



## Appendix six – Financial analysis

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Indicator	Formula	Description
<b>Adjusted net result - surplus / (deficit) (\$m)</b>	Net result from audited financial statements adjusted for large one-off (non-recurring) transactions	A positive result indicates a surplus and a negative result indicates a deficit. Operating deficits cannot be sustained in the long-term.
<b>Operating margin (%)</b>	Adjusted net result / total underlying revenue	Net result and total underlying revenue is obtained from the Statement of Comprehensive Income and is adjusted to take into account large one-off (non-recurring) transactions.
<b>Liquidity (ratio)</b>	Current assets/ Current liabilities	<p>This measures the ability to pay existing liabilities in the next 12 months.</p> <p>A ratio above one means there is more cash and current assets than short-term liabilities.</p> <p>Current liabilities exclude long-term employee provisions and revenue in advance.</p>
<b>Expense growth rate (%)</b>	(Total expenditure 2017 less total expenditure 2016) / total expenditure 2016	This measures the rate of growth in expenditure for an agency in the current year, compared to the prior year. A positive rate indicates that expenses have increased compared to prior year, while a negative rate indicates that expenses have decreased compared to prior year.

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