



INDEPENDENT AUDITOR'S REPORT

Health Education and Training Institute

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Health Education and Training Institute (the Institute), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Institute and the consolidated entity. The consolidated entity comprises the Institute 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 Institute as at 30 June 2014, 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 does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income, the statement of financial position and the statement of cash flows.

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

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of 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 Institute's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Institute or the consolidated entity
- that 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 which may have been hyperlinked to/from the financial statements.

Independence

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

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



Steven Martin
Assistant Auditor-General, Financial Audit Services

29 September 2014
SYDNEY

**Health Education and Training Institute
Certification of the Financial Statements
for the year ended 30 June 2014**

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

- 1) The financial statements of the Health Education and Training Institute for the year ended 30 June 2014 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Health Education and Training Institute; and
- 3) I am not aware of any circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Ms Heather Gray, PSM
Chief Executive
26 September 2014

Health Education and Training Institute
Statement of Comprehensive Income for the year ended 30 June 2014

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual
2014 \$000	2014 \$000	2013 \$000			2014 \$000	2014 \$000	2013 \$000
			Expenses excluding losses				
			Operating Expenses				
----	----	----	Employee Related	3	15,362	17,270	14,117
14,530	16,515	13,910	Personnel Services	4	----	----	----
12,819	10,470	9,488	Other Operating Expenses	5	12,819	10,470	9,488
577	580	372	Depreciation and Amortisation	2(h), 6	577	580	372
12,582	13,146	11,271	Grants and Subsidies	7	12,582	13,146	11,271
40,508	40,711	35,041	Total Expenses excluding losses		41,340	41,466	35,248
			Revenue				
29,202	33,400	27,741	NSW Ministry of Health Recurrent Allocations	2(d)	29,202	33,400	27,741
77	77	77	NSW Ministry of Health Capital Allocations	2(d)	77	77	77
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 11	832	755	207
3,324	6,415	1,625	Sale of Goods and Services	8	3,324	6,415	1,625
400	15	442	Investment Revenue	9	400	15	442
4,401	222	274	Grants and Contributions	10	4,401	222	274
80	20	210	Other Revenue	12	80	20	210
37,484	40,149	30,369	Total Revenue		38,316	40,904	30,576
----	----	(21)	Gain / (Loss) on Disposal	13	----	----	(21)
(93)	----	----	Other Gains / (Losses)	14	(93)	----	----
(3,117)	(562)	(4,693)	Net Result	27	(3,117)	(562)	(4,693)
			Other Comprehensive Income				
			Items that will not be reclassified to net result				
			Net Increase/(Decrease) in Property, Plant & Equipment Revaluation Surplus	19	----	----	----
			Net Change in the Revaluation Surplus Arising from a Change in the Restoration Liability		----	----	----
			Items that may be reclassified to net result				
			Available for Sale Financial Assets				
			- Valuation Gains/(Losses)		----	----	----
			- Transferred to Net Result on Disposal		----	----	----
			Other Net Increases/(Decreases) in Equity		----	----	----
----	----	----	Total Other Comprehensive Income		----	----	----
(3,117)	(562)	(4,693)	TOTAL COMPREHENSIVE INCOME		(3,117)	(562)	(4,693)

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Financial Position as at 30 June 2014

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2014 \$000	2014 \$000	2013 \$000		2014 \$000	2014 \$000	2013 \$000
ASSETS						
Current Assets						
7,363	5,633	5,633		7,363	5,633	5,633
899	1,241	1,241	16	899	1,241	1,241
8,262	6,874	6,874		8,262	6,874	6,874
Total Current Assets						
Non-Current Assets						
1,148	881	1,384		1,148	881	1,384
243	314	313	19	243	314	313
1,391	1,195	1,697		1,391	1,195	1,697
728	964	964	19	728	964	964
2,119	2,159	2,661		2,119	2,159	2,661
10,381	9,033	9,535		10,381	9,033	9,535
Total Non-Current Assets						
Total Assets						
LIABILITIES						
Current Liabilities						
6,355	4,311	4,311		6,355	4,311	4,311
1,430	1,037	980	22	1,430	1,037	980
1,511	405	405	23	1,511	405	405
9,296	5,753	5,696	24	9,296	5,753	5,696
Total Current Liabilities						
Non-Current Liabilities						
7	7	4		7	7	4
-----	50	50	23	-----	50	50
7	57	54		7	57	54
9,303	5,810	5,750		9,303	5,810	5,750
1,078	3,223	3,785		1,078	3,223	3,785
Total Non-Current Liabilities						
Total Liabilities						
Net Assets						
EQUITY						
1,078	3,223	3,785		1,078	3,223	3,785
1,078	3,223	3,785		1,078	3,223	3,785
Total Equity						

