



INDEPENDENT AUDITOR'S REPORT

Agency for Clinical Innovation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Agency for Clinical Innovation (the Agency), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes comprising a Statement of Material Accounting Policies and other explanatory information of the Agency and the consolidated entity. The consolidated entity comprises the Agency and the entity it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Agency's financial position, financial performance and cash flows

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Agency in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Emphasis of Matter - Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjustment budget information detailed in Note 26. The note states that AASB1055 'Budgetary Reporting' is not applicable to the Agency. It also states that unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Agency's financial statements present adjusted budget information

Chief Executive's Responsibilities for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Chief Executive's responsibility also includes such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the Agency's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

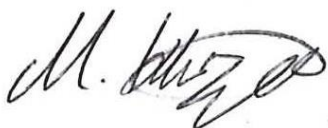
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar6.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Agency carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

16 September 2024
SYDNEY

Agency for Clinical Innovation

Statement by the Accountable Authority

for the year ended 30 June 2024



I state, pursuant to section 7.6(4) of the Government Sector Finance Act 2018 ('GSF Act'):

1. The financial statements of the Agency for Clinical Innovation for the year ended 30 June 2024 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2024* ; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Agency for Clinical Innovation's financial position as at 30 June 2024 and the financial performance and cash flows for the year then ended; and
3. I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink that reads 'Jean-Frederic Levesque'.

Dr Jean-Frederic Levesque

Chief Executive

16 September 2024

Agency for Clinical Innovation

Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
Notes		\$000	\$000	\$000	\$000	\$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	30,521	30,324	30,008	-	-
Personnel services	3	-	-	-	29,264	28,620
Operating expenses	4	6,652	6,641	7,961	6,652	7,961
Depreciation and amortisation	5	10	3	9	10	9
Grants and subsidies	6	701	704	225	701	225
Finance costs	7	-	-	1	-	1
Total expenses excluding losses		37,884	37,672	38,204	36,627	36,816
Revenue						
Ministry of Health recurrent allocations	10	34,905	35,404	36,168	34,905	36,168
Acceptance by the Crown ² of employee benefits	14	1,257	1,272	1,388	-	-
Sale of goods and services from contracts with customers	11	21	60	12	21	12
Investment revenue	12	17	-	20	17	20
Grants and other contributions	13	603	338	1,035	603	1,035
Total revenue		36,803	37,074	38,623	35,546	37,235
Operating result		(1,081)	(598)	419	(1,081)	419
Other gains / (losses)	15	-	-	(5)	-	(5)
Net result from continuing operations	27	(1,081)	(598)	414	(1,081)	414
Net result		(1,081)	(598)	414	(1,081)	414

¹ Unaudited adjusted budget, see Note 26.

² Crown represents 'The Crown in right of the State of New South Wales'.

The accompanying notes form part of these financial statements.

Agency for Clinical Innovation

Statement of Financial Position as at 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
Notes		\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents	17	452	584	582	452	582
Receivables	18	562	508	508	562	508
Total current assets		1,014	1,092	1,090	1,014	1,090
Non-current assets						
Property, plant & equipment	19					
- Plant and equipment		7	5	10	7	10
Total property, plant & equipment		7	5	10	7	10
Right-of-use assets	20	3	9	8	3	8
Total non-current assets		10	14	18	10	18
Total assets		1,024	1,106	1,108	1,024	1,108
LIABILITIES						
Current liabilities						
Payables	22	2,504	1,824	1,774	2,504	1,774
Contract liabilities	23	245	313	313	245	313
Borrowings	24	2	7	8	2	8
Provisions	25	4,737	4,941	4,420	4,737	4,420
Total current liabilities		7,488	7,085	6,515	7,488	6,515
Non-current liabilities						
Borrowings	24	1	2	2	1	2
Provisions	25	114	114	89	114	89
Total non-current liabilities		115	116	91	115	91
Total liabilities		7,603	7,201	6,606	7,603	6,606
Net assets		(6,579)	(6,095)	(5,498)	(6,579)	(5,498)
EQUITY						
Accumulated funds		(6,579)	(6,095)	(5,498)	(6,579)	(5,498)
Total Equity		(6,579)	(6,095)	(5,498)	(6,579)	(5,498)

¹ Unaudited adjusted budget, see Note 26.

The accompanying notes form part of these financial statements.

Agency for Clinical Innovation

Statement of Changes in Equity for the year ended 30 June 2024

PARENT AND CONSOLIDATION

		Accumulated	Asset Revaluation	
		Funds	Surplus	Total
	Notes	\$000	\$000	\$000
Balance at 1 July 2023		(5,498)	-	(5,498)
Total comprehensive income for the year		(1,081)	-	(1,081)
Balance at 30 June 2024		(6,579)	-	(6,579)

		Accumulated	Asset Revaluation	
		Funds	Surplus	Total
	Notes	\$000	\$000	\$000
Balance at 1 July 2022		(5,897)	-	(5,897)
Correction of error - long service leave calculations		(15)	-	(15)
Balance at 1 July 2022		(5,912)	-	(5,912)
Total comprehensive income for the year		414	-	414
Balance at 30 June 2023		(5,498)	-	(5,498)

The accompanying notes form part of these financial statements.

Agency for Clinical Innovation

Statement of Cash Flows for the year ended 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(29,012)	(28,697)	(29,426)	-	-
Suppliers for goods and services		(6,508)	(7,097)	(8,229)	(6,508)	(8,229)
Grants and subsidies		(774)	(777)	(232)	(774)	(232)
Finance costs		-	-	(1)	-	(1)
Personnel services		-	-	-	(29,012)	(29,426)
Total payments		(36,294)	(36,571)	(37,888)	(36,294)	(37,888)
Receipts						
Ministry of Health recurrent allocations		34,905	35,404	36,168	34,905	36,168
Reimbursements from the Crown ²		405	405	717	405	717
Sale of goods and services		(88)	61	(213)	(88)	(213)
Interest received		17	139	20	17	20
Grants and other contributions		581	382	894	581	894
Other		351	321	279	351	279
Total receipts		36,171	36,712	37,865	36,171	37,865
NET CASH FLOWS FROM OPERATING ACTIVITIES	27	(123)	141	(23)	(123)	(23)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of financial assets		-	(139)	(5)	-	(5)
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	(139)	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of principal portion of lease liabilities		(7)	-	(5)	(7)	(5)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(7)	-	(5)	(7)	(5)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
		(130)	2	(28)	(130)	(28)
Opening cash and cash equivalents	17	582	582	610	582	610
CLOSING CASH AND CASH EQUIVALENTS	17	452	584	582	452	582

¹ Unaudited adjusted budget, see Note 26.

² Crown represents 'The Crown in right of the State of New South Wales'.

The accompanying notes form part of these financial statements.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information

a) Reporting entity

The Agency for Clinical Innovation (the ACI) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2010. The reporting entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The ACI is a NSW Government entity and is controlled by the Ministry of Health, which is the immediate parent. The Ministry of Health is controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent.

The ACI is also a parent entity in its own right, as it controls the operations of the:

- * The Agency for Clinical Innovation
- * The Agency for Clinical Innovation Special Purpose Service Entity which provides personnel services to the ACI to exercise its functions and was established under the provisions of the Health Services Act 1997 with effect from 1 January 2010.

The consolidated entity includes the ACI as a parent entity and the ACI Special Purpose Service Entity. The consolidated financial statements disclose balances for the parent entity and the consolidated entity.

In preparing the consolidated financial statements, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2024 have been authorised for issue by the Chief Executive on 16 September 2024.

b) Basis of preparation

The ACI's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Government Sector Finance Act 2018* ('GSF Act'), the *Government Sector Finance Regulation 2024*; and
- * Treasurer's Directions issued under the GSF Act.

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

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

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

Other circumstances why the going concern assumption is appropriate include:

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

Property, plant and equipment and certain financial assets are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

The ACI has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future periods as new information comes to light on this matter.

