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## Reporting guidelines for the purposes of section 253 - fifth edition

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I, Mark Bielecki, the Registered Organisations Commissioner, hereby issue under subsection 255(1) of the *Fair Work (Registered Organisations) Act 2009* reporting guidelines for the purpose of section 253 of that Act, entitled *Reporting guidelines for the purposes of section 253 - fifth edition*.

Date 4 May 2018

Mark Bielecki  
Registered Organisations Commissioner

| <b>Publication history:</b>     | <b>Relevant legislation</b>                                  |
|---------------------------------|--|
| 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: 26 June 2013     |  |
| Fourth edition: 13 June 2014    |  |
| Fifth edition: 4 May 2018       |  |

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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, of a reporting unit as defined in section 242 of the RO Act, except where the Registered Organisations Commissioner (**the Commissioner**) 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 organisation.

## Operative date

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

## 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 *AASB 1053 Application of 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 statements. The reporting unit must disclose:
  - a) the name of the reporting unit(s) from which the agreed financial support is 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 statements. 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 forms part) was the amalgamated organisation; or
  - b) a restructure of the branches of the organisation; or
  - c) a determination by the General Manager of the Fair Work Commission under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
  - d) a revocation by the General Manager of the Fair Work Commission 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) the date acquired;
- f) a description; and
- g) the name of the entity (including a reporting unit of the organisation or that of another organisation) from which it was acquired.

## Statement of comprehensive income

### Revenue

13. Total amounts for the following items of revenue must be disclosed either in the notes to the financial statements or on the face of the statement of comprehensive income, in accordance with Australian Accounting Standards:

- a) membership subscriptions (i.e. fees in respect of membership of the organisation);
- b) where the reporting unit receives capitation fees (or equivalent terminology referred to in the organisations rules e.g. sustentation fees) or any other revenue amount from another reporting unit:
  - i. the description of each item of revenue;
  - ii. the amount from each reporting unit; and
  - iii. the name of each such reporting unit;

Note: when a disclosure under this item overlaps with the requirements of *AASB 124 Related Party Disclosures* this information only needs to be included once in the Notes to the financial statements.

- c) 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;
- d) donations or grants (other than voluntary contributions referred to in subparagraph c)); and
- e) any revenue derived from undertaking recovery of wages activity.

### Expense

14. Total amounts for the following items of expenditure must be disclosed either in the notes to the financial statements or on the face of the statement of comprehensive income, in accordance with Australian Accounting Standards:

- a) amount paid to employers for making payroll deductions of membership subscriptions;
- b) where the reporting unit has paid a capitation fee (or equivalent terminology referred to in the organisations rules e.g. sustentation fees) or any other expense to another reporting unit:
  - i. the description of each item of expenditure;
  - ii. the amount paid to each reporting unit; and

- iii. the name of each such reporting unit;

Note: when a disclosure under this item overlaps with the requirements of *AASB 124 Related Party Disclosures* this information only needs to be included once in the Notes to the financial statements.

- c) 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;
- d) where compulsory levies have been imposed on the reporting unit by another reporting unit or other entity, for each such levy:
  - i. a brief description of purpose;
  - ii. the amount; and
  - iii. the name of the other reporting unit or entity imposing the levy ;
- e) 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.<sup>1</sup>

- 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 redundancy; 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;

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<sup>1</sup> Civil penalty provisions apply.

- iii. leave and other entitlements;
- iv. separation and redundancy; and
- v. other employee expenses (specify if material);
- h) fees and/or allowances (excluding any employee expenses already included in an amount referred to in subparagraphs (f) or (g)) 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, as required under the rules of the organisation, which the reporting unit was wholly or partly responsible;
- j) legal costs and other expenses related to:
  - i. litigation; and
  - ii. other legal costs; and
- k) penalties imposed on the organisation under the RO Act and the *Fair Work Act 2009*.

### **Statement of financial position**

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

- a) a receivable; or
- b) a payable; and
- c) 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:

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

### **Liabilities**

16. Balances for the following items must be disclosed either in the notes to the financial statements or on the face of the statement of financial position, in accordance with Australian Accounting Standards:

- a) payables to employers for making payroll deductions of membership subscriptions;
- b) payables in respect of legal costs and other expenses related to:
  - i. litigation; and
  - ii. other legal costs;
- 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.

### **Statement of changes in equity**

17. Balances for the following items must be disclosed in the notes to the financial statements or on the face of the statement of financial position or statement of changes in equity in accordance with Australian Accounting Standards:
- a) each fund or account operating:
    - i. in respect of compulsory levies raised or voluntary contributions collected; or
    - ii. that is required by the rules of the organisation including the rules of a branch of the organisation;
  - b) in respect of any transfers to and/or withdrawals from any fund or account mentioned in a) above:
    - i. the name of the fund, account or controlled entity;
    - 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**

18. 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, the following details of such cash flow should be separately disclosed either in the cash flow statement or in the notes to the financial statements:
- i. the name of the other reporting unit and/or controlled entity concerned; and
  - ii. the amount paid to/received from each.

## Additional reporting requirements

19. Where a reporting unit's financial affairs are administered by another 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 include:
- the name of the entity;
  - the terms and conditions of the arrangement;
  - a narrative description as to the nature of the expenses and/or consultancy services provided.
- Such disclosure shall be in accordance with the disclosure requirements of the Australian Accounting Standards, the RO Act and these reporting guidelines.
20. 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.<sup>2</sup>
21. All activities described within items 10 – 20 of these reporting guidelines must be disclosed in the GPFR. If any of the activities identified have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement (see Appendix 1).

## Report required under subsection 255(2A)

22. 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:
- remuneration, and other employment-related costs and expenses, in respect of employees;
  - advertising;
  - operating costs;
  - donations to political parties;
  - legal costs.
23. 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

24. The Commissioner considers it best practice that the operating report:
- be signed and name printed by officer(s) of the reporting unit; and
  - be dated by each officer who has signed the report as at the date on which the officer signs the report.

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

## **Committee of management statement**

25. 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.
26. 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 Commissioner;
  - 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 the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; 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.
27. 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**

28. 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 the following:
  - a) the Australian Accounting Standards; and



- b) any other requirements imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the RO Act.
29. 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.
30. 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

31. 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.

**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** (also commonly known as sustentation fees or affiliation 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 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, 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 and/or include 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, 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 (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.

**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*.

**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** 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.

**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**

### OFFICER DECLARATION STATEMENT

I, [NAME], being the [OFFICE] of the [ORGANISATION/BRANCH], declare that the following activities did not occur during the reporting period ending [INSERT DATE].

The reporting unit did not:

*(delete items that appear elsewhere in the audited report)*

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive periodic or membership subscriptions
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- pay affiliation fees to another entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay a donation that exceeded \$1,000
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay legal costs relating to litigation
- pay legal costs relating to other legal matters
- pay a penalty imposed under the RO Act or the *Fair Work Act 2009*
- have a receivable with another reporting unit
- have a payable with another reporting unit
- have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:

Dated:

Note: The name of this instrument was amended on registration as the instrument as lodged did not have a unique name (see subsection 10(2), *Legislation Rule 2016*).