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Changes in Equity for the year ended 30 June 2014

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2013		3,785	3,785
Total Equity at 1 July 2013		3,785	3,785
Net Result for the year		(3,117)	(3,117)
Total Other Comprehensive Income		-----	-----
Total Comprehensive Income for the year		(3,117)	(3,117)
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	29	410	410
Balance at 30 June 2014		1,078	1,078
Balance at 1 July 2012		6,406	6,406
Total Equity at 1 July 2012		6,406	6,406
Net Result for the year		(4,693)	(4,693)
Total Other Comprehensive Income		-----	-----
Total Comprehensive Income for the year		(4,693)	(4,693)
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	29	2,072	2,072
Balance at 30 June 2013		3,785	3,785

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Cash Flows for the year ended 30 June 2014

PARENT								CONSOLIDATION		
Actual	Budget Unaudited	Actual						Actual	Budget Unaudited	Actual
2014	2014	2013						2014	2014	2013
\$000	\$000	\$000						\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES										
Payments										
----	----	----	Employee Related					(14,316)	(16,802)	(13,333)
(13,542)	(14,107)	(11,962)	Grants and Subsidies					(13,542)	(14,107)	(11,962)
(25,840)	(28,202)	(25,628)	Other					(11,524)	(11,400)	(12,295)
<u>(39,382)</u>	<u>(42,309)</u>	<u>(37,590)</u>	Total Payments					<u>(39,382)</u>	<u>(42,309)</u>	<u>(37,590)</u>
Receipts										
29,202	33,400	27,741	NSW Ministry of Health Recurrent Allocations					29,202	33,400	27,741
77	77	77	NSW Ministry of Health Capital Allocations					77	77	77
132	132	20	Reimbursements from the Crown Entity					132	132	20
2,717	6,415	1,480	Sale of Goods and Services					2,717	6,415	1,480
399	15	442	Interest Received					399	15	442
4,401	222	170	Grants and Contributions					4,401	222	170
3,809	2,125	3,014	Other					3,809	2,125	3,014
<u>40,737</u>	<u>42,386</u>	<u>32,944</u>	Total Receipts					<u>40,737</u>	<u>42,386</u>	<u>32,944</u>
<u>1,355</u>	<u>77</u>	<u>(4,646)</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES					<u>1,355</u>	<u>77</u>	<u>(4,646)</u>
CASH FLOWS FROM INVESTING ACTIVITIES										
----	----	51	Proceeds from Sale of Property, Plant & Equipment and Intangibles					----	----	51
(35)	(77)	(654)	Purchases of Property, Plant & Equipment and Intangibles					(35)	(77)	(654)
<u>(35)</u>	<u>(77)</u>	<u>(603)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES					<u>(35)</u>	<u>(77)</u>	<u>(603)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES										
NET INCREASE / (DECREASE) IN CASH										
1,320	----	(5,249)	Opening Cash and Cash Equivalents					1,320	----	(5,249)
5,633	5,633	10,882	Cash Transferred In/(Out) as a Result of Administrative Restructuring					5,633	5,633	10,882
410	----	----						410	----	----
<u>7,363</u>	<u>5,633</u>	<u>5,633</u>	CLOSING CASH AND CASH EQUIVALENTS					<u>7,363</u>	<u>5,633</u>	<u>5,633</u>

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Service Group Statements
for the year ended 30 June 2014

INSTITUTE EXPENSES AND INCOME	Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2014	2013	2014	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses						
Operating Expenses						
Employee Related	15,362	14,117			15,362	14,117
Other Operating Expenses	12,819	9,488			12,819	9,488
Depreciation and Amortisation	577	372			577	372
Grants and Subsidies	12,582	11,271			12,582	11,271
Total Expenses excluding losses	41,340	35,248			41,340	35,248
Revenue						
NSW Ministry of Health Recurrent Allocations **			29,202	27,741	29,202	27,741
NSW Ministry of Health Capital Allocations **			77	77	77	77
Acceptance by the Crown Entity						
of Employee Benefits and Other Liabilities	832	207			832	207
Sale of Goods and Services	3,324	1,625			3,324	1,625
Investment Revenue	400	442			400	442
Grants and Contributions	4,401	274			4,401	274
Other Revenue	80	210			80	210
Total Revenue	9,037	2,758	29,279	27,818	38,316	30,576
Gain / (Loss) on Disposal		(21)				(21)
Other Gains / (Losses)	(93)				(93)	
Net Result	(32,396)	(32,511)	29,279	27,818	(3,117)	(4,693)
Total Other Comprehensive Income	0	0	0	0	0	0
Total Comprehensive Income	(32,396)	(32,511)	29,279	27,818	(3,117)	(4,693)

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

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

Health Education and Training Institute
Service Group Statements (Continued)
for the year ended 30 June 2014

INSTITUTE ASSETS AND LIABILITIES	Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
ASSETS						
Current Assets						
Cash and Cash Equivalents	7,363	5,633			7,363	5,633
Receivables	899	1,241			899	1,241
Total Current Assets	8,262	6,874			8,262	6,874
Non-Current Assets						
Property, Plant and Equipment						
- Plant and Equipment	1,148	1,384			1,148	1,384
- Leasehold Improvements	243	313			243	313
Intangible Assets	728	964			728	964
Total Non-Current Assets	2,119	2,661			2,119	2,661
TOTAL ASSETS	10,381	9,535			10,381	9,535
LIABILITIES						
Current Liabilities						
Payables	6,355	4,311			6,355	4,311
Provisions	1,430	980			1,430	980
Other	1,511	405			1,511	405
Total Current Liabilities	9,296	5,696			9,296	5,696
Non-Current Liabilities						
Provisions	7	4			7	4
Other		50				50
Total Non-Current Liabilities	7	54			7	54
TOTAL LIABILITIES	9,303	5,750			9,303	5,750
NET ASSETS	1,078	3,785			1,078	3,785

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

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

1. The Reporting Entity

The Health Education and Training Institute (the Institute) was established under the provisions of the Health Services Act 1997 with effect from 2 April 2012.

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

- * The parent entity, comprises all the operating activities of the Health Education and Training Institute.

- * The Health Education and Training Institute Special Purpose Service Entity which was established as a Division of the Health Service on 2 April 2012 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the Institute to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Chief Executive on 26 September 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Institute's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2010, and the Treasurers' Directions. Apart from the basis for the Institute's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(u).

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

The Secretary of Health 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 Institute'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 Institute 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 Institute has the capacity to review timing of subsidy cashflows to ensure that they can pay debts as and when they become due and payable.

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.

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

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

Comparative Information

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

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

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

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 15.1% are applied to the value of leave payable at 30 June 2014 (comparable on-costs for 30 June 2013 were 13.2%). The Institute has assessed the actuarial advice based on the Institute's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

ii) Long Service Leave and Superannuation

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

The Institute accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'.

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 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

iii) Consequential On-Costs

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

iv) Other Provisions

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the Institute 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 recognised as revenues when the Institute obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the Institute as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the Statement of Comprehensive Income before arriving at the "Net Result" on the basis that the allocation is earned in return for the health services provided on behalf of the Ministry. Allocations are normally recognised upon the receipt of cash.

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

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

- * amount of GST incurred by the Institute as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

f) Acquisition of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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 Institute. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

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

Buildings	2.5%
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%

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

i) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

j) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

k) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

l) Intangible Assets

The Institute recognises intangible assets only if it is probable that future economic benefits will flow to the Institute 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 Institute's intangible assets, the assets are carried at cost less any accumulated amortisation.

Computer software developed or acquired by the Institute 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.

m) 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.

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.

o) 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.

p) De-recognition of financial assets and financial liabilities

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

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

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

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

q) Payables

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

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Institute.

r) Fair Value Hierarchy

A number of the Institute's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant & Equipment and Leasehold Improvements are not required to be reported under the fair value hierarchy.

s) Equity Transfers

The transfer of net assets between entities 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.

