Australian Council For International Development

ACFID's Mandatory Guidance on Financial Reporting

Rationale

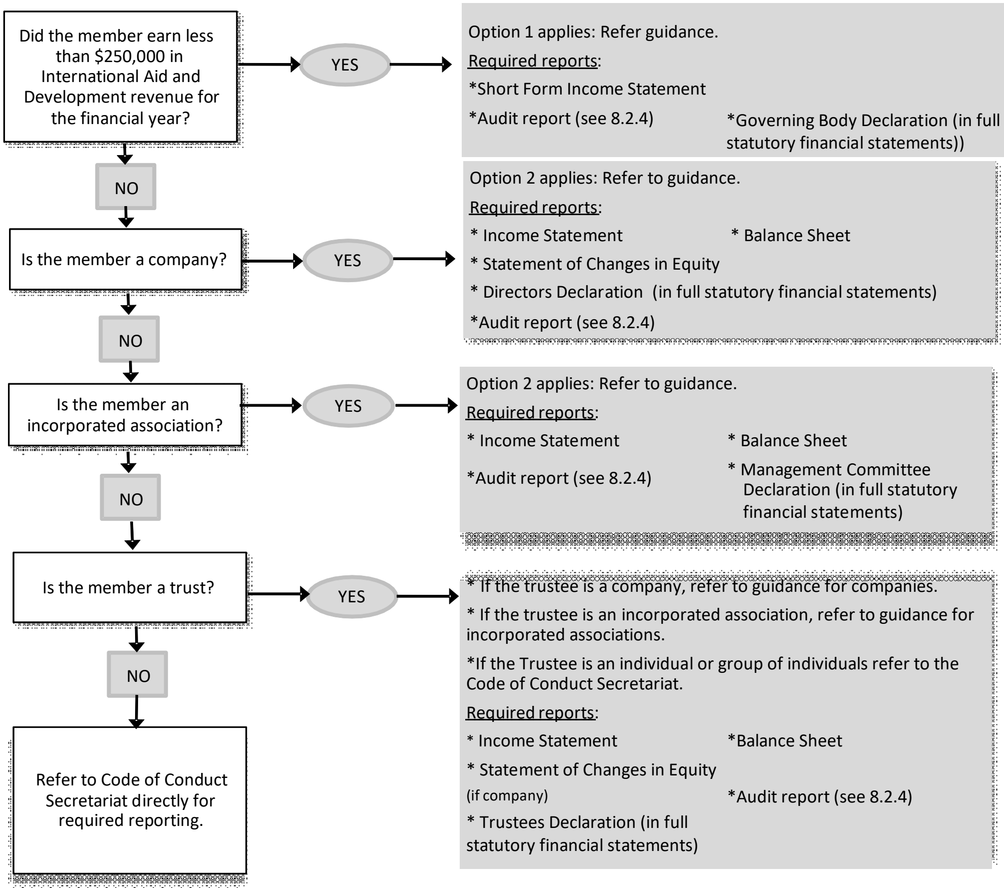
The publication of ACFID compliant annual financial statements to a particular standard enables fair disclosure and comparability and therefore enhances transparency.

Guidance

The following guidance for the publication of Financial Statements by ACFID Members is mandatory.

- All members will publish ACFID-code compliant financial statements in their Annual Reports. Subject to their size and circumstances, there are options and specific requirements that apply (detailed in guidance below).
- Members may choose to publish their full statutory financial statements in their Annual Report, instead of just the ACFID Code compliant financial statements.
    1. The Annual Report must include an auditor's report as an integral part of the Financial Report (see Compliance Indicator 8.2.4).
- The Annual Report and full statutory financial statements (if not included in the Annual Report) must be lodged with ACFID within 5 months of each year end.
- Where a member publishes only the Code of Conduct Summary Financial Report in their Annual Report, a reference to the availability of the full statutory financial statements must be included in the Annual Report.
- Any other publications that refer to financial performance, in summary, in an extract of detail or in commentary will include a reference to the availability of the full statutory financial statements.
- The Annual Report, including the ACFID Code-compliant financial statements, must be made available to the public via the member's website.
    2. The following pages set out the information required by this Code for both publishing and lodging with ACFID. Definitions are available in Financial Reporting Guidance.
    3. Code compliant financial statements format options:
        - As a minimum, all members must present their ACFID code compliant financial statements in their Annual Report in a format that complies with their required option under the Code of Conduct Financial Report Format as detailed below.
    4. The governing body must review and approve the member's financial statements.
        - Members must include a note stating that the ACFID code compliant financial statements comply with the requirements of the ACFID Code of Conduct and refer readers to the ACFID Code of Conduct website for further information. The inclusion of the following words would be appropriate: '*The following financial statements have been prepared in accordance with the requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID website www.acfid.asn.au*'.
    5. Auditing requirements as detailed in Compliance Indicator 8.2.4 in the Quality Assurance Framework must be adhered to.

