



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 2013, 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 NSW Kids and Families and the consolidated entity. The consolidated entity comprises 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 NSW Kids and Families and the consolidated entity, as at 30 June 2013, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income, statement of financial position and statement of cash flows.

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 the Board, 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.

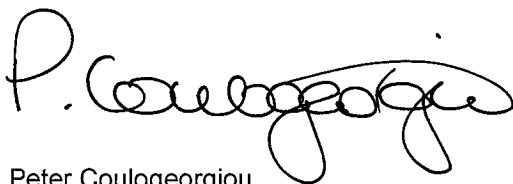
My opinion does *not* provide assurance:

- about the future viability of NSW Kids and Families or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information 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.



Peter Coulogeorgiou
Director, Financial Audit Services

27 September 2013
SYDNEY

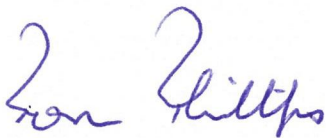
NSW Kids and Families
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2013

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge:

- 1) The financial statements of the NSW Kids and Families for the year ended 30 June 2013 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.

- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the NSW Kids and Families; and

- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Ron Phillips
Chairman of the
Board



Christine Franks
Board Member

26 September 2013

NSW Kids and Families
Statement of Comprehensive Income for the year ended 30 June 2013

PARENT		CONSOLIDATION		
Actual	Budget Unaudited	Notes	Actual	Budget Unaudited
2013 \$000	2013 \$000		2013 \$000	2013 \$000
Expenses excluding losses				
Operating Expenses				
---	---	Employee Related	3	5,283 5,623
5,311	5,715	Personnel Services	4	--- ---
2,098	18,242	Other Operating Expenses	5	2,098 18,242
13,923	---	Grants and Subsidies	6	13,923 ---
21,332	23,957	Total Expenses excluding losses	21,304	23,865
Revenue				
24,018	24,018	NSW Ministry of Health Recurrent Allocations	2(d)	24,018 24,018
---	---	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii),8	(28) (92)
16	---	Investment Revenue	7	16 ---
4	---	Other Revenue	9	4 ---
24,038	24,018	Total Revenue	24,010	23,926
2,706	61	Net Result	15	2,706 61
Other Comprehensive Income				
-----	-----	Total Other Comprehensive Income for the year	-----	-----
2,706	61	TOTAL COMPREHENSIVE INCOME	2,706	61

The accompanying notes form part of these financial statements.

NSW Kids and Families
Statement of Financial Position as at 30 June 2013

PARENT		CONSOLIDATION	
Actual	Budget Unaudited	Actual	Budget Unaudited
2013 \$000	2013 \$000	2013 \$000	2013 \$000
ASSETS			
Current Assets			
4,524	1,000	4,524	1,000
93	50	93	50
<u>4,617</u>	<u>1,050</u>	<u>4,617</u>	<u>1,050</u>
4,617	1,050	4,617	1,050
Non-Current Assets			
---	---	---	---
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
4,617	1,050	4,617	1,050
LIABILITIES			
Current Liabilities			
1,539	715	1,539	715
434	339	434	339
<u>1,973</u>	<u>1,054</u>	<u>1,973</u>	<u>1,054</u>
1,973	1,054	1,973	1,054
Non-Current Liabilities			
3	---	3	---
<u>3</u>	<u>---</u>	<u>3</u>	<u>---</u>
1,976	1,054	1,976	1,054
2,641	(4)	2,641	(4)
EQUITY			
2,641	(4)	2,641	(4)
<u>2,641</u>	<u>(4)</u>	<u>2,641</u>	<u>(4)</u>
2,641	(4)	2,641	(4)

The accompanying notes form part of these financial statements.

NSW Kids and Families
Statement of Changes in Equity for the year ended 30 June 2013

PARENT AND CONSOLIDATION

	Accumulated Funds	Total
Balance at 1 July 2012	\$000	\$000
Total Equity at 1 July 2012	2,706	2,706
Net Result for the year		
Total Comprehensive Income for the year	2,706	2,706
Transactions With Owners In Their Capacity As Owners		
Increase/(Decrease) in Net Assets From Equity Transfers	(65)	(65)
Balance at 30 June 2013	2,641	2,641
Total Other Comprehensive Income		

Notes

19

The accompanying notes form part of these financial statements.

NSW Kids and Families
Statement of Cash Flows for the year ended 30 June 2013

PARENT			CONSOLIDATION	
Actual	Budget Unaudited		Actual	Budget Unaudited
2013 \$000	2013 \$000	Notes	2013 \$000	2013 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
----	----	Employee Related	(4,812)	(5,336)
(14,228)	(306)	Grants and Subsidies	(14,228)	(306)
(5,638)	(23,057)	Other	(826)	(17,721)
<u>(19,866)</u>	<u>(23,363)</u>	Total Payments	<u>(19,866)</u>	<u>(23,363)</u>
Receipts				
24,018	24,017	NSW Ministry of Health Recurrent Allocations	24,018	24,017
30	30	Reimbursements from the Crown Entity	30	30
17	----	Interest Received	17	----
325	316	Other	325	316
<u>24,390</u>	<u>24,363</u>	Total Receipts	<u>24,390</u>	<u>24,363</u>
<u>4,524</u>	<u>1,000</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>4,524</u>	<u>1,000</u>
NET INCREASE / (DECREASE) IN CASH				
4,524	1,000	Opening Cash and Cash Equivalents	----	----
----	----	Cash Transferred In/(Out) as a Result of Administrative Restructuring	----	----
<u>4,524</u>	<u>1,000</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>4,524</u>	<u>1,000</u>

The accompanying notes form part of these financial statements.

NSW Kids and Families
Service Group Statements
for the year ended 30 June 2013

ENTITY EXPENSES AND INCOME	Service Group 1.1 *		Service Group 1.2 *		Total
	Primary And Community Based Services	2013	Aboriginal Health Services	2013	
		2013		2013	2013
	\$000		\$000		\$000
Expenses excluding losses					
Operating Expenses					
Employee Related	4,897		386		5,283
Other Operating Expenses	1,978		120		2,098
Grants and Subsidies	13,041		882		13,923
Total Expenses excluding losses	19,916		1,388		21,304
Revenue					
NSW Ministry of Health Recurrent Allocations **				24,018	24,018
Acceptance by the Crown Entity					
of Employee Benefits and Other Liabilities	(26)		(2)		(28)
Investment Revenue	15		1		16
Other Revenue	4				4
Total Revenue	(7)		(1)		24,010
Net Result	(19,923)		(1,389)		2,706
Other Comprehensive Income					
Total Other Comprehensive Income	0		0		0
Total Comprehensive Income	(19,923)		(1,389)		2,706

Service Group Statements focus on the key measures of service delivery performance, refer note 2(m).

* The name and purpose of each service group is summarised in Note 10

** 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 2013

ENTITY ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Not Attributable		Total	
	2013	2013	2013	2013	2013	2013	2013	2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS								
Current Assets								
Cash and Cash Equivalents		4,266		258				4,524
Receivables		88		5				93
Total Current Assets		4,354		263				4,617
Non-Current Assets								
Total Non-Current Assets								
TOTAL ASSETS		4,354		263				4,617
LIABILITIES								
Current Liabilities								
Payables		1,451		88				1,539
Provisions		409		25				434
Total Current Liabilities		1,860		113				1,973
Non-Current Liabilities								
Provisions		3						3
Total Non-Current Liabilities		3						3
TOTAL LIABILITIES		1,863		113				1,976
NET ASSETS		2,491		150				2,641

* The name and purpose of each service group is summarised in Note 10

Assets and liabilities that are specific to service groups are allocated accordingly, e.g. Non-Current Assets held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(m), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

1. The Reporting Entity

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

The Entity controls the NSW Kids and Families Special Purpose Service Entity which was established as a Division of the Government Service on 1 July 2012 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to enable the Entity to exercise its functions.

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

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

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Board on 26 September 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Entity's financial statements are general purpose financial statements which 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 and its regulations, and the Treasurers' Directions. Apart from the basis for the Entity's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(l).

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

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

Statement of Compliance

The financial statements 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

At the consolidated level of reporting, liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service 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.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term".

On-costs of 13.2% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment.

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 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 and other liabilities'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Entity as shown in Note 14.

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 12/06) 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 Entity's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 13, 'Payables'.

