



Australian Government
Registered Organisations Commission

29 November 2018

Mr Robert Kirkham
Secretary/Treasurer
Australian Business Industrial

By e-mail: industrial@australianbusiness.com.au

CC: james.mcelvogue@pwc.com

Dear Mr Kirkham,

Australian Business Industrial

Financial Report for the year ended 30 June 2018 - [FR2018/215]

I acknowledge receipt of the financial report of the Australian Business Industrial (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 26 October 2018. I also acknowledge receipt of the subsection 255(2A) report of the reporting unit. The report was lodged with the ROC on 23 November 2018.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these matters have been addressed prior to filing next year's report.

Subsection 255(2A) report to be included

A general purpose financial report prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. The financial report lodged on 26 October 2018 did not include a subsection 255(2A) expenditure report. The subsection 255(2A) report was subsequently lodged on 23 November 2018, after the financial report was audited and provided to members of the reporting unit.

Please note that the subsection 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

Please ensure in future years that the subsection 255(2A) report is prepared, audited, provided to members and lodged with the ROC.

Nil activities disclosure

Item 21 of the reporting guidelines (**RGs**) states that if any activities described within items 10-20 have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement. The notes contained nil activity information for all prescribed RG categories except the following:

- Making a payment to a former related party of the reporting unit.

Please ensure in future years that the above mentioned item is disclosed in either the financial statements, the notes or in the officer's declaration statement as per the reporting guidelines.

Nil activities disclosure – to be disclosed once.

Item 21 of the RGs states that if any activities identified within items 10-20 have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement. I note that the notes includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the financial statements:

- "Receiving capitation fees from another reporting unit" was disclosed in both Statement of Comprehensive Income and Note 3B;
- "Receiving revenue via compulsory levies" was disclosed in Statement of Comprehensive Income, Note 3C and Note 18;
- "Receiving donations or grants" was disclosed in Statement of Comprehensive Income, Note 3E and Note 16;
- "Receiving revenue from undertaking recovery of wages activity" was disclosed in both Recovery of Wages Activity Statement and Note 17;
- "Paying capitation fees to another reporting unit" was disclosed in Statement of Comprehensive Income, Note 4B and Note 19;
- "Paying affiliation fees to another entity" was disclosed in Statement of Comprehensive Income, Note 4C and Note 20;
- "Paying compulsory levies" was disclosed in both Note 4D and Note 18;
- "Paying a grant that was \$1,000 or less"; "paying a grant that exceeded \$1,000"; "paying a donation that was \$1,000 or less" and "paying a donation exceeded \$1,000" were disclosed in Statement of Comprehensive Income, Note 4E and Note 16; and
- "Paying legal costs relating to other legal matters" was disclosed in both Note 4F and Note 21.

Please note that nil activities only need to be disclosed once.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at Kylie.Ngo@roc.gov.au.

Yours sincerely,



Kylie Ngo
Financial Reporting Assistant
Registered Organisations Commission

AUSTRALIAN BUSINESS INDUSTRIAL
ABN 59 687 108 073

Section 268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30 June 2018

I Robert Kirkham being the Secretary/Treasurer of Australian Business Industrial certify:

- that the documents lodged herewith are copies of the full report for Australian Business Industrial for the period ended 30 June 2018 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of Australian Business Industrial on 28 September 2018; and
- that the full report was presented to a general meeting of members of Australian Business Industrial on 24 October 2018 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Date	24 October 2018
Signature of prescribed designated officer	
Name of prescribed designated officer	Robert Kirkham
Title of the prescribed designated officer	Secretary/Treasurer



Australian
Business
Industrial



AUSTRALIAN
BUSINESS
INDUSTRIAL
ANNUAL
REPORT
FOR THE YEAR
ENDED 30 JUNE 2018

Invigorating business

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The financial report was authorised by the Councillors on 11 September 2018. Australian Business Industrial has the power to amend and re-issue the financial report.

President's Report 2018

In last year's report I drew attention to the increasingly strident anti-employer rhetoric which was shaping the policy debate and amendments to the *Fair Work Act*. The *Fair Work Amendment (Protecting Vulnerable Workers) Act 2017* commenced on 15 September 2017. It provides penalties of up to \$126,000 for a serious breach by an unincorporated employer and \$630,000 if incorporated.

The vulnerable workers act also placed special emphasis on employer record keeping – poor records can seriously reduce an employer's capacity to defend an underpayment claim and penalties.

Employers are bad can mean bad policy

The issue is not that employers should do the right thing, they should. Avoiding employment obligations is unfair to good employers as well as the affected employees. The problem is a climate where "... employers are bad" leads to solutions addressing that fact rather than teasing out the real issues and addressing those.