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) Revaluation Surplus

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

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

All Health Education and Training Institute activities relate to the Service Group 'Teaching and Research'. This service group covers the provision of professional training for the needs of 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.

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

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2013-14 and have been applied for the first time as follows:

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 January 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. No impact to prior year values, increased note disclosures, refer note .

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 January 2013 and cover the recognition and measurement of short term and long term employee benefits. Refer Note 3 and 23.

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. Minor Adjustment has been made to note 30.

(ii) Issued but not yet effective

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

AASB 2010-7, regarding Financial Instruments has 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 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 profit entities, the changes have application from 1 July 2014. Based on the initial high level assessment performed by the Ministry of Health, this standard has been assessed as having no material effect. The CEC in conjunction with the Ministry will be performing a detailed review of the impact of the standard to assess if any small foundations, trust or any other type of entities are controlled, noting if such relationship exists, it is still likely to be immaterial.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted for whole of government reporting.

AASB 9, Financial Instruments, has application from 1 Jan 2017. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 1031, Materiality, is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard provides references to other Standards and the Framework that contain guidance on materiality.

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 2013-3, Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, has application from 1 July 2014.

AASB 2013-6, Amendments to AASB 136 arising from Reduced Disclosure Requirements, has application from 1 July 2014.

AASB 2013-8, Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities, has application from 1 July 2014.

AASB 2013-9, Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments has application from 1 July 2014.

AASB 2014-1, Amendments to Australian Accounting Standards is a summary of changes and impacts on wording arising from changes in other standards issued by the Australian Accounting Standards Board which have been already assessed above. This standard has application from 1 July 2014.

AASB 2014-2, Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements which should have minimal impact due to exemptions not applying to General Government Sector Entities. This standard has application from 1 July 2014.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages*	11,836	12,077
----	----	Overtime	----	2
----	----	Penalties	2	----
----	----	Superannuation - Defined Benefit Plans	75	58
----	----	Superannuation - Defined Contribution Plans	955	810
----	----	Long Service Leave	816	198
----	----	Annual Leave	1,029	732
----	----	Sick Leave and Other Leave	589	183
----	----	Redundancies	----	14
----	----	Workers' Compensation Insurance	60	43
-----	-----		15,362	14,117
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
11,836	12,077	Salaries and Wages*	----	----
----	2	Overtime	----	----
2	----	Penalties	----	----
----	----	Superannuation - Defined Benefit Plans	----	----
955	810	Superannuation - Defined Contribution Plans	----	----
59	49	Long Service Leave	----	----
1,029	732	Annual Leave	----	----
589	183	Sick Leave and Other Leave	----	----
----	14	Redundancies	----	----
60	43	Workers' Compensation Insurance	----	----
14,530	13,910		-----	-----
5. Other Operating Expenses				
841	12	Advertising	841	12
19	18	Auditor's Remuneration - Audit of Financial Statements	19	18
2,022	1,369	Consultancies	2,022	1,369
50	31	Domestic Supplies and Services	50	31
98	60	Food Supplies	98	60
----	9	Fuel, Light and Power	----	9
1,326	1,404	Other (See (a) below)	1,326	1,404
630	994	Information Management Expenses	630	994
11	12	Insurance	11	12
918	726	Maintenance (See (b) below)	918	726
----	55	Medical and Surgical Supplies	----	55
96	60	Motor Vehicle Expenses	96	60
110	144	Postal and Telephone Costs	110	144
651	956	Printing and Stationery	651	956
----	2	Rates and Charges	----	2
588	351	Rental	588	351
2,288	614	Staff Related Costs*	2,288	614
2,184	1,884	Training Expenses	2,184	1,884
987	787	Travel Related Costs	987	787
12,819	9,488		12,819	9,488

* Increase in staff related costs reflects the recognition of staff employed through external agencies in current year (\$2.098m), previously recognised under employee related expenses (\$1.876m for year ended 30 June 2013).

