



INDEPENDENT AUDITOR'S REPORT

NSW Kids and Families

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of NSW Kids and Families, which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the NSW Kids and Families and the consolidated entity. The consolidated entity comprises the NSW Kids and Families and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the NSW Kids and Families and the consolidated entity as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 2(n). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the NSW Kids and Families. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the NSW Kids and Families' financial statements present adjusted budget information.

The Board's Responsibility for the Financial Statements

The Board is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

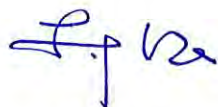
My opinion does *not* provide assurance:

- about the future viability of NSW Kids and Families or the consolidated entity
- that they carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- 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 other information that may have been hyperlinked to/from the financial statements.

Independence

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

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



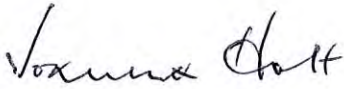
Weini Liao
Director, Financial Audit Services

25 September 2015
SYDNEY

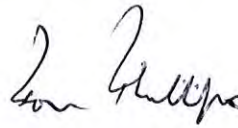
NSW Kids and Families
Certification of the Financial Statements
for the year ended 30 June 2015

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

- 1) The financial statements of the NSW Kids and Families for the year ended 30 June 2015 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 2015* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the NSW Kids and Families; and
- 3) There are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Joanna Holt
Chief Executive
25th September 2015



Ron Phillips
Board Chair

NSW Kids and Families
Statement of Financial Position as at 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000
ASSETS						
Current Assets						
5,211	4,160	4,160		5,211	4,160	4,160
526	416	416	12	526	416	416
<u>5,737</u>	<u>4,576</u>	<u>4,576</u>	13	<u>5,737</u>	<u>4,576</u>	<u>4,576</u>
<u>5,737</u>	<u>4,576</u>	<u>4,576</u>		<u>5,737</u>	<u>4,576</u>	<u>4,576</u>
Total Current Assets						
Non-Current Assets						
429	----	----		429	----	----
<u>429</u>	<u>----</u>	<u>----</u>	14	<u>429</u>	<u>----</u>	<u>----</u>
<u>6,166</u>	<u>4,576</u>	<u>4,576</u>		<u>6,166</u>	<u>4,576</u>	<u>4,576</u>
Total Assets						
LIABILITIES						
Current Liabilities						
1,353	980	981		1,353	980	981
764	607	581	15	764	607	581
<u>2,117</u>	<u>1,587</u>	<u>1,562</u>	16	<u>2,117</u>	<u>1,587</u>	<u>1,562</u>
Total Current Liabilities						
Non-Current Liabilities						
10	10	5		10	10	5
<u>10</u>	<u>10</u>	<u>5</u>	16	<u>10</u>	<u>10</u>	<u>5</u>
<u>2,127</u>	<u>1,597</u>	<u>1,567</u>		<u>2,127</u>	<u>1,597</u>	<u>1,567</u>
<u>4,039</u>	<u>2,979</u>	<u>3,009</u>		<u>4,039</u>	<u>2,979</u>	<u>3,009</u>
Total Liabilities						
Net Assets						
EQUITY						
4,039	2,979	3,009		4,039	2,979	3,009
<u>4,039</u>	<u>2,979</u>	<u>3,009</u>		<u>4,039</u>	<u>2,979</u>	<u>3,009</u>
Accumulated Funds						
Total Equity						

The accompanying notes form part of these financial statements.

NSW Kids and Families
Statement of Changes in Equity for the year ended 30 June 2015

PARENT AND CONSOLIDATION	Accumulated Funds	Total
	\$000	\$000
Balance at 1 July 2014	3,009	3,009
Total Equity at 1 July 2014	<u>3,009</u>	<u>3,009</u>
Net Result for the year	1,030	1,030
Other Comprehensive Income:		
Total Other Comprehensive Income	<u>-----</u>	<u>-----</u>
Total Comprehensive Income for the year	<u>1,030</u>	<u>1,030</u>
Transactions With Owners In Their Capacity As Owners		
Balance at 30 June 2015	<u><u>4,039</u></u>	<u><u>4,039</u></u>
Balance at 1 July 2013	2,641	2,641
Total Equity at 1 July 2013	<u>2,641</u>	<u>2,641</u>
Net Result for the year	368	368
Total Comprehensive Income for the year	<u>368</u>	<u>368</u>
Transactions With Owners In Their Capacity As Owners		
Balance at 30 June 2014	<u><u>3,009</u></u>	<u><u>3,009</u></u>

The accompanying notes form part of these financial statements.