Part of the problem may be that obligations in the *Fair Work Act* and modern awards are not appropriate to the way that many businesses run in practice. There is increasing public evidence that is true especially for small businesses. A small example, but how well does the new standard award provision "*Time Off Instead of Payment for Overtime*", which used to be called "time off in lieu", sit with practices in many small businesses when employees want to take time out of their regular hours and are happy to work another time to cover off the hours?

The same decision which put a standard form of "time off instead of payment" clause into most modern awards also decided that make-up time provisions, which allow employees to make up time after taking some ordinary time off, should not be put in any of the 84 modern awards which were not already providing for it.

Single touch payroll

The start of Single Touch Payroll is probably the single biggest change in 2017-18. It's not really industrial relations as we usually think about it, but single touch payroll is dramatically altering what regulators can see. Single touch payroll is designed to work out of the employer's existing payroll system and for most employers it will simplify wage and salary reporting.

Single touch payroll shows the Tax Office what employees are paid when they are paid and also gives real time visibility of superannuation contributions. Superannuation funds are also moving to report incoming contributions in close to real time, allowing the Tax Office to match employee data with the employer's.

The implementation of single touch payroll is not without difficulties but overall Council has welcomed it.

Employees cannot go backwards

If we start from the idea that businesses are bad and employers cannot be trusted then any change which they want to make, any reduction in specific conditions even if unfair for employers, is to be opposed. Employees cannot go backwards in any respect.

We see this problem with transfer of business rules in the *Fair Work Act*. Transfer of business has a much wider scope than the old transmission of business rules. The transfer of business rules make it very difficult to change imported conditions particularly where a private sector employer is taking on employees transferred from the public sector.

Last year's reduction to penalty rates in retail/hospitality awards triggered what is now the Opposition's election promise to legislate so that no single economic entitlement in an award can be reduced if it reduces or is likely to reduce any employee's take home pay.

This promise has impacted more widely than suggested by the fact that it's an election commitment. Employers and the ACTU jointly asked the government to legislate to repeal 4 yearly reviews from the *Fair Work Act*. The current 4 yearly review, which is now in its 5th year, would have been the last one. The repeal legislation is stalled in the Senate because it wants an amendment overturning the Commission's penalty rates decision.

Agreement making

One object of the *Fair Work Act* is to achieve productivity and fairness through an emphasis on enterprise bargaining. This is not happening. Enterprise bargaining seems in terminal decline.

The Commission's annual wage statistical report for May 2018 reports that the proportion of employees who are employed on award conditions has increased from a low of 15.2% in 2010 to 24.5% in 2016.

“...wages growth figures in most of the OECD member countries are worse than here.”

There is no single reason for this, but bargaining won't turn around under the current rules. The union push for compulsory bargaining by giving the Commission the power to arbitrate when the parties cannot reach agreement will not lead to sustainable bargaining. It just means that if a union starts bargaining it is guaranteed to get something if it wants to keep at it.

Unions have also blamed the downturn in bargaining on historically low wages growth. Superficially this is correct.

Low rates of bargaining mean that wages growth in Australia is more reliant on annual wage review outcomes, and not everyone gets these. But, of course, the picture is more complicated. Low wages growth is not confined to Australia.

In fact wages growth figures in most of the OECD member countries are worse than here. There is less bargaining and lower outcomes.

However, it's less clear that a loss of labour bargaining power, which could be fixed by changing the rules to give unions more capacity to determine outcomes, is to blame. Union membership is declining, more so in Australia than in most other countries but high unemployment is also associated with reduced bargaining power. Because more people are in the labour market, either in work or looking for it, Australian unemployment remains relatively high. In June there were 12.6 million Australians in employment (seasonally adjusted) but there were also over 700,000 people looking for work.

Economists link weaker employee bargaining power to more flexible labour markets. There is little evidence that Australia's labour market flexibility has increased under the *Fair Work Act*, quite the reverse. Dismissals under this legislation are harder.

Employment growth was one of the factors that led the Minimum Wage Panel to award its highest annual increase (3.5%) to minimum wages in June. For the last two years the increase to award minimum rates has been higher than bargained outcomes.

Total wages are a mix of the number of people who are getting wages and their wage rate. 2017-18 saw a strong growth in employment. However, employers are having difficulty finding the employees they want. Jobs are going unfilled and many of the newly employed are at the lower end of the skill range, getting lower wages. The average hourly rate has not kept pace with the growth of employment.

These new employees are also most vulnerable to being priced out of their jobs.

Some costs for employers, and employees, such as the cost of energy, have increased significantly, but overall inflation is low. Low inflation means that increases including energy and wage cost increases cannot be readily passed on. They must be borne some other way.

ABI Rules

Following the 2017 election to fill a casual vacancy Council decided to require candidates for future elections to provide a short background statement about who they are and their experience. The *Fair Work (Registered Organisations) Act* was amended to require officers to disclose remuneration and material interests but the disclosure requirement differed in some respects from ABI's rules.