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		(a) Other Includes:		
256	228	Corporate Support Services	256	228
23	13	Courier and Freight	23	13
5	39	Legal Services	5	39
117	312	Membership/Professional Fees	117	312
3	75	Quality Assurance/Accreditation	3	75
3	4	Security Services	3	4
919	733	Other Miscellaneous	919	733
1,326	1,404		1,326	1,404
		(b) Reconciliation of Total Maintenance		
431	196	Maintenance Contracts	431	196
435	458	New/Replacement Equipment under \$10,000	435	458
52	72	Repairs Maintenance/Non Contract	52	72
918	726	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	918	726
918	726	Total Maintenance Expenses	918	726

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
6. Depreciation and Amortisation				
272	256	Depreciation - Plant and Equipment	272	256
69	18	Amortisation - Leasehold Improvements	69	18
236	98	Amortisation - Intangible Assets	236	98
<u>577</u>	<u>372</u>		<u>577</u>	<u>372</u>
7. Grants and Subsidies				
-----	76	Grants to Research Organisations	-----	76
1,118	1,016	Grant Payments to Other NSW Health Entities	1,118	1,016
-----	262	Allied Health Education Scholarship Program	-----	262
358	-----	Allied Health Workplace Learning Grants	358	-----
3,838	3,508	GP Procedural & Rural Generalist Training Programs	3,838	3,508
227	635	Mobile Simulation Centre	227	635
423	647	Rural Research Building Capacity Program	423	647
4,317	3,878	Scholarships and Sponsorships	4,317	3,878
278	36	People Management Skills Program	278	36
309	177	Emergency Medicine Training Program	309	177
457	-----	Local Innovations Fund	457	-----
210	-----	Master of Clinical Medicine Program	210	-----
191	116	Aboriginal Allied Health Cadetships	191	116
561	18	Leadership Program	561	18
295	902	Other Grants	295	902
<u>12,582</u>	<u>11,271</u>		<u>12,582</u>	<u>11,271</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
8. Sale of Goods and Services				
6	-----	Commercial Activities	6	-----
360	277	Conference and Training Fees	360	277
-----	1	Private Use of Motor Vehicles	-----	1
758	-----	NSW Institute of Psychiatry Agreement	758	-----
189	185	Medical Accreditation Program	189	185
1,969	1,108	District HETI Operational Model	1,969	1,108
42	54	Other	42	54
<hr/>	<hr/>		<hr/>	<hr/>
3,324	1,625		3,324	1,625
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
9. Investment Revenue				
400	442	Interest	400	442
<hr/>	<hr/>		<hr/>	<hr/>
400	442		400	442
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
10. Grants and Contributions				
103	----	Commonwealth Government Grants	103	----
4,015	----	Health Workforce Australia Agreement	4,015	----
112	114	Cancer Institute Grants	112	114
75	----	Grants from Other NSW Health Entities	75	----
96	160	Other Grants	96	160
<u>4,401</u>	<u>274</u>		<u>4,401</u>	<u>274</u>
11. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	75	58
----	----	Long Service Leave	757	149
<u>----</u>	<u>----</u>		<u>832</u>	<u>207</u>
12. Other Revenue				
Other Revenue comprises the following:-				
2	1	Sale of Merchandise, Old Wares and Books	2	1
9	23	Sponsorship Income	9	23
15	2	Unclaimed Deposits	15	2
54	184	Other	54	184
<u>80</u>	<u>210</u>		<u>80</u>	<u>210</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		13. Gain / (Loss) on Disposal		
-----	108	Property, Plant and Equipment	-----	108
-----	36	Less: Accumulated Depreciation	-----	36
-----	72	Written Down Value	-----	72
-----	51	Less: Proceeds from Disposal	-----	51
-----	(21)	Gain/(Loss) on Disposal of Property, Plant and Equipment	-----	(21)
-----	-----	Gain/(Loss) on Disposal of Financial Assets at Fair Value	-----	-----
-----	-----	Gain/(Loss) on Disposal of Intangible Assets	-----	-----
-----	-----	Gain/(Loss) on Disposal of Assets Held for Sale	-----	-----
-----	(21)	Total Gain/(Loss) on Disposal	-----	(21)
		14. Other Gains / (Losses)		
(93)	-----	Impairment of Receivables	(93)	-----
(93)	-----		(93)	-----

