

COMPANIES LIMITED BY GUARANTEE & INCORPORATED ASSOCIATIONS

REPORTING AND AUDIT / REVIEW OBLIGATIONS

INTRODUCTION

The reporting and audit/review requirements for companies limited by guarantee are set out in the *Corporations Act 2001*. Incorporated Associations in Australia are governed by each state and territory's Associations Incorporation legislation. The reporting requirements are established by each local jurisdiction. Reference to the relevant legislation is recommended especially when the operations of the entity extend beyond its domiciled jurisdiction.

The following table provides a summary of financial reporting and audit/review requirements as set out in the *Corporations Act 2001* (applicable to companies limited by guarantee) and each state and territory's incorporated association legislation.

It is recommended that members refer to the relevant state/territory government department websites for the latest developments in the legislation. It should be noted that entities that are governed under legislation referred to in this guide may also be charities registered with the Australian Charities and Not-for-profits Commission (ACNC). If this is the case, please refer to the [ACNC website](#).

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

Disclaimer

CPA Australia has used reasonable care and skill in compiling the content of this material. However, CPA Australia makes no warranty as to the accuracy or completeness of any information in these materials. This material is intended to be a guide only and no part of this material is 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. Further, as laws change frequently, all practitioners, readers, viewers and users are advised to undertake their own research or to seek professional advice to keep abreast of any reforms and developments in the law. To the extent permitted by applicable law, CPA Australia, 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 limits its liability to the resupply of the information.

Issued July 2017

This guide is published by CPA Australia. ABN 64 008 392 452

Copyright

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 Companies Limited by Guarantee and Incorporated Associations, is reproduced herein by permission. 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.

COMPANIES LIMITED BY GUARANTEE AND INCORPORATED ASSOCIATIONS: REPORTING AND AUDIT/REVIEW OBLIGATIONS

Summary of financial reporting requirements for companies limited by guarantee and incorporated associations

	Legislation	Maintain financial records	Lodgement of financial information	Presented to Members	Audit	Accounting/Auditing Standards
Cth	<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>Tier 3 (revenue of \$1m or more) - Audit must be completed by a 'registered company auditor'.</p> <p>Tier 2 (revenue of less than \$1m) – can elect to have review rather than audit. Review must be conducted by a member of CPA Australia, CA ANZ or IPA.</p> <p>For review engagements a member must meet competency requirements. See Competency requirements for assurance practitioners undertaking review engagements.</p> <p>Tier 1 (revenue of less than \$250,000) – no reporting, audit or review requirements unless required by members (s294A) or ASIC (s294B).</p>	Tiers 2 and 3 - 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.
ACT	<p><i>Associations Incorporation Act 1991</i> and <i>Associations Incorporation Regulation 1991</i></p> <p>legislation.act.gov.au</p> <p>From 1 July 2017, the financial reporting and audit/review requirements do not apply to incorporated associations that are charities registered with the ACNC.</p>	Yes — Section 71	Yes with Registrar-General — Section 79. Accounts must give a true and fair view of income and expenditure, assets and liabilities and any mortgages/charges on property — Section 72.	Yes at AGM — Section 73.	Yes — Section 74. Audit by a registered company auditor or a member of CPA Australia, CA ANZ or IPA only required if assets or revenue greater than \$400,000 or more than 1000 members or hold a liquor licence — Section 74 and Regulation 12. If the association has revenue exceeding \$1,000,000, the audit must be conducted by a registered company auditor — Section 76 and Regulation 13.	Audit opinion of an association with more than \$1,000,000 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.

COMPANIES LIMITED BY GUARANTEE AND INCORPORATED ASSOCIATIONS: REPORTING AND AUDIT/REVIEW OBLIGATIONS

	Legislation	Maintain financial records	Lodgement of financial information	Presented to Members	Audit	Accounting/Auditing Standards
NT	<i>Associations Act 2003 and Associations Regulations</i> business.nt.gov.au	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.	<p>Tier 1 (gross annual receipts less than \$25,000 and gross assets less than \$50,000) – can be audited by a non-associated person (does not have to be a qualified accountant) – Section 46.</p> <p>Tier 2 (gross annual receipts \$25,000-\$250,000 and gross assets \$50,000-\$500,000) – must be audited by a member of CPA Australia, CA ANZ or IPA, a person holding a prescribed class of qualifications or person approved by the Commissioner – Section 47.</p> <p>Tier 3 (gross annual receipts more than \$250,000 and gross assets more than \$500,000) – must be audited by a member of CPA Australia, CA ANZ or IPA holding a public practice certificate or a person approved by the Commissioner — Section 48.</p>	<p>All audit opinions must state whether Australian Accounting Standards have been complied with - Schedule 4, Regulations.</p> <p>Audit opinion of a Tier 3 association must state whether accounting standards have been complied with and, if not, whether this means they are not true and fair — Section 48.</p> <p>Audits of Tier 2/3 associations must be conducted in accordance with applicable auditing standards — Regulation 11.</p>
NSW	<i>Associations Incorporation Act 2009 and Associations Incorporation Regulation 2010</i> legislation.nsw.gov.au	Yes - Section 50	<p>Yes with Director-General – Section 45: summary of financial affairs plus financial statements for Tier 1 associations. Section 49: summary of financial affairs for Tier 2 associations.</p> <p>Tier 1 associations have gross receipts of greater than \$250,000 or current assets of greater than \$500,000.</p>	Yes at AGM – Section 44 (Tier 1) and Section 48 (Tier 2): financial statements to be presented.	Yes for Tier 1 associations (Section 43). Audit to be conducted by Registered Company Auditor [Section 51 (1)(a)] or by a member of CPA Australia, CA ANZ 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 Tier 1 associations [Section 43(2)]. A Tier 1 association with total revenue less than \$2,000,000 can be exempt from the requirement to apply Australian Accounting Standards, but the association must satisfy the requirements set out in Class Order 11/01 to qualify for the

