



## INDEPENDENT AUDITOR'S REPORT

### Clinical Excellence Commission Special Purpose Service Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Clinical Excellence Commission Special Purpose Service Entity (the Entity), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Entity as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

### Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, 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 Entity
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its 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

20 September 2013  
SYDNEY



CLINICAL  
EXCELLENCE  
COMMISSION

**Clinical Excellence Commission  
Certification of the Parent/Consolidated Financial Statements  
for the year ended 30 June 2013**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge:

1. The financial statements of the Clinical Excellence Commission for the year ended 30 June 2013 have been prepared in accordance with:
  - a. Australian Accounting Standards (which include Australian Accounting Interpretations);
  - b. The requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
  - c. The Financial Reporting Code for NSW General Government Sector Entities.
2. The financial statements exhibit a true and fair view of the financial position and the financial performance of the Clinical Excellence Commission; and
3. There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.

Professor Clifford Hughes AO  
Chief Executive Officer  
19 September 2013

Associate Professor Brian McCaughan  
Chairman

Level 13, 227 Elizabeth St  
Sydney NSW 2001

Locked Bag A4062  
Sydney South NSW 1235

Tel 61 2 9269 5500

Fax 61 2 9269 5599

[www.cec.health.nsw.gov.au](http://www.cec.health.nsw.gov.au)

TRIM D13/19471

ABN 79 172 068 820

**Clinical Excellence Commission**  
**Statement of Comprehensive Income for the year ended 30 June 2013**

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual	
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000	
<b>Expenses excluding losses</b>							
<b>Operating Expenses</b>							
-----	-----	-----					
				3	10,588	10,620	8,775
9,958	10,123	8,282	Employee Related	4	-----	-----	-----
2,847	2,339	2,192	Personnel Services	5	2,847	2,339	2,192
294	330	690	Other Operating Expenses	2(f), 6	294	330	690
140	131	138	Depreciation and Amortisation	7	140	131	138
9	-----	-----	Grants and Subsidies	8	9	-----	-----
9	-----	-----	Finance Costs				
<b>13,248</b>	<b>12,923</b>	<b>11,302</b>	<b>Total Expenses excluding losses</b>		<b>13,878</b>	<b>13,420</b>	<b>11,795</b>
<b>Revenue</b>							
12,356	12,356	9,256	NSW Ministry of Health Recurrent Allocations	2(d)	12,356	12,356	9,256
298	298	-----	NSW Ministry of Health Capital Allocations	2(d)	298	298	-----
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 12	630	497	493
2	-----	8	Sale of Goods and Services	9	2	-----	8
319	16	405	Investment Revenue	10	319	16	405
256	4	232	Grants and Contributions	11	256	4	232
17	9	77	Other Revenue	13	17	9	77
<b>13,248</b>	<b>12,683</b>	<b>9,978</b>	<b>Total Revenue</b>		<b>13,878</b>	<b>13,180</b>	<b>10,471</b>
(14)	-----	3	Gain / (Loss) on Disposal	14	(14)	-----	3
(239)	-----	-----	Other Gains / (Losses)	15	(239)	-----	-----
<b>(253)</b>	<b>(240)</b>	<b>(1,321)</b>	<b>Net Result</b>	26	<b>(253)</b>	<b>(240)</b>	<b>(1,321)</b>
<b>Other Comprehensive Income</b>							
<b>Items that will not be reclassified to net result</b>							
-----	-----	-----	Total Other Comprehensive Income for the year		-----	-----	-----
<b>(253)</b>	<b>(240)</b>	<b>(1,321)</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(253)</b>	<b>(240)</b>	<b>(1,321)</b>

The accompanying notes form part of these financial statements.