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

All amounts are rounded to the nearest one thousand dollars (unless otherwise stated) and are expressed in Australian currency, which is the ACI's presentation and functional currency.

c) Statement of Compliance

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

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

d) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification. These include:

- * Note 4 Operating expenses: Details of operating expenses were previously split into two tables but have now been combined into one table for a more streamlined presentation in the current year. A number of new expense lines have also been added to provide additional information, these expenses previously formed part of different expense lines. There has been no change in the total operating expense amount.

e) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2023-24

The ACI applied AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates for the first time in 2023. The amendment requires reporting entities to disclose only 'material' accounting policies, rather than 'significant' accounting policies. This amendment has led to removal of several previously disclosed accounting policies that were not considered material.

Apart from the above noted change, the accounting policies applied in 2023-24 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards (AAS), unless NSW Treasury determines otherwise.

The following new AAS has not been applied and is not yet effective:

- * AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

AASB 2022-10 amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. For these assets, AASB 2022-10 clarifies when an entity is required to consider whether the asset's highest and best use differs from its current use, under what circumstances the asset's use is considered 'financially feasible', and when an entity should use its own assumptions as a starting point in developing unobservable inputs. AASB 2022-10 also provides guidance on how the cost approach is to be applied to measure the asset's fair value. The standard applies prospectively to annual periods beginning on or after 1 January 2024. The impact of the standard is expected to be immaterial to the ACI.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

2. Employee related expenses

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Salaries and wages*	26,020	25,533	-	-
Superannuation - defined benefit plans	102	125	-	-
Superannuation - defined contribution plans	2,937	2,655	-	-
Long service leave	1,303	1,332	-	-
Redundancies	-	225	-	-
Workers' compensation insurance	156	137	-	-
Fringe benefits tax	3	1	-	-
	30,521	30,008	-	-

* Salaries and wages includes annual leave, accrued days off (ADOs) and parental leave.

Refer to Note 25 for further details on recognition and measurement of employee related expenses.

3. Personnel services

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Salaries and wages*	-	-	26,020	25,533
Superannuation - defined contribution plans	-	-	2,937	2,655
Long service leave	-	-	148	69
Redundancies	-	-	-	225
Workers' compensation insurance	-	-	156	137
Fringe benefits tax	-	-	3	1
	-	-	29,264	28,620

* Salaries and wages includes annual leave, accrued days off (ADOs) and parental leave.

Personnel services of Agency for Clinical Innovation were provided by its controlled entity, Agency for Clinical Innovation Special Purpose Service Entity.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

4. Operating expenses

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Advertising	10	10	10	10
Auditor's remuneration - audit of financial statements	66	49	66	49
Consultants	9	54	9	54
Contractors	506	1	506	1
Corporate support services	402	412	402	412
Courier and freight	1	-	1	-
Drug supplies	3	-	3	-
Expenses relating to short-term leases	1,323	1,259	1,323	1,259
Food supplies	11	26	11	26
Information management expenses	1,363	1,808	1,363	1,808
Insurance	1	2	1	2
Legal services	40	40	40	40
Maintenance (see Note 4 (a))	11	266	11	266
Membership / professional fees	9	9	9	9
Motor vehicle expenses	12	7	12	7
Occupancy agreement expenses - Property NSW	-	1	-	1
Postal and telephone costs	3	1	3	1
Printing and stationery	66	139	66	139
Professional services (excluding consultants)	1,506	396	1,506	396
Specialised services (dental, radiology, pathology and allied health)	2	(20)	2	(20)
Staff related costs	70	86	70	86
Travel related costs	168	306	168	306
Other miscellaneous	1,070	3,109	1,070	3,109
	6,652	7,961	6,652	7,961

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Depreciation and amortisation

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Depreciation - plant and equipment	3	3	3	3
Depreciation - right-of-use plant and equipment	7	6	7	6
	10	9	10	9

Refer to Note 19 Property, plant and equipment and Note 20 Leases for recognition and measurement policies on depreciation.

6. Grants and subsidies

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Grants to entities controlled by the immediate parent	182	166	182	166
Other grants	519	59	519	59
	701	225	701	225

Recognition and Measurement

Grants and subsidies expense generally comprise of contributions in cash or in kind to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grants and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

7. Finance costs

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Interest expense from lease liabilities	-	1	-	1
	-	1	-	1

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

8. Revenue

Comments regarding the accounting policies for the recognition of income are discussed below.

Under the GSF Act 2018, the ACI's own source revenue (which includes but is not limited to receipts from operating activities and proceeds from the sale of minor property, plant and equipment) meets the definition of deemed appropriation money under the GSF Act.

Deemed appropriation money is money received directly by the ACI which forms part of the consolidated fund and is not appropriated to the ACI by an Act.

9. Summary of compliance

The Appropriation Act 2023 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$19,613 million to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2023-24. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including the ACI.

The lead Minister for the ACI, being the Minister for Health, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time the ACI receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the ACI. These deemed appropriations are taken to have been given for the services of the Ministry of Health.

In addition, government money that the ACI receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is also deemed appropriation moneys where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

A summary of compliance is disclosed in the financial statements of the Annual Report of the Ministry of Health. It has been prepared by aggregating the spending authorities of the Minister for Health for the services of the Ministry of Health. It reflects the status at the point in time this disclosure statement is being made. ACI's spending authority and expenditure is included in the summary of compliance.

The delegation / sub-delegations for 2024 and 2023, authorising officers of the ACI to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the ACI. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation / sub-delegations are subject to the overall authority of the Ministry of Health to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the Ministry of Health.

10. Ministry of Health allocations

Payments are made by the immediate parent as per the Statement of Service to the ACI and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Statement of Service between the immediate parent and the ACI does not contain sufficiently specific enforceable performance obligations as defined by AASB 15 and are therefore recognised upon the receipt of cash, in accordance with AASB 1058.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

11. Sale of goods and services from contracts with customers

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Rendering of services comprise the following:				
Staff				
Private use of motor vehicles	5	4	5	4
Salary packaging fee	7	2	7	2
Fees for conferences and training	1	-	1	-
Other	8	6	8	6
	21	12	21	12
	21	12	21	12

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

11. Sale of goods and services from contracts with customers (continued)

Recognition and Measurement

Rendering of services

Revenue from rendering of services is recognised when the ACI satisfies the performance obligation by transferring the promised services.

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Non-Patient services provided to staff, General community, Non-NSW Health entities and Entities controlled by the immediate parent	Various non-patient related services are provided to the members of staff, general community, non-NSW health entities and entities controlled by the immediate parent. The performance obligations for these services are typically satisfied by transferring the promised services to its respective customers. The payments are typically due within 30 days after the invoice date.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

Refer to Note 23 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the ACI expects to recognise the unsatisfied portion as revenue.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

12. Investment revenue

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest income from financial assets at amortised cost	17	20	17	20
	17	20	17	20

Recognition and Measurement

Interest income from financial assets at amortised cost

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

13. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other grants with sufficiently specific performance obligations				
Cancer Institute grants received from an entity controlled by the immediate parent	48	-	48	-
Grants from entities controlled by the ultimate parent	191	536	191	536
Other grants	307	459	307	459
Grants without specific performance obligations				
Other grants from entities controlled by the immediate parent	57	-	57	-
Other grants	-	40	-	40
	603	1,035	603	1,035

Recognition and Measurement

Revenue from grants with sufficiently specific performance obligations are recognised when the ACI satisfies a performance obligation by transferring the promised goods or services. The ACI typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. The ACI uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The payments are typically based on an agreed timetable or on achievement of different milestones in the contract.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement / funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer to Note 23 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the ACI obtains control over the granted assets (e.g. cash).

14. Acceptance by The Crown in right of the State of New South Wales (Crown) of employee benefits

The following liabilities and / or expenses have been assumed by the Crown:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Superannuation - defined benefit plans	102	125	-	-
Long service leave provision	1,155	1,263	-	-
	1,257	1,388	-	-

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15. Other gains / (losses)

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Foreign exchange gains / (losses)	-	(5)	-	(5)
	-	(5)	-	(5)

16. Conditions and restrictions on income of not-for-profit entities

The ACI receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The ACI determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 21 Restricted assets.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

17. Cash and cash equivalents

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Cash at bank and on hand	-	582	-	582
Cash at bank - held by HealthShare NSW*	452	-	452	-
	452	582	452	582

* Represents cash held by HealthShare NSW, a controlled entity of the immediate parent, in a central bank account, on behalf of the ACI for its operating and investing activities. It is an operational bank account that earns interest on daily bank balances. Refer to Note 12 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

Cash and 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)	452	582	452	582
	452	582	452	582

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

Most cash and cash equivalents held by the ACI are restricted assets. Refer to Note 21 for details of restricted assets.

HealthShare NSW, a controlled entity of the immediate parent manages accounts payable and employee related payments on behalf of the ACI for payments to suppliers and employees. HealthShare NSW makes payments after the ACI has reviewed and approved the invoices and employee rosters. The ACI's approval of invoices and employee rosters provides authority to HealthShare NSW to make payments. These payments are reported as expenditures and cash outflows in the financial statements of the ACI.

HealthShare NSW receives funds directly from the Ministry of Health to make these payments to suppliers and employees on behalf of the ACI. Upon payment, these are reported as revenue (Ministry of Health recurrent and capital allocations) and cash inflows in the financial statements of the ACI.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

18. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Intra health receivables	386	271	386	271
Goods and Services Tax	131	144	131	144
Other receivables	31	68	31	68
Sub total	548	483	548	483
Prepayments	14	25	14	25
	562	508	562	508

(a) * Movement in the allowance for expected credit losses

Other receivables				
Balance at the beginning of the year	-	-	-	-
Amounts written off during the year	-	1	-	1
Balance at the end of the year	-	-	-	-

(b) The current and non-current trade receivables from contracts with customers balances above include the following patient fee receivables:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 18)	386	271	386	271
Total contract receivables	386	271	386	271

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

19. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2022 - fair value				
Gross carrying amount	121	27	-	148
Less: accumulated depreciation and impairment	121	14	-	135
Net carrying amount	-	13	-	13

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	-	13	-	13
Depreciation expense	-	(3)	-	(3)
Net carrying amount at end of year	-	10	-	10

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 21-09.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

19. Property, plant and equipment (continued)

(a) Total property, plant and equipment (continued)

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	121	26	-	147
Less: accumulated depreciation and impairment	121	16	-	137
Net carrying amount	-	10	-	10

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	-	10	-	10
Depreciation expense	-	(3)	-	(3)
Net carrying amount at end of year	-	7	-	7

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	121	28	-	149
Less: accumulated depreciation and impairment	121	21	-	142
Net carrying amount	-	7	-	7

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 21-09.

(b) Property, plant and equipment held and used by the ACI

PARENT AND CONSOLIDATION

The ACI has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the ACI.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

19. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Capitalisation thresholds

Property, plant and equipment assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the ACI.

All material identifiable components of assets are depreciated separately over their useful life.

Land is not a depreciable asset. Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

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

	Useful lives	Useful lives
	2024	2023
Plant and equipment	4-20 years	4-20 years

Plant and equipment' comprises motor vehicles.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

20. Leases

(a) Entity as a lessee

The ACI leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of <1 to 10> years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The ACI does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the ACI and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The ACI has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new and comprise mainly of small office and medical equipment items.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

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	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2023	-	10	10
Depreciation expense	-	(7)	(7)
Balance at 30 June 2024	-	3	3

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	-	-	-
Additions	-	14	14
Depreciation expense	-	(6)	(6)
Balance at 30 June 2023	-	8	8

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

20. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

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	2024	2023
	\$000	\$000
Balance at 1 July	10	1
Additions	-	14
Interest expenses	1	1
Payments	(8)	(6)
Balance at 30 June	3	10

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the ACI is the lessee:

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	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	7	6
Interest expense on lease liabilities	-	1
Expenses relating to short-term leases	1,323	1,259
Total amount recognised in the statement of comprehensive income	1,330	1,266

The ACI had total cash outflows for leases of \$1.33 million for the year ended 30 June 2024 (2023: \$1.26 million).

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

20. Leases (continued)

(a) Entity as a lessee (continued)

i. Right-of-use assets

	Useful lives
Motor vehicles and other equipment	1 to 5 years

ii. Lease liabilities

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The ACI does not borrow funds in the market. Instead they receive an allocation of the appropriations from the Crown and where the Crown needs additional funding, Treasury Corporation (TCorp) goes to the market to obtain these funds. As a result, the ACI is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

iii. Short-term leases and leases of low-value assets

The ACI applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

iv. Leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the ACI to further its objectives is the same as normal right-of-use assets. They are measured at cost, subject to impairment.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Restricted assets

PARENT AND CONSOLIDATION

The ACI's financial statements include certain assets (predominantly cash and cash equivalents), the use of which is restricted for stipulated purposes and / or by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions. They consist of cash assets and rights and obligations to receive and make payments as at 30 June 2024.

Category	1 July 2023	Revenue \$000	Expense \$000	30 June 2024
	Opening \$000			Closing \$000
Research	-	661	417	244
Training and education including conferences	150	18	-	168
	150	679	417	412

Restricted assets are held for the following purpose and cannot be used for any other purpose.

Category	Purpose
Research	Research to gain knowledge, understanding and insight.
Training and education including conferences	Professional training, education and conferences.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Payables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Accrued salaries, wages and on-costs	1,045	898	-	-
Salaries and wages deductions	17	-	-	-
Accrued liability - purchase of personnel services	-	-	1,062	898
Creditors	531	612	531	612
Other creditors				
- Payables to entities controlled by the immediate parent	911	264	911	264
- Other	-	-	-	-
	2,504	1,774	2,504	1,774

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 29.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the ACI and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

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for the year ended 30 June 2024

23. Contract liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Contract liabilities	245	313	245	313
	245	313	245	313

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

The contract liability balance has decreased during the year because of the timing of payments received.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	313	545	313	545
Transaction price allocated to the remaining performance obligations from contracts with customers	367	714	367	714

The transaction price allocated to the remaining performance obligations relates to the following revenue classes and is expected to be recognised as follows:

Specific revenue class	2025 \$000	2026 \$000	2027 \$000	≥ 2028 \$000	Total \$000
Grants and other contributions	367	-	-	-	367
	367	-	-	-	367

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Lease liabilities (see Note 20)	2	8	2	8
	2	8	2	8
Non-current				
Lease liabilities (see Note 20)	1	2	1	2
	1	2	1	2

No assets have been pledged as security / collateral for liabilities and there are no restrictions on any title to property.

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 29.

Recognition and Measurement

Borrowings represents interest bearing liabilities mainly raised through NSW Treasury Corporation, lease liabilities, service concession arrangement liabilities and other interest bearing liabilities.

Borrowings are classified as current liabilities unless the ACI has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 29 (b) for derecognition policy.

Changes in liabilities arising from financing activities

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	Derivatives \$000	Service concession arrangements \$000	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2022	-	-	-	1	1
Cash flows	-	-	-	(5)	(5)
New leases	-	-	-	14	14
30 June 2023	-	-	-	10	10
1 July 2023	-	-	-	10	10
Cash flows	-	-	-	(7)	(7)
30 June 2024	-	-	-	3	3

Cash flows from derivatives in the above table will not reconcile to the Statement of Cash Flows as the Statement of Cash Flows presents a net cash movement of financial assets and liabilities.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Provisions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Employee benefits and related on-costs				
Annual leave				
- Obligations expected to be settled within 12 months	3,058	2,718	-	-
- Obligations expected to be settled after 12 months	75	583	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	85	63	-	-
- Obligations expected to be settled after 12 months	941	840	-	-
Parental leave				
- Obligations expected to be settled within 12 months	381	-	-	-
Provision for other employee benefits	197	216	-	-
Provision for personnel services liability	-	-	4,737	4,420
Total current provisions	4,737	4,420	4,737	4,420
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	114	89	-	-
Total non-current provisions	114	89	114	89
Aggregate employee benefits and related on-costs				
Provisions - current	4,737	4,420	-	-
Provisions - non-current	114	89	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 22)	1,062	898	-	-
Liability - purchase of personnel services	-	-	5,913	5,407
	5,913	5,407	5,913	5,407

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Provisions (continued)

Recognition and Measurement

Employee benefits and other provisions

Salaries and wages, annual leave, allocated days off (ADO), parental 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, ADO and parental leave are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, they are required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 19.6% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 18.80%). The ACI has assessed the actuarial advice based on the ACI's circumstances to annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave are classified as a current liability even where the ACI does not expect to settle the liability within 12 months as the ACI does not have an unconditional right to defer settlement.

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.

Long service leave and superannuation

The ACI's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by The Crown in right of the State of New South Wales. The ACI accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits'.

Specific on-costs relating to long service leave assumed by The Crown in right of the State of New South Wales are borne by the ACI.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using the long-term Commonwealth Government bond rate at the reporting date.

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

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.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Adjusted budget review

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The ACI's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 Budgetary Reporting to present original budget information, the ACI's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the ACI and the Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit and, accordingly, the relevant budget entries in the financial statements are unaudited.

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on July 2023 are as follows:

	\$000
Initial allocation, 1 July 2023	31,993
Oversight of immune effector cells translational centres	335
Budget and Funding for Relocation to 1 Reserve Road (1RR)	1,798
NSW LGBTIQ+ Health Funding Pool 2023-24 and 2024-25	90
WORKERS COMPENSATION: TMF Agency Performance Adjustment (APA)	(7)
ACI Paramedic Model of Care	180
NSW Universal Aftercare Model of Service Delivery	230
End of life and palliative care activities from EY2023/24 to FY2025/26	230
Impact Evaluation of the Mental Health Community Living Supports for Refugees (MH-CLSR) Program	73
Net Zero Roadmap	50
ACI Research Grant Scheme FY23/24 round	120
Evaluation of the Cardiovascular Research Capacity Program	50
Development of a Statewide Mental Health Disaster Response and Recovery Model of Care	73
HASI/CLS service model review	31
Transfer of the Board remuneration budget to CEC from ACI	(99)
State Spinal Cord Injury Service (SSCIS) Transition to ACI	193
VAN Lived Experience Partnership Project	43
Additional Paid Parental Leave FY2023-24	21
Balance as per Statement of Comprehensive Income	35,404

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for the year ended 30 June 2024

27. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Net cash used on operating activities	(123)	(23)	(123)	(23)
Depreciation and amortisation expense	(10)	(9)	(10)	(9)
Decrease / (increase) in provisions	(340)	294	(340)	294
Increase / (decrease) in prepayments and other assets	57	191	57	191
Decrease / (increase) in payables	(731)	(273)	(731)	(273)
Decrease / (increase) in contract liabilities	66	234	66	234
Net result	(1,081)	414	(1,081)	414

28. Non-cash financing and investing activities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Property, plant and equipment acquired by a lease	-	14	-	14
	-	14	-	14

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Financial instruments

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

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

The 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 risks faced by the ACI, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

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Class	Category	Carrying	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 17)	Amortised cost	452	582
Receivables (Note 18) ¹	Amortised cost	417	339
Total financial assets		869	921
Financial liabilities			
Borrowings (Note 24)	Financial liabilities measured at amortised cost	3	10
Payables (Note 22) ²	Financial liabilities measured at amortised cost	2,504	1,774
Total financial liabilities		2,507	1,784

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The ACI determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The ACI has transferred substantially all the risks and rewards of the asset; or
- The ACI has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Financial instruments (continued)

(b) Derecognition of financial assets and financial liabilities (continued)

When the ACI has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the ACI has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the ACI's continuing involvement in the asset. In that case, the ACI also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the ACI has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the ACI could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

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

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

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

The ACI considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the ACI may also consider a financial asset to be in default when internal or external information indicates that the ACI is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the ACI.

The ACI applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The ACI has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

The loss allowance for trade receivables, other receivables and contract assets as at 30 June 2024 and 30 June 2023 was determined as follows:

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	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount ¹	20	-	-	2	9	31
Expected credit loss	-	-	-	-	-	-

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount ¹	60	-	-	-	8	68
Expected credit loss	-	-	-	-	-	-

Notes

¹ The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 Financial Instruments: Disclosures. Therefore the 'total' will not reconcile to the receivables total in Note 18.

ii. Liquidity risk

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

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

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The ACI's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

The ACI has exposure to liquidity risk. However, the risk is minimised by the service agreement with the Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the ACI fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 1).

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. For all suppliers, that have a correctly rendered invoice, a matched purchase order and where goods have been received, an immediate payment is made irrespective of current contract payment terms.

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 affected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure					Maturity Dates		
	EIR ³ %	Nominal Amount ¹ \$000	Fixed	Variable	Non -	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
			Interest Rate \$000	Interest Rate \$000	Bearing Interest \$000			
2024								
Payables:								
- Creditors ²		2,504	-	-	2,504	2,504	-	-
Borrowings:								
- Lease liabilities	7.28	9	9	-	-	2	5	2
		2,513	9	-	2,504	2,506	5	2
2023								
Payables:								
- Creditors ²		1,774	-	-	1,774	1,774	-	-
Borrowings:								
- Lease liabilities	7.28	10	10	-	-	8	2	-
		1,784	10	-	1,774	1,782	2	-

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 ACI can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

³ Weighted Average Effective Interest Rate (EIR).

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Financial instruments (continued)

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The ACI's exposures to market risk are primarily through interest rate risk on the ACI's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. The ACI has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the ACI operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2023. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk arises primarily through the ACI's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp.

The ACI does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia 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.

However, the ACI is not permitted to borrow external to the Ministry of Health (except energy loans which are negotiated through NSW Treasury). Both NSW Treasury and the Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

PARENT AND CONSOLIDATION

	2024		2023	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(4)	4	(6)	6
Equity	(4)	4	(6)	6

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

30. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2024 \$000	2023 \$000
Short-term employee benefits	-	55
Post-employment benefits	-	5
	-	60

During the financial year, Agency for Clinical Innovation obtained key management personnel services from the immediate parent and incurred \$Nil (2023: \$0.35) for these services. This amount does not form part of the key management personnel compensation disclosed above.

The ACI's key management personnel comprise its board members (to April 2023) and chief executive (or acting chief executive) from time to time during the year.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the Ministry of Health and its controlled entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Remuneration for the Secretary and Deputy Secretaries are paid by the Ministry of Health and is not reimbursed by the health entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

(b) Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members (2023: \$Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2023: \$Nil).

(d) Transactions the ACI had with government related entities during the financial year

During the financial year and comparative year, the ACI entered into the various transactions with other entities consolidated as part of the Ministry of Health (the immediate parent) and the NSW Total State Sector (the ultimate parent) within the normal course of business.

The following operating expenses were incurred with entities controlled by the immediate parent:

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of patient transport services, information management services, domestic supplies and services, food supplies and corporate support services.
- Health Administration Corporation provides some specialised services which includes pathology related costs.
- Rental for 1RR.
- Staff related costs.
- Various grants and subsidies towards research and other projects

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

30. Related party disclosures (continued)

(d) Transactions the ACI had with government related entities during the financial year (continued)

The following operating expenses were incurred with entities controlled by the immediate parent:

- Payroll and fringe benefits taxes
- Audit of the statutory financial statements
- Legal and consultancy services
- Utilities, including electricity, gas and water expenses
- Motor vehicle toll expenses
- Insurance costs
- Occupancy agreement expenses for Property NSW properties
- Various grants and subsidies towards research and other projects

The following revenues were earned from entities controlled by the immediate parent:

- Revenue from recurrent and capital allocations
- Various grants and contributions towards research and other projects

The following revenues were earned from entities controlled by the ultimate parent:

- Various grants and other contributions towards research and other projects
- Revenue from acceptance of long service leave liabilities and defined benefit superannuation

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions

31. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS