

Justice and Forensic Mental Health Network Special Purpose Service Entity
Statement of Comprehensive Income
for the year ended 30 June 2012

	2012	2011
	\$000	\$000
Income		
Personnel Services	125,384	123,455
Acceptance by the Crown Entity of Employee Benefits	6,987	2,112
Total Income	<u>132,371</u>	<u>125,567</u>
Expenses		
Salaries and Wages	84,095	82,035
Overtime	5,293	4,535
Penalties	8,059	7,597
Defined Benefit Superannuation	1,051	1,261
Defined Contribution Superannuation	9,003	8,438
Long Service Leave	6,558	3,333
Annual Leave	9,766	10,215
Sick Leave and Other Leave	5,082	4,875
Redundancies	260	3
Workers Compensation Insurance	3,204	3,204
Fringe Benefits Tax	-	71
Staff Related	-	-
Total Expenses	<u>132,371</u>	<u>125,567</u>
Result For The Year	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income for the year	<u>-</u>	<u>-</u>

The accompanying notes form part of these Financial Statements.

Justice and Forensic Mental Health Network Special Purpose Service Entity
Statement of Financial Position
as at 30 June 2012

	Notes	2012 \$000	2011 \$000
ASSETS			
Current Assets			
Receivables	2	20,904	18,913
Total Current Assets		<u>20,904</u>	<u>18,913</u>
Non-Current Assets			
Receivables	2	86	48
Total Non-Current Assets		86	48
Total Assets		<u>20,990</u>	<u>18,961</u>
LIABILITIES			
Current Liabilities			
Payables	3	3,959	3,058
Provisions	4	16,945	15,855
Total Current Liabilities		<u>20,904</u>	<u>18,913</u>
Non-Current Liabilities			
Provisions	4	86	48
Total Non-Current Liabilities		<u>86</u>	<u>48</u>
Total Liabilities		20,990	18,961
Net Assets		<u>-</u>	<u>-</u>
EQUITY			
Accumulated funds			
Total Equity		<u>-</u>	<u>-</u>

The accompanying notes form part of these Financial Statements

**Justice and Forensic Mental Health Network Special Purpose Service
Statement of Changes in Equity
for the year ended 30 June 2012**

	2012 \$000	2011 \$000
Balance at 1 July	-	-
Result for the Year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June	-	-

The accompanying notes form part of these Financial Statements

Justice and Forensic Mental Health Network Special Purpose Service Entity
Statement of Cash Flows
for the year ended 30 June 2012

	2012	2011
	\$000	\$000
Net Cash Flows from Operating Activities	-	-
Net Cash Flows from Investing Activities	-	-
Net Cash Flows from Financing Activities	-	-
Net Increase/(Decrease) in Cash	-	-
Opening Cash and Cash equivalents	-	-
Closing Cash and Cash Equivalents	-	-

The Justice and Forensic Mental Health Network Special Purpose Service Entity does not hold any cash or cash equivalent assets and therefore there are nil cash flows.

The accompanying notes form part of these Financial Statements.

Justice and Forensic Mental Health Network
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Network Special Purpose Service Entity

The Justice and Forensic Mental Health Network Special Purpose Service Entity (the Entity) is a Division of the NSW Ministry of Health, established pursuant to section 116(4) of the Health Services Act 1997. It is a not-for-profit Entity as profit is not its principal objective. The Entity is controlled by the Justice and Forensic Mental Health Network (the Network) and it is also consolidated as part of the financial statements prepared for both the Ministry of Health and the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Sydney.

The Entity's objective is to provide personnel services to the Network.

The financial statements were authorised for issue by the Chief Executive on 3 October 2012.

b) Basis of Preparation

The Entity's financial statements are general purpose financial statements and have been prepared in accordance with applicable Australian Accounting Standards which include Australian Accounting Interpretations, the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010 and Treasurer's Directions.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See Note (g).

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

Management's judgments, key assumptions and estimates 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.

Statement of Compliance

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

c) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

d) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the result of the year when impaired, derecognised or through the amortisation process.

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

e) 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 Entity transfers the financial asset:

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

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

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

f) Payables

Payables include accrued wages, salaries and related on costs (such as payroll deduction liability, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

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 Entity.

g) Employee Benefits

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then classified as "Short Term" and "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next 12 months are reported as "Short Term". On costs of 17% are applied to the value of leave payable at 30 June 2012, such on costs being based on actuarial assessment (comparable on costs for 30 June 2011 were also 17%).

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

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

ii) *Long Service Leave and Superannuation*

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

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Entity as shown in Note 4.