The flowchart below is provided to help members determine which ACFID Code of Conduct reporting option and consequent annual financial reporting requirements apply.
The decision will be based on the member's amount of international aid and development revenue and then on the legal structure of the member (the entity type).



Option 1 – For members with small international aid and development programs

- Members whose international aid and development revenue is below $250,000 can prepare Option 1 reporting. The minimum level of disclosure required and the template to be used is set out below.
- Members whose total revenue is $250,000 or more but whose international aid and development revenue is below $250,000 may also prepare Option 1 reports. The required Short Form Income Statements can be disclosed as a note to their full financial statements.
  6. Members whose revenue falls into this category may choose this format for their primary Income Statements, if it complies with other regulatory requirements.
  7. An excel template is available here.

Option 1 format: International Aid and Development Short Form Income Statement template

INCOME STATEMENT FOR THE YEAR ENDED [DATE 20XX]

	20XX	**20XX-1**
REVENUE		
Donations and Bequests		
Monetary	____	____
Non-monetary	____	____
Grants	____	____
Commercial Activities Income	____	____
Other Income	____	____
TOTAL REVENUE	____	____
EXPENDITURE		
International Programs	____	____
Community Education	____	____
Fundraising Costs	____	____

Accountability and Administration	____	____
Commercial Activities Expenditure	____	____
Non-monetary expenditure	____	____
Other Expenditure	____	____
TOTAL EXPENDITURE	____	____
EXCESS/(SHORTFALL) OF REVENUE OVER EXPENDITURE	____	____

- The categories selected for the Income Statements have been based on common activities of members in the sector. Members may include additional headings where this improves transparency.

8. Comparative figures for the previous reporting period must be disclosed. However, if a member has no transactions during both financial years for a particular category, that category may be omitted entirely.
9. A separate International Aid and Development Balance Sheet or Statement of Changes in Equity is not mandatory. All other Code compliant annual reporting requirements apply (as set out in Commitment 8.3 in the Quality Assurance Framework).

Definitions for this Income Statement are in Financial Definitions in the Quality Assurance Framework.

Option 2 All other members

- All members that do not fall within the criteria for Option 1, shall comply with the Option 2 requirements set out below:
    - Income Statements (or as appropriate for the member, Statements of Income and Expenditure, Profit and Loss Statements, Statements of Financial Performance, or Statements of Profit or Loss and Other Comprehensive Income).

10. The Income Statement discloses the revenue and expenses of the member during the financial reporting period.
11. An excel template is available here.

Option 2 format: Income Statement template

INCOME STATEMENT FOR THE YEAR ENDED [DATE 20XX]

	20XX	**20XX-1**
REVENUE		

Donations and Bequests		
Monetary	_____	_____
Non-monetary	_____	_____
Grants		
Department of Foreign Affairs and Trade	_____	_____
Other Australian	_____	_____
Overseas	_____	_____
Commercial Activities Income	_____	_____
Investment Income	_____	_____
Other Income	_____	_____
Revenue for International Political or Religious Adherence Promotion Programs	_____	_____
TOTAL REVENUE	_____	_____
EXPENDITURE		
International Development and Humanitarian Programs Expenditure		
International Programs		
Funds to International Programs	_____	_____
Program Support Costs	_____	_____
Community Education	_____	_____
Fundraising Costs		
Public	_____	_____
Government, multilateral and private	_____	_____
Accountability and Administration	_____	_____
Non-Monetary expenditure	_____	_____
Total International Development and Humanitarian Programs Expenditure	_____	_____
International Political or Religious Adherence Promotion Programs Expenditure	_____	_____
Domestic Programs Expenditure	_____	_____
Commercial Activities Expenditure	_____	_____
Other Expenditure	_____	_____
TOTAL EXPENDITURE	_____	_____

SURPLUS/(DEFICIT)	_____	_____
Other Comprehensive Income/(Loss)	_____	_____
TOTAL COMPREHENSIVE INCOME/(LOSS)	_____	_____

Definitions for this Income Statement are at Financial Definitions in the Quality Assurance Framework.

- The purpose of using defined categories of income and expenditure is to allow the reader of the financial report to determine and make comparisons on areas such as fundraising costs, accountability and administration, and community education.
- The categories selected for the Income Statement have been based on common activities of members in the sector. Members may include additional headings where this improves transparency (especially under the domestic programs expenditure heading).

12. Comparison figures for the previous reporting period must also be disclosed. However, if the member has no transactions during both financial years for a particular category, that category may be omitted entirely.

Option 2 format: Balance Sheet (also known as a Statement of Financial Position)

- The Balance Sheet details the financial position of a member at a specific point in time. It is a record of a member's assets, liabilities and equity. Option 2 members must report a Balance Sheet based on *Accounting Standard AASB 101 Presentation of Accounting Standards* (refer 54 to 80A).
- The following template provides an example of a complying format. Members may select their own line items but must ensure that their Balance Sheet complies with Accounting Standard AASB 101.

Option 2 Format: Example of Code-Compliant Balance Sheet

BALANCE SHEET AS AT [DATE 20XX]

	20XX	**20XX-1**
ASSETS		
Current Assets		
Cash and Cash Equivalents	_____	_____
Trade and Other Receivables	_____	_____
Inventories	_____	_____
Assets Held for Sale	_____	_____
Other Financial Assets	_____	_____
Total Current Assets	_____	_____
Non-Current Assets		
Trade and Other Receivables	_____	_____

Other Financial Assets	______	______
Property, Plant and Equipment	______	______
Investment Property	______	______
Intangibles	______	______
Right of Use Assets	______	______
Other non-current Assets	______	______
Total Non-Current Assets	______	______
TOTAL ASSETS	______	______
LIABILITIES		
Current Liabilities		
Trade and Other Payables	______	______
Borrowings	______	______
Current Tax Liabilities	______	______
Other Financial Liabilities	______	______
Lease Liabilities	______	______
Provisions	______	______
Other	______	______
Total Current Liabilities	______	______
Non-Current Liabilities		
Borrowings	______	______
Other Financial Liabilities	______	______
Lease Liabilities	______	______
Provisions	______	______
Other	______	______
Total Non-Current Liabilities	______	______
TOTAL LIABILITIES	______	______
NET ASSETS	______	______
EQUITY		
General Reserves	______	______
Restricted Reserves	______	______
Retained Earnings	______	______

TOTAL EQUITY	_____	_____

13. If a member has a nil balance at the end of the two financial years in a particular category, that category may be omitted entirely.
14. Definitions for this Balance Sheet are at Financial Definitions in the Quality Assurance Framework.

Option 2 format: Statements of Changes in Equity

- Option 2 members who are a company or a trustee company must report a Statement of Changes in Equity; for other members this is optional.
  15. Each organisation's Statement of Changes in Equity will be slightly different, and members are strongly encouraged to discuss the choice of appropriate format with their accountants and/or auditors. The template provided below is an example only. Columns with zero balances can be omitted.
- The Statement of Changes in Equity provides a reconciliation of movements in equity during the financial reporting period, specifically:
  - The operating result for the period,
  - Each item of other comprehensive income, and
  - The effect of changes in accounting policies and errors on each component of equity.

Option 2 format: Example of Code-Compliant Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED [DATE 20XX]

	Retained Earnings	Reserves	Other	Total
Balance at 20XX-1 (commencing balance)	_____	_____	_____	_____
Adjustments or changes in equity due to, for example, adoptions of new accounting standards	_____	_____	_____	_____
Items of other comprehensive income	_____	_____	_____	_____
Excess of revenue over expenses	_____	_____	_____	_____
Other amounts transferred (to) or from reserves	_____	_____	_____	_____
Balance at 20XX (year end balance)	_____	_____	_____	_____

The total of the equity balances at the end of the year should match the Equity Total in the member's Balance Sheet.

Declaration by Governing Body (Directors/Management Committee/Trustee—as appropriate)

- Members are expected to provide a declaration from their governing bodies stating that their financial statements are in accordance with relevant legislation (the ACNC Act 2012), and whether, in their opinion, the organisation can pay its debts as and when due.
- As a minimum, this declaration must be included in the statutory full financial report.

16. Some members may also choose to include this declaration in their Annual Report.
17. The Governing Body Declaration for medium and large organisations registered with the Australian Charities and Not for Profits Commission (ACNC)is prescribed in the *Australian Charities and Not-for-profits Commission Regulation 2013 (*called *Responsible Persons' Declaration).* Members are expected to use this format for their governing body declarations. The format is linked here.

Lodgment with ACFID within 5 months after the Member's year end

18. ACFID members are required to submit a copy of their full statutory financial report as part of / or separate to the submission of their Annual Report to the Code of Conduct Committee within five months of the end of their financial year.

- This requirement allows the Code of Conduct Committee to:
  - Verify that ACFID Code compliant Financial Report information is obtained from the full statutory financial report; and
  - View signed governing body declarations to ensure that governing bodies are fully aware of the financial position of the members that they govern.

19. The content and layout of full statutory financial reports are determined by a range of authorities and professional pronouncements. Depending on how the member is structured and where the organisation is based the requirements may differ. The member's governing body is responsible for preparing the report in accordance with relevant requirements. The member's auditor is responsible for reporting on whether the member's financial statements have been prepared in accordance with applicable requirements. Guidance on these requirements is available from auditors, professional associations and state/territory and federal industry regulators.

- Full Statutory financial reports can include:
  - Governing Body Report (e.g. Directors Report)
  - Income Statement (Income and Expenditure Statement, Profit and Loss statement, Statement of Financial Performance, Statement of Comprehensive Income)

20. Statement of Changes in Equity (only for companies and trustee companies)

  - Balance Sheet (Statement of Financial Position)
  - Statement of Cash Flows (not to be confused with a Table of Cash Movements for Designated Purposes – which is no longer a Code of Conduct requirement)
  - Notes to the financial statements
  - Governing Body declaration
  - Auditor's Report

21. Auditor's Independence declaration (only for companies).