**Clinical Excellence Commission**  
**Statement of Financial Position as at 30 June 2013**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
6,640	6,042	5,988		6,640	6,042	5,988
396	590	583	17	396	590	583
<u>7,036</u>	<u>6,632</u>	<u>6,571</u>		<u>7,036</u>	<u>6,632</u>	<u>6,571</u>
<b>7,036</b>	<b>6,632</b>	<b>6,571</b>		<b>7,036</b>	<b>6,632</b>	<b>6,571</b>
<b>Non-Current Assets</b>						
Property, Plant and Equipment						
726	657	971		726	657	971
92	149	80	19	92	149	80
<u>818</u>	<u>806</u>	<u>1,051</u>		<u>818</u>	<u>806</u>	<u>1,051</u>
-----	-----	-----		-----	-----	-----
<b>818</b>	<b>806</b>	<b>1,051</b>	20	<b>818</b>	<b>806</b>	<b>1,051</b>
<u>7,854</u>	<u>7,438</u>	<u>7,622</u>		<u>7,854</u>	<u>7,438</u>	<u>7,622</u>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
1,045	989	954		1,045	989	954
1,273	1,141	1,116	21	1,273	1,141	1,116
<u>2,318</u>	<u>2,130</u>	<u>2,070</u>	22	<u>2,318</u>	<u>2,130</u>	<u>2,070</u>
<b>Non-Current Liabilities</b>						
10	8	9		10	8	9
167	158	158	22	167	158	158
<u>177</u>	<u>166</u>	<u>167</u>	23	<u>177</u>	<u>166</u>	<u>167</u>
<b>2,495</b>	<b>2,296</b>	<b>2,237</b>		<b>2,495</b>	<b>2,296</b>	<b>2,237</b>
<u>5,359</u>	<u>5,142</u>	<u>5,385</u>		<u>5,359</u>	<u>5,142</u>	<u>5,385</u>
<b>EQUITY</b>						
5,359	5,142	5,385		5,359	5,142	5,385
<b>5,359</b>	<b>5,142</b>	<b>5,385</b>		<b>5,359</b>	<b>5,142</b>	<b>5,385</b>

The accompanying notes form part of these financial statements.

**Clinical Excellence Commission**  
**Statement of Changes in Equity for the year ended 30 June 2013**

**PARENT AND CONSOLIDATION**

	Notes	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
		\$000	\$000	\$000	\$000
<b>Balance at 1 July 2012</b>		5,385	-----	-----	5,385
Changes in Accounting Policy		-----	-----	-----	-----
Correction of Errors (SPECIFY)		-----	-----	-----	-----
<b>Net Result for the year</b>		(253)	-----	-----	(253)
<b>Other Comprehensive Income:</b>		-----	-----	-----	-----
Net Increase/(Decrease) in Property, Plant & Equipment		-----	-----	-----	-----
<b>Total Other Comprehensive Income</b>		(253)	-----	-----	(253)
<b>Total Comprehensive Income for the year</b>		-----	-----	-----	-----
<b>Transactions With Owners In Their Capacity As Owners</b>		-----	-----	-----	-----
Increase/(Decrease) in Net Assets From Equity Transfers	29	227	-----	-----	227
<b>Balance at 30 June 2013</b>		<b>5,359</b>	<b>-----</b>	<b>-----</b>	<b>5,359</b>
<b>Balance at 1 July 2011</b>		6,706	-----	-----	6,706
<b>Total Equity at 1 July 2011</b>		<b>6,706</b>	<b>-----</b>	<b>-----</b>	<b>6,706</b>
<b>Net Result for the year</b>		(1,321)	-----	-----	(1,321)
<b>Other Comprehensive Income:</b>		-----	-----	-----	-----
<b>Total Other Comprehensive Income</b>		(1,321)	-----	-----	(1,321)
<b>Total Comprehensive Income for the year</b>		-----	-----	-----	-----
<b>Transactions With Owners In Their Capacity As Owners</b>		-----	-----	-----	-----
Increase/(Decrease) in Net Assets From Equity Transfers	29	-----	-----	-----	-----
<b>Balance at 30 June 2012</b>		<b>5,385</b>	<b>-----</b>	<b>-----</b>	<b>5,385</b>

The accompanying notes form part of these financial statements.