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) Other Provisions

Other provisions exist when the Entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

b) Insurance

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

The Entity's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past claim 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 agency 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.

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the Entity 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:

- * the amount of GST incurred by the Entity as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset 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 is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

f) 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.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

g) 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.

h) 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, 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.

i) Payables

These amounts represent liabilities for goods and services provided to the Entity 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 Entity.

j) Equity Transfers

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

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

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

k) Equity and Reserves

(ii) Accumulated Funds

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

l) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Ministry of Health at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

m) Service Group Statements Allocation Methodology

The Ministry of Health, in conjunction with all health entities, undertook an analysis of service group statements to ensure that the National Health Funding reforms definitions are consistently applied to 2012/13 financial statements.

The data has been applied based on service delivery and funding distribution in the 2012/13 year. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Ministry requires the Entity 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.

n) New Australian Accounting Standards Issued but not Effective

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

AASB 9 and AASB 2010-7, Financial Instruments have 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.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

AASB 11, Joint Arrangements has mandatory application from 1 July 2013 and defines joint control and the determination of joint control through an assessment of rights and obligations. The Standard is not expected to have any effect within the Entity.

AASB 12, Disclosure of Interests in Other Entities, has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement. It is not expected that the changes will have a material impact.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. Future impact is assessed as minimal.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2013/14 financial statements will be dependent on the policy of NSW Treasury.

AASB 127, Separate Financial Statements, has mandatory application from 1 July 2013 and applies in accounting for interests in subsidiaries, joint ventures and associates. Based on current activities, it is assessed as having no future impact on the Entity.

AASB 128, Investments in Associates and Joint Ventures, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the Entity.

AASB 1053 and AASB 2010-2, Application of Tiers of Australian Accounting Standards, have application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the policy of NSW Treasury.

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

AASB 2010-10 regarding removal of fixed dates for first time adopters, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the Entity.

AASB 2011-2, Trans-Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the policy of NSW Treasury.

AASB 2011-4, Amendments to Australian Accounting Standards To Remove Individual Key Management Personnel Disclosure Requirements, has application from 1 July 2013 and removes the requirement to individually report the remuneration of Key Management Personnel, recognising that this is more a governance issue.

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013. The exemption is not expected to have a material impact.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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. The changes have application from 1 July 2014 but are assessed as having no material effect.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119, applicable from 1 July 2013 assessed as having no material impact.

AASB 2011-11, Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements, applicable from 1 July 2013 assessed as having no material impact.

The following changes will depend on the policies determined by NSW Treasury.

AASB 2012-1, Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements. Sets out reduced disclosure requirements as a consequence of the issuance of AASB 13, having application from 1 July 2013.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7.

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 2012-4, Amendments to Australian Accounting Standards – Government Loans (Amendments to AASB 1 'First-time Adoption of International Financial Reporting Standards'). Applicable to reporting periods on or after 1 January 2013.

AASB 2012-5 regarding annual improvements 2009 to 2011 cycle applicable to reporting periods on or after 1 January 2013.

AASB 2012-7, Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Applicable to reporting periods on or after 1 July 2013.

AASB 2012-9, Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-10, Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments Applicable to reporting periods on or after 1 January 2013.

AASB 2012-11, Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments, having application from 1 July 2013.

AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements, having application from 1 July 2014.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT		CONSOLIDATION
2013 \$000		2013 \$000
3. Employee Related		
Employee related expenses comprise the following:		
----	Salaries and Wages	4,880
----	Penalties	1
----	Superannuation - Defined Benefit Plans	58
----	Superannuation - Defined Contribution Plans	121
----	Long Service Leave	(81)
----	Annual Leave	264
----	Sick Leave and Other Leave	40
----	Payroll Tax and Fringe Benefits Tax	----
-----		-----
-----		5,283
4. Personnel Services		
Personnel Services comprise the purchase of the following:		
4,880	Salaries and Wages	----
1	Penalties	----
0	Superannuation - Defined Benefit Plans	----
121	Superannuation - Defined Contribution Plans	----
5	Long Service Leave	----
264	Annual Leave	----
40	Sick Leave and Other Leave	----
-----		-----
5,311		-----
5. Other Operating Expenses		
2	Food Supplies	2
1,117	General Expenses (See (a) below)	1,117
62	Information Management Expenses	62
	Maintenance (See (b) below)	
22	Maintenance Contracts	22
42	New/Replacement Equipment under \$10,000	42
2	Postal and Telephone Costs	2
521	Printing and Stationery	521
7	Special Service Departments	7
284	Staff Related Costs	284
39	Travel Related Costs	39
-----		-----
2,098		2,098