Council has been working on amendments to ABI's rules to address these and some tidy-up issues. The amended rules will be lodged with the General Manager Fair Work Commission for certification early in 2018-19.

Disclosures – ABI's rules require its officers to disclose any material personal interests relevant to ABI's operations that they or their close relatives acquire and also any remuneration received from external boards because of being an officer of ABI, or because nominated by ABI.

Councillors are officers, but under its rules ABI's councillors are not remunerated, and ABI does not directly employ. Councillors are reimbursed for validated travel expenditure.

There were no material personal interests requiring disclosure.

In the 2017-18 year I also chaired the NSW Business Chamber's workplace policy committee for which I received \$9,592 inclusive of superannuation guarantee contribution. This remuneration is also reported in the *Officer and Related Party Disclosure Statement* which is circulated with the annual report.

Training – Our rules also require all councillors to undertake approved training within 6 months of becoming a councillor. All councillors have successfully completed their approved training.

Thank you

Thank you to my councillors for all the work they have put in and their willingness to think creatively in a frustrating year. Much proposed legislation impacting workplace relations, superannuation and even single touch payroll has stalled in parliament.

As 2018-19 begins parliament is where it sits.

The 4 yearly review of modern awards has continued and will not end any time soon. Award review work is painstaking. The review is insatiable and without any let up.

Thank you to Australian Business Lawyers and Advisors for the immense effort they have put in, both for ABI, and in some of the common issues, for the Australian Chamber of Commerce and Industry, which they also represent.

As the Commission's decisions show ABLA has pulled off some remarkable wins such as in the family and domestic violence leave case and the family friendly working arrangements case.

Over this year Council has sought to grapple with the difficult question of the changing labour market. If more work is going to be done on a job by job basis what is fair? What are employers' most important needs and what's fair for the worker who is engaged?

Gig economy work is not just employers, many workers also prefer to work that way, or want to work that way in a second job. What's fair regulation for them? How do employers protect their business from losing people with key skills? How should the training system change so that there are more people with skills in demand and workers don't get stuck with obsolete skills?

Whilst it's not a comprehensive list of those who supported ABI during the year, I'd like to especially

mention Luis Izzo of Australian Business Lawyers and Advisors who helped to firm up views in key matters and work through the options in particular cases.

Alana Matheson of the Australian Chamber of Commerce and Industry provided invaluable insight into how the Australian Chamber and more broadly the International Labour Organisation, was thinking of things. What happens in Geneva hits here. Alana represented the whole international employer community at this June's discussion of violence against women and men in the world of work. This discussion will be taken up at next June's conference and will most likely result in a new ILO convention.

Thanks, too, to the support from the NSW Business Chamber.

Elizabeth Greenwood the NSW Business Chamber's wonderful policy officer for workers' compensation and WHS. Elizabeth kept council up to date on developments and consultations in this area. Finally I wish to thank Nadee De Silva and Dick Grozier for their assistance and guidance during the year.



Kerry Wilson
President

North Sydney
11 September 2018

Australian Business Industrial Operating Report 30 June 2018

The Committee of Management of Australian Business Industrial ("the Organisation") presents its report for the financial year ended 30 June 2018.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The Organisation represents the interests of its members in the Federal Industrial Relations jurisdiction.

The Organisation is an Organisation of Employers and was registered under the Fair Work (Registered Organisations) Act 2009 on 19 October 2009.

Membership of Australian Business Industrial includes members of NSW Business Chamber Limited and a formal affiliation agreement exists between the organisations.

The Organisation is exempt from Income Tax under section 50.1 of the Income Tax Assessment Act 1997.

The net surplus of the Organisation was \$4,110 for the year (2017: \$445).

The main area of activity during the year was representing members in the various proceedings in the Fair Work Commission's 4-yearly review of modern awards in which it has been heavily involved. The organisation has worked closely with the Australian Chamber of Commerce and Industry in common issues and it has also engaged with the Commonwealth Government about workplace legislation.

There were no significant changes in the nature of the Organisation's activities during the year.

Significant changes in financial affairs

There were no significant changes in financial affairs during the year.

Right of members to resign

Rule 17 provides a right for members to resign from the Organisation and members may resign in accordance with section 174 of the Fair Work (Registered Organisations) Act 2009.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of the organisation.

Number of members

The number of persons that were, at the end of the financial reporting year, recorded in the register of members is 4,345 (2017: 4,363).

Number of employees

There were no employees during or at the end of the financial year.

Names of Committee of Management members and period positions held during the financial year

The name of each person who has been a member of the committee of management at any time during the reporting period is:

Name	Position	Date
Kerry Wilson	President	Appointed 25 August 2016
Bruce Mackenzie	Vice President	Appointed 25 August 2016
Tom Bowers	Vice President	Appointed 25 August 2016
Robert Kirkham	Secretary /Treasurer	Appointed 25 August 2016
Jane Cleary	Councillor	Appointed 20 July 2016
David Long	Councillor	Appointed 20 July 2016
Jessica Liley	Councillor	Appointed 20 July 2016
Brad Gething	Councillor	Appointed 20 July 2016 Resigned 12 December 2017
Gerry Carr	Councillor	Appointed 20 July 2016 Resigned 12 June 2018
Andrew Vlachos	Councillor	Appointed 20 July 2016
Jane Brady	Councillor	Appointed 20 July 2016
Annabel Leete	Councillor	Appointed 20 July 2016
Ian Lilley	Councillor	Appointed 20 July 2016
Brooke Jennings	Councillor	Appointed 17 March 2017 Resigned 13 October 2017
Mark Douglas	Councillor	Appointed 21 February 2018
Bonnie Kestel	Councillor	Appointed 21 February 2018

Committee members have been in office for the full reporting period unless otherwise stated.

Matters subsequent to the end of the financial year

In the opinion of the Councillors, no matter, circumstance or event of a material and unusual nature has arisen since the end of the financial year and the date of this report which is likely to affect significantly the operations of the Organisation.

This report is made in accordance with a resolution of Councillors.



Kerry Wilson
Councillor

North Sydney
11 September 2018



Robert Kirkham
Councillor

Australian Business Industrial

Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue			
Membership subscription	3A	217,241	218,150
Capitation fees	3B	-	-
Levies	3C	-	-
Interest	3D	809	749
Total revenue		<u>218,050</u>	<u>218,899</u>
Other Income			
Grants and/or donations	3E	-	-
Total other income		<u>-</u>	<u>-</u>
Total income		<u>218,050</u>	<u>218,899</u>
Expenses			
Employee expenses	4A	-	-
Capitation fees	4B	-	-
Affiliation fees	4C	-	-
Administration expenses	4D	(207,340)	(212,274)
Grants or donations	4E	-	-
Legal costs	4F	-	-
Audit fees	9	(6,600)	(6,180)
Penalties	4G	-	-
Total expenses		<u>(213,940)</u>	<u>(218,454)</u>
Surplus for the year		<u>4,110</u>	<u>445</u>
Other comprehensive income			
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>4,110</u>	<u>445</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Australian Business Industrial
Statement of Financial Position as at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	83,258	76,503
Trade and other receivables	5B	238,580	239,527
Total current assets		<u>321,838</u>	<u>316,030</u>
Total assets		<u>321,838</u>	<u>316,030</u>
LIABILITIES			
Current liabilities			
Trade payables	6A	227,677	226,380
Other payables	6B	401	-
Total current liabilities		<u>228,078</u>	<u>226,380</u>
Total liabilities		<u>228,078</u>	<u>226,380</u>
Net assets		<u>93,760</u>	<u>89,650</u>
EQUITY			
Retained earnings (accumulated profit)	8	93,760	89,650
Total equity		<u>93,760</u>	<u>89,650</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Australian Business Industrial

Statement of Changes in Equity for the year ended 30 June 2018

	Notes	2018	2017
		\$	\$
Total equity at the beginning of the financial year		89,650	89,205
Total comprehensive income for the year		4,110	445
Total equity at the end of the financial year	8	<u>93,760</u>	<u>89,650</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Australian Business Industrial
Cash Flow Statement for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from customers (including GST)		239,800	230,340
Receipts from other reporting units/controlled entities		-	-
Interest received	3D	809	749
Cash used			
Suppliers		(233,854)	(240,800)
Employees		-	-
Payments from other reporting units/controlled entities		-	-
Net cash from (used by) operating activities	10	<u>6,755</u>	<u>(9,711)</u>
FINANCING ACTIVITIES			
Repayment of borrowings		-	-
Net cash from (used by) financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash held		<u>6,755</u>	<u>(9,711)</u>
Cash and cash equivalents at the beginning of period		<u>76,503</u>	<u>86,214</u>
Cash and cash equivalents at the end of the reporting period	5A	<u>83,258</u>	<u>76,503</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Australian Business Industrial
Recovery of Wages Activity for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
RECOVERY OF WAGES ACTIVITY			
Cash assets in respect of recovered money at beginning of year			
Receipts		-	-
Payments		-	-
Cash assets in respect of recovered money at end of year		<u>-</u>	<u>-</u>

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Australian Business Industrial ("the Organisation").

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*.

Historical cost convention

The financial statements have been prepared on an accruals basis in accordance with the historical cost convention. Unless stated otherwise the accounting policies described below are consistent with those applied in the prior year.

Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(b) Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the organisation's accounting policies

There are no critical judgements that management has made in the process of applying the organisation's accounting policies at reporting date that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

There are no key assumptions or sources of estimation uncertainty at balance date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) New Australian Accounting Standards Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date stated in the standard. The accounting policies adopted are consistent with those of the previous financial year.

Future Australian Accounting Standards Requirements

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the organisation. The organisation's assessment of the impact of these new standards and interpretations is set out below.

AASB 15 Revenue from Contracts with Customers

Nature of change

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management is currently assessing the effects of applying the new standard on the organisation's financial statements and has identified the following areas that are likely to be affected:

- the application of AASB 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.
- accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under AASB 15, and

Based on the assessment, management concluded that it would not have any material impact to the financial statements upon the adoption of the standard.

Mandatory application date / Date of adoption by the organisation

Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption.

Expected date of adoption by the organisation: 1 July 2018.

(d) Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are valued at their fair value due to their short-term nature. There are no assets or liabilities contained in the financial statements that are materially different to their fair value.

(e) Foreign currency

The financial statements are presented in Australian dollars, which is the Organisation's functional and presentation currency.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts.

The organisation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the organisation and specific criteria have been met for each of the organisation's activities as described below. The organisation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the organisation's major business activities as follows:

- i. Membership subscriptions comprise annual subscriptions for the year and are recognised as revenue on a monthly basis over the period of the membership
- ii. Sponsorship income is brought to account when control is obtained over sponsorship funds
- iii. Interest income is recognised when earned.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is used when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the organisation prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flows.

(k) Income tax

Australian Business Industrial is a not-for-profit employers' association and hence is exempt from income tax under section 50.15 of the *Income Tax Assessment Act 1997*.

2 Financial risk management

The Organisation's activities expose it to credit risk and liquidity risk. The Organisation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Organisation. The Organisation uses different methods to measure different types of risk to which it is exposed. These methods include regular review of trade receivables ageing analysis for credit risk.

The Organisation has no substantial financial assets or liabilities that are exposed to interest rate risk.

a. Credit Risk

Credit risk arises from exposure to counterparties that may not meet their contractual obligations with the Organisation. The Organisation's exposure to credit risk primarily arises from its trade receivables.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Organisation is exposed to a single debtor, i.e. NSWBC, of which the amount has been settled subsequent to financial year end.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available).

Credit quality of financial assets held at balance date	2018	2017
	\$	\$
Cash at bank		
- Westpac (Rated AA3 by Moody's Investors Service, Inc)	83,258	76,503
	<u>83,258</u>	<u>76,503</u>
Trade receivables		
<i>(Counterparties without external credit rating)</i>	238,580	239,415
Trade receivables	<u>238,580</u>	<u>239,415</u>

Not past due or impaired trade receivables

	0-30 days	31-60 days	61-90 days	90+ days	Total
	\$	\$	\$	\$	\$
As at 30 June 2018					
Trade receivables	238,580	-	-	-	238,580
	238,580	-	-	-	238,580

As at 30 June 2017

Trade receivables	239,415	-	-	-	239,415
	239,415	-	-	-	239,415

b. Liquidity Risk

The Organisation's liquidity risk arises from the risk that it will encounter difficulty in meeting its obligations associated with financial liabilities. The Organisation manages liquidity risk by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

The table below shows the contractual maturity undiscounted cash flow of the Organisation's financial liabilities:

Financial Liabilities	Within 30 days	<1 year	1-2 years	2-5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
As at 30 June 2018						
Trade and other payables	228,078	-	-	-	-	228,078
	228,078	-	-	-	-	228,078
As at 30 June 2017						
Trade and other payables	226,380	-	-	-	-	226,380
	226,380	-	-	-	-	226,380

	Notes	2018 \$	2017 \$
3 Income			
3A Membership subscription		217,241	218,150
3B Capitation fees received	19	-	-
3C Levies	18	-	-
3D Interest		809	749
		<u>218,050</u>	<u>218,899</u>
Other Income			
3E Grants or donations	16	-	-
		<u>218,050</u>	<u>218,899</u>
4 Expenses			
4A Employee Expenses	17		
Employee Expenses - holders of office		-	-
Employee Expenses - other than office holders		-	-
Total employee expenses		<u>-</u>	<u>-</u>
4B Capitation fees	19	-	-
4C Affiliation fees	20	-	-
4D Administration expenses			
Consideration to employers for payroll deductions	17	-	-
Compulsory levies	18	-	-
Fees/allowances - meeting and conferences		-	-
Conference and meeting expenses		2,327	2,079
Consultants		200,000	200,000
Travel Expenses		2,559	4,907
Printing and stationery		756	816
Office expenses		198	1,672
Other		1,500	2,800
Total administration expenses		<u>207,340</u>	<u>212,274</u>
4E Grants or donations	16	-	-
Grants:			
Total paid that were \$1,000 or less		-	-
Total paid that exceeded \$1,000		-	-
Donations:			
Total paid that were \$1,000 or less		-	-
Total paid that exceeded \$1,000		-	-
Total grants and donations		<u>-</u>	<u>-</u>