**Clinical Excellence Commission**  
**Statement of Cash Flows for the year ended 30 June 2013**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual		Actual	Budget Unaudited	Actual
2013	2013	2012	Notes	2013	2013	2012
\$000	\$000	\$000		\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
---	---	---		(10,123)	(10,885)	(8,455)
(158)	(149)	(128)	Employee Related	(158)	(149)	(128)
(9)	---	---	Grants and Subsidies	(9)	---	---
(13,317)	(12,984)	(11,140)	Finance Costs	(3,194)	(2,099)	(2,685)
(13,484)	(13,133)	(11,268)	Other	(13,484)	(13,133)	(11,268)
<b>Total Payments</b>						
<b>Receipts</b>						
12,356	12,356	9,256	NSW Ministry of Health Recurrent Allocations	12,356	12,356	9,256
298	298	---	NSW Ministry of Health Capital Allocations	298	298	---
352	352	493	Reimbursements from the Crown Entity	352	352	493
48	315	8	Sale of Goods and Services	48	315	8
319	16	428	Interest Received	319	16	428
279	28	232	Grants and Contributions	279	28	232
244	(91)	641	Other	244	(91)	641
13,896	13,274	11,058	<b>Total Receipts</b>	13,896	13,274	11,058
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>412</b>	<b>141</b>	<b>(210)</b>		<b>412</b>	<b>141</b>	<b>(210)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
---	---	21	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	---	---	21
---	---	135	Proceeds from Sale of Investments	---	---	135
(75)	(84)	(244)	Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems and Intangibles	(75)	(84)	(244)
<b>(75)</b>	<b>(84)</b>	<b>(88)</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(75)</b>	<b>(84)</b>	<b>(88)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>						
337	57	(298)		337	57	(298)
5,988	5,988	6,286	Opening Cash and Cash Equivalents	5,988	5,988	6,286
315	---	---	Cash Transferred In/(Out) as a Result of Administrative Restructuring	315	---	---
<b>6,640</b>	<b>6,045</b>	<b>5,988</b>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>6,640</b>	<b>6,045</b>	<b>5,988</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 2013

## 1. The Reporting Entity

The Clinical Excellence Commission (the Clinical Excellence Commission) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

The Clinical Excellence Commission as a reporting entity, comprises all the entities under its control, namely;

The Clinical Excellence Commission controls the Clinical Excellence Commission Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to enable the Clinical Excellence Commission to exercise its functions.

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 2013 have been authorised for issue by the Board on 19 September 2013.

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

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

Other mitigating circumstances why the going concern is appropriate include:

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

Property, plant and equipment, 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.



Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

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. The comparative period is a twelve month period.

**Statement of Compliance**

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations. Significant accounting policies used in the preparation of these financial statements are as follows:

**a) Employee Benefits and Other Provisions**

**i) Salaries & Wages, Annual Leave, Sick Leave and On-Costs**

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 13.2% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2012 were 17.8%).

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

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

**ii) Long Service Leave and Superannuation**

The 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 described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

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 AASB 119, 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 factors were determined based on an actuarial review to 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.

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 21, 'Payables'.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

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

**iii) 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.

**b) Insurance**

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

**d) Income Recognition**

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

*Sale of Goods*

Revenue from the sale of goods is recognised as revenue when the 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 AASB 139, Financial Instruments: Recognition and Measurement.

*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.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**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 Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and

\* receivables and payables are stated with the amount of GST included.

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

**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 requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (See also assets transferred as a result of an equity transfer Note 2(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 and intangibles 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%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0%
Plant and Machinery	10.0%
Furniture, Fittings and Furnishings	5.0%

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

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 2013

**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. This is because AASB 136 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 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 four 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, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are 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.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

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.

\* 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 Commission's 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**

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

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.

**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 entity as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian 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.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

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

**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 Ministry of Health 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".

**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**

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

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

AASB 11, Joint Arrangements has mandatory application from 1 July 2013 and defines joint control and the determination of joint control through an assessment of rights and obligations. The Standard is not expected to have any effect within the Clinical Excellence Commission.