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

15. Service Groups of the Institute

Service Group 6.1 - Teaching and Research

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

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

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

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		16. Cash and Cash Equivalents		
7,363	5,633	Cash at Bank and On Hand	7,363	5,633
7,363	5,633		7,363	5,633
		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:		
7,363	5,633	Cash and Cash Equivalents (per Statement of Financial Position)	7,363	5,633
7,363	5,633	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	7,363	5,633

Refer to Note 30 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		17. Receivables		
		Current		
281	105	Sale of Goods and Services	281	105
132	105	Intra Health Receivables	132	105
483	816	Goods and Services Tax	483	816
3	215	Other Debtors	3	215
<u>899</u>	<u>1,241</u>	Sub Total	<u>899</u>	<u>1,241</u>
-----	-----	Less Allowance for Impairment	-----	-----
<u>899</u>	<u>1,241</u>		<u>899</u>	<u>1,241</u>
		(a) Movement in the Allowance for Impairment		
		Other Debtors		
-----	-----	Balance at Commencement of Reporting Period	-----	-----
93	-----	Amounts written off during the period	93	-----
-----	-----	Amounts recovered during the period	-----	-----
<u>(93)</u>	-----	(Increase)/decrease in Allowance Recognised in the Income Statement	<u>(93)</u>	-----
-----	-----	Balance at 30 June	-----	-----
<u>-----</u>	<u>-----</u>		<u>-----</u>	<u>-----</u>

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

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
18. Property, Plant and Equipment				
Plant and Equipment - Fair Value				
1,745	1,709	Gross Carrying Amount	1,745	1,709
<u>597</u>	<u>325</u>	Less: Accumulated Depreciation and Impairment	<u>597</u>	<u>325</u>
<u>1,148</u>	<u>1,384</u>	Net Carrying Amount	<u>1,148</u>	<u>1,384</u>
Leasehold Improvements - Fair Value				
365	366	Gross Carrying Amount	365	366
<u>122</u>	<u>53</u>	Less: Accumulated Depreciation and Impairment	<u>122</u>	<u>53</u>
<u>243</u>	<u>313</u>	Net Carrying Amount	<u>243</u>	<u>313</u>
<u>1,391</u>	<u>1,697</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,391</u>	<u>1,697</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT & CONSOLIDATION

19. Property, Plant and Equipment - Reconciliation

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

	Plant and Equipment	Leasehold Improvements	Total
	\$000	\$000	\$000
2014			
Net Carrying Amount at Start of Year	1,384	313	1,697
Additions	37	(1)	36
Depreciation Expense	(272)	(69)	(341)
Reclassifications	(1)	----	(1)
Net Carrying Amount at End of Year	1,148	243	1,391

	Plant and Equipment	Leasehold Improvements	Total
	\$000	\$000	\$000
2013			
Net Carrying Amount at Start of Year	321	65	386
Additions	388	266	654
Disposals	(72)	----	(72)
Administrative Restructures - Transfers In/(Out)	1,003	----	1,003
Depreciation Expense	(256)	(18)	(274)
Net Carrying Amount at End of Year	1,384	313	1,697

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		20. Intangible Assets		
		Intangibles		
1,180	1,180	Cost (Gross Carrying Amount)	1,180	1,180
<u>452</u>	<u>216</u>	Less Accumulated Amortisation and Impairment	<u>452</u>	<u>216</u>
<u>728</u>	<u>964</u>	Net Carrying Amount	<u>728</u>	<u>964</u>
<u>728</u>	<u>964</u>	Total Intangible Assets at Net Carrying Amount	<u>728</u>	<u>964</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT & CONSOLIDATION

21. Intangibles - Reconciliation

	Intangibles \$000
2014	
Net Carrying Amount at Start of Year	964
Amortisation (Recognised in Depreciation and Amortisation)	(236)
Net Carrying Amount at End of Year	728

	Intangibles \$000
2013	
Net Carrying Amount at Start of Year	-----
Amortisation (Recognised in Depreciation and Amortisation)	(98)
Admin transfer of the ClinConnect Software from the Ministry of Health to the Institute	1,062
Net Carrying Amount at End of Year	964

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		22. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	460	341
-----	-----	Taxation and Payroll Deductions	11	22
471	363	Accrued Liability - Purchase of Personnel Services	-----	-----
901	86	Creditors	901	86
		Other Creditors		
		- Intra Health Liability	2,012	2,159
2,012	2,159	- Other	2,971	1,703
2,971	1,703	- Goods and Services Tax	-----	-----
-----	-----			
<u>6,355</u>	<u>4,311</u>		<u>6,355</u>	<u>4,311</u>

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

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
23. Provisions				
Current				
-----	-----	Annual Leave - Short Term Benefit	550	533
-----	-----	Annual Leave - Long Term Benefit	744	367
-----	-----	Long Service Leave Consequential On-Costs	136	80
1,430	980	Provision for Personnel Services Liability	-----	-----
1,430	980	Total Current Provisions	1,430	980
Non-Current				
-----	-----	Long Service Leave Consequential On-Costs	7	4
7	4	Provision for Personnel Services Liability	-----	-----
7	4	Total Non-Current Provisions	7	4
Aggregate Employee Benefits and Related On-Costs				
-----	-----	Provisions - Current	1,430	980
-----	-----	Provisions - Non-Current	7	4
-----	-----	Accrued Salaries, Wages and On-Costs (Note 22)	471	363
1,908	1,347	Liability - Purchase of Personnel Services	-----	-----
1,908	1,347		1,908	1,347
24. Other Liabilities				
Current				
1,471	375	Income in Advance	1,471	375
40	30	Refundable Internship Application Fees	40	30
1,511	405		1,511	405
Non-Current				
-----	50	Refundable Internship Application Fees	-----	50
-----	50		-----	50

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000	25. Commitments for Expenditure	2014 \$000	2013 \$000
		(a) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
----	----	Not later than one year	----	----
----	----	Later than one year and not later than five years	----	----
----	----	Later than five years	----	----
-----	-----	Total Operating Lease Commitments (Including GST)	-----	-----

The Institute has entered into cancellable building leases with the Ministry of Health for Buildings 7, 12 and 13 at Gladesville Hospital.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT AND CONSOLIDATED

26. Contingent Liabilities and Assets

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 2007/08 fund year and an interim adjustment for the 2009/10 fund year were not calculated until 2013/14.

As a result, the 2008/09 final and 2010/11 pertaining to the Institute will be paid in 2014/15. It is not possible for the Institute to reliably quantify the benefit to be received or amount payable.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
27. Reconciliation of Cash Flows from Operating Activities to Net Result				
1,355	(4,646)	Net Cash Flows from Operating Activities	1,355	(4,646)
(577)	(372)	Depreciation	(577)	(372)
(93)	-----	Allowance for Impairment	(93)	-----
(1,096)	(375)	(Increase)/ Decrease Income in Advance	(1,096)	(375)
(452)	(575)	(Increase)/ Decrease in Provisions	(452)	(575)
(247)	(427)	Increase / (Decrease) in Prepayments and Other Assets	(247)	(427)
(2,007)	1,723	(Increase)/ Decrease in Creditors	(2,007)	1,723
-----	(21)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	-----	(21)
(3,117)	(4,693)	Net Result	(3,117)	(4,693)

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PARENT AND CONSOLIDATION

28. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was lower than budget by \$3 million, primarily due to:

The Ministry of Health's action to pay the Institute \$4.2 million less cash than the budgeted NSW Ministry of Health Recurrent Allocation, resulting in a total cash payment of \$29.2 million compared to a budget of \$33.4 million.

The Institute's ability to provide services and manage liquidity in 2013-14 was not impacted by the lesser amount of Recurrent Allocation provided.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 13 September 2013 are as follows:

	\$000
2013-14 Initial Allocation	26,000
2013-14 Enhancements:-	
- Nursing and Midwifery Scholarships	3,236
- Training and Support Unit for Aboriginal Mothers, Babies and Children (TSU)	1,500
- People Management Skills Program (PMSP)	1,642
- Financial Management Education Program (FMEP)	923
- AHMAC funding for National Data Manager for 2014 intern recruitment	50
- Clinical Coding Workforce Enhancement Project	49
	<hr/>
Balance as per Statement of Comprehensive Income	33,400
	<hr/> <hr/>

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

Equity transfers effected in the 2012/13 year were:

An increase in net assets of \$2.072 million relating to the transfer of the Mobile Simulation Centre from Sydney Local Health District (\$1.003 million); the administrative transfer of the ClinConnect Software from the Ministry of Health (\$1.062 million); and the transfer of Long Service Leave on-costs accrued on Recreation Leave Taken In Service (\$0.007 million) to be assumed by the Crown Entity.