	Notes	2018 \$	2017 \$
4F Legal Costs - other legal matters	21	-	-
4G Penalties - via RO Act or RO Regulations	22	-	-
5 Current assets			
5A Cash and cash equivalents			
Cash at bank		83,258	76,503
5B Trade and other receivables			
Trade receivables		238,580	239,415
Receivables from other reporting units		-	-
Less provision for doubtful debts		-	-
Net trade receivables		238,580	239,415
Other receivables			
GST receivable (net)		-	112
Total other receivables		-	112
Total trade and other receivables (net)		238,580	239,527
6 Current liabilities			
6A Trade payables			
Trade payables and accruals		227,677	226,380
Payables to other reporting units		-	-
Total trade payables		227,677	226,380
6B Other payables			
Consideration to employers for payroll deductions		-	-
Legal costs		-	-
GST payable (net)		401	-
Other payables		-	-
		401	-
7 Provisions			
Employee provisions		-	-
8 Retained surplus			
Movement in retained surplus was as follows:			
Balance at 1 July		89,650	89,205
Net surplus for the year		4,110	445
Balance at 30 June		93,760	89,650

	Notes	2018	2017
		\$	\$
9 Remuneration of auditors			
PricewaterhouseCoopers Australian firm:			
Audit of financial statements		6,600	6,180
Other services		-	-
Total remuneration of auditors		<u>6,600</u>	<u>6,180</u>

10 Reconciliation of surplus / (deficit) to net cash inflow from operating activities

Operating surplus	4,110	445
(Increase)/ decrease in trade debtors	835	(9,625)
(Increase)/ decrease in other receivables	112	877
Increase/ (decrease) in trade creditors	1,297	(1,408)
Increase / (decrease) in other payables	401	-
Net cash from (used by) operating activities	<u>6,755</u>	<u>(9,711)</u>

The cash flow information above relates to Australian Business Industrial and no other reporting unit or controlled entity.

11 Related party disclosures

11A Transactions with NSW Business Chamber Limited

Revenue received for membership	216,891	217,650
Expenses paid for consulting, meeting, printing, stationary & office costs, audit fees	209,850	209,833
Amounts owed by NSWBC	(238,580)	(239,415)
Amounts owed to NSWBC	220,592	220,000

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on agreed terms and price. Outstanding balances for sales and purchases at year end are unsecured and interest free and settlement occurs in cash. For the year ended 30 June 2018, the Organisation has not recorded any impairment of receivables relating to amounts owed by related parties (2017: \$NIL). All related party receivables and payables have been settled at the time of preparing these financial statements.

11B Key management personnel other remuneration

President received remuneration from NSWBC for chairing the Workplace Relations Committee	9,592	9,592
Councillors	-	-

Terms and conditions of key personnel other remuneration

ABI's rules require its officers to disclose any material personal interests and also any remuneration received from external boards because of being an officer of ABI. As well, the remuneration of the 5 most highly paid officers must be disclosed. Councillors are officers, but under its rules ABI's councillors are not remunerated, and ABI does not directly employ. Councillors are reimbursed for validated travel expenditure.

	Notes	2018 \$	2017 \$
12 Administration of financial affairs by a third party			
NSW Business Chamber collects the following revenue and pays the following expenses on behalf of the Organisation. Each entity raises invoices to recover these transactions from each other.			
Revenue		216,891	217,650
Membership Subscription			
Expenses			
Conference and meeting expenses		2,327	2,079
Consultants		200,000	200,000
Printing and stationery		735	816
Office expenses		188	758
Audit Fees		6,600	6,180
Total expenses		<u>209,850</u>	<u>209,833</u>

NSW Business Chamber Limited provides accounting services to the Organisation at no cost. The services provided are: accounts payable, accounts receivable, general accounting including the preparation of budgets, monthly financial reporting and annual Financial Statements.

13 Organisation's Details

The registered office and principal place of business is Level 15, 140 Arthur Street, North Sydney, NSW 2060 Australia.

14 On-going Support

The Organisation receives on-going financial support from NSW Business Chamber Limited. An affiliation deed between the two entities confirms NSW Business Chamber Limited's commitment to the Organisation. The financial support will continue in accordance with the affiliation deed dated 28 March 2012, and is interest free. Repayments are only payable by consent of the Organisations' Council. There is no set termination date in the affiliation deed.

15 Acquisition of assets and or liabilities

There were no acquisitions of assets or liabilities during the financial year.

