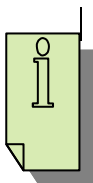


Governing council finance information sheet

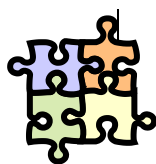
Profit and loss statement



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

A profit and loss (also known as a statement of financial performance) lists your revenue and expenses and is generally recorded on a monthly basis. The profit and loss statement reports the revenue and expenditure incurred for a month and for the year to date to determine the surplus/deficit for your school or preschool.

The following information will provide explanations and relevant information about the various items that may be shown on your school or preschool's profit and loss statement.



Revenue

Revenue is the income that a school or preschool has received or invoiced in operating the site for a particular period.

Grants: Department for Education and Child Development (DECD)

Grants received by the school or preschool from the department are usually for a specific purpose. These grants are generally paid directly into the schools or preschool's SASIF account.

Recurrent funding revenue

This revenue represents the resource allocation funding that the school or preschool has received from the department via their resource entitlement statement (RES). This funding is received monthly and includes funding to meet staffing and operating costs of the school or preschool. It should be noted, the actual cash received from the department differs from this total revenue, as each month the department will pay a majority of costs on behalf of the school or preschool, with the difference between these costs incurred and the school or preschool's funding entitlement being paid to the school or preschool. 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.

Note: the principal or preschool director is able to provide the governing council with a copy of the resource entitlement statement (RES) notes where specific information is required.

State government grants

Grant funding received from state government agencies other than DECD.

Commonwealth grants

Grant funding received directly by the school or preschool from the Commonwealth Government for a program.

Parent contribution revenue

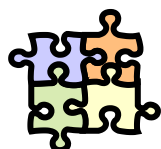
Revenue received from parents including materials and services charges, out of school hours care (OSHC) fees, camps/excursion fees, etc.

General operating revenue

Revenue received from other sources. For example, hire of facilities, bank interest, uniform sales, etc.

Non-operating revenue

Revenue received from transactions that are generally not related to the normal operations of the school or preschool, for example, transfer of canteen profits to the school.



Expenditure

Expenditure is the payment or incurring of costs for goods and services by the school or preschool during a reporting period for operating the site.

Services and supplies

Expenses incurred by the school or preschool for the general running of the site's operations. For example, stationery, postage, freight, printing, etc.

Site financial report expenses

Expenses paid on behalf of the school and preschool by the department which are on-charged through the resource allocation process as outlined above.

Facilities and utilities

Expenses incurred to maintain the site and its facilities including cleaning, gas, electricity, repairs and maintenance.

Employee expenses

Expenses incurred in relation to employees of the school or preschool which do not include employee expenses paid by the department on behalf of the school or preschool. For example, governing council employee salaries, superannuation, leave entitlements, staff training and development.

Financial expenses

Expenses incurred such as bank charges and interest expense on loans.

Depreciation and amortisation expenses

The expense that recognises the decreasing value of an asset.

General operating expenses

Other expenses related to the standard operations of the school, eg bad debts expense, debt collections costs, etc.

Non-operating expenses

Expenses incurred that are not standard operational costs of operating the school or preschool, eg loss on disposal of assets.

Parent contribution expenses

Expenses incurred that are directly related to revenue reimbursements from parents, eg camp and excursion expense.