Equity transfers effected in the 2013/14 year were:

An increase in net assets of \$0.410 million relating to an equity transfer of the NSW Health Registered Training Organisation (RTO) from Sydney Local Health District.

	2014	2013
	\$000	\$000
Equity transfers effected comprised:		
Mobile Simulation Centre (Commercial vehicle) transferred from Sydney Local Health District on 3 October 2012	----	1,003
Admin transfer of ClinConnect Software from Ministry of Health on 11 February 2013	----	1,062
Crown Entity - Transfer of Long Service Leave on-costs	----	7
NSW Health Registered Training Organisation (RTO) equity transferred from Sydney Local Health District on 26 June 2014	410	----
	410	2,072

Assets and Liabilities transferred are as follows:

	2014	2013
	\$000	\$000
Assets		
Commercial Vehicle	----	1,003
ClinConnect Software (Admin transfer)	----	1,062
Recreation Leave adjustment	----	8
NSW Health RTO (Cash transfer)	410	----
Liabilities		
Payables	----	----
Provisions	----	(1)
Increase/(Decrease) in Net Assets From Equity Transfers	410	2,072

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30. Financial Instruments

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

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

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the Institute, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and the internal auditors on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2014 \$000	Carrying Amount 2013 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 16)	N/A	7,363	5,633
Receivables (note 17)*	Loans and receivables (at amortised cost)	416	425
Total Financial Assets		<u>7,779</u>	<u>6,058</u>
Financial Liabilities			
Payables (note 22)**	Financial liabilities	6,344	4,289
Other (note 24)	measured at amortised cost	40	80
Total Financial Liabilities		<u>6,384</u>	<u>4,369</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)

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(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Institute. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from financial assets of the Institute, including cash, receivables and authority deposits. No collateral is held by the Institute. The Institute has not granted any financial guarantees.

Credit risk associated with the Institute's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.3% in 2013/14 compared to 3.4% 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 Institute will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Institute is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014: \$0.154 million; 2013: \$0.313 million) and not more than 3 months past due (2014: \$0.067 million; 2013: \$0) are not considered impaired. 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.

2014	Total^{1,2}	Past due but not impaired^{1,2}	Considered impaired^{1,2}
	\$000	\$000	\$000
<3 months overdue	67	67	----
3 months - 6 months overdue	----	----	----
> 6 months overdue	----	----	----
2013			
<3 months overdue	----	----	----
3 months - 6 months overdue	42	42	----
> 6 months overdue	37	37	----

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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(c) Liquidity Risk

Liquidity risk is the risk that the Institute will be unable to meet its payment obligations when they fall due. The Institute continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Institute has exposure to liquidity risk.

However, the risk is minimised by the service agreement with the NSW Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Institute fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

For other suppliers, where settlement cannot be effected in accordance with the above, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
2014							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		460	-----	-----	460	460	-----
- Creditors		5,884	-----	-----	5,884	5,884	-----
		6,344	-----	-----	6,344	6,344	-----
2013							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		341	-----	-----	341	341	-----
- Creditors		3,948	-----	-----	3,948	3,948	-----
		4,289	-----	-----	4,289	4,289	-----

Notes:

1 The amounts disclosed are the contractual, undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Institute can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.

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(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Institute's exposures to market risk are primarily through interest rate risk on the Institute's interest bearing liabilities. The Institute 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 Institute 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 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

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

However, the Institute is not permitted to borrow external to the NSW Ministry of Health (except energy loans which are negotiated through Treasury).

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Institute does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2014					
Financial Assets					
Cash and Cash Equivalents	7,363	(74)	(74)	74	74
Receivables	416	-----	-----	-----	-----
Financial Liabilities					
Payables	6,344	-----	-----	-----	-----
Other	40	-----	-----	-----	-----
2013					
Financial Assets					
Cash and Cash Equivalents	5,633	(56)	(56)	56	56
Receivables	425	-----	-----	-----	-----
Financial Liabilities					
Payables	4,289	-----	-----	-----	-----
Other	80	(1)	(1)	1	1

31. Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS