

Liquidity calculator

for registered providers
in the aged care sector



Australian Government
Aged Care Quality and Safety Commission

Engage
Empower
Safeguard

Contents

1. Instructions on how to use the liquidity calculator	3
1.1 Inputting QFR data	3
1.2 Setting up the liquidity calculator	4
1.3 Using and interpreting the liquidity calculator – with detailed example	5
2. FAQs	8
3. Glossary	9

The calculator informs registered providers of the minimum level of liquid assets they are required to hold calculated based on Quarterly Financial Report (QFR) financial statements. For more information on this Prudential Standard visit agedcarequality.gov.au. The calculator is subject to future revision.

1. Instructions on how to use the liquidity calculator

This calculator has been built to help registered providers know, understand and meet their quarterly liquidity requirements. This calculator is intended to work in tandem with registered provider’s submissions of their Quarterly Financial Report (QFR) data in the Government Provider Management System (GPMS) portal. As the accuracy of this calculator relies on correct QFR data being entered, please read the instructions below before continuing.

1.1 Inputting QFR data

- a. Registered providers should enter their QFR data into the GPMS portal before using this calculator. If you haven’t done so, do this now before continuing. Access the completed copy of the ‘Quarterly Financial Statements’ Excel template, provided through the GPMS portal. Copy the matching cells from the completed GPMS template. Values will need to be entered from the row labeled “Balance sheet” down to the row labeled “Net Profit/(Loss) Before Tax” for all available columns.
- b. Find the tab that is labeled with the relevant quarter of data being entered. Click to this tab. For example, if a registered provider is entering Q1 data: they would go to the tab labeled “QFR Q1”.



- c. On this tab there will be an identical copy of the template. Read the instructions at the top of the page. Paste or enter your financial records into their matching place, starting from cell E9. The “Total” column will automatically update as values are entered. Only enter numeric values. For the rows labeled “Refundable Resident Loans Receivable” and “Refundable Resident Loans Payable”, only enter amounts in relation to residential aged care accommodation.

QFR Q1: Year to date Financial Statements

Instructions: Enter your QFR Q1 financial records of the current financial year here (starting at cell E9) as entered into the Government Provider Management System (GPMS). The relevant records can be found in the Quarterly Financial Reporting QFR template under the 'Quarterly Financial Statements' tab.

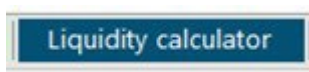
		Enter data below						
		Total	Centrally held	Residential	Home Care	Community	Retirement	Other
Balance Sheet								
Assets								
1 Cash and Cash Equivalents	Reporting data instruction: Enter equivalent financial records starting from cell E9.	\$0.00	\$0.00					
2 Financial Assets		\$0.00	\$0.00					
3 Trade Receivables (less Provisions)		\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4 Refundable Resident Loans Receivable		\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5 Loans Receivable		\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6 Non-related parties		\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Liquidity calculator

- d. A registered provider must enter all quarters of data (if any) preceding the latest quarter available. For example, if the latest quarter of data is Q3 a registered provider must enter Q1, Q2 and Q3 data. Repeat all actions in step 1 for any additional quarters of data available. Once all quarters of data available have been entered proceed with setting up the calculator.

1.2 Setting up the liquidity calculator

To set up the calculator, click to the tab labeled "Liquidity calculator".



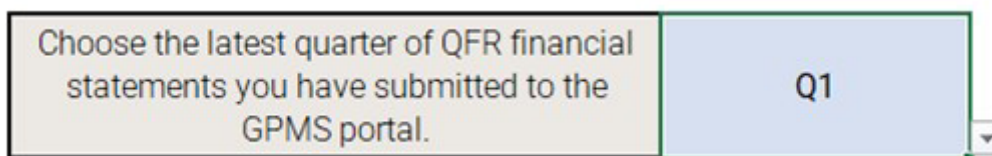
On this tab, there will be a dropdown menu on the right.