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

	PARENT	CONSOLIDATION
2013		2013
\$000		\$000
	(a) General Expenses include :-	
12	Advertising	12
6	Auditor's Remuneration - External Audit*	6
	Consultancies	
563	- Operating Activities	563
41	Corporate Support Services	41
15	Courier and Freight	15
2	Data Recording and Storage	2
3	Other Operating Lease Expense - Minimum Lease Payment:	3
57	Translator Services	57
418	Other	418
<u>1,117</u>		<u>1,117</u>
	*External Auditors Fees for the 2012/13 financial year audit was \$29K, however at time of preparation only \$6K was billed.	
	(b) Reconciliation of Total Maintenance	
64	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	64
<u>64</u>	Total Maintenance Expenses included in Notes 3, 4 and 5	<u>64</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT		CONSOLIDATION
2013		2013
\$000		\$000
6. Grants and Subsidies		
13,551	Non-Government Organisations	13,551
70	Grants to Research Orgs	70
1	Promotion of Research	1
63	Budget Sector Other Grants	63
238	Other Grants	238
13,923		13,923
13,923		13,923

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT

CONSOLIDATION

**2013
\$000**

**2013
\$000**

7. Investment Revenue

16 Interest
 - Other

16

16

16

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT

CONSOLIDATION

2013
\$000

2013
\$000

8. Acceptance by the Crown Entity of employee benefits

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

-----	Superannuation-defined benefit	58
-----	Long Service Leave	(86)
-----		(28)
-----		(28)

9. Other Revenue

Other Revenue comprises the following:-

4	Sale of Merchandise, Old Wares and Books	4
4		4
4		4

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

10. Service Groups of the Entity

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.

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. (Note: 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.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

	PARENT	CONSOLIDATION
	2013 \$000	2013 \$000
11. Cash and Cash Equivalents		
Cash at Bank and On Hand	4,524	4,524
	4,524	4,524
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconcile at the end of the financial year to the Statement of Cash Flows as follows:		
Cash and Cash Equivalents (per Statement of Financial Position)	4,524	4,524
	4,524	4,524

Refer to Note 20 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 2013

PARENT		CONSOLIDATION
2013 \$000		2013 \$000
	12. Receivables	
	Current	
16	Intra Health Receivables	16
57	Goods and Services Tax	57
<u>20</u>	Other Debtors	<u>20</u>
93	Sub Total	93
<u>93</u>		<u>93</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

	PARENT	CONSOLIDATION
2013 \$000		2013 \$000
	13. Payables	
	Current	
-----	Accrued Salaries, Wages and On-Costs	152
-----	Taxation and Payroll Deductions	10
162	Accrued Liability - Purchase of Personnel Services	-----
6	Creditors	6
	Other Creditors	
(1)	- Intra Health Liability	(1)
232	- Medical Advisors	232
1,140	- Other	1,140
<hr/>		<hr/>
1,539		1,539
		<hr/> <hr/>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 20.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT

CONSOLIDATION

**2013
\$000**

**2013
\$000**

14. Provisions

-----	Annual Leave - Long Term Benefit	368
-----	Long Service Leave On-Costs	66
434	Provision for Personnel Services Liability	-----
<u>434</u>	Total Current Provisions	<u>434</u>
Non-Current Employee Benefits and Related On-Costs		
-----	Long Service Leave On-Costs	3
3	Provision for Personnel Services Liability	-----
<u>3</u>	Total Non-Current Provisions	<u>3</u>
Aggregate Employee Benefits and Related On-Costs		
-----	Provisions - Current	434
-----	Provisions - Non-Current	3
-----	Accrued Salaries, Wages and On-Costs (Note 13)	162
599	Liability - Purchase of Personnel Services	-----
<u>599</u>		<u>599</u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

