



Reporting guidelines for the purposes of section 270

Publication history:	Relevant legislation
First edition: 20 June 2003	<i>Fair Work (Registered Organisations) Act 2009</i>
Second edition: 12 October 2004	<i>Fair Work (Registered Organisations) Regulations 2009</i>
Third edition: 4 May 2018	

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 financial reports that are held out to be general purpose financial reports (**GPFR**) as required to be prepared under subsection 270(4) of the RO Act by a reporting unit as defined in section 242 of the RO Act.

Operative date

3. These reporting guidelines apply to each financial year of a reporting unit that begins on or after 1 July 2017.

Purpose of reporting guidelines

4. These reporting guidelines apply for the purposes of section 270 of the RO Act.
5. Under subsection 270(4) of the RO Act a reporting unit to which a certificate has been issued by the Registered Organisations Commissioner (**the Commissioner**) under subsection 270(1) in relation to a financial year is required to have a GPFR prepared in accordance with these reporting guidelines. These reporting guidelines prescribe certain disclosure requirements having in mind the nature of organisations registered under the RO Act.
6. 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.

General Purpose Financial Report

7. The GPFR required to be prepared under subsection 270(4) of the RO Act must consist of:
 - a) financial statements containing:
 - i. a statement of comprehensive income;
 - ii. a statement of financial position; and
 - iii. a cash flow statement.

- b) notes to the financial statements containing information required by these reporting guidelines;
- c) the expenditure report as required under subsection 255(2A) of the RO Act; and
- d) a committee of management statement containing declarations by the committee of management required by these reporting guidelines.

General requirements for presentation and disclosures in GPFR

8. If a GPFR of a reporting unit presents information for current or prior annual financial years that are not equal to twelve months, the reporting unit must disclose, in addition to the period covered by the GPFR:
 - a) the reason for a period other than twelve months being used; and
 - b) the fact that comparative amounts disclosed in the GPFR and related notes are not comparable where the lengths of the financial years differ.
9. Each component of the GPFR must be clearly identified. In addition, the following information must be prominently displayed and repeated when it is necessary for a proper understanding of the information presented:
 - a) the name of the reporting unit and any change in name from the preceding reporting date;
 - b) the reporting date or the period covered by each financial statement, as is appropriate; and
 - c) the rounding used in the presentation of amounts in the GPFR.
10. The notes to the financial statements must be presented in a systematic manner. Each item on the face of a financial statement must be cross-referenced to any directly related information in the notes.
11. The notes to the financial statements are normally presented in the following order which assists users in understanding the financial statements and comparing them with those of other reporting units:
 - a) summary of accounting policies;
 - b) supporting information for items presented on the face of the financial statements in the order in which each financial statement and each line item is presented; and
 - c) other disclosures, including:
 - i. contingencies, commitments and other financial disclosures; and
 - ii. non-financial disclosures.
12. The notes to the financial statements must disclose:
 - a) information about the basis of preparation of the financial statements and the specific accounting policies used that are relevant to an understanding of the financial statements;
 - b) additional information that is not presented in the financial statements and that is necessary to enable an assessment of the reporting unit's financial performance and financial position to be made;
 - c) any contingent liabilities specifying separately that for unsecured contingent liabilities and that for contingent liabilities secured upon the assets of the reporting unit; and

- d) 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.
13. The presentation and classification of items in the GPFR must be retained from one financial year to the next unless:
- a) a significant change in the nature of the operations of the reporting unit requires a more relevant presentation or classification of transactions or other events; or
 - b) a review of the presentation of the reporting unit's GPFR concludes that the change will result in a more relevant presentation or classification of transactions or other events.
14. Where the reporting unit is dependent on another entity for a significant volume of revenue or financial support and that dependency is not clearly discernible from a separate line item in the statement of comprehensive income or statement of financial position, the notes to the financial statements must disclose:
- a) the name of the entity on which there is an economic dependency; and
 - b) the amount of revenue or financial support derived from the other entity.
15. Comparatives for the preceding financial year which correspond to the disclosures specified for the current financial year must be disclosed, except where, in respect of the financial year to which these reporting guidelines are first applied, comparatives were not required under the RO Act or *Fair Work (Registered Organisations) Regulations 2009 (RO Regulations)* or a superseded version of these reporting guidelines.
16. Where a reporting unit acquires an asset or a liability during the financial year as a result of an amalgamation under Part 2 of Chapter 3, of the RO Act in which the reporting unit was the amalgamated organisation, 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:
- a) the date acquired;
 - b) a description; and
 - c) the name of the organisation from which it was acquired.

Statement of comprehensive income

Revenue

17. Total amounts for the following items of revenue must be disclosed, so far as applicable, either in the notes to the financial statements or on the face of the statement of comprehensive income:
- a) membership subscriptions (i.e. fees in respect of membership of the organisation);
 - b) where compulsory levies or voluntary contributions (including whip arounds) are raised from the members for the furtherance of a particular purpose:
 - i. a brief description of the purpose of each such levy or appeal; and
 - ii. the amount;
 - c) donations or grants (other than voluntary contributions referred to in subparagraph b)); and
 - d) any revenue derived from undertaking recovery of wages activity.

