

Practical ACAR Report

Practical ACAR Report

What is challenging in ACAR Report?

What does it mean on Cash Basis and Accrual Basis?

Accrual Basis Principle:

The assumption that the financial effects of transactions and events **are recognized as they occur, and not when cash is received or paid.**



Cash Basis Principle:

Cash basis accounting is an accounting system that **recognizes revenues and expenses only when cash is exchanged**. Businesses account for their income and expenses when they **actually receive payment or when they actually pay for an expense**.

Modified Cash Basis Principle:

The modified cash basis of accounting uses both elements the cash basis and accrual basis of accounting (Hybrid).

The modified cash basis is not allowed under Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS).

Notes 1: Accounting Policies

Entity's declarations...

- The entity need to declare what accounting basis of preparation cash pr Accrual basis? **For CIFRS for NFPEs must be Cash Basis**

VAT

- Registered for VAT, amount recorded in FR are exclusive of VAT (if any). VAT owing or VAT refunds on reporting date in note resources and commitments.
- Not registered for VAT, the amount recorded in FR is inclusive of VAT (if any).

Notes 2: Receipts

Fund Raising Receipts

- To described/declared what activities that the organization conduct event to raising fund?

Other Donation:

- To describe/declare what sources of fund receipt from (list all donors funding)

Fees, Subscriptions, other receipt from members:

- To describe/declare what other sources of income such income membership fee, staff contribution, or any fees NGOs earned.

Receipt from providing goods or service:

- List down any income from provide goods or services to other NGOs or parties such as selling honey, foods, service fee such as evaluation fee, bookkeeping fee, tax declaration fee ..etc.

Notes 3: Payments

Payment Related fund raising

- Such as renting booth, pay volunteers, Music band, place, drinks, any related to fund raising event.

Volunteer and Employees related payments

- Staff or employee salary or wages, insurance for staff, bonus, seniority.

Payments related to provide goods or services

- Any payment that goods such as purchase stationaries, workshop, office rental, rice or service pay to audit fee, consultation fee, phone, internet,...etc.

Grant and Donation Payments

- Any expenses related to grant or donation to partners, to CBO.

Notes 3: Payments

Other Operation payments

- Any expenses related to project and program operations.

Capital Payments

- Expenses on Vehicle, computer, Land, property that we recognized as fixed assets.

Notes 4-7: Value Add Tax (VAT)

VAT Input:

- Vat that registered supplier or vendor charge 10% on goods or services to us (if any please list down).

VAT Output:

- The VAT that we charge to customers or clients (we are NGOs not issue or bill out).

Correction Error

- List down any correct is made during reporting period.

Relate party transactions

- Any purchase or sale that NGOs doing with related party by discount price.

Events after the Reporting date:

- Any event will occur after reporting period ending.

Notes 8-10: Resources and Commitments

Bank Account and Cash from Statement of Receipts and Payments:

- State income from oversea & local sources
- Add beginning balance from previous year
- Less Expenses all expenses in operating year
- **Fund Balance must be the same as cash in Bank**

Money help on behalf of other:

- Help to pay debt for other like relative or partnership.

Money Owed to the Entity:

- Debt to entity such as

PRACTICE

QUESTION AND ANSWERS