Policy Statement

1. This Commissioner’s Policy Statement sets out when the ACNC will approve the use of reporting periods ending on a day other than 30 June (substituted accounting periods) for charities under section 60-85 of the ACNC Act.

2. Charities can nominate their substituted accounting periods at the time of applying for registration. A charity can apply for a substituted accounting period at any later time by submitting the approved Form 4A.

3. The ACNC Act gives the Commissioner general power to approve substituted accounting periods. If a substituted accounting period is approved, the due date for submitting Annual Information Statements and financial reports (if applicable) is six months after the end of the substituted accounting period (section 60-85).

4. Charities that have a substituted accounting period approved under the ACNC Act should be aware that the approval applies for the purposes of the ACNC Act only.

**Principle 1:** Substituted accounting approved if genuine need.

**Principle 2:** Substituted accounting periods not approved if affects public trust and confidence.

**Power to allow substituted accounting periods**

1. The ACNC has a general power to allow a substituted accounting period (section 60-85) and may impose conditions on that approval (section 60-90). The charity must apply on the approved form. Generally, an approved substituted accounting period will apply to the following financial year after the charity adopts the new substituted accounting period (subsection 60-85(2)), unless certain conditions are imposed (as discussed below).

**Adoption of a substituted accounting period**

2. If a substituted accounting period is approved, it will apply to the financial year that starts after the charity adopts the new substituted accounting period (subsection 60-85(2)).

3. The ACNC may impose conditions on the approval of a substituted accounting period, either at the time of the application or at a later date, and can revoke the decision if the imposed conditions are not met (section 60-90). The conditions may include reporting obligations which allow for the immediate adoption of the substituted accounting period provided there is no reporting gap for the transition.

4. The Commissioner will take a flexible approach when charities apply for a substituted accounting period after the commencement of the reporting period. Recognising the reporting burden that may be imposed on the charity if the substituted accounting period takes effect in the following financial
year, the Commissioner may impose conditions so that the ACNC reporting obligations will align with the charity's reporting arrangements (refer to the example in Paragraph 9).

5. The Commissioner will notify your charity of the approval of a substituted accounting period.

Principles

Principle 1: Substituted accounting approved if genuine need

6. The ACNC will approve a substituted accounting period where a registered entity can demonstrate a genuine need to adopt such a period. However, certain conditions may be imposed by the Commissioner and approval may not be provided where such an adoption may negatively impact on public trust and confidence.

7. Factors that the ACNC will consider in determining whether a genuine need exists for a particular charity include:
   - the current arrangements that apply to the charity, for example reporting to other regulators or grant-making bodies,
   - history of reporting under a substituted accounting period,
   - change to the charity’s governing documents, legal or internal reporting requirements, and
   - the reporting period of related or associated charities.

Principle 2: Substituted accounting periods not approved if it affects public trust and confidence

8. The ACNC will not approve a substituted accounting period where this might affect transparency and negatively impact on public trust and confidence.

9. As noted above, the ACNC may impose conditions on the approval of a substituted accounting period (section 60-90). To ensure there are no gaps in the transition from one reporting period to another, the ACNC may impose a transitional reporting period that is more or less than 12 months. For example, if a charity changes its financial year end from 30 June to 31 December, the ACNC may require the charity to give the next Annual Information Statement and (if applicable) financial report for an 18 month period to ensure that there is a smooth transition. Subsequent statements and reports would be required for a 12 month period (see the ACNC’s Annual Information Statement policy).

10. The ACNC may impose other conditions on approval of a substituted accounting period which will depend on the facts of the particular situation.

Revocation of a substituted accounting period

11. If the ACNC has evidenced that a registered charity has not complied with the conditions for approval of a substituted accounting period, then the Commissioner may revoke the approval of the substituted accounting period (60-90(3)). If the approval of a substituted accounting period decision is revoked, the default reporting period (financial year ending on 30 June) will apply to the registered charity.

12. A registered charity may also seek to return to the default reporting period (financial year ending 30 June) if they have previously had a substituted accounting period approved by the ACNC. The charity must apply on the approved form, providing reasons for withdrawing their approved substituted accounting period and the proposed reporting arrangements for the future reporting periods. In assessing the application, the ACNC will have regard to the principles referred to above.

13. In determining the reporting requirements that arise from returning to the default reporting period, the Commissioner may impose conditions so that the ACNC reporting obligations will align with the charity's reporting arrangements (Subdivision 60-E). The ACNC will ensure that there are no
gaps in the time periods covered by reports submitted and to be submitted by the charity.

References

- Australian Charities and Not-for-profits Commission Act 2012 (Cth) Division 60, s 205-25
- Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012 (Cth), Schedule 1, Part 4, 11
- CPS 2013/02: Commissioner’s Policy Statement: Annual Information Statement
- CPS 2012/03 Commissioner’s Policy Statement on Decision-making

Version control

<table>
<thead>
<tr>
<th>Version</th>
<th>Date of Effect</th>
<th>Brief Summary of Change</th>
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<tbody>
<tr>
<td>4 - revised policy</td>
<td>28/05/2018</td>
<td>Removal of references to 2013 and 2014 reporting periods and ability to seek internal review. Referencing to registration process and clarification on the transitional year.</td>
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<tr>
<td>3 - revised policy</td>
<td>02/06/2014</td>
<td>Clarification on conditions imposed on approval of substituted accounting period and applying for revocation of substituted accounting period.</td>
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<tr>
<td>1 - initial policy</td>
<td>03/12/2012</td>
<td>Initial policy endorsed by the Commissioner in December 2012.</td>
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