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

The superannuation expense for the financial year is determined by using the formulae specified by the NSW Treasury. The expense for certain superannuation schemes (i.e. Basic Benefit and Superannuation Guarantee Charge) 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.

h) New Australian Accounting Standards Issued But Not Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period. In accordance with the NSW Treasury mandate (TC12/04), the Entity did not early adopt any of these accounting standards and interpretations that are not yet effective.

The Entity's assessment of the impact of these new standards and interpretations is that they will not materially effect any amounts recognised in the financial statements.

Justice and Forensic Mental Health Network Special Purpose Service Entity
Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2012

	2012	2011
	\$000	\$000
2. RECEIVABLES		
Current		
Accrued Income - Personnel Services Provided	20,904	18,913
Non-Current		
Accrued Income - Personnel Services Provided	86	48
Total Receivables	<u>20,990</u>	<u>18,961</u>
Details regarding credit risk, liquidity risk and market risk are disclosed in Note 5.		
3. PAYABLES		
Current		
Accrued Salaries, Wages and On Costs	3,959	3,058
Total Payables	<u>3,959</u>	<u>3,058</u>
Details regarding credit risk, liquidity risk and market risk are disclosed in Note 5.		
4. PROVISIONS		
Current Employee Benefits and Related On Costs		
Annual Leave - Short Term Benefit	8,197	6,553
Annual Leave - Long Term Benefit	7,121	8,398
Long Service Leave - Oncosts	1,627	904
Total Current Provisions	<u>16,945</u>	<u>15,855</u>
Non-Current Employee Benefits and Related On Costs		
Long Service Leave - Oncosts	86	48
Total Non-Current Provisions	<u>86</u>	<u>48</u>
Aggregate Employee Benefits and Related On Costs		
Provisions - Current	16,945	15,855
Provisions - Non-Current	86	48
Accrued Salaries, Wages and On Costs	3,959	3,058
Total	<u>20,990</u>	<u>18,961</u>

Justice and Forensic Mental Health Network Special Purpose Service Entity

**Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2012**

5. Financial Instruments

Financial instruments arise directly from the Entity's operations or are required to finance its operations.

The Entity does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

The Entity's main risks arising from financial instruments are outlined below, together with the Entity'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. The Entity carries minimal risks within its operation as it carries only the value of employee provisions and accrued salaries and wages offset in full by accounts receivable from the Network. Risk management policies are established by the Network to identify and analyse the risk faced by the Entity, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit Committee/Internal auditors of the Network on a continuous basis.

a) Financial Instruments Categories

		Total carrying amounts as per the Statement of Financial Position	
		2012 \$000	2011 \$000
Financial Assets			
Class:	Category		
Receivables (note 2) ¹	Receivables measured at amortised cost	20,990	18,961
Total Financial Assets		<u>20,990</u>	<u>18,961</u>
Financial Liabilities			
Class:	Category		
Payables (note 3) ₂	Financial liabilities measured at amortised cost	3,959	3,058
Total Financial Liabilities		<u>3,959</u>	<u>3,058</u>

¹Excludes statutory receivables and prepayments, i.e. not within the scope of AASB 7.

₂ Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

Note 5 Financial Instruments (continued)

b) Credit Risk

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

Credit risk arises from financial assets of the Entity i.e receivables. No collateral is held by the Entity nor has it granted any financial guarantees.

Receivables - trade debtors

Receivables are restricted to accrued income for personnel services provided and are recognised as amounts receivable at balance date. The Network is the sole debtor of the Entity and it is assessed that there is no risk of default. No accounts receivables are classified as "Past Due but not Impaired" or "Considered Impaired".

c) Liquidity Risk

Liquidity risk is the risk that the Entity will be unable to meet its payment obligations when they fall due. No such risk exists with the Entity not having any cash flows. All movements that occur in Payables are fully offset by an increase in Receivables from the Network.

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 Entity's exposures to market risk are considered to be minimal and the Entity has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities.

However the Entity has no such liabilities and the interest rate is assessed as Nil. Similarly it is considered that the Entity is not exposed to other price risks.

e) Fair Value

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the statement of financial position approximates fair value because of the short term nature of the financial instruments.

Note 6 Related Parties

The Network is deemed to control the Entity in accordance with Australian Accounting Standards. The controlling entity is incorporated under the Health Services Act 1997.

Transactions and balances in these financial statements relate only to the Entity's function as provider of personnel services to the controlling entity.

The Entity's total income is sourced from the Network.

Cash receipts and payments are effected by the Justice and Forensic Mental Health Network on the entity's behalf.

Note 7 Post Balance Date Events

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

Note 8 Contingent Liabilities

The Entity does not have any contingent liabilities at 30 June 2012 (30 June 2011: \$Nil).

END OF AUDITED FINANCIAL STATEMENTS