16 Donations and Grants

The Organisation did not receive or pay any donations or grants during the year.

17 Recovery of Wages

The Organisation did not have to engage in the recovery of wages during the year.

18 Compulsory Levies

The Organisation does not raise compulsory levies and as such did not derive any income.

No compulsory levies were imposed on the Organisation during the year.

19 Capitation Fees

The Organisation did not receive or pay any capitation fees during the year.

20 Affiliation Fees

The Organisation did not pay any affiliation fees during the year.

21 Legal Costs

The Organisation did not pay any legal costs for litigation or legal costs for other matters during the year.

22 Penalties

No penalties were imposed or paid by the Organisation during the year.

23 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or the General Manager of Fair Work Australia:

- (1) A member of the Organisation, or the General Manager of Fair Work Australia, may apply to the Organisation for specified prescribed information in relation to the Organisation to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the Organisation.
- (3) The Organisation must comply with an application made under subsection (1).

24 Events after the reporting period

There were no events that occurred after 30 June 2018, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Organisation.

Committee of Management Statement for the period ended 30 June 2018

On 11 September 2018 the members of the committee of management of Australian Business Industrial ("the Organisation") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2018.

The committee of management declares that in its 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 of the Fair Work Commission;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Organisation for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Organisation will be able to pay its debts as and when they become due and payable; and
- (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; and
 - (ii) the financial affairs of the Organisation have been managed in accordance with the rules of the Organisation; and
 - (iii) the financial records of the Organisation 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 Organisation or General Manager duly made under section 272 of the RO Act, this has been provided to the member or General Manager; 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.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management.



Kerry Wilson
Councillor

North Sydney
11 September 2018



Robert Kirkham
Councillor



Independent auditor's report

To the members of Australian Business Industrial

Report on the audit of the financial report

Our opinion

In our opinion, in all material respects:

- the accompanying financial report presents fairly, the financial position of Australian Business Industrial (the Registered Organisation) as at 30 June 2018 and its financial performance and its cash flows for the year then ended in accordance with
 - a) Australian Accounting Standards
 - b) Reporting Guidelines or Part 3 Chapter 8 of the *Fair Work (Registered Organisation) Act 2009 (the RO Act)*
- the committee management's use of going concern basis of accounting in the preparation of the Registered Organisation's financial statements is appropriate.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the declaration of the councillors
- the committee of management statement

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Registered Organisation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Other information

The committee of management of the Registered Organisation is responsible for the other information. The other information comprises the information included in the Registered Organisation's annual report for the year ended 30 June 2018, including the Operating report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the committee of management and councillors for the financial report

The committee of management of the Registered Organisation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the committee of management of the Registered Organisation determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee of management is responsible for assessing the ability of the Registered Organisation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee of management of the Registered Organisation either intend to liquidate the Registered Organisation or to cease operations, or have no realistic alternative but to do so.

The councillors are responsible for overseeing the Registered Organisation's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on the recovery of wages activity financial report

Opinion

No revenue has been derived by the Registered Organisation from undertaking recovery of wages activity during the reporting period, as disclosed in the committee of management statement, and therefore no opinion can be provided in relation to recovery of wages activity.

Responsibilities

The committee of management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. Our responsibilities is to express an opinion on the recovery of wages activity financial report, based on audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'James McElvogue'.

James McElvogue
Partner
Registered Company Auditor #285109
Member of CAANZ #93952
Holder of Public Practice Certificate #93952
Registered Auditor under the RO Act #AA2017/168

Sydney
11 September 2018

Australian Business Industrial

ABN 59 687 108 073

Office Address

140 Arthur Street, North Sydney NSW 2060

Postal Address

Locked Bag 938, North Sydney NSW 2059

t 02 9458 7500

f 02 9956 8014

e industrial@australianbusiness.com.au

AUSTRALIAN BUSINESS INDUSTRIAL
ABN 59 687 108 073

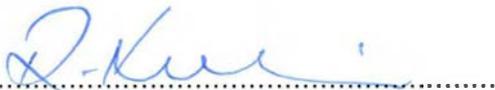
REPORT REQUIRED UNDER SUBSECTION 255(2A)
for the year ended 30 June 2018

The Committee of Management presents the expenditure report¹ as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2018.

Descriptive form

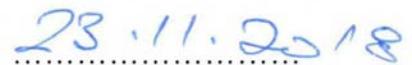
Categories of expenditures	2018 \$	2017 \$
Remuneration and other employment-related costs and expenses - employees	-	-
Advertising	-	800
Operating costs	207,340	211,474
Donations to political parties	-	-
Legal costs	-	-

Signature of designated officer:



.....
Name and title of designated officer:

Robert Kirkham
Secretary/Treasurer



.....
Date

¹ Subsection 255(2A) provides a discretion to the reporting unit about how to report the required information. It is a matter for the reporting unit to determine whether the required information is presented in diagrammatic form such as, for example, a pie chart or whether it is reported in a descriptive form. Regardless, the reporting unit is only required to report the information in one format.



25 September 2018

Mr Robert Kirkham
Secretary/Treasurer
Australian Business Industrial

By Email: industrial@australianbusiness.com.au

Dear Mr Kirkham,

**Re: Lodgement of Financial Report - [FR2018/215]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Business Industrial (the reporting unit) ended on 30 June 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 28 September 2018.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 December 2018 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into operation with effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (also available on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,



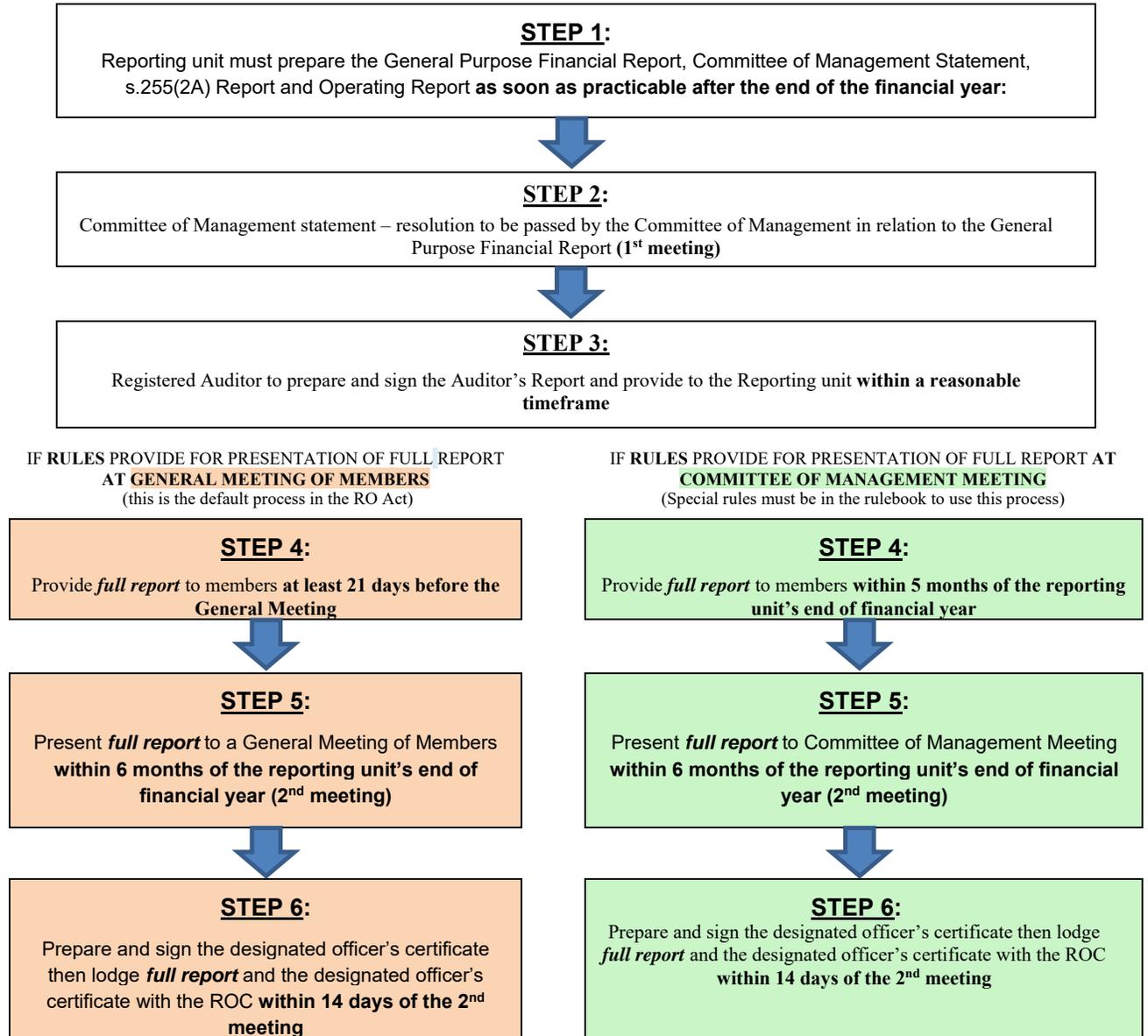
Sarah Wilkin
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



Fact sheet



Australian Government
Registered Organisations Commission

FS 009
(19 June 2017)

Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL. Common misconceptions Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
-----------------------------------------------------------------------------------	-----------------------------------------------------	----------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------

Grants & Donations within the Financial Report

Item 16(e) of the Commissioner’s Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants OR donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au