Expense

18. Total amounts for the following items of expenditure must be disclosed, so far as applicable, either in the notes to the financial statements or on the face of the statement of comprehensive income:
- a) amount paid to employers for making payroll deductions of membership subscriptions;
 - b) where fees/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;
 - c) where compulsory levies have been imposed on the reporting unit by another entity, for each such levy:
 - i. a brief description of purpose;
 - ii. the amount; and
 - iii. the name of the entity imposing the levy ;
 - d) where grants or donations have been expensed:
 - i. the total amount of grants that were \$1,000 or less;
 - ii. the total amount of grants that exceeded \$1,000;
 - iii. the total amount of donations that were \$1,000 or less; and
 - iv. the total amount of donations that exceeded \$1,000;

Grants and donations that exceed \$1,000 must be separately disclosed in a statement and lodged with the ROC in accordance with section 237 of the RO Act.¹

- e) 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 redundancy; and
 - v. other employee expenses (specify if material);
- f) employee expenses related to employees (other than holders of offices) of the reporting unit by each of the following categories:
 - i. wages and salaries;

¹ Civil penalty provisions apply.

- ii. superannuation;
 - iii. leave and other entitlements;
 - iv. separation and redundancy; and
 - v. other employee expenses (specify if material);
- g) fees and/or allowances (excluding any employee expenses already included in an amount referred to in subparagraphs (e) or (f)) paid to persons in respect of their attendances as representatives of the reporting unit at conferences or other meetings;
- h) expenses (other than expenses included in an amount referred to elsewhere in this paragraph) incurred in connection with holding meetings, as required under the rules of the organisation, for which the reporting unit was wholly or partly responsible;
- i) remuneration of the auditor of the reporting unit for:
- i. an audit or a review of the financial report of the reporting unit; and
 - ii. other services in relation to the reporting unit;
- j) legal costs and other expenses related to:
- i. litigation; and
 - ii. other legal costs;
- k) general administrative expenses other than any such expenses included in an amount referred to elsewhere in this paragraph;
- l) interest on loans and any other expenses incurred in connection with the control or management of the assets of the reporting unit;
- m) provision for depreciation or amortisation on investments and other assets; and
- n) penalties imposed on the organisation under the RO Act and the *Fair Work Act 2009*.
19. The statement of comprehensive income shall disclose so far as applicable the balances for the following items:
- a) profit or loss;
 - b) other comprehensive income;
 - c) total comprehensive income for the period, being the total profit or loss and other comprehensive income;
 - d) where any amount (other than an amount included in an amount referred to elsewhere in these reporting guidelines) has been transferred to a fund or account kept for a specific purpose by the reporting unit or any such amount has been withdrawn from such a fund or account:
 - i. the amount transferred to, or withdrawn from, that fund or account as the case may be; and
 - ii. the name of the fund or account; and
 - e) the net surplus or net deficit of the reporting unit that has been transferred to the general fund.

Statement of financial position

Assets

20. Balances for the following items must be disclosed, so far as applicable, either in the notes to the financial statements or on the face of the statement of financial position:
- a) cash and cash equivalents;
 - b) prepayments;
 - c) receivables relating to:
 - i. trade receivables;
 - ii. GST receivables;
 - iii. loans receivable that have been made, guaranteed or secured by the reporting unit to an officer of the reporting unit or a spouse, relative or any other entity under the joint or several control or significant influence of such officers, spouses or relative; and
 - iv. other receivables;
 - d) investments;
 - e) assets relating to:
 - i. property, plant and equipment;
 - ii. intangible assets; and
 - iii. other assets;
 - f) accumulated depreciation presented as a deduction from the asset or class of assets to which it relates;
 - g) for each class of depreciable asset:
 - i. the depreciation methods used; and
 - ii. the useful lives or the depreciation rates used; and
 - iii. the gross amount of depreciable assets and the related accumulated depreciation.

Liabilities

21. Balances for the following items must be disclosed, so far as applicable, either in the notes to the financial statements or on the face of the statement of financial position:
- a) payables relating to:
 - i. employers for making payroll deductions of membership subscriptions;
 - ii. litigation and other legal costs; and
 - iii. other payables;
 - b) interest-bearing liabilities;

- c) employee provisions in respect of holders of offices in the reporting unit by:
 - i. annual leave;
 - ii. long service leave;
 - iii. separation and redundancy;
 - 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 redundancy; and
 - iv. other employee provisions.

Equity

22. Balances for the following items must be disclosed, so far as applicable, either in the notes to the financial statements or on the face of the statement of financial position:
- a) each fund or account operating:
 - i. in respect of compulsory levies raised by the reporting unit or voluntary contributions collected from members of the reporting unit; or
 - ii. that is required by the rules of the organisation;
 - b) in respect of any transfer to and/or withdrawals from any fund or account mentioned in a) above:
 - i. the name of the fund or account;
 - ii. the amount transferred or withdrawn;
 - c) where monies from a fund or account mentioned in a) above have been invested in any asset(s):
 - i. the name of the fund or account from which the monies were invested; and
 - ii. the value of those asset(s); and
 - d) the balance of the general fund.

Statement of cash flows

23. The statement of cash flows shall report cash inflows and cash outflows during the reporting period classified by operating, investing and financing activities. Total amounts of cash flows for the following items must be disclosed, so far as applicable, on the face of the statement of cash flows:

Operating activities

- a) cash receipts from:

- i. membership subscriptions;
 - ii. sale of goods and rendering of services;
 - iii. interest; and
 - iv. other
- b) cash payments to:
 - i. suppliers for goods and services;
 - ii. employees; and
 - iii. other

Investing activities

- c) cash receipts from:
 - i. sale of assets; and
 - ii. other
- d) cash payments to:
 - i. purchase assets; and
 - ii. other

Financing activities

- e) cash receipts from:
 - i. borrowings; and
 - ii. other
- f) cash payments to:
 - i. repay borrowings; and
 - ii. other

24. The reporting unit shall report cash flows from operating, investing and financing activities on a direct method, that is, all major classes of gross cash receipts and gross cash payments are disclosed.

25. The reporting unit shall disclose the components of cash and cash equivalents and shall present a reconciliation of the amounts in its statement of cash flows with the equivalent items in the statement of financial position.

Report required under subsection 255(2A)

26. Subsection 255(2A) of the RO Act requires a reporting unit to prepare a separate report that shows the total expenditure incurred by the reporting unit during the financial year in relation to each of the following:

- a) remuneration, and other employment-related costs and expenses, in respect of employees;

- b) advertising;
 - c) operating costs;
 - d) donations to political parties;
 - e) legal costs.
27. The RO Act allows for this total expenditure to be shown in diagrammatic form however it is not compulsory to present this information in diagrammatic form and it is at the discretion of the reporting unit on how to present this information in the report. The information is only required to be reported in one format, that is, in either a descriptive form or a diagrammatic form.

Operating report

28. The Commissioner considers it best practice that the operating report that is required to be prepared under section 254 of the RO Act:
- a) be signed and name printed by officer(s) of the reporting unit; and
 - b) 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

29. For the purposes of subparagraph 7(d) of these guidelines, the reporting unit must prepare a committee of management statement containing declarations by the committee of management in relation to the GPFR.
30. 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 reporting guidelines of the Commissioner for the purposes of section 270 of the RO Act;
 - b) 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;
 - c) 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;
 - d) 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; and
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv. where information has been sought in any request by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
 - v. 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.

31. 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 prescribed designated officer within the meaning of regulation 164(2) of the RO Regulations; and
 - d) be dated as at the date the prescribed designated officer signs the statement.

Auditor's statement

32. The auditor of the reporting unit, as defined under subsection 256(2) of the RO Act, must prepare and provide the reporting unit with a copy of the report of the auditor in relation to the inspection and audit of the financial records of the reporting unit in relation to a financial year. The auditor's statement required under section 257 of the RO Act must include a declaration as to whether in the auditor's opinion the GPFR is presented fairly in accordance with the:
- a) requirements imposed by these reporting guidelines and Part 3 of Chapter 8 of the RO Act.
33. The auditor's statement:
- a) must include a declaration that either:
 - i. the auditor is a registered auditor; or
 - ii. the auditor is a member of a firm where at least one member is a registered auditor; or
 - iii. the auditor is a member of a company where at least one of whose directors, officers or employees is a registered auditor; and
 - b) must specify the registered auditor's:
 - i. name; and
 - ii. registration number.
34. 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

35. 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.

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.

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.

contingent liability means:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events but is not recognised because:
 - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

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.

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 service 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.

expenses means decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distribution to equity participants.

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

- 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 and a statement of cash flows.

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.

financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

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 required to be prepared under subsection 270(4) of the RO Act comprises those documents specified at paragraph 7 of these guidelines.

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.

investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

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 and/or include entrance fees or periodic subscriptions in respect of membership of the organisation.

notes to the financial statements comprise notes containing information required by these reporting guidelines.

operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

organisation means an organisation registered under the RO Act.

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

other comprehensive income comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit and loss. The components of other comprehensive income include:

- a) changes in revaluation surplus;
- b) re-measurements of defined benefit plans
- c) gains and losses on remeasuring available-for-sale financial assets; and
- d) the effective portion of gains and losses on hedging instruments in a cash flow hedge.

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

prepayments are payments made by the reporting unit in advance of the financial year to which they pertain.

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

- a) the secretary; or
- b) an officer (i.e. within the meaning of section 9 of the RO Act) 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.

profit or loss is the total of income less expenses, excluding the components of other comprehensive income.

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.

registered auditor means a person who is registered as an auditor under subsection 255B(2) or (3) of the RO Act.

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

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

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

revenue means the gross inflows of economic benefits during the period arising in the course of ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.

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

significant influence the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies.

total comprehensive income is the change in equity during a period resulting from transactions and other events. It comprises all components of 'profit or loss' and of 'other comprehensive income'.

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.



THE COMMISSIONER

Registered Organisations Commissioner