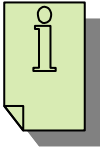


Governing council finance information sheet

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:

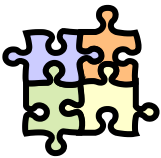
$$\text{Assets} - \text{liabilities} = \text{equity}$$

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

An asset is an item of value owned by the school. Assets are classified as either current or non-current. An asset may be a physical item or right to receive a benefit such as materials and services fees owed to the school.

Current assets

Current assets are items that are either cash or are able to be converted into cash within 12 months.

Cash

Cash at bank – the actual balance of the school or preschool's bank account.

Petty cash – the amount held by the school or preschool for small purchases.

Float – the amount of cash held by the school or preschool in order to provide change.

Investments

South Australian Schools Investment Fund (SASIF) – the actual balance of the school or preschool's investment account.

Receivables

Accounts receivable – the amount owed (unpaid) to the school or preschool by parents, staff and other customers (eg hire of facilities) where an invoice has been raised.

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.

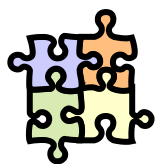
Furniture and equipment/computing and communications/vehicles

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

Note: This does not include land or buildings as these are assets of the minister and recorded on the department's balance sheet.

Accumulated depreciation

The amount shown in the accumulated depreciation is the total decrease in value of the asset from the date that the asset was purchased or received.



Liabilities

A liability is an amount owed by a school or preschool to parties external to the school. Liabilities are classified as either current or non-current.

Current liabilities

A current liability is a debt that the school is obliged to pay within the current financial year.

Payables

Accounts payable – an amount which the school or preschool has been invoiced for. It reflects a purchase of goods or received services that the school or preschool has not yet paid.

Borrowings

Short term loan – the portion of the loan repayments (principal) which will be paid to the department in the current financial year.

Employee entitlements

Accrued PAYG tax – the income tax component of a governing council's employee salary, which is held by the school and is to be paid to the Australian Taxation Office (ATO).

Accrued superannuation – the superannuation held on behalf of a governing council employee which is to be paid the employee's superannuation fund.

Annual leave – held by the school on behalf of a governing council employee which may be payable if the employee takes their annual leave entitlement.

Other current liabilities

School card – the amount owed as a grant to the school, where school card assistance has been provided to individual eligible students. However, the amount distributed is greater than that advanced by the department to the school.

GST holding account – the amount owed to the Australian Tax Office (ATO) for goods and services tax (GST). A negative amount reflects what is owed to the school or preschool by the ATO.

Non-current liabilities

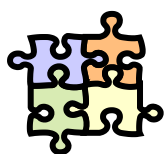
A non-current liability is a debt that the school must pay in future financial years.

Borrowings

Long term loan – the portion of the loan repayments (principal) owed to the department in future years.

Employee entitlements

Provision for long service leave – held by the school on behalf of governing council employee for long service leave (LSL).



Equity

Equity is the net worth of the school or preschool. It is the difference between total assets and total liabilities.

Accumulated surplus

Accumulated surplus – the net worth of the school or preschool prior to the current year.

Net income year to date

Net income year to date – the surplus or deficit up to the current month for the current financial year. Refer to profit and loss statement.

Surplus/(deficit) current period

Surplus/deficit current period – the surplus or deficit for the current month. Refer to profit and loss statement.

Reserves

Reserves – a portion of the accumulated surplus which has been set aside in the school or preschool's approved budget for specific purposes or projects in future years.