



# INCORPORATED ASSOCIATIONS: REPORTING AND AUDITING OBLIGATIONS

BE HEARD.  
BE RECOGNISED.

CPA  
AUSTRALIA



Financial Reporting by Unlisted Public Companies - Discussion Paper (Appendix 1) was published by the Commonwealth Dept of Treasury in June 2007 and copyright is held by the Commonwealth of Australia. The table, Summary of Financial Reporting Requirements for Unlisted Public Companies and Incorporated Associations, is reproduced herein by permission.

This material is intended to be a guide only and no part of these materials are intended to be advice, whether legal or professional. You should not act solely on the basis of the information contained in these materials as parts may be generalised and may apply differently to different people and circumstances.

To the extent permitted by applicable law, CPA Australia Ltd, its employees, agents and consultants exclude all liability for any loss or damage claims and expenses including but not limited to legal costs, indirect special or consequential loss or damage (including but not limited to, negligence) arising out of the information in the materials.

Where any law prohibits the exclusion of such liability, CPA Australia Ltd limits its liability to the resupply of the information.

All rights reserved. Without limiting the rights under copyright reserved above, no part of these notes may be reproduced or utilised in any form or by any means, electronic or mechanical, including photocopying, recording, or by information storage or retrieval system, without prior written permission from the Commonwealth of Australia.

September 2014

# INTRODUCTION

---

Incorporated Associations in Australia are governed by each state and territory's Associations Incorporation Act. The reporting requirements are established by each local jurisdiction. Reference to the relevant legislation is recommended especially when the operations of the entity extends beyond its domiciled jurisdiction.

The following table provides a summary of each state and territory's financial reporting and auditing requirements.

It is recommended that members refer to the relevant state government department websites for the latest developments in the legislation.

CPA Australia has commented on this topic in recent times, including submissions to the relevant state government departments and in its pre-budget submissions to the Federal Treasury. CPA Australia's submissions are available from the website on the **Audit and Assurance Portal**.

This guide considers legislation relevant in Australia. Members practising outside of Australia must comply with the specific requirements of local laws and/or regulations.

# INCORPORATED ASSOCIATIONS: REPORTING AND AUDITING OBLIGATIONS

## SUMMARY OF FINANCIAL REPORTING REQUIREMENTS FOR UNLISTED PUBLIC COMPANIES AND INCORPORATED ASSOCIATIONS

	LEGISLATION	MAINTAIN FINANCIAL RECORDS	LODGEMENT OF FINANCIAL INFORMATION	PRESENTED TO MEMBERS	AUDIT	ACCOUNTING / AUDITING STANDARDS
<b>Cth</b>	<i>Corporations Act 2001</i>	Yes — Section 286	Yes with ASIC — Section 319(1). Must lodge a directors' report and declaration, balance sheet, profit and loss statement, cash flow statement, statement of changes in equity and the notes to the financial statements.	Yes — accounts must be distributed to members by the earlier of 21 days before the AGM or 4 months after the end of the financial year — section 315.	<p><b>Tier 3</b> (revenue of \$1m or more) – Audit must be completed by a 'registered company auditor'.</p> <p><b>Tier 2</b> (revenue of less than \$1m) – can elect to have review rather than audit. Review must be conducted by a member of CPA Australia, ICAA or IPA.</p> <p>For review engagements a member must meet competency requirements. See <b>Competency requirements for assurance practitioners undertaking review engagements</b>.</p> <p><b>Tier 1</b> (revenue of less than \$250,000) – no audit or review requirements unless required by ASIC.</p> <p>Note: for periods commencing 1 July 2013 onwards, companies limited by guarantee that are also charities registered with the Australian Charities and Not-For-Profits Commission (ACNC) are required to comply with the financial reporting and audit/review requirements under the ACNC legislation.</p>	<b>Tiers 2 and 3</b> – the accounts must be prepared in accordance with applicable accounting standards — Section 296. The audit or review must be conducted in accordance with auditing standards — Section 307A.
<b>ACT</b>	<i>Associations Incorporations Act 1991</i> <a href="http://legislation.act.gov.au">legislation.act.gov.au</a>	Yes — Section 71	Yes with Register-General — Section 79. Accounts must give a true and fair view of income and expenditure, assets and liabilities.	Yes at AGM — Section 73.	Yes, but not required to be completed by an accountant — Section 74. Audit by a registered company auditor or a member of CPA Australia, ICAA or IPA only required if assets or revenue greater than \$150,000 or more than 1000 members or hold a liquor licence — Section 74 and Regulation 12. If the association has revenue exceeding \$500,000, the audit must be conducted by a registered company auditor — Section 76 and Regulation 13.	Audit opinion of an association with more than \$500,000 in revenue must state whether accounting standards have been complied with and, if not, whether this means they are not true and fair — Section 76.

# INCORPORATED ASSOCIATIONS: REPORTING AND AUDITING OBLIGATIONS

	LEGISLATION	MAINTAIN FINANCIAL RECORDS	LODGEMENT OF FINANCIAL INFORMATION	PRESENTED TO MEMBERS	AUDIT	ACCOUNTING / AUDITING STANDARDS
<b>NT</b>	<i>Associations Act 2003</i> <a href="http://justice.nt.gov.au">justice.nt.gov.au</a>	Yes — Section 41	Yes with Commissioner — Section 45. Accounts must not be misleading and must give a true and fair view of income and expenditure, assets and liabilities, any mortgages/charges on property and the activities of any trusts controlled by the entity — Section 42. Must also be presented with a statement by the management committee – Section 43 and Schedule 4 of Regulations.	Yes at AGM — Section 43. Associations are also required to make members aware of the accounts at least 14 days before the AGM — Section 44.	Yes, but varies on the size of the association. If the association has less than \$25,000 in revenue and less than \$50,000 in assets, it can be audited by a non-associated lay person.  Associations with up to \$250,000 in revenue or \$500,000 in assets can be audited by an accountant or a person holding a prescribed class of qualifications and associations over these amounts must be audited by member of an accounting body holding a public practice certificate or a person approved by the Commissioner— Sections 46, 47 and 48.	All audit opinions must state whether Australian Accounting Standards have been complied with. Schedule 4, Regulations.  Audit opinion of an association with more than \$250,000 in revenue or \$500,000 in assets must state whether accounting standards have been complied with and, if not, whether this means they are not true and fair — Section 48.  Audits of associations with more than \$25,000 in revenue or \$50,000 in assets must be conducted in accordance with applicable auditing standards — Regulation 11.
<b>NSW</b>	<i>Associations Incorporation Act 2009 and Associations Incorporation Regulation 2010</i> <a href="http://fairtrading.nsw.gov.au/Cooperatives_and_associations/Associations.html">fairtrading.nsw.gov.au/Cooperatives_and_associations/Associations.html</a>	Yes – Section 50	Yes with Director-General – Section 45: summary of financial affairs plus financial statements for <b>Tier 1</b> associations. Section 49: summary of financial affairs for <b>Tier 2</b> associations.  <b>Tier 1</b> associations have gross receipts of greater than \$250,000 or current assets of greater than \$500,000.	Yes at AGM – Section 44 ( <b>Tier 1</b> ) and Section 48 ( <b>Tier 2</b> ): financial statements to be presented.	Yes for <b>Tier 1</b> associations (Section 43). Audit to be conducted by Registered Company Auditor [Section 51 (1)(a)] or by a member of CPA Australia, ICAA or IPA who holds a public practice certificate issued by one of the bodies [Class Order 10/01 under Section 53(1)].	Financial statements to be prepared in accordance with Australian Accounting Standards for <b>Tier 1</b> associations [Section 43(2)]. Auditor's report to be prepared in accordance with Australian Auditing Standards for <b>Tier 1</b> associations [Section 43(3)].

# INCORPORATED ASSOCIATIONS: REPORTING AND AUDITING OBLIGATIONS

	LEGISLATION	MAINTAIN FINANCIAL RECORDS	LODGEMENT OF FINANCIAL INFORMATION	PRESENTED TO MEMBERS	AUDIT	ACCOUNTING / AUDITING STANDARDS
<b>QLD</b>	<p><i>Associations Incorporation Act 1981 (as amended by the Associations Incorporation and Other Legislation Amendment Act 2007)</i></p> <p><a href="http://legislation.qld.gov.au/OQPChome.htm">legislation.qld.gov.au/OQPChome.htm</a></p>	Yes — Regulation 9	Yes with Chief Executive — Section 59, 59A and 59B. Associations are required to lodge a financial statement that outlines the association's income and expenditure, assets and liability and details about mortgages, charges and securities affecting the association's property – Sections 2 and 59.	Yes at AGM — Sections 59, 59A and 59B.	Yes, but varies on the size of the association. If the association has less than \$20,000 in revenue and \$20,000 in current assets, the accounts only need to be accompanied by a statement from the entity's Treasurer or President that the association's books are kept in an appropriate manner. Associations with up to \$100,000 in revenue or \$100,000 in current assets must be accompanied by a statement by a member of CPA Australia, ICAA, or IPA, or a registered company auditor that the association has bookkeeping processes in place to adequately record the association's income and expenditure and dealings with its assets and liabilities. Associations above these thresholds (or who are required to have their accounts audited under other legislation) must have their accounts audited by a member of CPA Australia, ICAA or IPA, or a registered company auditor – Sections 59, 59A and 59B.	No requirement for the accounts to be prepared in accordance with accounting standards.
<b>SA</b>	<p><i>Associations Incorporation Act 1985</i></p> <p><a href="http://ocba.sa.gov.au">ocba.sa.gov.au</a></p>	Yes — Sections 35 and 39C	Yes but only if required to prepare accounts. An entity is required to prepare accounts if it has revenue greater than \$500,000 — section 35. Accounts must be lodged with the Corporate Affairs Commission. The accounts must fairly present the results of the operations of the association and its financial position — section 35.	Yes at AGM but only if required to prepare — Section 35.	Yes (if required to prepare) by a registered company auditor or just a member of CPA Australia, ICAA or IPA, a person the Commissioner considers has appropriate qualifications — Section 35.	No express requirement to use accounting standards, but the auditor must attest that the accounts 'present fairly' the results and financial position of the association — Section 37
<b>TAS</b>	<p><i>Associations Incorporation Act 1964</i></p> <p><a href="http://consumer.tas.gov.au">consumer.tas.gov.au</a></p>	Yes — Section 23A	Yes with the Commissioner (if not exempt by the Commissioner) — Section 24B. Accounts must be adequate to explain the financial transactions and financial position of the association — Section 24B.	No requirement to present accounts to members.	Yes (if not exempt by the Commissioner) — Section 24. The person must be a registered company auditor or another person approved by the Commissioner — Section 24.	No requirement for the accounts to be prepared in accordance with accounting standards.

# INCORPORATED ASSOCIATIONS: REPORTING AND AUDITING OBLIGATIONS

	LEGISLATION	MAINTAIN FINANCIAL RECORDS	LODGEMENT OF FINANCIAL INFORMATION	PRESENTED TO MEMBERS	AUDIT	ACCOUNTING / AUDITING STANDARDS
<b>WA*</b>	<i>Associations Incorporation Act 1987</i> <b>docep.wa.gov.au</b>	Yes — Section 25	No requirement to lodge accounts.	Yes at AGM — Section 26. Must present accounts showing the financial position of the association.	No requirement for an audit.	No requirement for the accounts to be prepared in accordance with accounting standards.
<b>VIC</b> Periods ending before 30-6-2013	<i>Associations Incorporation Act 1981</i> <b>consumer.vic.gov.au</b>	Yes — Section 30A	Yes — Section 30. Accounts must be lodged with the Registrar. Accounts must contain particulars of income and expenditure, assets and liabilities, any mortgages/charges on property and the activities of any trusts controlled by the entity — Section 30.	Yes at AGM — Section 30.	Yes but only if revenue over \$200,000 or assets over \$500,000. Auditor must be a registered company auditor, a member of CPA Australia or ICAA, or a person otherwise approved by the Registrar — Section 30B.	Accounts must be prepared in accordance with AAS 4, AAS 5, AAS 6, AAS 8, AAS 15, AAS 17, AAS 28, AAS 36, AASB 1018 and AASB 1041 — Regulation 7.

\*It is noted that WA is in the process of amending the reporting requirements for incorporated associations through the Associations Incorporation Green Bill 2006. This table does not include an outline of the measures proposed in this Bill.

# INCORPORATED ASSOCIATIONS: REPORTING AND AUDITING OBLIGATIONS

	LEGISLATION	MAINTAIN FINANCIAL RECORDS	LODGEMENT OF FINANCIAL INFORMATION	PRESENTED TO MEMBERS	AUDIT	ACCOUNTING / AUDITING STANDARDS
<b>VIC</b>  Periods ending on or after 30-6-2013	<i>Associations Incorporation Reform Act 2012</i>  <a href="http://consumer.vic.gov.au">consumer.vic.gov.au</a>	Yes — Section 89	Yes — Section 102. Accounts must be lodged with the Registrar. Accounts must contain particulars of income and expenditure, assets and liabilities, any mortgages/charges on properties and the activities of any trusts controlled by the entity — Section 101.	Yes at AGM — Sections 94 (tier 1), 97 (tier 2) and 100 (tier 3).  <b>Tier 1</b> – total revenue was less than \$250,00 in the previous financial year  <b>Tier 2</b> – total revenue was between \$250,000 and \$1 million in the previous financial year  <b>Tier 3</b> – total revenue was more than \$1 million in the previous financial year	Yes - in the case of a <b>tier three</b> association. Auditor must be a registered company auditor, or holds a current practising certificate from CPA Australia, ICAA or IPA, or a person otherwise approved by the Registrar. A <b>tier three</b> association is an association with revenue more than \$1,000,000 in the previous year.  A review is required in the case of a <b>tier two</b> association. Reviewer must hold a current practising certificate from CPA Australia, ICAA or IPA or a person otherwise approved by the Registrar. A <b>tier two</b> association is an association which is neither a tier one or tier three association.  For review engagements a member must meet competency requirements. See <b>Competency requirements for assurance practitioners undertaking review engagements</b> .  An audit or review is not required by a <b>tier one</b> association unless requested by the members or the registrar.	<b>Tier 1</b> – Financial statements must give a true and fair view of the financial position and performance during and at the end of the last financial year – Section 92.  <b>Tiers 2 and 3</b> – Financial statements must be prepared in accordance with Australian Accounting Standards – Sections 95 and 98.  An association that is a reporting entity as defined in <b>Statement of Accounting Concept 1</b> will be required to prepare General Purpose Financial Statements while an entity that is not a reporting entity will have the option to either prepare General Purpose Financial Statements or Special Purpose Financial Statements.  Associations that prepare General Purpose Financial Statements have the option to apply the <b>Reduced Disclosure Requirements</b> versions instead of the full versions.  The reviewer's report must be prepared in accordance with Auditing Standards on Review Engagements – Section 96(3).  The auditor's report must be prepared in accordance with Australian Auditing Standards – Section 99(4).