



Reporting guidelines for the purposes of section 253

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Application

1. These reporting guidelines are made under section 255 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).
2. These reporting guidelines apply to all general purpose financial reports (GPFR), including a concise financial report, as defined in section 242 of the RO Act except where the General Manager has issued a certificate under subsection 270(1) to the reporting unit for that financial year. Separate reporting guidelines made under section 255 of the RO Act for purposes of section 270 apply to a GPFR of a reporting unit in relation to the financial year for which a certificate has been issued under subsection 270(1).
3. In the event of a conflict between a requirement of these reporting guidelines and a requirement of an Australian Accounting Standard, the requirement of the Standard prevails unless there has been a determination under section 241 of the RO Act that the Standard or the relevant part of the Standard does not apply in relation to an organisation or a class of organisations.

Operative date

4. These reporting guidelines apply to each financial year of a reporting unit that ends on or after 30 June 2014.

Purpose of reporting guidelines

5. These reporting guidelines apply for the purposes of section 253 of the RO Act.
6. Under subsection 253(1) of the RO Act a reporting unit is required to have a GPFR prepared. The GPFR must be prepared in accordance with the Australian Accounting Standards. These reporting guidelines prescribe disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the RO Act.
7. The disclosure requirements prescribed by these reporting guidelines are directed towards providing members of a reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the GPFR about the reporting unit's economic support of, or economic dependency on, other reporting units of the organisation and other entities.

General requirements for presentation and disclosures in GPFR

8. It is a requirement that all reporting units apply the Tier 1 reporting requirements as per the Australian Accounting Standard AASB1053 Application for Tiers of Australian Accounting Standards.
9. The reporting unit must disclose in the notes to the financial statements the notice required by subsection 272(5) of the RO Act drawing attention to subsections (1), (2) and (3) of section 272 and setting out those subsections.
10. Where a reporting unit's ability to continue as a going concern is reliant on the agreed financial support of another reporting unit(s) this must be disclosed in the notes to the financial statement. The reporting unit must disclose:
 - a) the name of the reporting unit(s) from which the agreed financial support may be derived; and
 - b) the terms and conditions attached to this agreed financial support.
11. Where a reporting unit has agreed to provide financial support to ensure another reporting unit(s) has the ability to continue as a going concern this must be disclosed in the notes to the financial statement. The reporting unit must disclose:
 - a) the name of the reporting unit(s) to which the agreed financial support is directed;
 - b) the terms and conditions attached to this agreed financial support.
12. Where a reporting unit acquires an asset or a liability during the financial year as a result of:
 - a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
 - b) a restructure of the branches of the organisation; or
 - c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
 - d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1),the reporting unit must disclose in the notes to the financial statements in respect of each such asset or class of assets or each such liability or class of liabilities:
 - e) date acquired;
 - f) description; and
 - g) name of the entity (including a reporting unit of the organisation or that of another organisation) from which it was acquired.
13. If any of the activities identified in paragraphs 10, 11 and 12 have not occurred in the reporting period, a statement to this effect must be included in the GPFR.

Statement of comprehensive income

Revenue

14. Balances for the following items of revenue must be disclosed by the reporting unit in the notes to the financial statements, unless already disclosed on the face of the statement of comprehensive income in accordance with Australian Accounting Standards:
- a) entrance fees or periodic subscriptions (in these guidelines referred to as membership subscriptions) in respect of membership of the organisation;
 - b) where, under the rules of the organisation or a branch of the organisation, a reporting unit may receive from another reporting unit of the organisation a capitation fee:
 - i. the amount from each reporting unit; and
 - ii. the name of each such reporting unit;
 - c) where compulsory levies are raised from the members or as appeals for voluntary contributions (including whip arounds) for the furtherance of a particular purpose:
 - i. the amount; and
 - ii. a brief description of the purpose of each such levy or appeal;
 - d) donations or grants (other than voluntary contributions referred to in subparagraph c)); and
 - e) where the reporting unit is in receipt of any other financial support from another reporting unit of the organisation:
 - i. the name of the reporting unit(s) from which the financial support is derived; and
 - ii. the amount of financial support derived from the other reporting unit(s).
15. If any of the activities identified in paragraph 14 have not occurred in the reporting period, a statement to this effect must be included in the GPFR.

Expense

16. Balances for the following items of expense must be disclosed by the reporting unit in the notes to the financial statements, unless already disclosed on the face of the statement of comprehensive income in accordance with Australian Accounting Standards:
- a) expenses incurred as consideration for employers making payroll deductions of membership subscriptions;
 - b) where, under the rules of the organisation or a branch of the organisation, the reporting unit must pay to another reporting unit of the organisation a capitation fee:
 - i. the amount paid to each entity; and
 - ii. the name of each entity to which monies were paid;

- c) where fees and periodic subscriptions are paid in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters:
 - i. the amount paid to each entity; and
 - ii. the name of each entity to which monies were paid;
- d) where compulsory levies have been imposed on the reporting unit, for each such levy:
 - i. the amount;
 - ii. a brief description of purpose; and
 - iii. the name of the entity imposing the levy (including another reporting unit of the organisation);
- e) where grants or donations have been paid:
 - i. the total amount paid in grants that were \$1,000 or less;
 - ii. the total amount paid in grants that exceeded \$1,000;
 - iii. the total amount paid in donations that were less than \$1,000; and
 - iv. the total amount paid in donations that exceeded \$1,000;

Please note that grants and donations that exceed \$1,000 must be separately disclosed in a statement and lodged with FWC as per section 237 of the RO Act.¹

- f) employee expenses related to holders of office of the reporting unit by each of the following categories:
 - i. wages and salaries;
 - ii. superannuation;
 - iii. leave and other entitlements;
 - iv. separation and redundancies; and
 - v. other employee expenses (specify if material);
- g) employee expenses related to employees (other than holders of offices) of the reporting unit by each of the following categories:
 - i. wages and salaries;
 - ii. superannuation;
 - iii. leave and other entitlements;
 - iv. separation and redundancies; and

¹ Civil penalty provisions apply.

- v. other employee expenses (specify if material);
 - h) fees and/or allowances (other than any amount included in an amount referred to in subparagraphs (f) or (g) of this paragraph) paid to persons in respect of their attendances as representatives of the reporting unit at conferences or other meetings;
 - i) expenses (other than expenses included in an amount referred to elsewhere in this paragraph) incurred in connection with holding meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible;
 - j) legal costs and other expenses related to:
 - i. litigation; and
 - ii. other legal matters;
 - k) penalties imposed on the organisation under the RO Act with respect to conduct of the reporting unit.
17. If any of the activities identified in paragraph 16 have not occurred in the reporting period, a statement to this effect must be included in the notes to the GPFR.

Statement of financial position

18. Where an item is disclosed on the face of the statement of financial position as:

- a) a receivable or other right to receive cash; or
- b) a payable or other financial liability; and
- c) the item or a part of the item has been derived as a result of one or more transactions and/or other past events with another reporting unit of the organisation,

the following additional disclosures must be made in the notes to the financial statements about the item or part of the item:

- d) the name of the other reporting unit; and
- e) the amount attributable to the other reporting unit.

19. If any of the activities identified in paragraph 18 have not occurred in the reporting period, a statement to this effect must be included in the GPFR.

Liabilities

20. Total amounts for the following items must be disclosed by the reporting unit in the notes to the financial statements, unless already disclosed on the face of the statement of financial position in accordance with Australian Accounting Standards:

- a) payables to employers as consideration for the employers making payroll deductions of membership subscriptions;
- b) payables in respect of legal costs and other expenses related to:

- i. litigation; and
 - ii. other legal matters;
- c) employee provisions in respect of holders of offices in the reporting unit by:
 - i. annual leave;
 - ii. long service leave;
 - iii. separation and redundancies;
 - iv. other employee provisions; and
- d) employee provisions in respect of employees (other than holders of offices) of the reporting unit by:
 - i. annual leave;
 - ii. long service leave;
 - iii. separation and redundancies; and
 - iv. other employee provisions.

21. If any of the activities identified in paragraph 20 have not occurred for the reporting period, a statement to this effect must be included in the GPFR.

Statement of changes in equity

22. Total amounts for the following items must be disclosed by the reporting unit in the notes to the financial statements, unless already disclosed on the face of the statement of financial position or statement of changes in equity in accordance with Australian Accounting Standards:

- a) name and balance of each fund or account operated in respect of compulsory levies raised by the reporting unit or voluntary contributions collected from members of the reporting unit;
- b) where monies, or the balance of monies referred to in subparagraph (a) have been invested in any assets:
 - i. the name of the fund or account; and
 - ii. the value of those assets;
- c) name and balance of each fund or account operated (other than the general fund or a fund referred to in (a)), the operation of which is required by the rules of the organisation including the rules of a branch of the organisation;
- d) where there has been transfer(s) and/or withdrawal(s) to a fund, account or controlled entity, when any of these are kept for a specific purpose(s) by the reporting unit:
 - i. the amount transferred to, or withdrawn;
 - ii. the name of the fund, account or controlled entity; and

- iii. the specific purpose of the fund, account or controlled entity; and
 - e) the balance of the general fund.
23. If any of the activities identified in paragraph 22 have not occurred in the reporting period, a statement to this effect must be included in the GPFR.

Statement of cash flows

24. Where another reporting unit and/or controlled entity of the organisation is the source of a cash inflow or the application of a cash outflow, such cash flow should be separately disclosed either in the cash flow statement or in the notes to the financial statements and show the name of the other reporting unit and/or controlled entity concerned.
25. If any of the activities identified in paragraph 24 have not occurred in the reporting period, a statement to this effect must be included in the notes to the GPFR.

Recovery of wages activity financial report

26. Where the reporting unit has undertaken recovery of wages activity and has derived revenues for the financial year in respect of such activity, the financial information associated with this activity must be disclosed as an additional financial report as required by section 253(2)(c) of the RO Act.
27. The financial report required under paragraph 26 must be prepared and presented in a manner consistent with Australian Accounting Standards.
28. Comparatives for the preceding financial year must be disclosed in the financial report required under paragraph 26.
29. The financial report required under paragraph 26 must be prepared under the accrual basis of accounting.
30. Balances for the following items must be disclosed in the financial report required under paragraph 26:

Revenue

- a) amounts in aggregate recovered from employers in respect of recovery of wages activity including the number of workers to which the monies recovered relates; and
- b) interest received on recovered monies

Expenditure

- c) deductions of amounts payable in aggregate in respect of membership of the organisation where at the time of deduction the amounts had become payable:
 - i. 12 months or less; or
 - ii. greater than 12 months; and
- d) deductions of donations or other contributions made to a fund or account:
 - i. of the reporting unit, showing the name and amount in aggregate in respect of each such fund or account; and

- ii. of another reporting unit of the organisation, showing the name of the other reporting unit and the name and amount in aggregate in respect of each such fund or account; and
- iii. of another entity, showing the name of the other entity and the name and amount in aggregate in respect of each such fund or account; and
- e) deductions in aggregate of fees charged or reimbursements in aggregate of expenses incurred by the reporting unit in respect of recovery of wages activity; and
- f) amounts in aggregate distributed to workers as recovered monies

Assets

- g) cash assets, including the name and balance of each fund or account, attributable to recovered monies as at the beginning of the financial year;
- h) cash assets, including the name and balance of each fund or account, attributable to recovered monies as at the end of the financial year;
- i) aggregate payables to workers attributable to recovered monies but not yet distributed including the number of workers to which the payables relate; and
- j) where monies, or the balance of monies have been invested in any assets:
 - i. the name of the fund or accounts or assets; and
 - ii. the value of those assets

Additional reporting requirements

31. Where a reporting unit's financial affairs are administered by another entity (the other entity), the reporting unit must disclose in a separate note in the GPFR a detailed breakdown of all services provided and/or expenses incurred. This will also include:
- a) the name of the other entity;
 - b) the terms and conditions of the arrangement;
 - c) a narrative description as to the nature of the expenses and/or consultancy services provided.

Where applicable, such disclosure shall be in accordance with the disclosure requirements of the Australian Accounting Standards, the RO Act and these reporting guidelines.

32. Any payments made during the reporting period to a former related party of the reporting unit, where the liability was incurred during the period in which a related party relationship existed, must be disclosed under the related party transaction note in the GPFR as though the related party relationship existed at the date of payment.²

² For example, payments of employment entitlements to former officers of the reporting unit would fall within this category.

Operating report

33. The operating report must:
- a) identify the officer(s) who prepared the report;
 - b) be signed by the officer(s) who prepared the report; and
 - c) be dated by each officer who has signed the report as at the date on which the officer signs the report.

Committee of management statement

34. For the purposes of paragraph 253(2)(c) of the RO Act, the reporting unit must prepare a committee of management statement containing declarations by the committee of management in relation to the GPFR.
35. The committee of management statement must include declarations by the committee of management as to whether in their opinion:
- a) the financial statements and notes comply with the Australian Accounting Standards;
 - b) the financial statements and notes comply with the reporting guidelines of the General Manager;
 - c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
 - d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
 - e) during the financial year to which the GPFR relates and since the end of that year:
 - i. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
 - v. where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act, that information has been provided to the member or General Manager; and
 - vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

- f) where the reporting unit has not derived revenue from undertaking recovery of wages activity, include the statement 'no revenue has been derived from undertaking recovery of wages activity during the reporting period' or
- g) where the reporting unit has derived revenue from undertaking recovery of wages activity:
 - i. the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - ii. the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and
 - iii. no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than as reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - iv. that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
 - v. no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

36. The committee of management statement must:

- a) be made in accordance with such resolution as is passed by the committee of management of the reporting unit in relation to the matters requiring declaration;
- b) specify the date of passage of the resolution;
- c) be signed by a designated officer within the meaning of section 243 of the RO Act; and
- d) be dated as at the date the designated officer signs the statement.

Auditor's statement

37. The auditor's statement required under section 257(5) of the RO Act must include a declaration as to whether in the auditor's opinion the GPFR is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- a) the Australian Accounting Standards;
- b) in relation to recovery of wages activity;
 - i. that the scope of the audit encompassed recovery of wages activity;

- ii. that the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:
 - (1) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
 - (2) any donations or other contributions deducted from recovered money; and
 - c) any other requirements imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the RO Act.
38. The auditor's statement:
- a) must include a declaration that either:
 - i. the auditor is an approved auditor; or
 - ii. the auditor is a member of a firm where at least one member is an approved auditor; and
 - b) must specify that the auditor:
 - i. is a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the Institute of Public Accountants (formerly the National Institute of Accountants); and
 - ii. holds a current Public Practice Certificate.
39. The auditor's statement must include a declaration, that as part of the audit of the financial statements, they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate.

Glossary of terms

40. The following terms are used in these reporting guidelines—the meaning of any term defined in the Australian Accounting Standards is not modified by the following glossary:

amalgamated organisation has the meaning provided in section 35 of the RO Act.

approved auditor has the meaning set out in regulation 4 of the RO Regulations.

assets are resources controlled by a reporting unit as a result of past events and from which future economic benefits are expected to flow to the entity.

Australian Accounting Standards means the accounting standards issued by the Australian Accounting Standards Board (AASB) or issued by CPA Australia and by The Institute of Chartered Accountants in Australia and adopted by the AASB (section 6 of the RO Act).

capitation fees mean amounts which, under the rules of the organisation or a branch of the organisation, a reporting unit may receive from or pay to another reporting unit of the organisation, calculated in accordance with rules of the organisation or branch for the purpose of ongoing general administrative expenses.

cash means cash on hand and demand deposits.

cash equivalent means short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

cash flows means inflows and outflows of cash and cash equivalents.

comparatives mean the corresponding amounts and other disclosures for the preceding financial year presented for comparative purposes as part of the current year's financial report.

control means the capacity of an entity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of another entity so as to enable that other entity to operate with it in achieving the objectives of the controlling entity.

control (of an entity) means the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

designated officer is an officer of the reporting unit within the meaning of section 243 of the RO Act.

employee benefits mean all forms of consideration given by the reporting unit in exchange for services rendered by holders of office or employees or for the termination of employment.

entity means any legal, administrative, or fiduciary arrangement, organisational structure (including a reporting unit of an organisation) or other party (including a person) having the capacity to deploy scarce resources in order to achieve objectives.

equity means the residual interest in the assets of the reporting unit after deducting all its liabilities.

financial records to the extent that they relate to finances or financial administration includes:

- a) a register;
- b) any other record of information;
- c) financial reports or financial records, however compiled, recorded or stored;
- d) a document (section 6 of the RO Act).

financial statements comprise a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and any other statement required by the Australian Accounting Standards (paragraph 253(2)(a) of RO Act).

financial support means financial resources provided to ensure that the provision of the principal activities are possible.

financial year in relation to an organisation means the period of 12 months commencing on 1 July in any year, or another period of 12 months as is provided in the rules of the organisation (section 6 of RO Act), or a different period in the special circumstances set out in section 240 of the RO Act.

general administrative expenses includes expenses in respect of the office of the reporting unit, and other expenses that arise at the reporting unit level and relate to the reporting unit as a whole.

general fund means the equity of the reporting unit other than in relation to any fund operated by the reporting unit for a specific purpose.

general purpose financial report has the meaning set out in subsection 253(2) of the RO Act.

grant or donation is taken to have the same meaning as used in section 149 or section 237 of the RO Act, though it is not limited by amount.

liabilities are a present obligation of the reporting unit arising from past events, the settlement of which is expected to result in an outflow from the reporting unit of resources embodying economic benefits.

membership subscriptions mean entrance fees or periodic subscriptions in respect of membership of the organisation.

notes to the financial statements comprise notes required by Australian Accounting Standards and information required by the reporting guidelines (paragraph 253(2)(b) of the RO Act).

organisation means an organisation registered under the RO Act.

other entity includes another reporting unit, a state association, a transitionally recognised association, external entity or other controlled entity of the reporting unit.

payables are amounts owed by the reporting unit to other entities for goods or services delivered.

prescribed designated officer for the purposes of paragraph 268(c) of the RO Act means:

- a) the secretary; or
- b) an officer of the organisation (or reporting unit) other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate.

RO Act means the *Fair Work (Registered Organisations) Act 2009*.

RO Regulations means the Fair Work (Registered Organisations) Regulations 2009

receivables are amounts owed to the reporting unit by other entities (including members of the reporting unit) for goods or services delivered (including membership subscriptions).

recovery of wages activity means work by the organisation to recover from employer's money due and payable to workers under awards, industrial instruments as prescribed in the *Fair Work Act 2009* and contracts of employment.

related party has the meaning set out as per the Australian Accounting Standards.

reporting unit has the meaning set out in section 242 of the RO Act.

revenue are inflows or other enhancements, or savings in outflows of future economic benefits in the form of increase in assets or reductions in liabilities of the reporting unit that result in an increase in equity during the financial year.

rules of an organisation are the rules that an organisation must have under Chapter 5, Part 2 of the RO Act.

whip around means the collection of monies, whether on one or more occasions and whether voluntary or compulsory, by an officer or member of the reporting unit for the purpose of providing financial support to member(s) of the reporting unit and/or assisting the reporting unit to carry out the registered organisation's objects as set out in its rules.

workers means, in the context of recovery of wages activity, an employee who may or may not be a member of the organisation engaging in the recovery of wages activity.



Bernadette O'Neill
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