

Governing council finance information sheet

Balance sheet

The balance sheet is a mandatory financial report which the school or preschool must provide at each governing council meeting. The other mandatory financial reports are profit and loss statement and actual vs budget report.

A balance sheet is a snapshot of your school or preschool's financial position on a particular date (normally at the end of the previous month). It lists all of your school or preschool's assets and liabilities and works out your net financial position. A balance sheet can also help you work out your working capital (money needed to fund day-to-day operations) and business liquidity (how quickly you are able to pay your current debts), which can give you a good indication of the financial health of your school or preschool.

The net financial position for the school or preschool is represented as follows:

$$\text{Assets} - \text{liabilities} = \text{equity}$$

Assets – physical items or rights to receive a benefit by the school or preschool.

Liabilities – the amount owed by the school or preschool.

Equity – the net worth (assets less liabilities).

The following provides an explanation of the various items that may be reflected on your school or preschool's balance sheet.

Assets

Provision for doubtful debts – the portion of accounts receivable debt that the school or preschool has determined may not be received.

Accrued recurrent funding

Accrued recurrent funding – the amount either owed from or payable to the department in respect of the previous month's resource allocation. As a majority of costs on behalf of the school or preschool, the difference between these costs incurred and the school's or preschool's funding entitlement, is paid to the school or preschool. This difference is recorded as accrued recurrent funding in that given month. Where the payment of costs incurred on behalf of a school or preschool exceeds the funding entitlement, the department will recover these costs from the school or preschool.

Non-current assets

Non-current assets are items that cannot be easily converted into cash or consumed within 12 months. The department policy states an item is not a non-current asset unless the cost of the individual item is \$5,000 (GST exclusive) or more.

Furniture and equipment/computing and communications/vehicles

Items of the school or preschool that have a useful life greater than 12 months with a cost of \$5000 (GST exclusive) or more.