NSW Kids and Families
Statement of Cash Flows for the year ended 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual		Actual	Adjusted Budget Unaudited	Actual
2015	2015	2014	Notes	2015	2015	2014
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
----	----	----				
(22,687)	(22,687)	(18,669)		(7,361)	(7,733)	(5,963)
(13,385)	(14,632)	(10,289)		(22,687)	(22,687)	(18,669)
				(6,024)	(6,899)	(4,326)
<u>(36,072)</u>	<u>(37,319)</u>	<u>(28,958)</u>		<u>(36,072)</u>	<u>(37,319)</u>	<u>(28,958)</u>
Receipts						
35,267	35,266	26,291		35,267	35,266	26,291
231	----	189		231	----	189
100	----	159		100	----	159
1,954	2,054	1,955		1,954	2,054	1,955
<u>37,552</u>	<u>37,320</u>	<u>28,594</u>		<u>37,552</u>	<u>37,320</u>	<u>28,594</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES						
<u>1,480</u>	<u>1</u>	<u>(364)</u>	17	<u>1,480</u>	<u>1</u>	<u>(364)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
(429)	----	----		(429)	----	----
<u>(429)</u>	<u>----</u>	<u>----</u>		<u>(429)</u>	<u>----</u>	<u>----</u>
NET INCREASE / (DECREASE) IN CASH						
1,051	1	(364)		1,051	1	(364)
4,160	4,160	4,524	12	4,160	4,160	4,524
<u>5,211</u>	<u>4,161</u>	<u>4,160</u>	12	<u>5,211</u>	<u>4,161</u>	<u>4,160</u>
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

NSW Kids and Families
Service Group Statements
for the year ended 30 June 2015

	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses																
Operating Expenses																
Employee Related	5,067	6,273	788	484	306	—	603	—	925	—	354	—	—	—	8,043	6,757
Visiting Medical Officers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Operating Expenses	4,884	3,031	486	117	46	—	89	—	287	—	154	—	—	—	5,926	3,148
Depreciation and Amortisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grants and Subsidies	19,356	16,032	1,745	1,008	—	—	—	—	—	—	—	—	—	—	21,101	17,040
Finance Costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Payments to Affiliated Health Organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenses excluding losses	29,307	25,336	3,019	1,609	352	—	692	—	1,192	—	508	—	—	—	35,070	26,945
Revenue																
NSW Ministry of Health Recurrent Allocations **	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NSW Ministry of Health Capital Allocations **	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers to the NSW Ministry of Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Acceptance by the Crown Entity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
of Employee Benefits and Other Liabilities	313	650	49	8	19	—	37	—	57	—	22	—	—	—	497	658
Sale of Goods and Services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment Revenue	231	187	—	2	—	—	—	—	—	—	—	—	—	—	231	189
Grants and Contributions	100	157	—	2	—	—	—	—	—	—	—	—	—	—	100	159
Other Revenue	5	16	—	—	—	—	—	—	—	—	—	—	—	—	5	16
Total Revenue	649	1,010	49	12	19	—	37	—	57	—	22	—	—	—	36,100	27,313
Gain / (Loss) on Disposal	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Gains / (Losses)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net Result	(28,658)	(24,326)	(2,970)	(1,597)	(333)	—	(655)	—	(1,135)	—	(486)	—	—	—	1,030	368
Other Comprehensive Income																
Increase/(Decrease) in Revaluation Surplus	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other (SPECIFY)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Other Comprehensive Income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Comprehensive Income	(28,658)	(24,326)	(2,970)	(1,597)	(333)	—	(655)	—	(1,135)	—	(486)	—	—	—	1,030	368

* The name and purpose of each service group is summarised in Note 11

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

NSW Kids and Families
Service Group Statements (Continued)
for the year ended 30 June 2015

	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																
Current Assets																
Cash and Cash Equivalents	4,355	3,912	449	248	52		103		177		75			5,211	4,160	
Receivables	526	411		5										526	416	
Inventories																
Financial Assets at Fair Value																
Other Financial Assets																
Other																
Non-Current Assets Held for Sale																
Total Current Assets	4,881	4,323	449	253	52		103		177		75			5,737	4,576	
Non-Current Assets																
Receivables																
Financial Assets at Fair Value																
Other Financial Assets																
Property, Plant and Equipment																
- Land and Buildings																
- Plant and Equipment																
- Infrastructure Systems																
- Leasehold Improvements																
Intangible Assets	429													429		
Other	429													429		
Total Non-Current Assets	5,310	4,323	449	253	52		103		177		75			6,166	4,576	
LIABILITIES																
Current Liabilities																
Payables	1,115	945	111	36	11		20		61		35			1,353	981	
Borrowings																
Provisions	481	539	75	42	29		57		88		34			764	581	
Other																
Total Current Liabilities	1,596	1,484	186	78	40		77		149		69			2,117	1,562	
Non-Current Liabilities																
Borrowings																
Provisions	6	5	1				1		1					10	5	
Other																
Total Non-Current Liabilities	6	5	1				1		1					10	5	
TOTAL LIABILITIES	1,602	1,489	187	78	40		78		150		69			2,127	1,567	
NET ASSETS	3,708	2,834	262	175	12		25		27		6			4,039	3,009	

* The name and purpose of each service group is summarised in Note 11

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

1. The Reporting Entity

The NSW Kids and Families was established under the provisions of the Health Services Act 1997 with effect from 1 July 2012.

The NSW Kids and Families as a reporting entity, comprises all the entities under its control, namely:

- * The parent entity, comprises all the operating activities of the NSW Kids and Families. The functions of NSW Kids and Families are as follow:
 - a. To provide system wide leadership in regard to the health, wellbeing and healthcare of mothers and babies, children, young people and families.
 - b. To work with Local Health Districts, specialty networks, other public health organisations, clinicians, members of the community, NSW Government and non-government organisations to promote the health, wellbeing and healthcare of mothers and babies, children, young people and families by:
 - i. Undertaking strategic planning and developing service models to support the delivery of evidence based, accessible, high quality health services.
 - ii. Developing, overseeing, monitoring and evaluating the implementation of programs to promote health and wellbeing to achieve the best health outcomes including prevention, health promotion, assessment and intervention programs across the community and hospital settings and through interagency approaches.
 - iii. Supporting and facilitating research and evaluation to inform policy and program development and implementation.
 - iv. Developing evidence based policy and guidelines.
 - v. Developing and disseminating information about best practices.
 - c. To develop service standards for the delivery and performance of health, wellbeing and healthcare services for mothers and babies, children, young people and families and monitor achievement of those standards.
 - d. To support appropriate networks and working groups to assist in undertaking the NSW Kids and Families functions.
 - e. To provide advice to the Minister and Director-General, NSW Health, Local Health Districts, specialty networks and other public health organisations on matters related to the health, wellbeing and healthcare of mothers and babies, children, young people and families.
 - f. To develop three year Corporation Plans and an Annual Work plan, linking activities and priorities of NSW Kids and Families to the statewide strategic directions and priorities of NSW Health and work in accordance with these plans and the Service Compact agreed with the Director-General.
- * The NSW Kids and Families Special Purpose Service Entity which was established as a Division of the NSW Kids and Families on 1 July 2012 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the NSW Kids and Families to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

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

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Chair of Board and the Chief Executive on 25th September 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

The NSW Kids and Families financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and the Treasurers' Directions. The financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(n).

The financial statements of the NSW Kids and Families have been prepared on a going concern basis.

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

Other mitigating circumstances why the going concern is appropriate include:

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

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

Comparative Information

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

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

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

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

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 15.3% are applied to the value of leave payable at 30 June 2015 (comparable on-costs for 30 June 2014 were 15.1%). The NSW Kids and Families has assessed the actuarial advice based on the NSW Kids and Families circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

ii) Long Service Leave and Superannuation

The NSW Kids and Families liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity.

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

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

iii) Consequential On-Costs

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

b) Insurance

The NSW Kids and Families insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the NSW Kids and Families transfers the significant risks and rewards of ownership of the assets.

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

Grants and Contributions

Grants and contributions are recognised as revenues when the NSW Kids and Families obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Ministry of Health Allocations

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

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

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

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

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

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

f) Acquisition of Assets

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

g) Capitalisation Thresholds

Individual items of Property, Plant & Equipment and Intangibles are capitalised where their cost is \$10,000 or above.

h) Loans and Receivables

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

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

i) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale", must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

j) 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 NSW Kids and Families transfers the financial asset:

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

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

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

k) Payables

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

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

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

l) Equity Transfers

The transfer of net assets between entity is as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian Accounting Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

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

m) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

n) Adjusted Budgeted Amounts

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 NSW Kids and Families 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 NSW Kids and Families financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between NSW Kids and Families and the NSW 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 column entries in the financial statements are denoted as "Unaudited".

o) Service Group Statements Allocation Methodology

Using Independent Hospital Pricing Authority criteria the financial values for 2014/15 have been assigned to service groups in the same manner as all other NSW Health controlled entities.

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 11.

Income and expenses are allocated to service groups using statistical data for the twelve months ending 30 June 2014, then adjusted for any material change in service delivery or funding distribution occurring in the 2014-15 financial year.

In respect of assets and liabilities the Ministry requires the NSW Kids and Families take action to identify those components that can be specifically identified and reported by service groups.

Remaining values are attributed to service groups in accordance with values advised by the NSW Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

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

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 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 2014-15 and have been applied for the first time as follows:

AASB 10 Consolidated Financial Statements, AASB 2011-7, and AASB 2013-8 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.

Following an assessment of the applicable new accounting standards mentioned above in relation to consolidation and joint arrangements, NSW Kids and Families management is of the opinion that there will be no material implications for the financial statements.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. This standard is not applicable to NSW Kids and Families as individual budgets are not presented in parliament. Refer note 2(n) on how NSW Kids and Families derives its adjusted budgetary information.

(ii) Issued but not yet effective

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

AASB 9, Financial Instruments, has application from 1 January 2018. The standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 15 and AASB 2014-5, Revenue from Contracts with Customers has application from 1 January 2017. We believe this standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 2010-7, regarding Financial Instruments has mandatory application from 1 July 2015 and comprises 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 2014-3, Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations. This amending standard clarifies the treatment of expensing all acquisition-related costs, and recognition of share in a joint operation according to the contractual arrangements. This standard is applicable from 1 January 2016.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life.

AASB 2014-7, Amendments to various Australian Accounting Standards as a result of the changes from AASB 9 (December 2014) and will have application from 1 Jan 2018. The new AASB 9 includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-8, Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] has application from 1 Jan 2015. This update limits the application of the existing versions of AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-9, Amendments to Australian Accounting Standards – It gives entities the choice of using the Equity Method for their subsidiaries in their separate financial statements [AASB 1, 127 & 128]. It has application from 1 January 2016.

AASB 2014-10, Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]. This has application from 1 January 2016.

AASB 2015-01, Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]. This has application from 1 January 2016.

AASB 2015-02, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016.

AASB 2015-03, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 January 2016. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

AASB 2015-5, Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12 & AASB 128], has application from 1 January 2016. This standard is unlikely to have any impact on this entity as the exceptions would be hard to satisfy.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049], has application from 1 July 2016. Based on preliminary evaluation, this standard could potentially increase the level of disclosure required for not for profit entities where delegated power exists for senior officers of the entity.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
-----	-----	Salaries and Wages	6,198	4,960
-----	-----	Superannuation - Defined Benefit Plans	95	115
-----	-----	Superannuation - Defined Contribution Plans	437	362
-----	-----	Long Service Leave	433	583
-----	-----	Annual Leave	511	486
-----	-----	Sick Leave and Other Leave	346	228
-----	-----	Workers' Compensation Insurance	23	23
-----	-----		8,043	6,757
-----	-----		-----	-----
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
6,198	4,960	Salaries and Wages	-----	-----
-----	13	Superannuation - Defined Benefit Plans	-----	-----
437	362	Superannuation - Defined Contribution Plans	-----	-----
31	27	Long Service Leave	-----	-----
511	486	Annual Leave	-----	-----
346	228	Sick Leave and Other Leave	-----	-----
23	23	Workers' Compensation Insurance	-----	-----
7,546	6,099		-----	-----
-----	-----		-----	-----
5. Other Operating Expenses				
69	57	Advertising	69	57
29	46	Auditor's Remuneration - Audit of Financial Statements	29	46
846	717	Consultancies - Other	846	717
555	208	Contractors	555	208
14	10	Food Supplies	14	10
265	273	Information Management Expenses	265	273
234	214	Maintenance (See (b) below)	234	214
8	-----	Motor Vehicle Expenses	8	-----
2	18	Postal and Telephone Costs	2	18
387	377	Printing and Stationery	387	377
405	13	Rental	405	13
15	(5)	Special Service Departments	15	(5)
1,385	763	Staff Related Costs	1,385	763
291	163	Travel Related Costs	291	163
1,421	294	Other (See (a) below)	1,421	294
5,926	3,148		5,926	3,148
-----	-----		-----	-----

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		(a) Other Includes:		
2	-----	Contract for Patient Services	2	-----
92	117	Corporate Support Services	92	117
21	8	Courier and Freight	21	8
2	1	Membership/Professional Fees	2	1
9	-----	Quality Assurance/Accreditation	9	-----
656	-----	Translation Costs	656	-----
639	168	Other Miscellaneous	639	168
<u>1,421</u>	<u>294</u>		<u>1,421</u>	<u>294</u>
		(b) Reconciliation of Total Maintenance		
194	3	Maintenance Contracts	194	3
40	84	New/Replacement Equipment under \$10,000	40	84
-----	127	Repairs Maintenance/Non Contract	-----	127
<u>234</u>	<u>214</u>	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	<u>234</u>	<u>214</u>
<u>234</u>	<u>214</u>	Total Maintenance Expenses	<u>234</u>	<u>214</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
6. Grants and Subsidies				
4,354	1,162	Non-Government Organisations	4,354	1,162
613	----	Grants to Research Organisations	613	----
15,159	15,632	Grants - Family Referral Services	15,159	15,632
975	246	Other Grants	975	246
<u>21,101</u>	<u>17,040</u>		<u>21,101</u>	<u>17,040</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT

CONSOLIDATION

2015
\$000

2014
\$000

2015
\$000

2014
\$000

7. Investment Revenue

<u>231</u>	<u>189</u>	Interest	<u>231</u>	<u>189</u>
<u>231</u>	<u>189</u>		<u>231</u>	<u>189</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
8. Grants and Contributions				
100	159	Other Grants	100	159
<u>100</u>	<u>159</u>		<u>100</u>	<u>159</u>
9. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	95	102
----	----	Long Service Leave	402	556
<u>----</u>	<u>----</u>		<u>497</u>	<u>658</u>
10. Other Revenue				
Other Revenue comprises the following:-				
4	16	Sale of Merchandise, Old Wares and Books	4	16
1	----	Sponsorship Income	1	----
<u>5</u>	<u>16</u>		<u>5</u>	<u>16</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

11. Service Groups of the NSW Kids and Families

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services to persons attending community health centres or in the home, including health promotion activities, community based women's health, dental, drug and alcohol and HIV/AIDS services. It also covers the provision of grants to non-Government organisations for community health purposes.

Objective: This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and over.

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. This program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that are used by all members of the community.

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

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

Service Group 1.3 - Outpatient Services

Service Description: This service group covers the provision of services in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

Service Group 2.1 - Emergency Services

Service Description: This service group covers the provision of emergency road and air ambulance services and treatment of patients in emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

Service Group 2.2 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Service Group 6.1 - Teaching and Research

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

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

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

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		12. Cash and Cash Equivalents		
5,211	4,160	Cash at Bank and On Hand	5,211	4,160
5,211	4,160		5,211	4,160
		For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.		
		Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:		
5,211	4,160	Cash and Cash Equivalents (per Statement of Financial Position)	5,211	4,160
5,211	4,160	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	5,211	4,160

Refer to Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		13. Receivables		
		Current		
100	1	Sale of Goods and Services	100	1
65	4	Intra Health Receivables	65	4
334	146	Goods and Services Tax	334	146
-----	59	Other Debtors	-----	59
<hr style="border: 0.5px solid black;"/>	<hr style="border: 0.5px solid black;"/>		<hr style="border: 0.5px solid black;"/>	<hr style="border: 0.5px solid black;"/>
499	210	Sub Total	499	210
<hr style="border: 0.5px solid black;"/>	<hr style="border: 0.5px solid black;"/>		<hr style="border: 0.5px solid black;"/>	<hr style="border: 0.5px solid black;"/>
27	206	Prepayments	27	206
<hr style="border: 0.5px solid black;"/>	<hr style="border: 0.5px solid black;"/>		<hr style="border: 0.5px solid black;"/>	<hr style="border: 0.5px solid black;"/>
526	416		526	416
<hr style="border: 1px solid black;"/>	<hr style="border: 1px solid black;"/>		<hr style="border: 1px solid black;"/>	<hr style="border: 1px solid black;"/>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
14. Intangible Assets				
		Intangibles		
429	-----	Cost (Gross Carrying Amount)	429	-----
<u>429</u>	<u>-----</u>		<u>429</u>	<u>-----</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		15. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	223	169
----	----	Taxation and Payroll Deductions	19	12
242	181	Accrued Liability - Purchase of Personnel Services	----	----
12	11	Creditors	12	11
		Other Creditors		
499	546	- Intra Health Liability	499	546
600	243	- Other	600	243
<u>1,353</u>	<u>981</u>		<u>1,353</u>	<u>981</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		16. Provisions		
		Current		
----	----	Annual Leave - Short Term Benefit	386	181
----	----	Annual Leave - Long Term Benefit	261	309
----	----	Long Service Leave Consequential On-Costs	117	91
764	581	Provision for Personnel Services Liability	----	----
764	581	Total Current Provisions	764	581
		Non-Current		
----	----	Long Service Leave Consequential On-Costs	10	5
10	5	Provision for Personnel Services Liability	----	----
10	5	Total Non-Current Provisions	10	5
		Aggregate Employee Benefits and Related On-Costs		
----	----	Provisions - Current	764	581
----	----	Provisions - Non-Current	10	5
----	----	Accrued Salaries, Wages and On-Costs (Note 15)	242	181
1,016	767	Liability - Purchase of Personnel Services	----	----
1,016	767		1,016	767

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
17. Reconciliation of Cash Flows from Operating Activities to Net Result				
1,480	(364)	Net Cash Flows from Operating Activities	1,480	(364)
(188)	(149)	(Increase)/ Decrease in Provisions	(188)	(149)
108	330	Increase / (Decrease) in Prepayments and Other Assets	108	330
(370)	551	(Increase)/ Decrease in Payables from Operating Activities	(370)	551
<u>1,030</u>	<u>368</u>	Net Result	<u>1,030</u>	<u>368</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT AND CONSOLIDATION

18. Adjusted Budget Review - Parent and Consolidated

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation in this financial year are as follows:

	Amount (\$000)
Total Initial Budget from MoH for FY14/15	32,640
Plus the following Recurrent budget increments:	
NGO Grant transferred to NSW Kids and Families for Royal Far West	2,648
NGO Grant transferred to NSW Kids and Families for Australia Red-Cross Young Parents Program	146
NGO Grant transferred to NSW Kids and Families for Catholic Care-Natural Fertility Service	38
NGO Grant transferred to NSW Kids and Families for SIDS and Kids	107
NGO Grant transferred to NSW Kids and Families for Australia Breast Feeding Association	124
Funds transferred to NSW Kids and Families from Centre for the Advancement of Adolescent Health (CAAH)	362
Less the following funds transferred to other health entities from the operating budget	
Funds transferred to LHD for Allied Health Educators Children Healthcare Network	(488)
Funds transferred to LHD for Resus4Kids extension of funding	(311)
Balance as per Statement of Comprehensive Income	35,266

Net Result

The actual net result of \$1M underspend is mainly due to the following:

1. \$500K relating to different projects unable to be progressed due to a shortfall in accommodation.
2. \$500K for Community Health and Outpatient Care (CHOC) system enhancements that did not progress due to the supplier's lack of capacity.

Assets and Liabilities

The Cash at bank as at 30 June 2015 is \$5.2M. The receivables are made up of GST refund from ATO, grants and contributions from Health Community & Disability Services Ministerial Council for National Child and Youth Strategic Framework for Health and Intra health receivables. In terms of liability, accruals increased by \$360K compared to last year.

Cash Flows

The positive net cash flow of \$1.4M from operating activities is mainly due to \$1M underspend, interest received of \$231K and grants and contributions received of \$100K.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

19. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Class:	Category	Carrying Amount 2015 \$000	Carrying Amount 2014 \$000
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	5,211	4,160
Receivables (note 13)*	Loans and receivables (at amortised cost)	165	64
Total Financial Assets		<u>5,376</u>	<u>4,224</u>
Financial Liabilities			
Payables (note 15)**	Financial Liabilities measured at amortised cost	1,334	969
Total Financial Liabilities		<u>1,334</u>	<u>969</u>

Notes

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

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

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the NSW Kids and Families. 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 NSW Kids and Families, including cash, receivables and authority deposits. No collateral is held by the NSW Kids and Families. The NSW Kids and Families has not granted any financial guarantees.

Credit risk associated with the NSW Kids and Families financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.1% in 2014/15 compared to 3.35% in the previous year.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the NSW Kids and Families will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The NSW Kids and Families is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015:\$65K; 2014: \$4) and not more than 3 months past due (2015: \$100K; 2014:\$4) are not considered impaired. Together these represent 100% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the NSW Kids and Families debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position.

2015	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	165	100	-----
3 months - 6 months overdue	-----	-----	-----
> 6 months overdue	-----	-----	-----
2014			
<3 months overdue	4	4	-----
3 months - 6 months overdue	-----	-----	-----
> 6 months overdue	59	59	-----

Notes

1 Each column in the table reports "gross receivables".

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

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(c) Liquidity Risk

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

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

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

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

The table below summarises the maturity profile of the NSW Kids and Families financial liabilities together with the interest rate exposure.

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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure		Maturity Dates
	Nominal Amount ¹	Non - Interest Bearing	< 1 Yr
	\$000	\$000	\$000
2015			
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	223	223	223
- Creditors	1,111	1,111	1,111
	1,334	1,334	1,334
2014			
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	169	169	169
- Creditors	800	800	800
	969	969	969

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 NSW Kids and Families can be required to pay.

The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.

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(d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the NSW Kids and Families operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the NSW Kids and Families interest bearing liabilities.

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

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

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

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The NSW Kids and Families exposure to interest rate risk is set out below.

	Carrying Amount \$000	-1% Net Result	Equity	Profit	+1% Equity
2015					
Financial Assets					
Cash and Cash Equivalents	5,211	(52)	(52)	52	52
Receivables	165	-----	-----	-----	-----
Financial Liabilities					
Payables	1,334	-----	-----	-----	-----
2014					
Financial Assets					
Cash and Cash Equivalents	4,160	(42)	(42)	42	42
Receivables	64	-----	-----	-----	-----
Financial Liabilities					
Payables	969	-----	-----	-----	-----

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20. Events after the Reporting Period

As at 1 July 2015, NSW Kids and Families will assume the administrative responsibilities for Obstetrix Consortium from Northern Sydney LHD.

END OF AUDITED FINANCIAL STATEMENTS