AASB 12, Disclosure of Interests in Other Entities, has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement. It is not expected that the changes will have a material impact.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. Future impact is assessed as minimal.



Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2013/14 financial statements will be dependent on the policy of NSW Treasury.

AASB 127, Separate Financial Statements, has mandatory application from 1 July 2013 and applies in accounting for interests in subsidiaries, joint ventures and associates. Based on current activities, it is assessed as having no future impact on the Clinical Excellence Commission.

AASB 128, Investments in Associates and Joint Ventures, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the Clinical Excellence Commission.

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 policy of NSW Treasury.

AASB 1055, Budgetary Reporting, has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted by NSW Treasury for whole of government reporting.

AASB 2010-10 regarding removal of fixed dates for first time adopters, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the Clinical Excellence Commission.

AASB 2011-2, Trans-Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the policy of NSW Treasury.

AASB 2011-4, Amendments to Australian Accounting Standards To Remove Individual Key Management Personnel Disclosure Requirements, has application from 1 July 2013 and removes the requirement to individually report the remuneration of Key Management Personnel, recognising that this is more a governance issue.

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013. The exemption is not expected to have a material impact.

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not-for-profits the changes have application from 1 July 2014 but are assessed as having no material effect.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119, applicable from 1 July 2013 assessed as having no material impact.

AASB 2011-11, Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements, applicable from 1 July 2013 assessed as having no material impact.

The following changes will depend on the policies determined by NSW Treasury.

AASB 2012-1, Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements. Sets out reduced disclosure requirements as a consequence of the issuance of AASB 13, having application from 1 July 2013.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.

AASB 2012-4, Amendments to Australian Accounting Standards – Government Loans (Amendments to AASB 1 'First-time Adoption of International Financial Reporting Standards'). Applicable to reporting periods on or after 1 January 2013.

AASB 2012-5 regarding annual improvements 2009 to 2011 cycle applicable to reporting periods on or after 1 January 2013.

AASB 2012-7, Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Applicable to reporting periods on or after 1 July 2013.

AASB 2012-9, Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-10, Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-11, Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments, having application from 1 July 2013.

AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements, having application from 1 July 2014.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	8,372	6,898
----	----	Superannuation - Defined Benefit Plans	155	161
----	----	Superannuation - Defined Contribution Plans	613	503
----	----	Long Service Leave	500	474
----	----	Annual Leave	721	588
----	----	Sick Leave and Other Leave	200	130
----	----	Redundancies	25	----
----	----	Workers' Compensation Insurance	----	22
----	----	Payroll Tax and Fringe Benefits Tax	2	(1)
<u>----</u>	<u>----</u>		<u>10,588</u>	<u>8,775</u>
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
8,372	6,898	Salaries and Wages	----	----
(0)	(0)	Superannuation - Defined Benefit Plans	----	----
613	503	Superannuation - Defined Contribution Plans	----	----
25	143	Long Service Leave	----	----
721	588	Annual Leave	----	----
200	130	Sick Leave and Other Leave	----	----
25	----	Redundancies	----	----
----	22	Workers' Compensation Insurance	----	----
2	(1)	Payroll Tax and Fringe Benefits Tax	----	----
<u>9,958</u>	<u>8,282</u>		<u>----</u>	<u>----</u>
<b>5. Other Operating Expenses</b>				
2	1	Domestic Supplies and Services	2	1
73	35	Food Supplies	73	35
32	26	Fuel, Light and Power	32	26
1,373	530	General Expenses (See (a) below)	1,373	530
278	117	Information Management Expenses	278	117
3	1	Insurance	3	1
Maintenance (See (b) below)				
20	10	Maintenance Contracts	20	10
46	44	New/Replacement Equipment under \$10,000	46	44
28	14	Repairs Maintenance/Non Contract	28	14
----	1	Other	----	1
6	3	Motor Vehicle Expenses	6	3
173	115	Postal and Telephone Costs	173	115
230	218	Printing and Stationery	230	218
----	649	Rental	----	649
5	1	Special Service Departments	5	1
55	78	Staff Related Costs	55	78
523	349	Travel Related Costs	523	349
<u>2,847</u>	<u>2,192</u>		<u>2,847</u>	<u>2,192</u>

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>(a) General Expenses Include :-</b>		
(2)	8	Advertising	(2)	8
29	29	Auditor's Remuneration - External Audit	29	29
8	13	Books, Magazines and Journals	8	13
		Consultancies		
1	(9)	- Operating Activities	1	(9)
10	7	Courier and Freight	10	7
164	8	Legal Services	164	8
21	6	Membership/Professional Fees	21	6
721	-----	Other Operating Lease Expense - Minimum Lease Payments	721	-----
52	1	Payroll Services	52	1
-----	7	Security Services	-----	7
-----	2	Translator Services	-----	2
<u>370</u>	<u>458</u>	Other	<u>370</u>	<u>458</u>
<u><b>1,374</b></u>	<u><b>530</b></u>		<u><b>1,374</b></u>	<u><b>530</b></u>
		<b>(b) Reconciliation of Total Maintenance</b>		
<u>94</u>	<u>69</u>	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	<u>94</u>	<u>69</u>
<u><b>94</b></u>	<u><b>69</b></u>	Total Maintenance Expenses included in Notes 3, 4 and 5	<u><b>94</b></u>	<u><b>69</b></u>

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>6. Depreciation and Amortisation</b>				
278	238	Amortisation - Leased Buildings	278	238
16	15	Depreciation - Plant and Equipment	16	15
----	437	Amortisation - Intangible Assets	----	437
<u>294</u>	<u>690</u>		<u>294</u>	<u>690</u>
<b>7. Grants and Subsidies</b>				
77	85	Grants to Research Orgs	77	85
10	----	Promotion of Research	10	----
53	53	Other Grants	53	53
<u>140</u>	<u>138</u>		<u>140</u>	<u>138</u>
<b>8. Finance Costs</b>				
9	----	Other Interest Charges	9	----
<u>9</u>	<u>----</u>	Total Finance Costs	<u>9</u>	<u>----</u>

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
<b>9. Sale of Goods and Services</b>				
(b) Rendering of Services comprise the following:-				
(1)	----	Staff-Meals and Accommodation	(1)	----
3	8	Salary Packaging Fee	3	8
<u>2</u>	<u>8</u>		<u>2</u>	<u>8</u>
<b>10. Investment Revenue</b>				
319	405	Interest	319	405
		- Other		
<u>319</u>	<u>405</u>		<u>319</u>	<u>405</u>

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>11. Grants and Contributions</b>		
40	40	NSW Government Grants	40	40
188	192	Research Grants	188	192
28	----	Other Grants	28	----
<u>256</u>	<u>232</u>		<u>256</u>	<u>232</u>
		<b>12. Acceptance by the Crown Entity of employee benefits</b>		
		The following liabilities and expenses have been assumed by the Crown Entity:		
----	----	Superannuation-defined benefit	155	161
----	----	Long Service Leave	475	331
<u>----</u>	<u>----</u>		<u>630</u>	<u>492</u>
		<b>13. Other Revenue</b>		
		Other Revenue comprises the following:-		
----	1	Sponsorship Income	----	1
17	76	Other	17	76
<u>17</u>	<u>77</u>		<u>17</u>	<u>77</u>

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>14. Gain / (Loss) on Disposal</b>		
54	32	Property, Plant and Equipment	54	32
40	14	Less: Accumulated Depreciation	40	14
<u>14</u>	<u>18</u>	<b>Written Down Value</b>	<u>14</u>	<u>18</u>
-----	21	Less: Proceeds from Disposal	-----	21
<u><u>(14)</u></u>	<u><u>3</u></u>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<u><u>(14)</u></u>	<u><u>3</u></u>
<u><u>(14)</u></u>	<u><u>3</u></u>	<b>Total Gain/(Loss) on Disposal</b>	<u><u>(14)</u></u>	<u><u>3</u></u>
		<b>15. Other Gains / (Losses)</b>		
(239)	-----	Impairment of Receivables	(239)	-----
<u><u>(239)</u></u>	<u><u>-----</u></u>		<u><u>(239)</u></u>	<u><u>-----</u></u>



Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**16. 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  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

	PARENT	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000
<b>17. Cash and Cash Equivalents</b>					
Cash at Bank and On Hand	1,676	400	1,676	400	400
Short Term Deposits	4,964	5,588	4,964	5,588	5,588
	<b>6,640</b>	<b>5,988</b>	<b>6,640</b>	<b>5,988</b>	<b>5,988</b>
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)	6,640	5,988	6,640	5,988	5,988
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b>6,640</b>	<b>5,988</b>	<b>6,640</b>	<b>5,988</b>	<b>5,988</b>

*Refer to Note 30 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 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>18. Receivables</b>		
		<b>Current</b>		
----	22	Sale of Goods and Services	----	22
263	317	Intra Health Receivables	263	317
70	66	Goods and Services Tax	70	66
34	125	Other Debtors	34	125
367	530	<b>Sub Total</b>	367	530
----	----	Less Allowance for Impairment	----	----
367	530	<b>Sub Total</b>	367	530
29	53	Prepayments	29	53
<b>396</b>	<b>583</b>		<b>396</b>	<b>583</b>
		(a) Movement in the Allowance for Impairment		
		Other Debtors		
239	----	Amounts written off during the year	239	----
(239)	----	(Increase)/decrease in Allowance Recognised in	(239)	----
----	----	Result for the Year	----	----
----	----	Balance at 30 June	----	----
----	----		----	----

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 30.*

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>19. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
1,349	1,316	Gross Carrying Amount	1,349	1,316
623	345	and Impairment	623	345
<u>726</u>	<u>971</u>	Net Carrying Amount	<u>726</u>	<u>971</u>
<b>Plant and Equipment - Fair Value</b>				
141	152	Gross Carrying Amount	141	152
49	72	Less: Accumulated Depreciation and Impairment	49	72
<u>92</u>	<u>80</u>	Net Carrying Amount	<u>92</u>	<u>80</u>
<u>818</u>	<u>1,051</u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u>818</u>	<u>1,051</u>

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**PARENT & CONSOLIDATION**

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

	Work in Progress	Leased Buildings	Plant and Equipment	Total
	\$000	\$000	\$000	\$000
<b>2013</b>				
Net Carrying Amount at Start of Year	-----	971	80	1,051
Additions	19	14	42	75
Disposals	-----	-----	(14)	(14)
Depreciation Expense	-----	(278)	(16)	(294)
Net Carrying Amount at End of Year	19	707	92	818

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

Above categories and transaction type should be deleted if not applicable.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
		<b>20. Intangible Assets</b>		
		<b>Intangibles</b>		
2,390	2,390	Cost (Gross Carrying Amount)	2,390	2,390
2,390	2,390	Less Accumulated Amortisation and Impairment	2,390	2,390
<u>-----</u>	<u>-----</u>	<b>Net Carrying Amount</b>	<u>-----</u>	<u>-----</u>
<u>-----</u>	<u>-----</u>	<b>Total Intangible Assets at Net Carrying Amount</b>	<u>-----</u>	<u>-----</u>

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
		<b>21. Payables</b>		
		<b>Current</b>		
----	----	Accrued Salaries, Wages and On-Costs	283	272
----	----	Taxation and Payroll Deductions	168	172
451	444	Accrued Liability - Purchase of Personnel Services	----	----
222	118	Creditors	222	118
----	----	Interest	----	----
		Other Creditors		
130	101	- Intra Health Liability	130	101
242	291	- Other	242	291
<u>1,045</u>	<u>954</u>		<u>1,045</u>	<u>954</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 30.*

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
<b>22. Provisions</b>				
----	----	Annual Leave - Short Term Benefit	252	250
----	----	Annual Leave - Long Term Benefit	830	699
----	----	Long Service Leave On-Costs	191	167
1,273	1,116	Provision for Personnel Services Liability	----	----
<b>1,273</b>	<b>1,116</b>	<b>Total Current Provisions</b>	<b>1,273</b>	<b>1,116</b>
<b>Non-Current Employee Benefits and Related On-Costs</b>				
----	----	Long Service Leave On-Costs	10	9
10	9	Provision for Personnel Services Liability	----	----
<b>10</b>	<b>9</b>	<b>Total Non-Current Provisions</b>	<b>10</b>	<b>9</b>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
----	----	Provisions - Current	1,273	1,116
----	----	Provisions - Non-Current	10	9
----	----	Accrued Salaries, Wages and On-Costs (Note 21)	451	444
1,734	1,569	Liability - Purchase of Personnel Services	----	----
<b>1,734</b>	<b>1,569</b>		<b>1,734</b>	<b>1,569</b>



Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>23. Other Liabilities</b>				
		<b>Non-Current</b>		
		Other		
167	158		167	158
<u>167</u>	<u>158</u>		<u>167</u>	<u>158</u>

Make good provision increased by \$9K for the leased permises at 227 Elizabeth Street.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>24. Commitments for Expenditure</b>		
		(a) <b>Operating Lease Commitments</b>		
		Future non-cancellable operating lease rentals not provided for and payable:		
980	785	Not later than one year	980	785
-----	785	Later than one year and not later than five years	-----	785
			-----	-----
<u>980</u>	<u>1,570</u>	<b>Total Operating Lease Commitments (Including GST)</b>	<u>980</u>	<u>1,570</u>

The operating lease commitments above are for the leased property at 227 Elizabeth Street which expires in 2014.

**(b) Contingent Asset Related to Commitments for Expenditure**

The total of 'Commitments for Expenditure' above, i.e. \$1 million as at 30 June 2013 includes input tax credits of \$89,132 that are expected to be recoverable from the Australian Taxation Office (2012 \$142,727).

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**PARENT AND CONSOLIDATED**

**25. Contingent Liabilities and Assets**

**a) Workers Compensation Hindsight Adjustment**

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2006/07 fund year and an interim adjustment for the 2008/09 fund year were not calculated until 2012/13.

As a result, the 2007/08 final and 2009/10 pertaining to the hospitals and community services now forming part of the Clinical Excellence Commission will be paid in 2013/14. It is not possible for the Clinical Excellence Commission to reliably quantify either the benefit to be received and/or the liability to be paid.

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

	PARENT		CONSOLIDATION
	2013	2012	2012
	\$000	\$000	\$000
<b>26. Reconciliation of Cash Flows from Operating Activities to Net Result</b>			
	412	(210)	412
Net Cash Flows from Operating Activities	(294)	(690)	(294)
Depreciation	(238)	-----	(238)
Allowance for Impairment	(176)	(395)	(176)
(Increase)/ Decrease in Provisions	45	67	45
Increase / (Decrease) in Prepayments and Other Assets	12	(98)	12
(Increase)/ Decrease in Creditors	(14)	3	(14)
Net Gain/ (Loss) on Sale of Property, Plant and Equipment			
	<b>(253)</b>	<b>(1,323)</b>	<b>(253)</b>
			<b>(1,323)</b>

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**PARENT AND CONSOLIDATED**

**27. 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.

**28. Budget Review - Parent and Consolidated**

Total actual expenditure was unfavourable to budget by \$458K. This was mainly due to increased program activity within goods & services throughout 2012/13. Total actual revenue was surplus to budget by \$698K which can be mostly attributed to increased investment revenue and grants & contributions.

**Net Result**

The actual Net Result was slightly higher than budget by \$13K, primarily due to :  
the Clinical Excellence Commission slightly exceeding its expense budget but was covered by its revenue. As such the Clinical Excellence Commission operated sufficiently to come within its net result of budget.

**Assets and Liabilities**

Total Assets are greater than budget due to an increase in available cash.

