

Annual Financial Statements

of

Justice Health and Forensic Mental Health Network Special Purpose Service Entity

for the Year Ended 30 June 2014

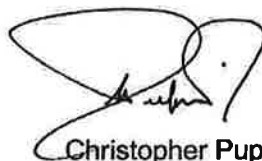
**Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Certification of the Financial Statements
for the year ended 30 June 2014**

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

- 1) The financial statements of the Justice Health and Forensic Mental Health Network Special Purpose Service Entity for the year ended 30 June 2014 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Justice Health and Forensic Mental Health Network Special Purpose
- 3) I am not aware of any circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Julie Babineau
Chief Executive
25 September 2014



Christopher Puplick
Chair

**Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Statement of Comprehensive Income for the year ended 30 June 2014**

	Actual	Actual
	2014	2013
	\$000	\$000
Revenue		
Personnel Services	130,688	127,230
Acceptance by the Crown Entity of Employee Benefits	6,651	2,317
Total Revenue	137,339	129,547
Expenses		
Salaries and Wages	84,366	83,908
Overtime	5,361	5,430
Penalties	7,959	8,302
Defined Benefit Superannuation	1,025	987
Defined Contribution Superannuation	9,924	8,989
Long Service Leave	6,078	1,334
Annual Leave	11,247	10,646
Sick Leave and Other Leave	8,679	5,392
Redundancies	32	634
Workers Compensation Insurance	2,699	3,925
Fringe Benefits Tax	(31)	-
Total Expenses	137,339	129,547
Net Result	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income	-	-

The accompanying notes form part of these Financial Statements.

Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Statement of Financial Position
as at 30 June 2014

	Notes	Actual 2014 \$000	Actual 2013 \$000
ASSETS			
Current Assets			
Receivables	2	22,956	21,365
Total Current Assets		22,956	21,365
Non-Current Assets			
Receivables	2	106	84
Total Non-Current Assets		106	84
Total Assets		23,062	21,449
LIABILITIES			
Current Liabilities			
Payables	3	4,875	4,187
Provisions	4	18,081	17,178
Total Current Liabilities		22,956	21,365
Non-Current Liabilities			
Provisions	4	106	84
Total Non-Current Liabilities		106	84
Total Liabilities		23,062	21,449
Net Assets		-	-
EQUITY			
Accumulated funds		-	-
Total Equity		-	-

The accompanying notes form part of these Financial Statements

**Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Statement of Changes in Equity
for the year ended 30 June 2014**

	Actual	Actual
	2014	2013
	\$000	\$000
Balance at 1 July	-	-
Result for the Year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June	<u>-</u>	<u>-</u>

The accompanying notes form part of these Financial Statements

Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Statement of Changes in Equity
for the year ended 30 June 2014

	Actual	Actual
	2014	2013
	\$000	\$000
Balance at 1 July	-	-
Result for the Year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June	<u>-</u>	<u>-</u>

The accompanying notes form part of these Financial Statements

Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Statement of Cash Flows
for the year ended 30 June 2014

	Actual	Actual
	2014	2013
	\$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 Health 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 Health and Forensic Mental Health Network Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Justice Health and Forensic Mental Health Network Special Purpose Service Entity

The Justice Health and Forensic Mental Health Network Special Purpose Service Entity (the Entity) is a Division of the NSW Health Service, 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 Health and Forensic Mental Health 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

The Entity's objective is to provide personnel services to the Justice Health and Forensic Mental Health

The financial statements were authorised for issue by the Chief Executive on 25 September 2014.

b) Basis of Preparation

The Entity's financial statements are general purpose financial statements and have been prepared on an accrual basis, in accordance with applicable Australian Accounting Standards which include Australian Accounting Interpretations. The statements have been prepared in accordance with 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 1(g).

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 Entity's 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 accounted for in the net result for the year when impaired, derecognised or through the amortisation process.

Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2014

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.

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

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.5% are applied to the value of leave payable at 30 June 2014 (comparable on-costs for 30 June 2013 were 14.9%). The Network has assessed the actuarial advice based on the Network's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2014

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

ii) Long Service Leave and Superannuation

The 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 amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits.

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 AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the NSW Health Ministry Directions. 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.

iii) Consequential On-Costs

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

h) New Australian Accounting Standards Issued But Not Effective

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

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

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 January 2013 and cover the recognition and measurement of short term and long term employee benefits. Refer Note 4.

(ii) Issued but not yet effective

Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2014

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

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

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not for profit entities, the changes have application from 1 July 2014. Based on the initial high level assessment performed by the Ministry of Health, this standard has been assessed as having no material effect. The in conjunction with the Ministry will be performing a detailed review of the impact of the standard to assess if any small foundations, trust or any other type of entities are controlled, noting if such relationship exists, it is still likely to be immaterial.

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

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

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

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

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

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

Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2014

	Actual	Actual
	2014	2013
	\$000	\$000
2. RECEIVABLES		
Current		
Accrued Income - Personnel Services Provided	22,956	21,365
Non-Current		
Accrued Income - Personnel Services Provided	106	84
Total Receivables	23,062	21,449

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 5.

3. PAYABLES

Current

Accrued Salaries, Wages and On Costs	4,567	3,962
Taxation and Payroll Deductions	308	225
Total Payables	4,875	4,187

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 5.

Justice Health and Forensic Mental Health Network Special Purpose Service Entity
Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2014

	Actual	Actual
	2014	2013
	\$000	\$000
4. PROVISIONS		
Current Employee Benefits and Related On Costs		
Annual Leave - Short Term Benefit	9,170	10,469
Annual Leave - Long Term Benefit	6,890	5,117
Long Service Leave - Consequential On costs	2,021	1,592
Other	-	-
Total Current Provisions	18,081	17,178
Non-Current Employee Benefits and Related On Costs		
Long Service Leave - Consequential On costs	106	84
Other	-	-
Total Non-Current Provisions	106	84
Aggregate Employee Benefits and Related On Costs		
Provisions - Current	18,081	17,178
Provisions - Non-Current	106	84
Accrued Salaries, Wages and On Costs	4,875	4,187
Total	23,062	21,449

Justice Health and Forensic Mental Health Network Special Purpose Service Entity

**Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2014**

5. Financial Instruments

The Entity's principal financial instruments are outlined below. The Entity's financial instruments arise directly from the Entity's operations or are required to finance the entity's 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 Parent Entity. Risk management policies are established by the Parent Entity 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 & Risk Management Committee/ Internal auditors of the Parent Entity on a continuous basis.

a) Financial Instruments Categories

		Actual	Actual
		2014	2013
		\$000	\$000
Financial Assets			
Class:	Category		
Receivables (note 2) ¹	Receivables measured at amortised cost	23,062	21,449
Total Financial Assets		<u>23,062</u>	<u>21,449</u>
Financial Liabilities			
Class:	Category		
Payables (note 3) ²	Financial liabilities measured at amortised cost	4,567	3,962
Total Financial Liabilities		<u>4,567</u>	<u>3,962</u>

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

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

Justice Health and Forensic Mental Health Network Special Purpose Service Entity

**Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2014**

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 employee leave provisions and are recognised as amounts receivable at balance date. The parent entity of the Justice Health and Forensic Mental Health Network Special Purpose Service Entity 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 Justice Health and Forensic Mental Health 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.

6. Related Parties

The Justice Health and Forensic Mental Health Network is deemed to control the Justice Health and Forensic Mental Health Network Special Purpose Service 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 Justice Health and Forensic Mental Health Network.

Justice Health and Forensic Mental Health Network Special Purpose Service Entity

**Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2014**

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

7. Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS