

Understanding Accrual Accounting Levies in Strata

NSW Strata Specialists – Owner Information Sheet

What is Accrual Accounting?

In strata, **accrual accounting** means income and expenses are recorded **when they are due or incurred**, not when the money actually changes hands. This gives a more accurate and consistent view of the Owners Corporation's financial position.

Examples:

- A levy raised on 1 January is recorded as income on that date, even if paid in February.
- An invoice received in June for plumbing works is recorded in June, even if not paid until July.

This approach ensures that financial reports (like those presented at the AGM) reflect all transactions that belong to that **financial year**, regardless of when they were paid.

How Do Levy Periods Work?

Most strata schemes raise levies **quarterly**, but some may do so **bi-annually** or **annually**

Example Structures:

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|--|---|
| <ul style="list-style-type: none">• Quarterly Levies<ul style="list-style-type: none">○ Period 1: 1 Jan – 31 Mar (Due: 1 Jan)○ Period 2: 1 Apr – 30 Jun (Due: 1 Apr)○ Period 3: 1 Jul – 30 Sep (Due: 1 Jul)○ Period 4: 1 Oct – 31 Dec (Due: 1 Oct) | <ul style="list-style-type: none">• Bi-Annual Levies<ul style="list-style-type: none">○ Period 1: 1 Jan – 30 Jun (Due: 1 Jan)○ Period 2: 1 Jul – 31 Dec (Due: 1 Jul)• Annual Levies<ul style="list-style-type: none">○ Full Year: 1 Jan – 31 Dec (Due: 1 Jan) |
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Regardless of frequency, levies are due on the **due date** determined in the AGM-approved budget.

If you have questions about your levies, statements, or financial reporting, our team is happy to assist.

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