



Mr David de Carvalho
Chief Executive Officer
Australian Curriculum, Assessment and Reporting Authority (ACARA)
Level 13, Tower B, Centennial Plaza
280 Elizabeth Street
Sydney NSW 2000

6 February 2023

Dear David

Comparability Review of Key Principles and Methodology for reporting financial data on the *My School* website

In accordance with our Engagement letter dated 21 September 2021, we set out below our assessment regarding your agreed methodology, the *My School* Financial Reporting - Key Principles and Methodology (the 'Methodology') for collecting school financial data (the financial data) for the purpose of disclosing such data on the *My School* website.

1. Disclaimer

PricewaterhouseCoopers (PwC) has prepared this report solely for ACARA's use and benefit in accordance with and for the purpose set out in PwC's engagement letter with ACARA dated 21 September 2021 and Our responsibilities, section 3 of the report. In doing so, PwC has acted exclusively for ACARA and considered no-one else's interests.

Our work did not constitute an audit, review or assurance in accordance with Pronouncements or Standards issued by the Australian Auditing and Assurance Standards Board, and accordingly no such assurance will be provided in this report.

The respective State Departments of Education and the Australian Government Department of Education are responsible for determining any accounting treatments. Any observations that we made under the scope of services have been assessed by the ACARA Financial Data Working Group ("FDWG"), the respective State Departments of Education and the Department of Education. The observations we provided do not preclude an auditor from assessing policies adopted in the context of their audit of Australian equivalents to the International Financial Reporting Standards (AIFRS) financial reports as a whole. In the context of the service we provided under the terms of this engagement we did not perform any verification procedures and therefore do not give any assurance on the underlying transactions or balances.

We are not commenting on the commercial or other desirability of the transactions or accounting treatment addressed as above and we are not reviewing any of the relevant documentation from a taxation or legal viewpoint as we consider that such a review would be more appropriately performed by your taxation and legal advisers.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



We have been separately engaged by ACARA to perform assurance procedures to determine whether the financial data in 2021 *My School* submissions has been prepared in accordance with the *My School* Financial Reporting Methodology for each jurisdiction. We will issue an opinion letter in relation to that assurance engagement and make no reference to those procedures in this report.

The interpretation of Australian Accounting Standards involves the exercise of professional judgement. The facts, circumstances, assumptions and conclusions described in this report may be viewed differently by others. Due to the evolution of professional interpretation of Australian Accounting Standards, the facts, circumstances, assumptions and conclusions described in this report may subsequently be viewed differently by us and/or others. We are under no obligation to update our evaluation of the accounting treatment proposed by the ACARA FDWG for changes in our interpretation of Australian Accounting Standards.

PwC accepts no responsibility, duty or liability:

- to anyone other than ACARA in connection with this report
- to ACARA for the consequences of using or relying on it for a purpose other than that referred to above.

PwC makes no representation concerning the appropriateness of this report for anyone other than ACARA. If anyone other than ACARA chooses to use or rely on it they do so at their own risk.

PwC is not obliged to provide any additional information or update anything in this report, even if matters come to our attention which are inconsistent with its contents.

This disclaimer applies:

- to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute; and
- even if PwC consents to anyone other than ACARA receiving or using this report.

PwC's liability is limited by a scheme approved under Professional Standards Legislation.

2. Background

The Australian Curriculum, Assessment and Reporting Authority is responsible for the development of a rigorous, world-class national curriculum from Foundation to Year 12, beginning with the learning areas of English, Mathematics, Science and History; followed by Geography, Languages and the Arts; and then the other learning areas defined in the Melbourne Declaration.

To complement the development of a national curriculum, ACARA is also responsible for developing and administering a national assessment program, aligned to the national curriculum, which measures students' progress, and the provision of information, resources, support and guidance to the teaching profession. ACARA is also charged with the collection, management and analysis of data on a national scale, which relates to



broader achievements in student assessment, resource allocation, and accountability and reporting on school performance.

The *My School* website provides profiles of around 9,500 Australian schools that can be searched by school name, location, sector or type. The website provides statistical and contextual information about each school, as well as results from the National Assessment Program—Literacy and Numeracy (NAPLAN) that can be compared with results for students with a similar background across Australia. Information about the National Assessment Program can be found on the NAP website.

The following entities (the “Reporting Entities”) are expected to report their 2021 financial data to ACARA in relation to Australian schools, for the purpose of disclosure on the *My School* website:

Government Sector:

- NSW Department of Education
- Vic. Department of Education and Training
- Qld Department of Education
- SA Department for Education
- WA Department of Education
- Tas. Department for Education, Children and Young People
- NT Department of Education
- ACT Education Directorate

Non-Government Sector via the Australian Government Department of Education:

- Independent schools
- Catholic Schools NSW
- Catholic Education Commission of Victoria
- Queensland Catholic Education Commission
- Catholic Education South Australia
- Catholic Education Western Australia
- Catholic Education Tasmania
- Catholic Education Northern Territory
- Catholic Education Archdiocese of Canberra and Goulburn

The Methodology currently in place is publicly available via ACARA’s website and is reviewed by the FDWG in order to align approaches between the various jurisdictions and to reduce the limitations in place (in order to enhance comparability of data).

The Methodology is set out in Appendix A.

The following are represented on the ACARA FDWG based on the terms of reference effective from 14 May 2012 and revised on 14 July 2020:

- ACARA
- Each state and territory education department
- National Catholic Education Commission (NCEC)



- Independent Schools Australia (ISA)
- Australian Government Department of Education (AGDE)

3. Our responsibilities

We assessed the appropriateness of the Methodology, and its alignment to the accounting standards in relation to the 2021 calendar year, to identify in our report areas that may limit the comparability of the data reported by schools.

Specifically we:

- a) Obtained an understanding of any changes to the Methodology during the review period,
- b) Obtained an understanding of ACARA FDWG's assessment of changes in Australian Accounting Standards under the review period, and their potential impact on the appropriateness of the methodology, and
- c) Performed a comparison of data collection and reporting differences within government and non-government schools on a national basis.

This report is prepared for ACARA for its sole purpose in the context of assisting the respective state/territory education departments and the AGDE in formulating the accounting treatment for the purposes of disclosing the schools' financial data information on the *My School* website. It should not be used for any other purpose or without the express written permission of PricewaterhouseCoopers. We do not accept any responsibility to any party other than ACARA for our work.

4. Outcome of procedures

In response our responsibilities outlined in Section 3 above:

- 3a) We confirmed with ACARA FDWG there was one change made to the Methodology during the review period, listed under item 22 in the table below (section 5).
- 3b) We confirmed with ACARA FDWG their understanding of the changes to Australian Accounting Standards under the review period, which are disclosed in Appendix B, and confirmed with management no impacts on the appropriateness of the methodology were identified.
- 3c) We compared the data collection and reporting differences within Government and non-Government schools on a national basis and noted the differences in the "Comparability Limitations" section below.

5. Comparability Limitations

Listed below are comparability limitations i.e. data collection or reporting differences that still exist to achieve nationally comparable data on both government and non-government schools. We have not assessed the reasonableness of ACARA FDWG comment.



Item	Reporting component	Basis of exception	Implication	ACARA FDWG Comment
1.	Capital expenditure	QLD, WA and TAS government jurisdictions will report capital expenditure based on a completed project basis. In these jurisdictions incomplete project costs have not been included in capital expenditure. Other jurisdictions have been able to identify the asset component of incomplete project costs and have reported these costs within capital expenditure.	Where there is an inconsistency in the level of incomplete projects at the beginning and end of a particular year, it is likely that a material inconsistency will exist within capital expenditure between jurisdictions that have reported on these different approaches.	The identification of the asset component of incomplete projects is only performed at the end of a financial year for certain jurisdictions. It was deemed by the jurisdictions affected to be impractical to perform such an analysis at this stage.
2.	Net Recurrent Income & Capital expenditure	Government jurisdictions operate on a financial year basis and therefore at the time of preparing their working papers the audit of the financial data at department level for the year ended 30 June 2021 may not have been completed. Independent and Catholic systemic schools and system authorities report on a calendar year basis and are subject to audit annually.	Data will be subject to jurisdictions' routine systems checks and balances, however, there remains a risk that unaudited financial data may be misstated.	Use of financial year data in the government sector to derive calendar year data is unavoidable given the time frame for initial reporting. Prior to the financial data being disclosed on the website, jurisdictions are able to revise their reported data subsequent to completion of department level financial year end audits. Government sector financial data accounts are audited on a financial year basis.
3.	Net Recurrent Income & Capital expenditure	Government jurisdictions will use actual expenditure data on a monthly basis where possible in order to derive data on a calendar year basis. Calendar year opening and closing positions will not have been subject to audit as government jurisdictions are subject to audit on a financial year basis, not a calendar year basis.	There is a risk that the opening and closing positions may not be as accurate as they would be had they been subject to audit.	Government sectors do not consider this to be a significant risk due to the application of routine jurisdiction systems checks and balances.



Item	Reporting component	Basis of exception	Implication	ACARA FDWG Comment
4.	Net Recurrent Income	<p>In all government jurisdictions and Catholic school systems there will be an element of expenditure which cannot be sourced on an actual by school basis (e.g. indirect department overheads) and instead needs to be allocated to schools on a notional basis (e.g. using FTE enrolment numbers). The proportion of expenditure allocated on a notional basis will differ between jurisdictions due to the differing information available within each jurisdiction's ledger or source system.</p> <p>The ACT government jurisdiction will allocate actual costs by applying their "points-based allocation model".</p>	<p>The existence of different accounting systems and allocation methodologies between jurisdictions will mean that there will be variability between jurisdictions in relation to the relative proportion of expenditure that will need to be allocated notionally. Notional allocation is inherently less accurate than being able to report actual expenditure maintained by school.</p>	<p>Systems in certain jurisdictions do not easily enable reporting of financial data by school. Allocation of expenditure is the only viable option at this stage due to government systems having significant amounts of centrally incurred expenditure that is not accounted for on a by school basis within the system.</p>



Item	Reporting component	Basis of exception	Implication	ACARA FDWG Comment
5.	Capital expenditure	<p>Asset recognition thresholds differ between jurisdictions.</p> <p>Government Schools: ACT \$5,000 NSW \$10,000 for property, plant and equipment or assets forming part of a network costing more than \$10,000 (\$50,000 for intangibles) NT \$10,000 QLD \$5,000 (\$100,000 for major software developments, \$10,000 for buildings) SA \$5,000 TAS \$10,000 for plant and equipment (\$150,000 for buildings) VIC \$5,000 WA \$5,000 (\$50,000 for software development)</p> <p>Catholic Schools: ACT \$1,000 to \$5,000 NSW \$5,000 for equipment, furniture and other non-construction related expenditure (\$5,000 to \$100,000 for building projects) NT \$1,000 QLD \$1,000 to \$5,000 SA \$1,000 TAS \$1,000 to \$5,000 VIC \$5,000 (System intangibles such as software development \$200,000) WA \$1,000</p> <p>Independent Schools: \$5,000</p>	A limitation to full comparability may exist between jurisdictions.	The ACARA FDWG concluded that, for practicality and consistency purposes, capital thresholds are to reflect current jurisdictional departmental policy for the purpose of annual capital expenditure determinations. Thresholds are shown in the Potential limitation column to the left.
6.	Net Recurrent Income & Capital expenditure	<p>VIC, TAS, SA, NT, QLD and ACT government jurisdictions partly self-insure for certain forms of insurance.</p> <p>Rather than incurring a policy cost, these jurisdictions choose to incur asset replacement costs and/or legal and associated costs in the event of claims.</p>	There may be a difference in the amount of expenditure allocated as recurrent income and capital expenditure between jurisdictions and systems that self-insure and those that do not. The potential difference has not been quantified.	This limitation remains on the basis that not all jurisdictions have autonomy over whether they insure or self-insure, making this matter distinct from other management determined operating decisions which may differ between jurisdictions. Policy costs vary across sectors but are understood to be less than 2% of total costs.



Item	Reporting component	Basis of exception	Implication	ACARA FDWG Comment
7.	Net Recurrent Income & Capital expenditure	TAS and WA Government jurisdictions are permitted to include “Year 1 minus 2” (i.e. Preschool) costs. (refer definition section of the Methodology for precise definition of Year 1 minus 2 which is referred to differently in each state and territory)	To the extent that financial data is disclosed in total by school, data reported by schools affected in the aforementioned jurisdictions compared to other jurisdictions will not be fully comparable. The extent of the limitation in comparability will be impacted by the size of the school and enrolment levels.	Year 1-2 cannot be separated from the financial data in a minority of jurisdictions.
8.	Net Recurrent Income	Methods of allocation of recurrent income to schools (where actuals are unavailable) will differ between jurisdictions/systems. This primarily affects government school systems.	Methods of allocation (e.g. on FTE enrolment, floor area or other appropriate cost driver basis) appear to be appropriate given the nature of expenditure being allocated as recurrent income. The basis of allocation proposed is expected to approximate actual expenditure by school, however no verification has been performed.	Systems in certain jurisdictions do not enable reporting of system recurrent income by school. Allocating recurrent income on an apportionment basis is the only viable option.
9.	Net Recurrent Income & Capital expenditure	Total School Sourced Income reported by schools in the following jurisdictions are required/permitted to “cash account”: <ul style="list-style-type: none"> • WA Government schools; • Some Victorian Catholic primary schools who will be reporting on accrual accounting from the 2021 financial reporting year. Schools in other jurisdictions apply accrual accounting.	A limitation to full comparability may exist between jurisdictions. All non-government schools are however required to report Government grants on an accruals basis and so in relation to non-government schools this risk would be limited to private income sources.	Impracticable to adjust each school to ensure all are fully accrual accounting. Total school sourced income and capital expenditure generally represents <15% of total income and capital expenditure reported. The impact of this minority of schools applying cash accounting is unlikely to be material as the affected income and expenditure is a small subset of total income.



Item	Reporting component	Basis of exception	Implication	ACARA FDWG Comment
10.	Net Recurrent Income & Capital expenditure	The ACT government jurisdiction will allocate actual costs by applying their “points-based allocation model”. Points are allocated to each school depending on the types of education services provided and on the ranges of teaching staff on payroll at each school. All other government jurisdictions will source data by school from sub systems or the general ledger and allocate overhead costs on a notional basis.	The allocation of costs for ACT government schools is dependent on the accuracy of the “points-based allocation model”. The allocation of the majority of costs for other government jurisdictions is dependent on the accuracy of the “by school” data that is obtained from source systems (e.g. Payroll ledger, general ledger etc.).	The ACT use this model to manage school level expenditure and believe it is the most accurate method of allocation in their jurisdiction, as such a different method of allocation from other jurisdictions was agreed by the ACARA FDWG. It is the intention of the ACT to change their method of collating and reporting on a by school basis at some point in the future, therefore removing this limitation for future periods.
11.	Net Recurrent Income & Capital expenditure	Some government jurisdictions (NSW, VIC, QLD, SA, TAS and ACT) do not have full visibility as to how much locally generated income and/or surplus operational funding has been used to fund capital expenditure at the school level. In this case income reported would include an element of capital income.	There may be a limitation in comparability of reported income before deductions to the extent that capital income is included in the data reported.	A practical resolution to this limitation was not able to be found retrospectively. School level income is generally expected to represent less than 15% of total income and as such the impact of this limitation (which affects a subset of that school generated income) is unlikely to be material to the reported data.
12.	Net Recurrent Income	NSW government jurisdiction will, for a relatively small component of costs, use budgeted amounts instead of actual amounts to identify certain components of cost by school.	Budgeted amounts may differ from actual amounts.	
13.	Net Recurrent Income	Some Government jurisdictions do not have control of income earned on Long Service Leave (LSL) funds. The Methodology therefore excludes such income from recurrent income. Catholic systemic schools that participate in centralised LSL schemes have excluded such income from their reported data. Independent schools (other than Catholic systemic schools) are unable to identify such funds and hence have included any such income within income reported.	Independent schools’ (other than Catholic systemic schools) income may be proportionately higher to this extent.	A practical solution to this inconsistency was not able to be identified.



Item	Reporting component	Basis of exception	Implication	ACARA FDWG Comment
14.	Capital Expenditure	The method of notional allocation of a portion of government sector and independent system level capital expenditure based on enrolment may not be an appropriate basis of allocation.	Actual capital expenditure is not driven by enrolments, such expenditure may be driven by other factors that differ between schools.	Where systems do not enable reporting by school, identification of a notional method that more accurately approximates actual expenditure was not possible given the range of factors that drive capital expenditure decisions.
15.	Net Recurrent Income	Certain Government jurisdictions (NSW, VIC, QLD, SA and ACT) include on costs in their <i>My School</i> data that have been calculated using a fixed percentage rather than the actual on costs included in the G/L, for workers comp, Annual Leave, LSL and Super.	Departures from using actual expenditure within the government jurisdictions may limit comparability with other systems, jurisdictions and non-government schools.	This method of allocation was agreed in order to maximize comparability between government jurisdictions. Affected jurisdictions believe that the resulting notional income allocation would eliminate fluctuations in the year and better reflect the funds available to each school to deliver educational outcomes.
16.	Net Recurrent Income	Transport to and from school and allowances paid to parents are excluded from government departmental expenditure allocated as notional income to schools.	Some transport costs need to be funded by independent schools from recurrent income, no similar deduction from fee income is permitted under the Methodology. This may create a limitation in comparability between government and independent schools.	It was considered impracticable to adjust independent data for such components within the timeframe and the proportion of income affected is likely to be well below 5% of total income. Furthermore, the limitation only relates to privately funded transport.
17.	Net Recurrent Income & Capital expenditure	All government jurisdictions, except NSW, WA, and some Catholic school systems do not account for non-cash benefits received. Schools which account in accordance with accounting standards are required to record benefits in kind at fair value.	Those schools that do not account for non-cash benefits will be reporting lower Net Recurrent Income and/or capital expenditure compared to schools that do.	Impact of this variation in treatment between schools was considered unlikely to be material.
18.	Net Recurrent Income & Capital expenditure	Government departments may not have full visibility of Commonwealth sourced income paid directly to schools by departments other than the Department of Education and Training.	An element of Commonwealth funding may not be identified as Commonwealth sourced funding.	The impact of this is expected to be minimal given that school sourced income generally makes up no more than 15% of Net Recurrent Income and this limitation relates to a small subset of that percentage.



Item	Reporting component	Basis of exception	Implication	ACARA FDWG Comment
19.	Capital Expenditure	<p>The Methodology requires jurisdictions to report capital expenditure on an accrual basis of accounting.</p> <p>The NT government has included capital expenditure on a cash basis. Catholic school systems still on modified cash method have included capital expenditure on a cash basis.</p>	There may be timing differences between capital expenditure reported in schools on cash basis compared to schools on an accrual basis of accounting.	The impact year on year is unlikely to be material.
20.	Australian Government Capital Expenditure	<p>The methodology permits two approaches to determining the Australian Government funded component of capital expenditure:</p> <p>(a) based on known targeted amounts only or (b) using autonomy to allocate funding between capital and recurrent as needed.</p> <p>Under the National Education Agreement (NEA), the allocation of such funds is a matter for the jurisdiction.</p>	Differences may arise, between jurisdictions, in relation to the Australian Government funded component of capital expenditure depending on which option is applied, therefore reducing comparability.	Jurisdictions are permitted to use their discretion as to how much Australian Government funding is used for capital versus recurrent purposes.
21.	Net Recurrent Income	<p>VIC government jurisdiction is not showing deductions to recurrent income separately but netting these in the recurrent income reporting items.</p> <p>The methodology requires that where possible, deductions from gross income should be shown separately under the deductions section and not netted off to recurrent income. However, it is also permissible if that is not possible, then the amount is netted off from gross income, and no amount should be shown in the deductions.</p>	Inconsistent presentation of financial data preventing comparability. However, there is no implication on the net recurrent income.	



Item	Reporting component	Basis of exception	Implication	ACARA FDWG Comment
22.	Capital Expenditure	<p>Capital expenditure incurred in the acquisition and construction of new schools has been treated differentially between jurisdictions.</p> <p>NT, SA and WA government jurisdictions and some Catholic schools include this capital expenditure for prior years when schools become operational.</p> <p>ACT, NSW, VIC, QLD, TAS government jurisdictions and non-government schools, exclude all capital expenditure on schools prior to becoming operational.</p> <p>Capital expenditure within the year in which a school becomes operational is included for all schools. A school is considered operational when it has had its registration approved and is open with enrolled students and appointed school staff in attendance.</p>	<p>Capital expenditure reported on <i>My School</i> for the years 2010-2020 may not be comparable for the first year of operations between schools in different jurisdictions.</p>	<p>For 2021 finance data onwards, jurisdictions have agreed to exclude all capital expenditure on the construction and acquisition of new schools where the expenditure was incurred in calendar years prior to the school becoming operational.</p> <p>Some jurisdictions may not be able to remove this capital expenditure for 2021 and will commence from 2022.</p> <p>There are generally 40-45 new schools opened each year to which this change applies.</p>



6. Assessment of Apportionment methodologies

The apportionment methodologies used appear to represent a reasonable basis of apportionment, given the nature of the individual type of expenditure being allocated. These include among others:

- FTE enrolment numbers (most government jurisdictions, the Catholic system and the other non-government systems);
- Floor space (NSW government: Cleaning & Maintenance);
- Points allocation matrix (percentage points are allocated to each school depending on the types of education services provided and on the number and range of teaching staff on payroll at each school) (ACT government);
- Actual Schools Salaries (VIC government); and
- Specialised schools/programs/types (aboriginal, agricultural, Indian Ocean Territories schools, Public Private Partnership schools) (WA government).

Please do not hesitate to contact us if you require any further assistance.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Sian Ashdown' in a cursive, flowing script.

Sian Ashdown, Perth
6 February 2023



Appendix A - ACARA Methodology

OFFICIAL



2022
V. 8.7

My School Financial Reporting

Key Principles and
Methodology



OFFICIAL

***My School* Financial Reporting: Key Principles and Methodology**

© Australian Curriculum, Assessment and Reporting Authority (ACARA) 2022

All ACARA materials are protected by copyright. Other than use permitted under the *Copyright Act 1968 (Cth)*, and those explicitly granted below, all other rights are reserved.

Permitted use

Subject to uses permitted under the Copyright Act 1968 (Cth), you may only download, display, print and reproduce this material in unaltered form for your personal, non-commercial educational use or non-commercial educational use within your organisation. However, unless otherwise indicated, this permission does not extend to reproduction, communication to the public, publication or other use of the work (in whole or in part) on an external website, intranet site or equivalent media.

Attribution

You are required to acknowledge that the material is provided by ACARA in the following way: 'Source: Australian Curriculum, Assessment and Reporting Authority (ACARA)'.

You must also use appropriate copyright notices in relation to any copyright material owned or controlled by a third party.

Further inquiries

If you intend to use the content on this site for a purpose not covered by the *My School* Terms or this copyright statement or if you are not sure whether these *My School* Terms apply to your intended use, you must contact ACARA to seek prior written permission. Requests and inquiries should be addressed to:

Copyright Permissions Officer
Australian Curriculum, Assessment and Reporting Authority
Level 13, Tower B
280 Elizabeth Street
Sydney, NSW 2000
copyright@acara.edu.au



OFFICIAL

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY 4

1.1. AGREEMENTS UNDERPINNING MY SCHOOL FINANCIAL REPORTING 4

1.2. KEY PRINCIPLES OF MY SCHOOL FINANCIAL REPORTING 5

1.3. REPORTING PROCESS AND KEY DATES 5

 1.3.1. *Government schools* 6

 1.3.2. *Non-government schools* 6

 1.3.3. *Submission of finance* 6

2. MY SCHOOL FINANCE DATA REPORTING GUIDELINES 9

2.1. GOVERNMENT SCHOOLS 9

 2.1.1. *Recurrent income* 9

 2.1.2. *Deductions from gross income* 13

 2.1.3. *Capital expenditure* 13

2.2. NON-GOVERNMENT SCHOOLS 15

 2.2.1. *Recurrent income* 15

 2.2.2. *Capital expenditure* 17

 2.2.3. *Block Grant Authority (BGA) administration costs attributable to non-government schools* 18

 2.2.4. *FQ items mapped to My School finance reports* 19

3. GLOSSARY OF MY SCHOOL FINANCE PAGE 22

3.1. RECURRENT INCOME 22

 3.1.1. *Australian Government recurrent funding* 22

 3.1.2. *State/territory government recurrent funding* 22

 3.1.3. *Fees, charges and parental contributions* 22

 3.1.4. *Other private sources* 23

 3.1.5. *Total gross income (excluding income from government capital grants)* 23

3.2. DEDUCTIONS 23

 3.2.1. *Income allocated to current capital projects* 23

 3.2.2. *Income allocated to future capital projects and diocesan capital funds* 23

 3.2.3. *Income allocated to debt servicing (including principal repayments and interest on loans)* 23

 3.2.4. *Net recurrent income* 23

3.3. CAPITAL EXPENDITURE 23

 3.3.1. *Australian Government capital expenditure* 23

 3.3.2. *State and territory government capital expenditure* 23

 3.3.3. *New school loans* 24

 3.3.4. *Income allocated to current capital projects* 24

 3.3.5. *Other* 24

 3.3.6. *Total capital expenditure* 24

3.4. FULL-TIME EQUIVALENT (FTE) ENROLMENTS RELATING TO RECURRENT INCOME AND CAPITAL EXPENDITURE 25

3.5. CALCULATION OF MY SCHOOL REPORTING 25

APPENDIX 3: SPLIT OF COMMONWEALTH AND STATE/TERRITORY FUNDING (FOR RECURRENT INCOME) 28

APPENDIX 4: ACARA FDWG – COMPARABILITY LIMITATIONS SCHEDULE 31

1. EXECUTIVE SUMMARY

1.1. Agreements underpinning *My School* financial reporting

The Australian Curriculum, Assessment and Reporting Authority (ACARA) was established under the *Australian Curriculum, Assessment and Reporting Authority Act 2008* (ACARA Act) and is subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act).

ACARA is a cooperative enterprise between state and federal jurisdictions and its activities are jointly funded by Commonwealth, state and territory governments. ACARA performs its functions in line with the charter set by the Education Council (formerly the Ministerial Council for Education, Early Childhood Development and Youth Affairs (MCEECDYA)). ACARA reports to the Education Council and to the federal Minister for Education.

The ACARA Board comprises members nominated by Commonwealth, state and territory education ministers, as well as the National Catholic Education Commission and Independent Schools Council of Australia. As part of its data collection and reporting function, ACARA administers the *My School* website, www.myschool.edu.au, which provides contextual and performance information for each of approximately 9,500 Australian schools.

The then MCEECDYA determined that information about each school's reporting year recurrent income and capital expenditure be included in the *My School* website as part of the information to be provided about a school's capacity to produce educational outcomes.

The site enables users to quickly locate statistical and contextual information about schools in the community and compare them with statistically similar schools across the country.

The *My School* website has two main purposes:

- It provides parents and students with information on each school – its view of itself and its mission, its staffing, its resources and its students' characteristics and their performances.
- It provides schools and their communities with comparisons of their students' performances in national tests (NAPLAN) with those of other schools, most importantly those with statistically similar student populations. These comparisons provide information to support improvements in schools. Among schools with statistically similar students, those achieving higher student performances can stimulate others to lift expectations of what they and their students can achieve. The schools with higher performing students can be a source of information for others on the policies and practices that produce those higher performances.

Features of *My School* include:

- school profile pages with key facts and figures.
- financial information for each school.
- an indication of students' literacy and numeracy achievement as they progress through school.
- students' average NAPLAN performance over a number of years.

ACARA established the Finance Data Working Group (ACARA FDWG) in 2009 to assist it in the collection and management of financial information on each school and to provide expert advice on financial matters in reporting these data. The group reports to the National Assessment, Data, Analysis and Reporting Reference Group (NADAR) of ACARA.

The major task of the ACARA FDWG was to establish a nationally consistent system for the reporting of school-level financial data. Such financial data were published on the *My School* website for the first time in March 2011 in relation to the 2009 reporting year.



OFFICIAL

1.2. Key principles of *My School* financial reporting

My School financial reporting is designed to provide parents, teachers and governments with a clear picture of the resources provided to schools to support the education of their students.

This information provides further detail about a school's capacity to support educational outcomes for students. School financial data provide valuable information about the context of a school and the resources it has available to deliver educational outcomes to students.

My School finance data were developed to show the income available to a school, over a reporting year (not financial year), to deliver education services to students.

The key financial measure reported on *My School* is school Net Recurrent Income and Net Recurrent Income per Student (NRIPS). Government and non-government schools and systems that allocate some of their gross income to capital purposes have these amounts shown and deducted from their gross income.

Gross income that is allocated to capital expenses in the reporting year is deducted from recurrent income in arriving at a school's net recurrent income. These income deductions, to be spent on capital works, will be included in the school's capital expenditure reports, in either current or future years, depending on when capital expenditure is incurred.

My School income data includes both government and private funding that supports a school but exclude distinct income and/or expenditure items treated differently across all sectors such as user cost of capital (a notional opportunity cost), payroll tax, depreciation and the cost of transporting students to and from school. These deductions and inclusions are the main factors that differentiate this reporting to the reporting of expenditure within the National Schools Statistics Collection (NSSC) (Finance) and other finance data reported.

To obtain nationally comparable data, ACARA requires school authorities to use a common methodology for the collection of financial data. The methodology and other associated material related to *My School* finance data classification can be obtained from the *My School* website.

1.3. Reporting process and key dates

Financial data are reported by reporting year to align with the general school operating year.

Financial data are reported with a one-year lag relative to non-financial data on *My School*. All financial data submitted must relate to the 12 calendar months of the year being reported (1 January to 31 December); that is, a normal school year. This also aligns with enrolment reporting and outcome reporting.

This requires government school systems to assess individual school income that relates to specific reporting years from their audited financial year accounting and reporting processes. To achieve this, government system authorities use endorsed notional income assessments.

Non-government schools report their reporting year funding through the Australian Government Department of Education (AG DoE) once it has been quality assured through school auditors.

Government system's notional income assessments methodology and Non- government data methodology is also quality assured by ACARA's independent quality assurance

5



OFFICIAL

processes.

The above requirements mean there is a one-year lag in financial reporting.

1.3.1. Government schools

For government schools, state and territory education departments are responsible for collecting financial data for their schools and providing these data directly to ACARA. Many government school systems equate income with expenditure over time and where income data is not directly available at the school level systems use expenditure characteristics as a proxy for income (i.e. notional income).

Notional income determinations are used to describe a system's funding assessment, at the individual school level, of services provided to or on behalf of its schools. These can include centrally incurred costs such as payroll, cleaning, maintenance, corporate costs and grant funding transfers from the system to a school. For these centrally managed services government school systems apportion the system-level expenditure to or on behalf of a school.

1.3.2. Non-government schools

For independent schools and Catholic systemic schools, finance data for *My School* are sourced in the following ways:

- The AG DoE requires non-government schools to complete and submit the AG DoE Financial Questionnaire (FQ). This FQ has been revised to incorporate data fields specifically to support *My School* website reporting within a broader set of questions used for other purposes. The information for *My School* is provided to ACARA by the AG DoE.
- The AG DoE allocates Block Grant Authority (BGA) administration costs to independent schools that applied for Commonwealth grants and to those that applied for state grants. Further information on the methods used to allocate these costs can be found in the Block Grant Authority (BGA) section.
- To support *My School* finance reporting, each System Office (and Catholic Diocese in NSW and QLD) must allocate its own (and any related entity's) income and expenditure to each member school within their system. Certain income is normally retained and spent by the system head entity for the benefit of its member schools and such income should therefore be allocated to each school in the system in order to maximise comparability of the *My School* finance reports across school sectors.

1.3.3. Submission of finance

Financial data for all schools are submitted and uploaded electronically to ACARA via a secure file transfer portal (FTP), generally by the end of August each year.

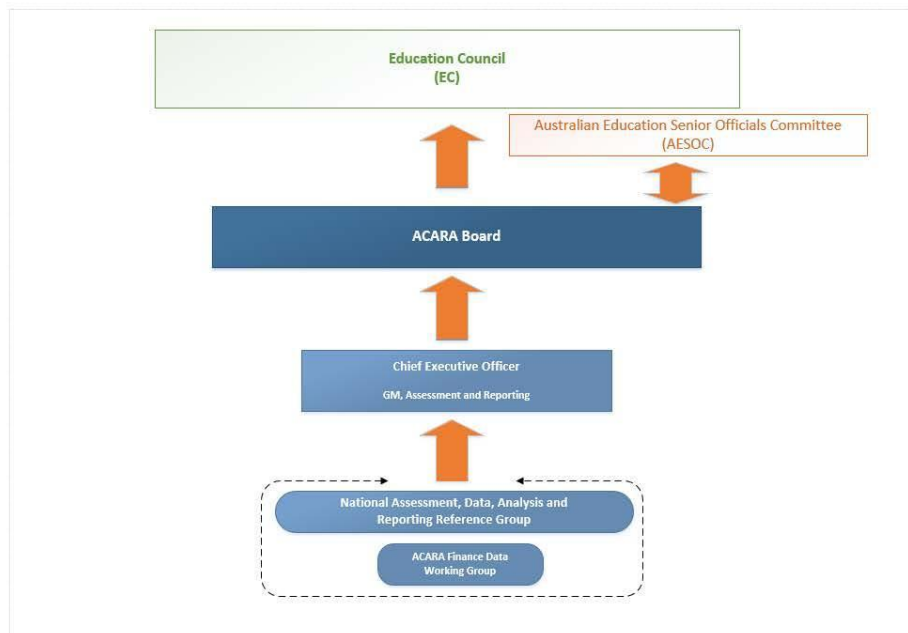
These data are then reviewed, and quality assured by ACARA and the approved independent quality assurance practitioner. School principals are emailed a preview of their finance data in around November and December so that schools and school systems can check their data in the ACARA *My School* format.

Data are then published on the ACARA *My School* website early in the following year (late February to early March).

6

OFFICIAL

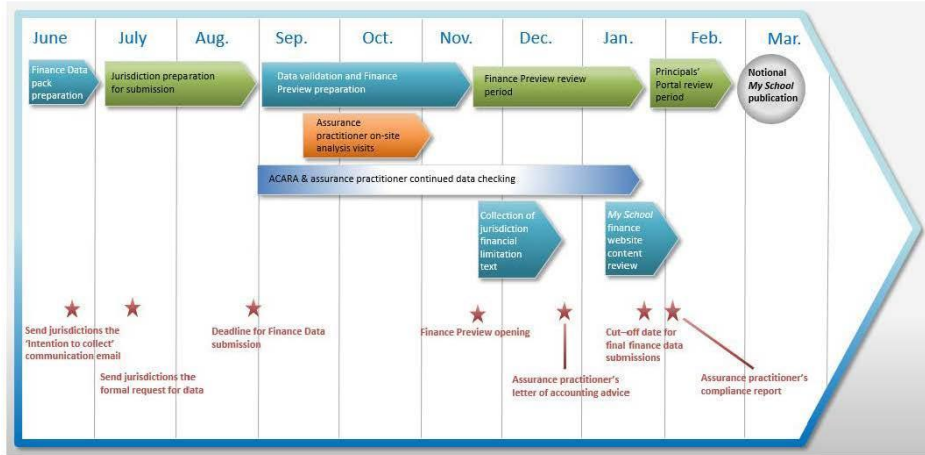
Figure 1: ACARA FDWG Governance and Advisory Structure





OFFICIAL

Figure 2: ACARA My School Finance Data Release Timeline



2. MY SCHOOL FINANCE DATA REPORTING GUIDELINES

2.1. Government schools

2.1.1. Recurrent income

Recurrent Income under *My School* reporting is classified under the following sources:

- Australian Government recurrent funding – income sourced from funding provided by the Australian Government for recurrent purposes.
- State/territory government recurrent funding – income sourced from funding provided by state and territory governments for recurrent purpose.
- Fees, charges and parent contributions – income received from parents for the delivery of education services to students.
- Other private sources – income received from other sources – donations, interest on bank accounts, profits on trading activities and profits from sale of assets. It includes some private income received for capital purposes, and from school and community fundraising activities.

2.1.1.1. Accounting inclusions

A. Year level range for reporting

My School income is to reflect school income for the preparatory year (year level prior to Year 1) to Year 12.

The preparatory or foundation year of schooling (first year of full-time schooling), has different names in the various states and territories. For convenience, this year level is referred to as 'Year 1 minus 1' in this publication.

Using this terminology, the year level range for *My School* income reporting is Year 1 minus 1 to Year 12.

Some schools also conduct part-time programs for younger children before the first year of full-time schooling, referred to in this publication as 'Year 1 minus 2'. These are generally designated as preschool programs. School income designated as Year 1 minus 2 (preschool) is to be excluded together with any funded full-time equivalent enrolments (FTE) relating to Year 1 minus 2 that some schools may incorporate in their income.

Note: Tasmanian and Western Australian government schools and a small number of independent schools currently include Year 1 minus 2 student enrolment and costs in *My School* financial reporting. Western Australian catholic systemic schools exclude the relevant income and expenses related to any funded full-time equivalent enrolments (FTE) relating to Year 1 minus 2. Any surplus income relating to Year 1 minus 2 is reported in with the "Other private sources".

See Appendix 4 for further information relating to identified limitations of the comparability of the data reported for *My School*.

B. Salary income items

Note: In the items below, notional income is based on direct expenditure, as for government systems this is generally deemed equivalent to income.



OFFICIAL

- B.1 Direct salaries funding for school operations met directly from school income/notional income and/or from regional or state office central income/notional income
- B.2 Annual superannuation, workers compensation and leave entitlements funding may be calculated using a notional percentage for on-costs for the year. This reflects the in-year entitlements that relate to the staff at a school in that year irrespective of when entitlements are taken from accumulated balances.
- B.3 Salary allowances funding, including government housing and rental subsidies
- B.4 Overtime

- C. Operating (non-salary) income items
 - C.1 Income or Notional income (expenditure) for school operations funded from school income at school level
 - C.2 Notional income (expenditure) for school operations funded from departmental income held at regional or state/territory level

- D. Grant income items
 - D.1 Grant funding not included above which is provided directly to a school system or school for school-level activity
 - D.2 Vocational Education and Training (VET) grant income and other income provided to tertiary institutions including TAFE for that part of a school student's curriculum that is undertaken through those organisations
 - D.3 Special needs funding provided to a school to support a special unit or centre (e.g. distance education, EAL/D, special education, or welfare centre or unit) at a school that sees students move from another school is to be included in the recipient school's funding, as are the additional students funded (FTE funded students). Funded students are to align with the additional targeted income received. Where practicable, the school that loses the student should reduce their funded FTE numbers except where the school funding (that is not transferred) still reflects a fully funded FTE student. (This would effectively reflect the case where special needs funding leads to a student being funded and counted as greater than a 1 FTE student.) For example, this may occur where a student moves from a non-government school to a government school for some of their studies.
 - D.4 In some government systems, students transition in and out of Hospital Schools and visit Centres (such as Environmental Education Centres (NSW)) on a short term basis. Enrolments are therefore retained and published at the host school where students are enrolled on a full time basis. Accordingly, on the *My School* website Hospital Schools and some Centres do not record FTE funded enrolments and cost per student data.

- E. Funds paid to a school (received as income 'in year') on behalf of a parent, parent body or private organisation for the direct purpose of providing school curriculum-related services and activities, e.g. fees, charges, contributions, donations, sponsorships

OFFICIAL

- F. Interest earned on school accounts in the accounting year
- G. Where gross recurrent income includes funding that has been used to support capital works in the current year, or is expected to be used in future years, this is deducted from gross recurrent income. Amounts used in the current year for capital works are disclosed in the current year within Capital Expenditure as a separate source of funds.
- The above treatment tends to impact non-government schools more significantly than government schools because income generated from sources other than government funding (e.g. parent fees) is used for recurrent and capital purposes.*
- H. School trust income 'in year'. Schools may receive funds from benefactors, parent bodies and school alumni associations for school activities. Where such funds are received into school accounts 'in year', or interest earned on these funds in school accounts 'in year', they form part of a school's gross income in that year. Where parent bodies, school alumni or foundations hold funds outside of the school's accounts, these funds are external to the school and do not form part of the school's income. These organisations are not controlled by the school or a state or territory school authority and are deemed external to the school. Generally, these organisations are separate legal entities and operate separate accounts to a school. It is only when funds transfer to the school's accounts that they can be treated as school income. Where a school holds trust funds within its accounts, any income received or earned 'in year' on these funds is to be treated as income for *My School* purposes.
- I. School-operated trading profits 'in year'
- I.1 *My School* reporting policy for 'Other income sources' and trading activities
- I.1.1 Private recurrent income components
- Fees, charges and parent contributions
- This covers income received from parents for the delivery of education services to students relating to fees and charges and includes fees for overseas students where applicable.
- This item also includes income received for excursions. Excursion funding includes all travel, accommodation, meals and entry fees uniquely associated with school excursions/trips that are considered activities for students during the normal school term and for any trips during school holidays which relate directly to subjects offered at the school.
- This item also includes other receipts from students (including extra subject fees/charges/levies) including:
- compulsory charges, e.g. magazine levy, library fee, standard sports levy
 - activities, e.g. extracurricular activities such as sport and music, personal development, subject materials (other than through the bookshop), formal graduation ceremonies, revenue received to reimburse itinerant tutors engaged by the school for subject tutoring.

OFFICIAL

Other private sources

This covers income received from other sources: donations, sponsorship, interest on bank accounts, profits on trading activities and certain profits from sale of assets. Net profits from sale of assets at school level are included in *My School* income. Net losses from sale of assets included in departmental expenditure used to estimate notional income are excluded.

'Other private sources' income includes some private income received for capital purposes, and from school and community fundraising activities. Under ACARA recurrent income methodology funds received for capital purposes are to be deducted from gross income in arriving at a school's net income. Funds received by a school to be passed on to a third party for community fund raising activities are excluded from a school's income determinations and are out of scope.

Other private sources income can include income from telephone calls, income from photocopiers, non-refundable enrolment and application fees, revenue from supporting groups, rents for school facilities, interest/dividends, donations for recurrent purposes (including income from fundraising), liabilities forgiven, bad debts recovered and other income.

Under *My School* methodology, where trading activities are separately identified the expenses incurred on these items are to be offset against income earned. Only the profit component is required to be displayed for these activities in the 'Other private sources' section of *My School* income reporting. Trading losses are not included and are net off against profits in *My School* reporting. Trading losses are out of scope are not to be offset against other in scope revenue reported under 'Other Revenue'

2.1.1.2. Accounting exclusions and deductions

Accounting exclusions

- A. School bank account balances – only the income/notional income received 'in year' is counted. School bank balances reflect both the income obtained in previous years as well as income and expenditure movements in the reporting year.
- B. Salary balance sheet (accumulated) provisions for leave loading, superannuation and recreation leave – only annual income entitlements are included
- C. School transport – to and from school/TAFE
- D. Funds held outside the government school system and school; that is, held by an external organisation such as a parent body or a separate legal entity such as an alumnus or religious organisation
- E. School hostel income including residential boarding fees and associated running costs
- F. Payroll tax is a state tax and needs to be excluded from all recurrent income apportioned to schools for states/territories in which payroll tax is levied in order to ensure national consistency of reporting on the *My School* site.
- G. Income relating to closed schools for the purpose of *My School* reporting
- H. Vocational Education and Tertiary (VET) income not designated as school- related VET activity

OFFICIAL

- I. Income relating to non-government school activities. In some government jurisdictions there are specific units that manage and oversee state education operations and grant funding to non-government schools. These funds should be identified and excluded from government school income determinations. Where there are significant service costs or income received by a government school system on behalf of the non-government sector, which are not covered under the umbrella costs, these should be apportioned/distributed to the non-government sector for comparability purposes. (There is a higher impact of these services within the NT compared with other government jurisdictions.)
- J. Umbrella service costs undertaken by an organisation or unit for an education sector; for example, costs associated with school registration (establishment) through the ACACA agency/Board of Studies, national curriculum testing, state curriculum testing, and teacher qualification and registration authority funding. These costs generally reflect costs associated with a school's registration (school's establishment), teacher registration and continuing registration and the delivery of national tests. These funds have been deemed to be outside schools' recurrent operations.
- K. Allowances paid directly to parents (these are regarded as welfare payments). Note a payment to a parent is not to be regarded as a welfare payment if it does not leave the school system and is spent on school services supporting student learning - such payments are in scope¹.
- L. Money which the school receives from, or on behalf of, its students, and passes on in full to a third party (i.e. where the school acts as an agent), or funds that are for the benefit of a third party, e.g. flood and bushfire relief, 40 Hour Famine
- M. Debt servicing from bank accounts is an exclusion while if this is funded from income it is a gross income deduction.
- N. Depreciation

2.1.2. Deductions from gross income

Note: Deductions should not be double counted (i.e. by netting it to recurrent income and still showing the itemised deductions under the deductions section).

Where possible, deductions from gross income should be shown separately under the deductions section and not netted off to recurrent income. If that is not possible, then the amount is netted off from gross income, and no amount should be shown in the deductions.

- A. Income allocated to capital debt servicing (including principal repayments and interest on loans)
- B. Income allocated to future capital projects and diocesan capital funds
- C. Income allocated to current capital projects

2.1.3. Capital expenditure

Capital expenditure under *My School* reporting is classified under the following sources:

- Australian Government capital funding – the amount of capital expenditure funded by the Australian Government.
- State government capital funding – the amount of capital expenditure funded by state and territory governments.

OFFICIAL

- New school loans – the amount of capital expenditure funded by capital loan drawdowns in the reporting year.
- Income allocated to current capital projects – the amount of gross income received by the school that has been spent on capital projects in the reporting year.
- Other (capital expenditure) – the amount of capital expenditure funded through other private sources including retained earnings from previous years.

My School capital expenditure reporting is designed to provide a measure of ongoing capital investment in school facilities. All capital expenditure incurred at department/region/system level is to be included, except for:

- land acquisitions for future schools (it will only be recognised if an existing registered school seeks to expand and buy additional land for future campuses. Initial startup e.g. initial startup land acquisitions is to be excluded from *My School* reporting).
- Year 1 minus 2 capital expenditure components (except for those jurisdictions where specific limitations still apply).
- expenditure on the construction and acquisition of new schools where the expenditure was incurred in calendar years prior to the school becoming operational. A school is considered operational when it has had its registration approved and is open with enrolled students and appointed school staff in attendance. (This applies from calendar year 2021 onwards.)

Example

London Park College was registered and approved as a proposed single entity school in 2019 scheduled to open in Term 1 2021. During 2019 a total of 4 million dollars of capital expenditure was incurred and during 2020 another 3 million dollars incurred to build the proposed school. Families began enrolling students in 2020 and teachers were appointed towards the end of 2020 to begin the 2021 school year.

At the beginning of 2021 the school's registration status changed from proposed to active and the school became operational. In its first year of operation an additional 2 million dollars was incurred to build an indoor gymnasium.

This is how capital expenditure will be incurred by London Park College for *My School* financial reporting purposes:

- 2019: No capital expenditure as the school is only proposed and won't be reported on *My School*.
- 2020: No capital expenditure as the school is only proposed and won't be reported on *My School*.
- 2021: 2 million dollars capital expenditure will be reported on *My School* as this is what was incurred in the first year of operation. Please note that there is no backdating of capital expenditure from when the school was proposed and being built.

Where system-level capital expenditure is incurred, this is required to be split by school on the basis of recognised apportionment or actual expenditure records from departmental or other source ledgers (where the source ledger reconciles to the general ledger).

Recognised apportionment methodologies can involve floor space, enrolments, teacher



OFFICIAL

numbers or invoices from a capital works database to allocate capital expenditure, which are not allocated to individual schools in the ledger.

Jurisdictions may choose from one of the two following approaches to determine the Australian Government funded component of capital expenditure: (a) based on known targeted capital expenditure funding amounts only or (b) using autonomy to allocate Australian Government funds between capital expenditure and net recurrent income as needed. Under the National Education Agreement (NEA) the allocation of such funds towards recurrent or capital purposes is a matter for the jurisdiction.

2.2. Non-government schools

2.2.1. Recurrent income

Recurrent Income under *My School* reporting is classified under the following sources:

- Australian Government recurrent funding – Income sourced from funding provided by the Australian Government for recurrent purposes.
- State/territory government recurrent funding – Income sourced from funding provided by state and territory governments for recurrent purpose.
- Fees, charges and parent contributions – Income received from parents for the delivery of education services to students.
- Other private sources – Income received from other sources – donations, interest on bank accounts, profits on trading activities and profits from sale of assets. It includes some private income received for capital purposes, and from school and community fundraising activities.

2.2.1.1. Inclusions

- A. Commonwealth Government recurrent grants
- B. State/territory government recurrent grants
- C. State/territory government interest subsidy
- D. Private income – school fees (including from overseas students)
- E. Private income – other fee-related income such as levies and activity charges or income for excursions

OFFICIAL

- F. Private income – net proceeds (i.e. profit) from trading activities (bookshops, canteen)
- G. Private income – donations (community and building funds)
- H. Private income – gain from sale of assets (property, plant and equipment)

2.2.1.2. Accounting Exclusions and Deductions

Exclusions from income¹

- A. School bank account balances – only the income/notional income received 'in year' is counted. (School bank balances reflect both the income obtained in previous years as well as income and expenditure movements in the reporting year.)
- B. School transport – to and from school/TAFE
- C. Funds held outside the school, i.e. held by an external organisation such as a parent body or a separate legal entity such as an alumnus or religious organisation
- D. School hostel income including residential boarding fees
- E. Income relating to closed schools for the purpose of *My School* reporting
- F. Vocational Education and Tertiary (VET) income not designated as school- related VET activity
- G. Income related to umbrella services undertaken by an organisation or unit for an education sector; for example, school registration (establishment) through the ACACA agency/Board of Studies, national curriculum testing, and teacher qualification and registration authority funding.
- H. Money which the school receives from, or on behalf of, its students, and passes on in full to a third party (i.e. where the school acts as an agent) for the provision of goods or services which are **not** related to activities defined for in-scope educational purposes or are for the benefit of the third party. (This may include banking for students, school photos, book clubs, students' insurance premiums, collections for missions or other recognised charitable organisations and donations to P&Fs, school building funds and foundations).
- I. Money the school receives from organisations, including government agencies, which the school passes on in full to third parties and does not benefit the school or fund its operations. (For example, paid parental leave funds from the Family Assistance Office which are passed on in full to staff where the school is acting only as an agent.)
- J. Money held by the school on behalf of the parents of boarding students to cover costs incurred by the school in acting as the students' guardian (i.e. in loco parentis), including to cover the cost of recreational activities organised by the boarding house solely for boarders.
- K. Income attributed to Year 1 minus 2 (and lower) students

Deductions should not be double counted (i.e. by netting it to recurrent income and still showing the itemised deductions under the deductions section).

¹ Payroll tax: Non-government schools do not pay payroll tax; with some minor exclusions they are classed as a charity for tax purposes as they are not-for-profit institutions.



OFFICIAL

Where possible, deductions from gross income should be shown separately under the deductions section and not netted off to recurrent income. If that is not possible, then the amount is netted off from gross income, and no amount should be shown in the deductions.

- A. Income allocated to capital debt servicing (including principal repayments and interest on loans)
- B. Income allocated to future capital projects and diocesan capital funds
- C. Income allocated to current capital projects

2.2.2. Capital expenditure

Capital expenditure under *My School* reporting is classified under the following sources:

- Australian Government capital funding – the amount of capital expenditure funded by the Australian Government.
- State government capital funding – the amount of capital expenditure funded by state and territory governments.
- New school loans – the amount of capital expenditure funded by capital loan drawdowns in the reporting year.
- Income allocated to current capital projects – the amount of gross income received by the school that has been spent on capital projects in the reporting year.
- Other (capital expenditure) – the amount of capital expenditure funded through other private sources including retained earnings from previous years.

My School capital expenditure reporting is designed to provide a measure of ongoing capital investment in school facilities. All capital expenditure incurred at department/region/system level is to be included, except for:

- land acquisitions for future schools (it will only be recognised if an existing registered school seeks to expand and buy additional land for future campuses. Initial startup e.g. initial startup land acquisitions is to be excluded from *My School* reporting).
- Year 1 minus 2 capital expenditure components (except for those jurisdictions where specific limitations still apply).
- expenditure on the construction and acquisition of new schools where the expenditure was incurred in calendar years prior to the school becoming operational. A school is considered operational when it has had its registration approved and is open with enrolled students and appointed school staff in attendance. (This applies from calendar year 2021 onwards.)

Example

London Park College was registered and approved as a proposed single entity school in 2019 scheduled to open in Term 1 2021. During 2019 a total of 4 million dollars of capital expenditure was incurred and during 2020 another 3 million dollars incurred to build the proposed school. Families began enrolling students in 2020 and teachers were appointed towards the end of 2020 to begin the 2021 school year.

At the beginning of 2021 the school's registration status changed from proposed to active and the school became operational. In its first year of operation an additional 2 million



OFFICIAL

dollars was incurred to build an indoor gymnasium.

This is how capital expenditure will be incurred by London Park College for *My School* financial reporting purposes:

- 2019: No capital expenditure as the school is only proposed and won't be reported on My School.
- 2020: No capital expenditure as the school is only proposed and won't be reported on My School.
- 2021: 2 million dollars capital expenditure will be reported on *My School* as this is what was incurred in the first year of operation. Please note that there is no backdating of capital expenditure from when the school was proposed and being built.

2.2.1.3. Accounting inclusions

- A. Commonwealth Government capital grants
- B. State government capital grants
- C. Income allocated to (expenditure on) reporting year capital projects
- D. New school loans drawn down in reporting year
- E. Income allocated to debt servicing (including interest and principal payments)

2.2.3. Block Grant Authority (BGA) administration costs attributable to non-government schools

The spread of BGA administration costs reflects the administrative and project support services that BGAs provide to their member schools.

BGA administration costs for independent schools are allocated by the AG DoE, whereas BGA administration costs for Catholic schools are allocated by individual state and territory Catholic offices. Both allocation processes are under the endorsed approach agreed by Catholic and independent authorities through the ACARA FDWG.

From the 2020 reporting year, the entire amounts are included as recurrent income, whereas in previous reporting years 50 percent was included in recurrent income and 50 percent in capital expenditure.

In addition, costs in respect of administering both Commonwealth and state/territory capital funding programs are now allocated only to those BGA member schools that applied for capital funding or had active projects during the reporting year, according to the formulae below. In previous years, the AG DoE did not have visibility of which schools applied for state/territory grants and were not able to apportion costs to schools that applied. For these years, a smaller amount was applied to all BGA member schools.

BGA administration funding in respect of Commonwealth and state/territory capital funding programs is apportioned out equally on a flat fee basis to:

- a. BGA member schools which applied for project/s in the applicable year (both successful and unsuccessful); and
- b. BGA member schools with active project/s (during the year).

Under this methodology, if a BGA member school had no active projects or did not apply for projects during the reporting year, then their respective amount will be zero.

18



OFFICIAL

Components of BGA data collected

Total BGA administration costs incurred from administering Commonwealth capital programs (AG1)

Total number of active Commonwealth projects and project applications for the school (AGP1)

Total number of active Commonwealth projects and project applications for all BGA member schools (AGP2)

Total BGA administration costs incurred from administering state/territory capital programs (ST1)

Total number of active state/territory projects and project applications for the school (STP1)

Total number of active state/territory projects and project applications for all BGA member schools (STP2)

Formulae for each school's finance report

$$\text{Australian Government BGA amount per school} = AG1 \times AGP1 \div AGP2$$

$$\text{State/territory government BGA amount per school} = ST1 \times STP1 \div STP2$$

These amounts are added to each member school's Australian Government recurrent funding and state/territory government recurrent funding, respectively.

2.2.4. FQ items mapped to *My School* finance reports

Except from: AG DoE and Training, SchoolsHub Portal, Financial Questionnaire, Preliminary *My School* Finance report.

The table next page maps individual FQ items that relate to each *My School* reporting category as shown in the preliminary *My School* report.

OFFICIAL

Recurrent Income

<i>My School reporting categories</i>	FQ Items included in calculations for the reporting year
Commonwealth Government recurrent funding (R1)	<ul style="list-style-type: none"> +RI.100 (Commonwealth recurrent funding for schools. Grants made under the <i>Australian Education Act 2013</i>) +RI.110 (Indigenous Education Grants from other Commonwealth Agencies) +RI.120 (All other Commonwealth Government Recurrent Grants)
State/Territory Government recurrent funding (R2)	<ul style="list-style-type: none"> +RI.070 (State/Territory Government recurrent grants) +RI.080 (State/Territory Government Education Allowances) +RI.090 (State/Territory Government Interest subsidy)
Fees, charges and parent contributions (R3)	<ul style="list-style-type: none"> +RI.010 (Fees and Charges (excluding Overseas Students)) +RI.020 (Income from excursions/trips) +RI.030 (Other receipts from students) +RI.040 (ABSTUDY Allowances Paid Direct to School) +RI.050 (Total income from overseas students) +CI.030 (Fees/levies allocated for capital purposes) +CI.040 (Capital funds received from overseas students)
Other private sources (R4)	<ul style="list-style-type: none"> +TA.010 (Income on trading activities) -TA.020 (Expenditure on trading activities) = If less than 0, use 0. If greater than or equal to 0, use the result +RI.060 (Private income) +RI.061 (Investment income) +RI.065 (Donations) +CI.050 (Other capital income) +CI.055 (Donations for capital purposes) <p>As described in the above calculation, only the profit component of 'Trading activities' is added to 'Private income' and 'Other capital income' for the calculation of the <i>My School</i> reporting category 'Other private sources'.</p>
Total gross income (excluding income from government capital grants) (RG)	<ul style="list-style-type: none"> RG = (R1+R2+R3+R4)

OFFICIAL

Deductions

My School reporting categories	FQ Items included in calculations for the reporting year
Income allocated to current capital projects (D1)	<ul style="list-style-type: none"> + MS.050 (Amount of private capital income (a component of the sum of Cl.030, Cl.040, Cl.050 and Cl.055) spent on capital expenditure in the current year and reported at CE.030)
Income allocated to future capital projects and diocesan capital funds (D2)	<ul style="list-style-type: none"> +MS.060 (Amount of private capital income (a component of the sum of Cl.030, Cl.040, Cl.050 and Cl.055) allocated to capital expenditure in future years)
Income allocated to capital debt servicing (including principal repayments and interest on loans) (D3)	<ul style="list-style-type: none"> +RE.110 (Interest – Capital and bridging loans and finance leases) +LN.060 (Principal repayments on capital loans) -MS.100 (Amount of principal and interest repayments for capital purposes (identified at LN.060, RE.110) funded from gains on sale of assets, loan refinancing, cash reserves and/or government capital grants)
Total net recurrent income (RN)	<ul style="list-style-type: none"> RN = RG-D1-D2-D3

Capital Expenditure

My School reporting categories	FQ Items included in calculations for the reporting year
Australian Government capital expenditure (C1)	<ul style="list-style-type: none"> +MS.010 (Commonwealth government capital grants received in the reporting year (identified at Cl.010) that were spent and recorded as capital expenditure in the reporting year) +MS.020 (Commonwealth government capital grants spent and recorded as capital expenditure in the reporting year where the grant was received in a year other than the reporting year)
State/Territory Government capital expenditure (C2)	<ul style="list-style-type: none"> +MS.030 (State/Territory government capital grants received in the reporting year (identified at Cl.020) that were spent and recorded as capital expenditure in the reporting year) +MS.040 (State/Territory government capital grants spent and recorded as capital expenditure in the reporting year where the grant was received in a year other than the reporting year)
New school loans (C3)	<ul style="list-style-type: none"> +MS.090 (Amount of capital expenditure in the reporting year that was funded by drawdowns (identified at LN.070) from capital loans)
Income allocation to current capital projects (C4)	<ul style="list-style-type: none"> As per D1
Other (C5)	<ul style="list-style-type: none"> C5 = CE.030-C1-C2-C3-C4
Total capital expenditure (CE)	<ul style="list-style-type: none"> CE.030 (Total Capital Expenditure)



OFFICIAL

MS.050 Amount of private capital income (a component of the sum of CI.030, CI.040, CI.050 and CI.055) spent on capital expenditure in the current year and reported at CE.030.

MS.060 Amount of private capital income (a component of the sum of CI.030, CI.040, CI.050 and CI.055) allocated to capital expenditure in future years.

MS.070 Amount of private capital income (a component of the sum of CI.030, CI.040, CI.050 and CI.055) used for debt servicing of capital loans (reported through RE.110 and LN.060).

MS.080 Amount of private capital income (a component of the sum of CI.030, CI.040, CI.050 and CI.055) used for recurrent expenditure or other purposes in the current year.

Note: MS.070 and MS.080 are not used to calculate the school's My School finance report. They are used to provide a data quality control check to ensure the accuracy of amounts reported at MS.050 and MS.060.

Full-time equivalent enrolments relating to recurrent income and capital expenditure

Full-time equivalent enrolments relating to recurrent income and capital expenditure	<ul style="list-style-type: none"> Full-time equivalent Census enrolments + Year 1 minus 2 enrolments (GI.030)
--	---

Note: For non-government schools with Year 1 minus 2 and lower operations that cannot separate (or pro-rata) all Year 1 minus 2 and lower income, expenditure and other financial amounts from the rest of the income expenditure numbers, please submit the count of Full-Time Equivalent (FTE) of Year 1 minus 2 (and lower) students (FQ Item GI.030). For non-government schools that keep separate accounts for Year 1 minus 2 (and lower) operations, schools completing the Financial Questionnaire are instructed to not submit the count of Full-time equivalent (FTE) of Year 1 minus 2 (and lower) Students (FQ Item GI.030) or leave it as 0 for GI.030.

For individual FQ item definitions, please download the FQ Data reporting guide from the AG DoE and Training's [SchoolsHub Portal website](#), where you will find other useful information and downloads.

3. GLOSSARY OF MY SCHOOL FINANCE PAGE

3.1. Recurrent income

Income received by the school that is available for expenditure relating to the ongoing operating costs of schools (e.g. teaching and non-teaching staff salaries, school operating costs).

3.1.1 Australian Government recurrent funding

Income sourced from funding provided by the Australian Government for recurrent purposes.

3.1.2 State/territory government recurrent funding

Income sourced from funding provided by state and territory governments for recurrent purposes.

3.1.3 Fees, charges and parental contributions

Income received from parents for the delivery of education services to students.



OFFICIAL

3.1.4 Other private sources

Income received from other sources – donations, interest on bank accounts, profits on trading activities and profits from sale of assets. It includes some private income received for capital purposes, and from school and community fundraising activities.

3.1.5 Total gross income (excluding income from government capital grants)

The amount of recurrent income received by a school from the Australian Government and state and territory governments, gross income from fees, charges, parent contributions and other private sources.

3.2. Deductions

3.2.1 Income allocated to current capital projects

The amount of gross income received by the school in the year that has been spent on capital projects in the year being reported.

3.2.2 Income allocated to future capital projects and diocesan capital funds

The amount of gross income received by the school in the year that has been allocated to future capital projects.

3.2.3 Income allocated to debt servicing (including principal repayments and interest on loans)

The amount of gross income that has been allocated to service capital loans.

3.2.4 Net recurrent income

The amount of income received by a school from the Australian Government and state and territory governments, plus fees, charges, parent contributions and other private sources, which is available for expenditure relating to the ongoing costs of schools.

3.3. Capital expenditure

Expenditure incurred by the school, or on behalf of a school by the school system (where appropriate), to buy or improve assets such as equipment and property.

3.3.1 Australian Government capital expenditure

The amount of capital expenditure funded by the Australian Government.

3.3.2 State and territory government capital expenditure

The amount of capital expenditure funded by state and territory governments.

23



OFFICIAL

3.3.3 New school loans

The amount of capital expenditure funded by capital loan drawdowns in the year being reported.

3.3.4 Income allocated to current capital projects

The amount of gross income received by the school in the year that has been spent on capital projects in the year being reported.

3.3.5 Other

The amount of capital expenditure funded through other private sources including retained earnings from previous years.

3.3.6 Total capital expenditure

Total expenditure incurred on capital works and services in the year being reported.



OFFICIAL

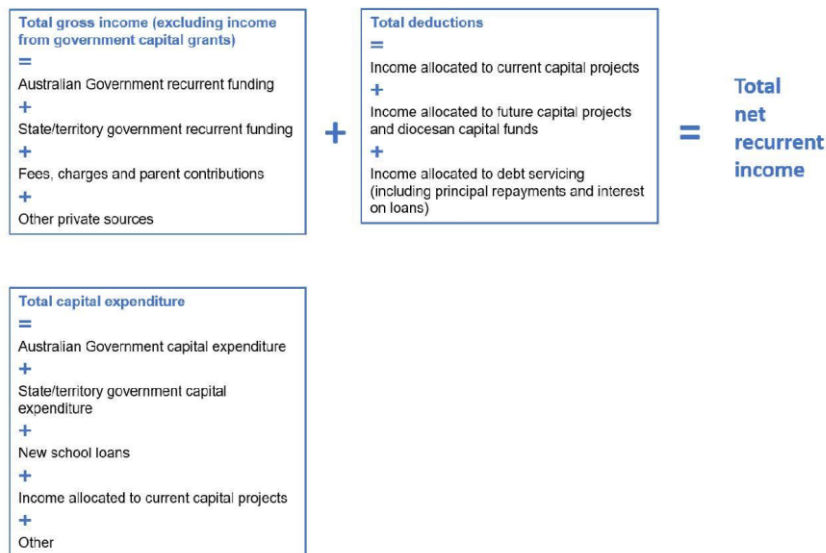
3.4. Full-time equivalent (FTE) enrolments relating to recurrent income and capital expenditure

The number of full-time equivalent (FTE) enrolments reported in the financial data, usually measured at the date of School Census (first week in August). This number may be different to the number of FTE enrolments shown on the school profile page for some schools where, for example, the financial data include funding for preschool students who are not included in the student enrolment number. The number of full-time equivalent enrolments relating to recurrent income and capital expenditure includes FTE of Year 1 minus 2 (and lower) students for schools which cannot separate accounts for Year 1 minus 2 (and lower).

For non-government schools with Year 1 minus 2 and lower operations that cannot separate (or pro-rata) all Year 1 minus 2 and lower income, expenditure and other financial amounts from the rest of the income expenditure numbers, schools completing the Financial Questionnaire are instructed to submit the count of FTE of Year 1 minus 2 (and lower) students (FQ Item GI.030).

For non-government schools that keep separate accounts for Year 1 minus 2 (and lower) operations, schools completing the financial questionnaire are instructed to not submit the count of FTE of Year 1 minus 2 (and lower) Students (FQ Item GI.030).

3.5. Calculation of My School reporting





OFFICIAL

APPENDIX 1: PRESENTATION OF MY SCHOOL FINANCE PAGE

My School® acara AUSTRALIAN CURRICULUM, ASSESSMENT & REPORTING AUTHORITY

Find a school About More information Glossary Contact ACARA

School ABC

School profile NAPLAN Attendance Finances VET in schools Senior secondary Schools map

The following table and charts summarise the recurrent and other income of the selected school together with its capital expenditure for the calendar year. Further information on the methods used and on the comparability of the data is available in the Further financial information.

2010 2011 2012 2013 2014 2015 2016 2017

Full-time equivalent enrolments relating to recurrent income and capital expenditure: 623

Net recurrent income		\$ Total	\$ per student
Australian government recurrent funding	1,560,693	2,558	
State / territory government recurring funding	7,076,908	11,345	
Fees, charges and parent contribution	317,773	500	
Other private sources	17,992	29	
Total gross income	9,009,557	14,441	
Less deductions	22,915	37	
Total net recurrent income	8,986,641	14,405	

Capital expenditure		\$ Total	\$ Accumulated
Australian government capital expenditure	0	0	
State / territory government capital expenditure	256,261	681,497	
New school loans	0	0	
Income allocated to current capital projects	22,915	151,528	
Other	0	0	
Total capital expenditure	279,177	833,025	

Total gross income

(excluding income from government capital grants)

Total capital expenditure

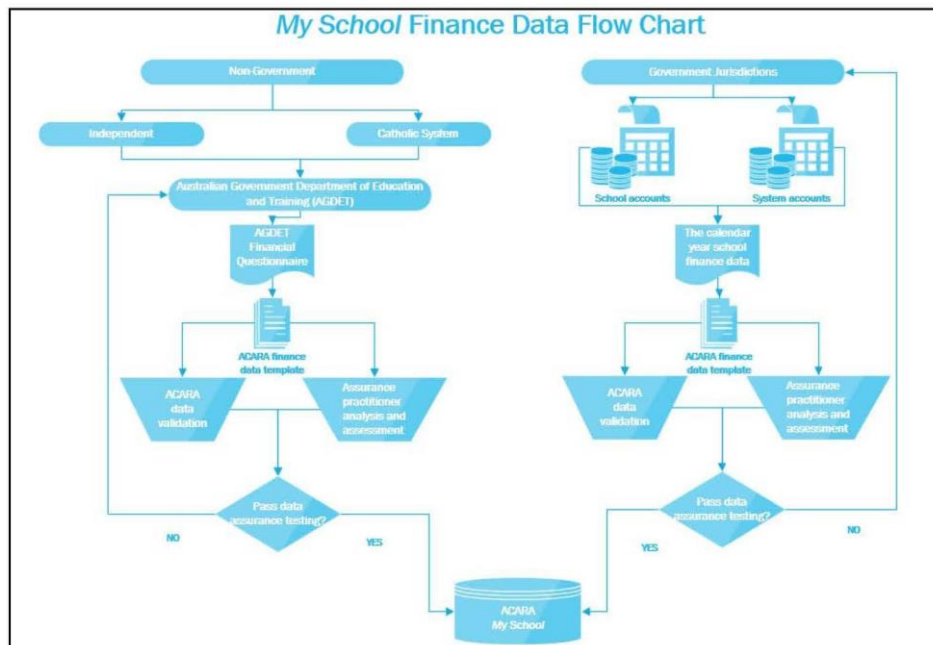
Percentages are rounded and may not add to 100%

Total capital expenditure accumulated 2014-2016



OFFICIAL

APPENDIX 2: MY SCHOOL FINANCE DATA FLOW CHART





OFFICIAL

APPENDIX 3: SPLIT OF COMMONWEALTH AND STATE/TERRITORY FUNDING (FOR RECURRENT INCOME)

Source: Australian Government Department of Education

Recurrent Income

AG DoE's proposal is included in Section 1 below.

Concept

Under the NEA Agreement the allocation by a jurisdiction of the amount provided by the Commonwealth for recurrent grants for schools is a matter for the jurisdiction. Historical patterns of expenditure are no longer relevant.

As such the suggestion is that it is reasonable to assume that the ratio of Commonwealth recurrent grants expended on schools to state/territory recurrent expenditure on schools is the same for all schools (i.e. both state and Commonwealth funding is pooled, and expenditure from that pool is taken out in equal proportions).

It is acknowledged that there are certain targeted grants outside of the NEA Agreement (e.g. National Partnership Funds). These targeted grants to specific schools can be added to each of the Commonwealth and state/territory amounts, depending on whether they are considered to be state or Commonwealth sourced funds.

To the extent that jurisdictions cannot easily identify which schools have received benefit from these targeted funds, an appropriate allocation method could be used.



OFFICIAL

Section 1

PROCESS FOR CALCULATING COMMONWEALTH AND STATE / TERRITORY SHARE OF SCHOOL FUNDING FOR GOVERNMENT SCHOOL LEVEL REPORTING TO DETERMINE RECURRENT INCOME

Step 1: Determine Commonwealth recurrent school funding under the National Education Agreement (not targeted to specific schools) as a proportion of total recurrent expenditure on schooling for the jurisdiction.

Note: the total of recurrent grant funding provided from the Commonwealth to States / Territories under the National Education Agreement and the amount of that funding spent on schooling within State and Territory education budgets are amounts known to State / Territory Treasuries, who are required to report these figures annually. See Annex 1.

Total recurrent expenditure on schooling (combined Commonwealth and State / Territory funding)	\$95
Total Commonwealth (non-targeted) education funding	\$11
Proportion of Commonwealth Funding of total recurrent expenditure	11.6%

Step 2: Determine total recurrent school income using the FDWG agreed items of expenditure for School X and apply ratio (identified above) to determine Commonwealth vs. State / Territory share of recurrent funding.

Government (Non-Targeted) Expenditure (School A)	\$
Teacher salaries	6
Insurance	0.2
VET activity in schools	0.8
Maintenance	1
...	1.2
...	0.3
Total	9.5
[apply Commonwealth ratio]	[11.6%]
Commonwealth Share of Total	1.1
[the remainder of the total equals the State / Territory share]	8.4
State / Territory Share of Total	8.4

Step 3: Add targeted funding provided to the school (for each level of government) to determine the total funding provided by each level of government.

	Recurrent	Targeted	Total
Commonwealth Funding	1.1	0.6	1.7
State / Territory Funding	8.4	0.6	9

Step 4: Incorporate the results in the table of information available to be published on *My School*.



OFFICIAL

SCHOOL A

Income

Commonwealth funding (excl capital income)	1.7
State / Territory funding (excl capital income)	9
Fees (gross amount)	
Other private sources (e.g. donations etc.)	
<hr/>	
Total gross income	
Reporting year fee income allocated to current and future capital projects	
<hr/>	
Total recurrent reporting year income	

Capital Expenditure (including source of funding)

Government capital funding

Reporting year fee income allocated to capital projects

Loans

Carried forward retained earnings previously allocated to capital projects

Capital Donations/Capital Income specifically billed as such

Total capital expenditure for the year



OFFICIAL

APPENDIX 4: ACARA FDWG – COMPARABILITY LIMITATIONS SCHEDULE

Please refer to page 4 of the most current [PwC comparability review of key principles and methodology](#) from the *My School* website.



Appendix B - Accounting Pronouncements

New Pronouncements	Effective Date	Affects	Description
Interest Rate Benchmark Reform Phase 2 (AASB 2020-8)	1-Jan-21	All entities.	In September 2020, the AASB made amendments to AASB 9 <i>Financial Instruments</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 7 <i>Financial Instruments: Disclosures</i> , AASB 4 <i>Insurance Contracts</i> and AASB 16 <i>Leases</i> to address issues that arise during the reform of an interest rate benchmark (IBOR), including the replacement of one benchmark with an alternative one.
COVID-19-related rent concessions (AASB 2020-4 and AASB 2021-3)	AASB 2020-4 - 1 June 2020 AASB 2021-3 - 1 April 2021 (Earlier application permitted)	All entities that are lessees and that received COVID-19-related rent concessions	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. The AASB made an amendment that provides an optional practical expedient where lessees receiving these rent concessions may account for the benefit in the period in which they are granted. The expedient was originally limited to reductions in lease payments that were due on or before 30 June 2021. However, the AASB subsequently extended this to reductions in lease payments originally due on or before 30 June 2022.
Supply Chain Financing Arrangements - Reverse Factoring	Effective immediately	Entities with supplier financing arrangements	The IFRS Interpretations Committee (IC) issued an agenda decision covering several financial reporting considerations relating to supplier financing arrangements. These arrangements could have wide-ranging impacts on working capital, covenant ratios, net debt and other disclosures, as well as cash flow presentation. As such, transparency for such arrangements is key.
Configuration or Customisation Costs in a Cloud Computing Arrangement	Effective immediately	Entities with cloud computing arrangements	The March 2021 IFRS IC update included an agenda decision on configuration and customisation ('CC') costs in a cloud computing arrangement. The agenda decision includes steps which entities should consider in accounting for such CC costs. These may result in a change in accounting policy that would need to be retrospectively applied
ASIC Areas of Focus for 31 December 2020	Immediately	All entities	In its most recent publication in December 2020, ASIC identified five areas of focus which address financial reporting under COVID-19 conditions and should be read in conjunction with ASIC's COVID-19 frequently asked questions.
Available for early adoption			
AASB approves removal of special purpose financial reports and new simplified	1-Jul-21	(1) For-profit private sector entities currently preparing SPFS, and (2) Not-for-profit or public sector entities	The AASB approved an amending standard (2020-2) that will remove the ability of certain for-profit private sector entities to prepare special purpose financial statements (SPFS). The AASB also approved a new simplified



disclosures (AASB 2020-2 and AASB 1060)		currently preparing Tier 2 general purpose financial statements (GPFS).	disclosure standard (AASB 1060) that will replace the previous Tier 2 reduced disclosure framework.
Classification of liabilities as current or non-current (AASB 2020-1, AASB 2020-6)	1 January 2023	All entities	The AASB issued a narrow-scope amendment to AASB 101 <i>Presentation of Financial Statements</i> to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.
Narrow scope amendments issued for AASB 116, AASB 137, AASB 3 and Annual Improvements made to AASB 1, AASB 9, AASB 16 and AASB 141 (AASB 2020-3)	1 January 2022	All entities	The AASB has made <ul style="list-style-type: none"> • narrow scope amendments to <ul style="list-style-type: none"> ○ AASB 116 <i>Property, Plant and Equipment</i> in relation to proceeds before intended use ○ AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> in relation to onerous contracts and the cost of fulfilling a contract ○ AASB 3 <i>Business combinations</i> in relation to references to the Conceptual Framework, and • annual improvements to AASB 16, AASB 1, AASB 9 and AASB 141.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12)	1 January 2023	All entities.	The International Accounting Standards Board (IASB) issued targeted amendments to IAS 12 <i>Income Taxes</i> to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The AASB is expected to issue equivalent amendments to AASB 112 shortly.
Disclosure of accounting policies and definition of accounting estimates	1 January 2023	All entities	AASB 2021-2 amends a number of accounting standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates.
Industry-specific updates			
Not-for-profit: AVAILABLE FOR EARLY ADOPTION			
Disclosure relief for not-for-profit entities moving from RDR to simplified disclosures (AASB 2021-1)	1-Jul-21	Not-for-profit entities currently preparing Tier 1 or Tier 2 general purpose financial statements (GPFS).	The AASB has made amendments to AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> (AASB 1060) which provide not-for-profit entities that are transitioning from RDR to the simplified disclosure standard with limited disclosure relief. The relief only applies if the entity transitions early, i.e. for financial years beginning before 1 July 2021 and only if it did not previously disclose the comparable information in its most recent RDR general purpose financial statements.
Insurance sector: MANDATORY for December 2021 Reporters			
Insurers urged to respond to new accounting standard (ASIC media release)	Effective immediately	Insurance entities	ASIC has asked insurers to make disclosures about the expected impact of AASB 17 <i>Insurance Contracts</i> (AASB 17) in their December 2020 financial reports.
Insurance sector: AVAILABLE FOR EARLY ADOPTION			



AASB 17 Insurance Contracts	Effective date: 1 January 2023 * (* deferred from 1 July 2021)	Insurance entities	AASB 17 <i>Insurance Contracts</i> was issued in July 2017 and will replace AASB 4 <i>Insurance Contracts</i> , which currently permits a wide variety of practices. AASB 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
Financial Services Sector: MANDATORY for December 2021 Reporters			
ASIC has confirmed the treatment of lease (RoU) assets for Australian Financial Services License (AFSL) holders	Effective immediately	AFSL holders	ASIC has made changes to the financial requirements for AFSL holders which mean that lessees can now include right-of-use assets in the calculation of their net tangible assets when assessing whether they comply with the financial resource requirements for their license.

© 2023 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australian member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. Liability limited by a scheme approved under Professional Standards Legislation.

At PwC Australia our purpose is to build trust in society and solve important problems. PwC is a network of firms in 157 countries with over 276,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.au