



## Appendix four – Financial indicators

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Indicator	Formula	Description
<b>Net result - surplus/(deficit) (\$)</b>	Net result from the statement of comprehensive income	A positive result indicates a surplus, while a negative result indicates deficit. Operating deficits cannot be sustained in the long term.
<b>Expense growth rate (%)</b>	$(\text{Total expenditure 2017 less total expenditure 2016}) / \text{total expenditure 2016}$	This demonstrates the rate at which total expenditure for an agency has increased or decreased in the financial year 2016–17, compared to 2015–16. A positive growth rate indicates that expenses have increased compared to prior year, while a negative growth rate indicates that expenses have decreased compared to prior year.
<b>Capital replacement (ratio)</b>	Cash outflows for property, plant and equipment and intangibles / depreciation and amortisation	<p>Comparison of the rate of spending on infrastructure, property, plant and equipment and intangibles with their depreciation and amortisation. Ratios greater than one indicate that spending is greater than the depreciating rate.</p> <p>This is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option. Cash outflows for infrastructure, property, plant and equipment and intangibles are taken from the cash flow statement. Depreciation and amortisation is taken from the Statement of Comprehensive Income.</p>

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