



## Report card - 2020 financial reporting

This report card identifies the common financial reporting compliance issues in 2020. When preparing financial reports in 2021, reporting units and registered auditors should pay close attention to the focus areas identified in this document.



**338**

Financial reports lodged



**83.7%**

of financial reports assessed as compliant

Compliance is trending 



### How compliant were financial reports in 2020?

We've identified the common non-compliance issues below and explained how you can prevent them in 2021.



**30.9%**

of non-compliant financial reports were not lodged within 14 days after being presented to the relevant (second) meeting.



**TIP: Lodge the financial report immediately after the meeting. You don't need to wait for 14 days before lodging it.**



**30.9%**

of non-compliance issues relate to members not receiving a full financial report or receiving it late. Giving your members access to the full financial report allows them to participate in the organisation.



**TIP: You can provide a copy of the financial report to your members by publishing it on a website that is accessible to them.**



**27.3%**

of non-compliant financial reports included the same errors as the previous year's financial report.



**TIP: Review last years filing letter to avoid errors. You can see a copy of this letter on our [website](#).**

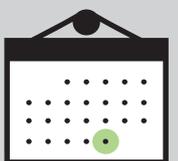


**18.2%**

of non-compliant financial reports were not audited to the extent required under the *Fair Work (Registered Organisations) Act 2009* (RO Act).

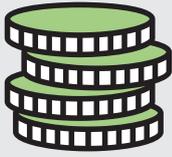


**TIP: Ensure all financial reports and statements are audited and identified in the auditor's scope. The subsection 255(2A) report and the officer's declaration statement (if applicable) should be identified in the auditor's report.**



#### Get the timeframes right

The ROC has published a [factsheet](#) to help reporting units understand when the full report must be provided to members.



### Report consistent transactions

Transactions with another branch or the national office of the registered organisation must be reported consistently – the figures must reconcile.

Remember to check that duplicate disclosures for the same item report the same amount.



### Disclosure of relevant accounting policies

Make sure that all significant accounting policies are disclosed. Discuss this with your accountant when preparing your financial report each year.



### How does the ROC assess financial reports?

We publish our assessment checklists online. Reporting units and auditors are encouraged to compare the financial report against the [checklists](#) before lodgement.

## Areas of focus for financial reports in 2021

Compliance rates are improving and the ROC will continue to support registered organisations achieve voluntary compliance. Reporting units and registered auditors should take note of our assessment focus areas when preparing the 2021 financial report.



### Financial reporting time frames

Reporting units are reminded to pay close attention to the time frames in the RO Act and the organisation's rules.



**TIP:** Use the [ROC compliance calculator](#) at the beginning of the financial reporting process to identify relevant dates.



### The application of new accounting standards

The ROC assesses whether financial reports are adhering to the new accounting standards – *AASB 15 Revenue from Contracts with Customers*, and *AASB 16 Leases*.

#### In relation to [AASB 15 Revenue from Contracts with Customers](#) reporting units should:

- ensure accounting policies for revenue are updated to reflect the new accounting standard;
- disclose revenue from contracts with customers separately (either in the Notes or in the Statement of Comprehensive Income); and
- disaggregate revenue from contracts with customers into relevant categories (i.e depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors).

#### In relation to [AASB 16 Leases](#) be aware:

- if you have any leases as a lessee that a right-of-use asset needs to be disclosed in the financial statements; and
- lease liabilities need to be disclosed separately and/or identified from other liabilities.