

SOCIAL VALUE IMPACT ACCOUNTING

WHAT IS IT AND HOW
CAN IT HELP
YOUR
ORGANISATIONS?

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APL FINANCIAL

HELPING YOU REACH YOUR FINANCIAL GOALS

WHAT IS SOCIAL VALUE IMPACT ACCOUNTING?

Social Value Impact Accounting tracks activity related to each project undertaken & the impact those outcomes have on your constituents in dollar terms.

How does Social Value relate to Accounting?

Social Value is the value that stakeholders experience through changes in their lives. Some of this value can be captured in the usual accounting practices but there are many ways in which the standard accounting practices miss value that organisations provide. If you're a Not For Profit (NFP) organisation then it's highly likely the value you provide is being completely overlooked.

Social Value Impact Accounting allows you to show the total dollar value your organisation provides to the community.

As a NFP organisation, more often than not the true value of your organisation isn't measured by traditional accounting practices. In accounting terms, how do you measure the benefit of providing housing to a homeless person? How does a tennis club measure the value of providing courts to a community? Or how to measure the annual value of it's volunteers provide?

Social Value Impact Accounting uses traditional accounting practices to measure the value your organisation provides to the community that otherwise would not be accounted for in your reports.

WHY USE SOCIAL VALUE IMPACT ACCOUNTING?

Why use Social Value Impact Accounting?

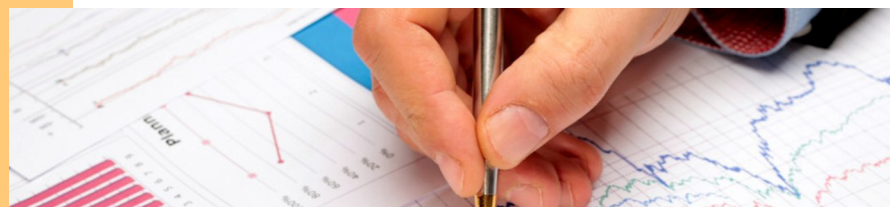
- For the first time you can measure the benefit and impact your organisation has on your community in dollar terms
- Help you make informed decisions about the allocation of scarce resources
- Show potential funders the value you deliver in dollar terms

By applying the principles of Social Value, NFP organisations can begin to take stock of the true value they provide to communities and do it in a way that is understood by businesses.

What are the Principles of Social Value[1]?

- Involve stakeholders
- Understand what changes
- Value the outcomes that matter
- Only include what is material
- Do not over claim
- Be transparent
- Verify the result

SHOW THE TRUE VALUE YOUR ORGANISATION DELIVERS IN DOLLAR TERMS



THE PRINCIPLES OF SOCIAL VALUE

Involve stakeholders

The stakeholders in relation to Social Value are those people or organisations that experience change as a result of the activity you undertake. The stakeholders should be involved throughout this process so that the value and you measure value is accurate.

Understand what changes

In order to understand change, you need to articulate how change happens and evaluate this change through evidence. It's important to recognise positive and negative changes, whether they are intended or not.

Value the outcomes that matter

Making decisions about allocating resources between different options needs to recognise the values of stakeholders, these values are informed by stakeholder preferences. One way of doing this is to use financial proxies which allows you compare the value with the cost of the activity and reveal preferences of stakeholders.

Only include what is material

Determine what information and evidence should be included in accounts to give a true and fair understanding in order to make reasonable conclusions about impact. You cannot manage and account for all outcomes. You should only include the outcomes which would affect a stakeholder decision about a particular activity.

Do not over-claim

Only claim the value that activities are responsible for creating. You'll need to ensure you have baselines and benchmarks to help assess the extent to which a change is caused by the activity.

Be transparent

Be clear about why your analysis is accurate and honest and demonstrate how it will be reported. You should be able to justify each decision, explain how you reached the decisions and document every step. Your analysis will be more credible when the reasons for the decisions are transparent.

Verify the result

Ensure you have appropriate independent assurance. Any account of value involves judgment and some subjectivity so you need some form of independent assurance to help stakeholders understand whether or not the decisions made were reasonable.

USING SOCIAL VALUE IMPACT ACCOUNTING

STEP 1

Missing statement & project costs

1. Review the operation of past projects
2. Choose new projects
3. Check new projects are in accordance with your mission statement
4. Prepare a list of the activities involved with each project
5. Prepare budget of the direct costs & staff time involved with each project

STEP 3

Systems for recording activity & outcomes

1. Determine time costing system for projects if required
2. Set up job costing parameters to record all direct project costs
3. Capture how the project has delivered value to the constituents and the community

STEP 2

Project outcomes & value

1. Determine proposed outcomes from the project
2. Determine the number of likely outcomes
3. Determine what a successful outcome is for your constituents
4. Determine what an unsuccessful outcome is for your constituents
5. Determine the dollar value of a successful & an unsuccessful outcome

STEP 4

Systems & procedures for reporting

1. Determine the reporting period - monthly/quarterly
2. Prepare standard management financial statements
3. Prepare additional financial statements - Social Value Impact statement
4. Present & discuss individual project report & the overall entity report with all stakeholders

START USING SOCIAL VALUE IMPACT ACCOUNTING

Social Value Impact Accounting could change the way your organisation views the value you provide to your community and help show potential funders that value in dollar terms.

Contact us today and we can begin to accurately report on the true value your organisation provides.

Contact

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