</b></u>
<u><b>1,051</b></u>	<u><b>1,044</b></u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u><b>1,051</b></u>	<u><b>1,044</b></u>

Clinical Excellence Commission  
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PARENT AND CONSOLIDATION

18. Property, Plant and Equipment - Reconciliation

	Leasehold Improvements	Plant and Equipment	Total
	\$000	\$000	\$000
<b>2012</b>			
Net Carrying Amount at Start of Year	964	80	1,044
Additions	245	33	278
Disposals	0	(18)	(18)
Depreciation Expense	(238)	(15)	(253)
Net Carrying Amount at End of Year	971	80	1,051

	Leasehold Improvements	Plant and Equipment	Total
	\$000	\$000	\$000
<b>2011</b>			
Net Carrying Amount at Start of Reporting Period	0	514	514
Additions	1,071	0	1,071
Disposals	0	(393)	(393)
Depreciation Expense	(107)	(41)	(148)
Net Carrying Amount at End of Year	964	80	1,044

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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		<b>19 Intangible Assets</b>		
		<b>Software (IIMS)</b>		
2,390	2,390	Cost (Gross Carrying Amount)	2,390	2,390
<u>(2,390)</u>	<u>(1,953)</u>	Less Accumulated Amortisation and Impairment	<u>(2,390)</u>	<u>(1,953)</u>
<u><b>0</b></u>	<u><b>437</b></u>	<b>Net Carrying Amount</b>	<u><b>0</b></u>	<u><b>437</b></u>
<u><b>0</b></u>	<u><b>437</b></u>	<b>Total Intangible Assets at Net Carrying Amount</b>	<u><b>0</b></u>	<u><b>437</b></u>

Clinical Excellence Commission  
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**PARENT AND CONSOLIDATION**

**19. Intangibles - Reconciliation**

	Software (IIMS) \$000	Total \$000
<b>2012</b>		
Net Carrying Amount at Start of Year	437	437
Amortisation (Recognised in Depreciation and Amortisation)	(437)	(437)
<b>Net Carrying Amount at End of Year</b>	<b>0</b>	<b>0</b>

	Software (IIMS) \$000	Total \$000
<b>2011</b>		
Net Carrying Amount at Start of Reporting Period	874	874
Amortisation (Recognised in Depreciation and Amortisation)	(437)	(437)
<b>Net Carrying Amount at End of Year</b>	<b>437</b>	<b>437</b>

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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		<b>20 Payables</b>		
		<b>Current</b>		
0	0	Accrued Salaries, Wages and On-Costs	273	150
0	0	Taxation and Payroll Deductions	168	152
441	302	Accrued Liability - Purchase of Personnel Services		
202	81	Creditors	202	81
		Other Creditors		
0	0	- Capital Works	0	0
101	330	- Intra Health Liability	101	330
211	142	- Other	211	142
10	11	- Taxation	10	11
<u>965</u>	<u>866</u>		<u>965</u>	<u>866</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 29*

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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>21 Provisions</b>				
0	0	Annual Leave - Short Term Benefit	433	430
0	0	Annual Leave - Long Term Benefit	516	245
0	0	Long Service Leave On-Costs	167	52
<u>1,116</u>	<u>727</u>	Provision for Personnel Services Liability	<u>1,116</u>	<u>727</u>
<b><u>1,116</u></b>	<b><u>727</u></b>	<b>Total Current Provisions</b>	<b><u>1,116</u></b>	<b><u>727</u></b>
<b>Non-Current Employee Benefits and Related On-Costs</b>				
<u>8</u>	<u>3</u>	Provision for Personnel Services Liability	<u>0</u>	<u>0</u>
<b><u>8</u></b>	<b><u>3</u></b>	<b>Total Non-Current Provisions</b>	<b><u>8</u></b>	<b><u>3</u></b>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
1,116	727	Provisions - Current	1,116	727
8	3	Provisions - Non-Current	8	3
0	0	Accrued Salaries, Wages and On-Costs (Note 20)	441	302
<u>441</u>	<u>302</u>	Accrued Liability - Purchase of Personnel Services (Note 20)	<u>0</u>	<u>0</u>
<b><u>1,565</u></b>	<b><u>1,032</u></b>		<b><u>1,565</u></b>	<b><u>1,032</u></b>

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PARENT		CONSOLIDATION	
2012 \$000	2011 \$000	2012 \$000	2011 \$000
<b>22 Other Provisions</b>			
<b>Non-Current</b>			
158	124	158	124
Make Good Provision Leased Premises (Elizabeth Street)			
<u>158</u>	<u>124</u>	<u>158</u>	<u>124</u>

**Make Good Provison Reconciliation**

	<b>Make Good Provsion</b>
<b>2012</b>	<b>\$'000</b>
Carrying amount at the beginning of financial year	124
Additional provisions recognised	34
Carrying amount at the end of financial year	<u>158</u>
<b>2011</b>	<b>\$'000</b>
Carrying amount at the beginning of financial year	0
Additional provisions recognised	124
Carrying amount at the end of financial year	<u>124</u>



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	<b>PARENT</b>		<b>CONSOLIDATION</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>23 Commitments for Expenditure</b>			
<b>(a) Operating Lease Commitments</b>			
Commitments in relation to non-cancellable operating leases are payable as follows:			
Not later than one year	785	0	785
Later than one year and not later than five years	785	0	785
Later than five years	0	0	0
	<b>1,570</b>	<b>0</b>	<b>1,570</b>
	<b>1,570</b>	<b>0</b>	<b>1,570</b>

The leasing arrangements are generally for leasing property, which expires in 2014. The total operating lease commitments include GST input tax credits of \$142,727, (2011:\$0) which are expected to be recoverable from the Australian Taxation Office.

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**PARENT AND CONSOLIDATED**

**24 Contingent Liabilities and Assets**

There are no contingent liabilities or Assets as at 30 June 2012 (2011 : nil).



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**26 Unclaimed Moneys**

Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the *Industrial Relations Act, 1996*.

**27 Budget Review - Parent and Consolidated**

The actual total expenditure was higher than budget by \$147K. This was mainly due to increased program activity within goods & services through out 2011/12. The actual total revenue was greater than budget by \$755k which can be attributed to no revenue budget allocated for certain revenue line items. Additional cash subsidy was held back for \$1.194m which would have contributed to an improved net result both in actuals & budget.

**Net Result**

The result for the year was higher than budget by \$611K variance as the actual net result was (\$1.323m) compared to the budget net result of (\$1.934m). The variance can be attributed to the Clinical Excellence Commission calling on its own revenue funds to assist with the net result.

The budget net result of (\$1.934m) can be attributed to the Clinical Excellence Commission not receiving the full amount of additional approved cash budget of \$2,194m. As such only \$1.0m was allocated requiring the Commission to make up the shortfall from its cash for 2011/12.

**Assets and Liabilities**

**Current Assets**

The decrease in actuals in comparison to last year can be attributed to our fixed term deposits and cash as we had to call on these funds for various capital costs. Current assets were less than budget primarily due to a reduction in investments and available cash.

**Non-Current Assets**

The decrease in actuals in comparison to last year is reflected within the final depreciation of IIMS for intangible assets. As such IIMS has now been fully depreciated for 2011/12.

**Current Liabilities**

An increase in actual leave provisions compared to budget can be attributed to the additional Ministry of Health staff transfer for 2011/12.

**Non-Current Liabilities**

The make good provision for the CEC leased premises has now been accounted for in 2011/12. As such there was an increase from the previous year as CEC took on an additional lease for the Ministry of Health staff.

**Cash Flows**

*Operating Activities*

The actual payment result has increased in comparison to last year due to the additional staff in take from the Ministry of Health to the Clinical Excellence Commission during 2011/12.

*Investing Activities*

The variance in comparison to the previous financial year can be attributed to the additional purchase of lease premises for the transfer of staff from the Ministry of Health.

*Financing Activities*

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

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Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1st November 2011 are as follows:

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Initial Allocation, 30th July 2011	9,318	9,583
Government Cash Payments	0	270
Ministry of Health Staff	741	0
Child Health Networks	77	0
DVA Innovative Funding Project	0	145
State-wide Clinical Leadership	(1,149)	(1,153)
Modular Clinical Leadership Program	109	0
Between The Flags	150	0
Rapid Response Systems	10	0
Paediatric Recognition of the Sick Child and Resuscitation Project	0	137
Falls Prevention Program	0	211
Super Guarantee Charge	0	3
Crown Acceptance LSL	0	(21)
<b>Balance as per Statement of Comprehensive Income</b>	<b><u>9,256</u></b>	<b><u>9,175</u></b>

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**28 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:

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
<b>Assets</b>		
<b>Liabilities</b>		
Long Service Leave Current/Non-Current	<u>0</u>	<u>(1,015)</u>
<b>Increase/(Decrease) in Net Assets From Equity Transfers</b>	<u><u>0</u></u>	<u><u>(1,015)</u></u>

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## 29. 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 Clinical Excellence Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive Officer 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 & Risk Committee/internal auditors on a regular basis.

### (a) Financial Instrument Categories

#### PARENT

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 15)	N/A	5,988	6,286
Receivables (note 16)1	Loans and receivables (at amortised cost)	461	326
Financial Assets at Fair Value (note 17)	At fair value through profit or loss (designated as such upon initial recognition)	0	135
<b>Total Financial Assets</b>		<b>6,449</b>	<b>6,747</b>
<b>Financial Liabilities</b>			
Payables (note 20)2	Financial liabilities measured at amortised cost	787	664
<b>Total Financial Liabilities</b>		<b>787</b>	<b>664</b>

#### Notes

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

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

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**CONSOLIDATION**

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 15)	N/A	5,988	6,286
Receivables (note 16) <sup>1</sup>	Loans and receivables (at amortised cost)	461	326
Financial Assets at Fair Value (note 17)	At fair value through profit or loss (designated as such upon initial recognition)	0	135
<b>Total Financial Assets</b>		<b>6,449</b>	<b>6,747</b>
<b>Financial Liabilities</b>			
Payables (note 20) <sup>2</sup>	Financial liabilities measured at amortised cost	787	664
<b>Total Financial Liabilities</b>		<b>787</b>	<b>664</b>

Notes

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

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

**(b) Credit Risk**

Credit risk arises when there is the possibility of the Clinical Excellence Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the Clinical Excellence Commission. 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 Clinical Excellence Commission, including cash, receivables and authority deposits. No collateral is held by the Clinical Excellence Commission. The Clinical Excellence Commission has not 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.



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**Cash**

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.46% in 2011/12 compared to 4.62% 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. 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 Clinical Excellence Commission 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 Clinical Excellence Commission 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 (2012:\$224K; 2011: \$306K) and not more than [3] months past due (2012: \$0K 2011:\$20K) are not considered impaired and together these represent 100% 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.

	<b>Total</b>	<b>Past due but not impaired</b>	<b>Considered impaired</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>2012</b>			
<3 months overdue	0		
3 months - 6 months overdue	0		
> 6 months overdue	0		
<b>2011</b>			
<3 months overdue	20	20	20
3 months - 6 months overdue	0		
> 6 months overdue	0		

**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.

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**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 can vary.

**(c) 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 loan outside of arrangements with the NSW Ministry of Health or Treasury.

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

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

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 Clinical Excellence Commission's financial liabilities together with the interest rate exposure.

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*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure				Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount 1	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2012</b>								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		273			273	273		
Creditors		514			514	514		
		787	0	0	787	787	0	0
<b>2011</b>								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		150			150	150		
Creditors		514			514	514		
		664	0	0	664	664	0	0

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**d) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Clinical Excellence Commission's exposures to market risk are primarily through interest rate risk on the Clinical Excellence Commission's borrowings 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 Clinical Excellence Commission's interest bearing liabilities.

However, Clinical Excellence Commission are not permitted to borrow external to the NSW Ministry of Health (energy loans which are negotiated through Treasury excepted).

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The 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's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	Profit	+1% Equity
<b>2012</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	5,988	-6	-6	6	6
<b>Financial Liabilities</b>					
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	6,286	-6	-6	6	6
Financial Assets at Fair Value	135	-57	-57	57	57
<b>Financial Liabilities</b>					

*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	2012	2011
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			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	0	135

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 is trustee for each of the above facilities and is required to act in the best interest of the unit holders 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 and Strategic Cash Facilities and also manages the Australian Bond portfolio. 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's 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 Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). 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 reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

	Change in unit price	Impact on profit/loss	
		2012 \$'000	2011 \$'000
Hour-Glass Investment - Cash facility	+/- W%	0	1.4

**(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 Statement of Financial Position 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:

	2012 \$'000	2012 \$'000	2011 \$'000	2011 \$'000
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets T-Corp	0	0	135	135
	0	0	135	135

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

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The Clinical Excellence Commission 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).

	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>2012 Total \$'000</b>
TCorp Hour-Glass Invt.Facility	0	0	0	0

(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 2012.

**Note 30 Events after the Reporting Period**

There were no events after the reporting period 30 June 2012 (2011:nil).

END OF AUDITED FINANCIAL STATEMENTS