	PARENT	CONSOLIDATION
	2013	2013
	\$000	\$000
15. Reconciliation of Cash Flows from Operating Activities to Net Result		
	4,524	4,524
Net Cash Flows from Operating Activities	(370)	(370)
(Increase)/ Decrease in Provisions	92	92
Increase / (Decrease) in Prepayments and Other Assets	(1,540)	(1,540)
(Increase)/ Decrease in Creditors		
	<u>2,706</u>	<u>2,706</u>
Net Result		

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT AND CONSOLIDATED

16. Budget Review - Parent and Consolidated

Net Result

The net result was \$2,706K against a budget of \$61K, which equates to an underspend of \$2,645K. The budget underspend is a result of \$340K favourable in employee expenses due to NSW Kids and Families being in the establishment phase. In addition there were underspends in programs such as Newborn Hearing Screening (\$1,300K) and Steps (\$207K). The Newborn Hearing Database tender was not awarded and it was determined that the database should be included within other developing systems (Community Health Outpatient Collection) consistent with a more

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 01/07/2012 are as follows:

	\$000
Initial Allocation, 01/07/2012	24,018
Balance as per Statement of Comprehensive Income	<u>24,018</u>

Asset and Liabilities

The main asset as at 30.06.13 is \$4.5 Million cash in the bank which is due to \$2.706 Million underspent in the year.

Cash flow

The variance in budget of \$3.524M in cash flow relates to underspend in expenses as highlighted above.

17. Contingent Liabilities and Assets

NSW Kids and Families do not have any contingent assets and liabilities.

18. Commitments for Expenditure

NSW Kids and Families do not have any commitments.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

Equity transfers effected in the 2013 financial year were:

A decrease in net assets of \$0.065M relating to the transfer of long service leave on-costs to the Crown

Equity transfers effected comprised:	2013 \$000
Crown Entity - Transfer of Long Service Leave On-costs	<u>(65)</u>
	<u><u>(65)</u></u>
Assets and Liabilities transferred are as follows:	
	2013 \$000
Assets	
Liabilities	
Current and non-current LSL on-costs	<u>(65)</u>
Increase/(Decrease) in Net Assets From Equity Transfers	<u><u>(65)</u></u>

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

20. Financial Instruments

The Entity's principal financial instruments are outlined below. These 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 Board 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 Entity, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee on a regular basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2013 \$000
Class:	Category	
Financial Assets		
Cash and Cash Equivalents (note 11)	N/A	4,524
Receivables (note 12)*	Loans and receivables (at amortised cost)	36
Total Financial Assets		<u>4,560</u>
Financial Liabilities		
	Financial liabilities measured at amortised cost	
Payables (note 13)**		1,529
Total Financial Liabilities		<u>1,529</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 2013

(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, including cash, receivables and authority deposits. No collateral is held by the Entity. The Entity has not granted any financial guarantees.

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 4% in 2012/13

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 Entity 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 Entity 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 (2013:\$9k) and not more than 3 months past due (2013: \$17k) are not considered impaired and 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 Entity's 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. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

2013	Total	Past due but not impaired	Considered impaired
	\$000	\$000	\$000
<3 months overdue	26	17	--

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

(c) Liquidity Risk

Liquidity risk is the risk that the Entity will be unable to meet its payment obligations when they fall due. The Entity 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 Entity 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 Entity's financial liabilities together with the interest rate exposure.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure		Non - Interest Bearing	Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount ¹		Fixed Interest Rate	< 1 Yr	1-5 Yr
2013	%	\$000	\$000	\$000	\$000	\$000
Payables:						
- Accrued Salaries Wages, On-Costs and Payroll Deductions		152	152	152	---	---
- Creditors		1,377	1,377	1,377	---	---
		1,529	1,529	1,529	---	---
and Payroll Deductions		---	---	---	---	---

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 Entity 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.

NSW Kids and Families
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Entity's exposures to market risk are primarily through interest rate risk on the Entity's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The Entity 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 Entity 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 . The analysis assumes that all other variables remain constant.

Interest rate risk

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

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Entity 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. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Entity's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1%		+1%	
		Profit	Equity	Profit	Equity
2013					
Financial Assets					
Cash and Cash Equivalents	4,524	(45)	(45)	45	45
Receivables	36	----	----	----	----
Financial Liabilities					
Payables	1,529	----	----	----	----

Note 21 Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS