



Australian Government

Registered Organisations Commission

FS 020

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Fact Sheet

Key financial terms

This fact sheet outlines the key financial reporting terms in the *Fair Work (Registered Organisations) Act 2009*.

Reporting unit

Under the *Fair Work (Registered Organisations) Act 2009* (RO Act), the financial reporting obligations apply to a reporting unit. A reporting unit is defined under section 242, which states that a reporting unit is:

- a) If an organisation is not divided into branches, the whole of the organisation; or
- b) If an organisation is divided into branches, each branch will be a reporting unit.

The General Manager of the Fair Work Commission can issue a certificate which states that the organisation is, for the purpose of compliance with the financial reporting obligations under the RO Act, divided into reporting units on an alternative basis (see sections 245 and 246).

Committee of Management

The Committee of Management is the body that manages the affairs of the organisation or branch. The Committee of Management is responsible for undertaking the functions necessary to enable the reporting unit to comply with its financial reporting obligations under the RO Act.

Registered auditor

Means a person who is registered as an auditor under subsection 255B(2) or (3) of the RO Act (see sections 6 and 255A).

Reporting units must have their financial statements audited by an auditor registered by the Registered Organisations Commissioner (the Commissioner).

Loans, grants and donations

Under section 237 of the RO Act, organisations and branches are required to lodge with the Commissioner a statement showing certain information in relation to each loan, grant or donation which exceeds \$1,000 that was made during the financial year. This statement must be lodged with the Commissioner within 90 days after the end of each financial year. It should be noted that this statement does not form part of the audited financial statements.

A member of an organisation or branch may inspect the statement of loans, grants and donations that was lodged with the Commissioner (see subsection 237(4)).

Operating report

Reporting units are required to prepare an operating report that sets out the information listed in section 254 of the RO Act and regulation 159 of the *Fair Work (Registered Organisations) Regulations 2009* (RO Regs). The operating report must be provided to members and lodged with the Commissioner.

Reporting guidelines

The Commissioner must issue reporting guidelines in relation to the general purpose financial report that reporting units are required to prepare (see section 255).

The reporting guidelines identify additional items that a reporting unit must disclose in their financial statements. These items are mandatory and must be disclosed even if they are 'nil'.

Members access to financial records

A member of a reporting unit or the Commissioner (on behalf of a member) may apply to the reporting unit for specific financial information to be made available to them. The specific financial information that can be requested is set out in regulation 166 of the RO Regs. The application must be in writing and must specify the period within which, and the manner, in which the information is to be made available (see section 272).

Full report

Section 265 of the RO Act requires a reporting unit to provide to its members (free of charge) a full report. A full report consists of the:

- i) Operating report;
- ii) Committee of Management Statement;
- iii) Subsection 255(2A) Report;
- iv) Statement of Comprehensive Income (Profit and Loss Statement);
- v) Statement of Financial Position (Balance Sheet);
- vi) Statement of Cash Flows;
- vii) Notes to the Financial Statement;
- viii) Officer's Declaration Statement (if applicable); and
- ix) Auditor's Report.

Provision of full report to members

Under subsection 265(5) of the RO Act, the full report must be provided to members either:

- a) 21 days before the general meeting of members; or
- b) 5 months after the end of the financial year if the full report is presented to a Committee of Management meeting instead of a general meeting of members.

The general meeting of members must be held within 6 months of the end of the financial year (see section 266).

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the financial statements that registered organisations are required to prepare and lodge with the Registered Organisations Commission. The Registered Organisations Commission does not provide legal advice.