COMPANIES LIMITED BY GUARANTEE AND INCORPORATED ASSOCIATIONS: REPORTING AND AUDIT/REVIEW OBLIGATIONS

	Legislation	Maintain financial records	Lodgement of financial information	Presented to Members	Audit	Accounting/Auditing Standards
						<p>exemption.</p> <p>Auditor's report to be prepared in accordance with Australian Auditing Standards for Tier 1 associations [Section 43(3)].</p>
QLD	<p><i>Associations Incorporation Act 1981 (as amended by the Associations Incorporation and Other Legislation Amendment Act 2007)</i></p> <p>legislation.qld.gov.au</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, CA ANZ, 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, CA ANZ 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.

COMPANIES LIMITED BY GUARANTEE AND INCORPORATED ASSOCIATIONS: REPORTING AND AUDIT/REVIEW OBLIGATIONS

	Legislation	Maintain financial records	Lodgement of financial information	Presented to Members	Audit	Accounting/Auditing Standards
SA	<p><i>Associations Incorporation Act 1985</i> and <i>Associations Incorporation Regulations 2008</i></p> <p>legislation.sa.gov.au</p> <p>From 1 January 2017, an incorporated association that is also a charity registered with the ACNC and complies with the financial reporting and audit/review requirements of the ACNC is exempt from the equivalent provisions of the above legislation.</p>	Yes — Sections 35 and 39C	<p>Yes but only if required to prepare accounts. An entity is required to prepare accounts if it has gross receipts greater than \$500,000 — section 35 and Regulation 4.</p> <p>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.</p>	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, CA ANZ 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
TAS	<p><i>Associations Incorporation Act 1964</i></p> <p>thelaw.tas.gov.au</p> <p>From 1 October 2016, an incorporated association that is also a charity registered with the ACNC and complies with the financial reporting and audit/review requirements of the ACNC is exempt from the equivalent provisions of the above legislation.</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.

COMPANIES LIMITED BY GUARANTEE AND INCORPORATED ASSOCIATIONS: REPORTING AND AUDIT/REVIEW OBLIGATIONS

	Legislation	Maintain financial records	Lodgement of financial information	Presented to Members	Audit	Accounting/Auditing Standards
WA	<i>Associations Incorporation Act 2015</i> slp.wa.gov.au	Yes — Sections 66 and 67	No requirement to lodge accounts (unless required by the Commissioner – Sections 70, 73 and 77).	Yes at AGM — Sections 70, 73 and 76.	<p>Tier 1 (revenue of less than \$250,000) – no review or audit required unless required by majority of members at general meeting or directed by the Commissioner – Section 69.</p> <p>Tier 2 (revenue \$250,000-\$1,000,000) – must be reviewed by a member of a professional accounting body (to be prescribed by Regulations), a registered company auditor or a person the Commissioner considers appropriate – Section 72.</p> <p>Tier 3 (revenue exceeding \$1,000,000) – must be audited by a member of a professional accounting body (to be prescribed by Regulations), a registered company auditor or a person the Commissioner considers appropriate — Section 75.</p>	<p>Tier 1 – Financial statements must give a true and fair view of the financial position and performance of the association (cash or accruals accounting permitted) – Section 68.</p> <p>Tiers 2 and 3 - Financial statements must give a true and fair view of the financial position and performance of the association and be prepared in accordance with Australian Accounting Standards – Sections 71 and 74.</p> <p>The review or audit must be conducted in accordance with Australian Auditing Standards – Section 78.</p>
VIC	<i>Associations Incorporation Reform Act 2012</i> legislation.vic.gov.au	Yes — Section 89	Tier 2 and 3 - Accounts must be lodged with the Registrar - Section 102. 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.	<p>Yes at AGM — Sections 94 (tier 1), 97 (tier 2) and 100 (tier 3).</p> <p>Tier 1: total revenue was less than \$250,00 in the previous financial year.</p> <p>Tier 2: total revenue was between</p>	<p>Yes - in the case of a tier three association. Auditor must be a registered company auditor, or holds a current practising certificate from CPA Australia, CA ANZ or IPA, or a person otherwise approved by the Registrar. A tier three association is an association with revenue more than \$1,000,000 in the previous year.</p> <p>A review is required in the case of a tier two association. Reviewer must hold a current practising certificate from CPA Australia, CA ANZ or IPA or</p>	<p>Tier 1 – 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.</p> <p>Tiers 2 and 3 - Financial statements must be prepared in accordance with Australian Accounting Standards – Sections 95 and 98.</p> <p>The reviewer's report must be prepared in accordance with</p>

COMPANIES LIMITED BY GUARANTEE AND INCORPORATED ASSOCIATIONS: REPORTING AND AUDIT/REVIEW OBLIGATIONS

	Legislation	Maintain financial records	Lodgement of financial information	Presented to Members	Audit	Accounting/Auditing Standards
				<p>\$250,000 and \$1 million in the previous financial year.</p> <p>Tier 3: total revenue was more than \$1 million in the previous financial year.</p>	<p>a person otherwise approved by the Registrar. A tier two association is an association which is neither a tier one or tier three association.</p> <p>For review engagements a member must meet competency requirements. See Competency requirements for assurance practitioners undertaking review engagements.</p> <p>An audit or review is not required by a tier one association unless requested by the members or the registrar.</p>	<p>Auditing Standards on Review Engagements – Section 96(3).</p> <p>The auditor's report must be prepared in accordance with Australian Auditing Standards – Section 99(4).</p>