Total Liabilities are greater than budget mainly due to leave provisions.

**Cash Flows**

Net Cash flows from operating activities resulted in a favourable variance to budget of \$271K due to CEC's increase in receipts.

Net Cash Flows from investing activities resulted in a favourable variance to budget of some \$9K.

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

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 18th September 2012 are as follows:

	<b>\$000</b>
Initial Allocation, 30th July 2012	13,056
State-wide Clinical Leadership	(823)
Paediatric Recognition of the Sick Child and Resuscitation Project	54
In Safe Hands Residential School	150
Patient Blood Management Program	300
State-wide Clinical Leadership	<u>(381)</u>
Balance as per Statement of Comprehensive Income	<u><u>12,356</u></u>

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

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

Equity transfers effected in the 2012/13 year were:

	2013	2012
The Policy & Technical Support Unit (PTSU) dissolved as a result of the Governance Review of NSW. As such on the 1 July 2012 their Assets & Liabilities no longer existed. An agreement had been reached to split the remaining cash equally between CEC and ACI, as both organisations had previously contributed to the PTSU budget.	210	----
Crown Entity - Transfer of Long Service Leave On-costs	17	----
	227	----

**Assets and Liabilities transferred are as follows:**

	2013	2012
	\$000	\$000
<b>Assets</b>		
Cash	315	----
<b>Liabilities</b>		
Intra-health Policy & Technical Support Unit recoup 2011/12 budget deficit.	-105	----
LSL on-costs	17	----
	227	----
Increase/(Decrease) in Net Assets From Equity Transfers	227	----

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

### 30. 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 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 & Risk Management Committee and the internal auditors on a continuous basis.

#### (a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Class:	Category		
<b>Financial Assets</b>			
Cash and Cash Equivalents (note 17)	N/A	6,640	5,988
Receivables (note 18)*	Loans and receivables (at amortised cost)	297	464
Total Financial Assets		<u>6,937</u>	<u>6,452</u>
<b>Financial Liabilities</b>			
Payables (note 21)**	Financial liabilities	877	782
Other (note 23)	measured at amortised cost	167	158
Total Financial Liabilities		<u>1,044</u>	<u>940</u>

#### Notes

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

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

#### (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.

#### Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.27% in 2012/13 compared to 3.46% in the previous year.

#### Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the 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 (2013:\$297K; 2012: \$244K) and not more than 3 months past due (2013: \$0; 2012:\$0) are not considered impaired and together these represent 100% of the total trade debtors.

#### (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 of loans payable. No assets have been pledged as collateral. The Clinical Excellence Commission has no exposure to liquidity 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 Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

The table below summarises the maturity profile of the Clinical Excellence Commission'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 2013

*Maturity Analysis and interest rate exposure of financial liabilities*

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount 1	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>2013</b>							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		283	-----	-----	283	283	-----
- Creditors		594	-----	-----	594	594	-----
		877	-----	-----	877	877	-----
<b>2012</b>							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		272	-----	-----	272	272	-----
- Creditors		510	-----	-----	510	510	-----
		782	-----	-----	782	782	-----

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Clinical Excellence Commission 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 2013

**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 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 2012. 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 is 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	+1% Profit	Equity
<b>2013</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	6,640	(66)	(66)	66	66
Receivables	297	(3)	(3)	3	3
<b>Financial Liabilities</b>					
Payables	877	(9)	(9)	9	9
Borrowings	-----	-----	-----	-----	-----
Other	167	(2)	(2)	2	2
<b>2012</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	5,988	(60)	(60)	60	60
Receivables	464	(5)	(5)	5	5
<b>Financial Liabilities</b>					
Payables	782	(8)	(8)	8	8
Borrowings	-----	-----	-----	-----	-----
Other	158	(2)	(2)	2	2

Clinical Excellence Commission  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**Note 31 Events after the Reporting Period**

There were no events after the reporting period 30 June 2013 (2012:nil)

END OF AUDITED FINANCIAL STATEMENTS