Select the latest quarter of QFR data that has been entered into the GPMS and has been copied across to the liquidity calculator. For example, if a registered provider has the first quarter of data ready, then they would select Q1. Alternatively, if they had the second quarter of data ready, then they would select Q2.

Note: if you have more than one quarter of data available you may navigate between them to view past results by selecting the appropriate quarter, however only the latest will give you the correct information for the next quarter.

Example shown for a financial year reporting registered provider with Q1 data available.



After selecting the preferred quarter, the results are ready to view.

1.3 Using and interpreting the liquidity calculator – with detailed example

Remain on the “Liquidity calculator” tab. The first page will show information on whether the registered provider has a shortfall or excess of liquid assets, the amount of liquid assets the registered provider is required to hold over the next quarter and the amount of liquid assets the registered provider currently holds. Below these is the written formula used to calculate the registered provider’s liquid assets required.

For example, in Q1 this example registered provider is holding \$25,000 less than they will be required to over the next quarter. They should increase their liquid assets by this amount.

Liquidity calculator
Disclaimer: This calculator relies on correct QFR data being entered. The Commission is not responsible for issues arising from incorrectly entered data. If you are unsure or in need of further support, you can contact PEAMS@agedcarequality.gov.au. The calculator presents a minimum liquidity threshold and it only takes into account cashflows that are recorded in the QFR, therefore a registered provider should hold additional liquid assets if additional cash outflows are expected to occur over the next quarter. This liquidity threshold does not replace or change the permitted uses of RDs.

In Q1, the registered provider held liquid assets below the required level.
 Compared to the required amount, the registered provider has a shortfall of: **-\$25,000**
in cash and financial assets.

Liquid assets required
 Over the next quarter the registered provider needs to hold a minimum of: **\$1,025,000**
in cash and financial assets.

Liquid assets held
 Currently, the registered provider holds: **\$1,000,000**
in cash and financial assets.

Your liquid assets required are calculated using the following formula

Quarterly expenses	RD liabilities (less receivables)	Liquid assets required
\$1,500,000	\$5,000,000	\$1,025,000
× 35%	× 10%	=

An explanation and breakdown of the formula components is detailed next.

Callouts:
 - Left callout: "If below zero, this is the amount of money the registered provider needs to increase their liquid assets by to meet the required amount. If above zero, the registered provider is already holding enough liquid assets."
 - Middle callout: "This is the calculated amount of liquid assets the registered provider is required to hold over the next quarter."
 - Right callout: "This is the amount of liquid assets the registered provider holds at the end of the chosen quarter."

Liquidity calculator

On the second page is an explanation and financial breakdown of the two key components that are used to calculate your liquid assets required for the next quarter.

How are the required liquid assets calculated?

The required amount of liquid assets is calculated using two key outflows that registered providers could experience during a year. The first is a combination of quarterly expenses, the second is the amount of Refundable Deposit (RD) liabilities less any receivables that a registered provider holds. Registered providers are expected to hold a minimum of 35% of their quarterly expenses and 10% of their RD liabilities in liquid assets at any time. Together these are used in the formula shown above to find the total amount of liquid assets required.

Quarterly expenses

Salaries, management fees, finance expenses, interest, rent and other expenses are added together to find the total quarterly expenses a registered provider has.

Salaries and Employee Benefits	\$1,000,000
Management Fees	\$100,000
Finance Expenses	\$100,000
Interest on Lease Liabilities - AASB 16	\$100,000
Rent - Not Captured by AASB 16	\$100,000
Other Expenses	\$100,000
Total quarterly expenses used to calculate required liquidity	\$1,500,000

RD liabilities (less receivables)

RD receivables are subtracted from RDs payable to find the total amount a registered provider is liable to pay.

Refundable Resident Loans Payable	\$5,000,000
Refundable Resident Loans Receivable	\$0
Total RD liabilities used to calculate required liquidity	\$5,000,000

Liquidity calculator

The third and final page presents historical results. Below the title will be a summary of whether the registered provider has held liquidity above or below their required amount as at the end of each quarter.

Beneath these written results will be a graph. This graph shows the historical results for both liquid assets required, and liquid assets held over time. It allows registered providers to visually see whether they have been meeting their required amount of liquid assets for each quarter in the year. The box below the graph contains these results written out.



2. FAQs

Where do I find the QFR financial statements data template?

You can find the QFR financial statements data template through entering data into GPMS or through the Department of Health and Aged Care (DoHAC) website: [Quarterly Financial Reporting \(QFR\) – Non-uploadable template](#)

A warning has appeared after I entered my data, what does this mean?

If a warning has appeared next to your entered data, it means the data has been flagged as an incorrect entry. Read the explanation given in the warning and review your entered data. If it is incorrect, manually adjust it by typing in the relevant cell. If it is correct you can proceed with the warning in place, however, it is advised that you reach out to the Commission for further clarification and support.

Can I print my results?

Yes, your results displayed on the liquidity calculator can be printed. Go to the “Liquidity calculator” tab and follow the normal printing process. To print all results displayed in the tab you will need to print the first three pages. To print the first three pages, highlight cells A1 down to A100 and across to O100. Click File -> Print. In the first dropdown under Settings choose “Print selection”. Then press “Print”.

What to do once you’ve entered the fourth quarter of data?

Once Q4 data has been entered and each tab is completed, save the spreadsheet for your records, and access a new spreadsheet through the DoHAC website. You are now ready to enter data for the first quarter of the next financial year.

Do I need to enter all quarters of data before the latest one I have available?

Yes, registered providers will need to enter all preceding quarters of data for the calculator to give correct results. For example, if the latest quarter of data a provider has submitted to the GPMS portal and is ready to enter into the calculator is Q3, the data from Q1 and Q2 will need to be entered as well.

3. Glossary

Registered provider: Referring to a registered provider/s in the aged care sector.

QFR: Quarterly financial report

RD: Refundable Deposit – refers to refundable accommodation deposits, refundable accommodation contributions, accommodation bonds and entry contributions. This is a means for residents to pay for their accommodation when entering residential care.

Quarterly expenses: Refers to actual cash outflows incurred by the registered provider. The relevant QFR line items are shown in the “Liquidity calculator” tab.

Q1: Refers to the first quarter of the reporting period for the registered provider. If a registered provider reports on a financial year basis it is the period beginning Jul 1 and ending Sep 30. If a registered provider reports on a calendar year basis it is the period beginning Jan 1 and ending Mar 31.

Q2: Refers to the second quarter of the reporting period for the registered provider. If a registered provider reports on a financial year basis it is the period beginning Oct 1 and ending Dec 31. If a registered provider reports on a calendar year basis it is the period beginning Apr 1 and ending Jun 30.

Q3: Refers to the third quarter of the reporting period for the registered provider. If a registered provider reports on a financial year basis it is the period beginning Jan 1 and ending Mar 31. If a registered provider reports on a calendar year basis it is the period beginning Jul 1 and ending Sep 30.

Q4: Refers to the fourth quarter of the reporting period for the registered provider. If a registered provider reports on a financial year basis it is the period beginning Apr 1 and ending Jun 30. If a registered provider reports on a calendar year basis it is the period beginning Oct 1 and ending Dec 31.

Liquid assets: Refers to the combined amount of cash, current financial assets and non-current financial assets.

Liquid assets required: The amount of cash, current financial assets and non-current financial assets that a registered provider is required to hold to withstand unexpected financial shocks, 95% of the time.

Liquid assets held: The amount of cash, current financial assets and non-current financial assets that a registered provider holds at a point in time.

Shortfall: The dollar amount by which liquid assets required is greater than liquid assets held.

Excess: The dollar amount by which liquid assets held is greater than liquid assets required.



The Aged Care Quality and Safety Commission acknowledges the Traditional Owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to Elders both past and present.

February 2025



Phone
1800 951 822



Web
agedcarequality.gov.au



Write
Aged Care Quality and Safety Commission
GPO Box 9819, in your capital city