

**svc-adlib5**

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**From:** ROC - Registered Org Commission  
**Sent:** Friday, 5 January 2018 10:50 AM  
**To:** 'Trish Pezet'; 'info@nfia.com.au'  
**Cc:** 'Mike McFillin'  
**Subject:** FR2017/203 National Fire Industry Association Reports [SEC=UNCLASSIFIED]  
**Attachments:** NFIA\_FR2017\_203\_Filing letter\_05012018.pdf

**UNCLASSIFIED**

Dear Mr Bennett

Please see attached my letter in relation to the above financial report. I have also copied this email to Mr McFillin of McFillin Audit Services.

Yours faithfully

**DAVID VALE**

Principal Adviser

Financial Reporting

**Registered Organisations Commission**

Tel: (02) 8293 4654

[david.vale@roc.gov.au](mailto:david.vale@roc.gov.au)

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**Australian Government**

**Registered Organisations Commission**

Please consider the environment before printing this message

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**From:** Trish Pezet [<mailto:tpezet@nfia.com.au>]  
**Sent:** Wednesday, 13 December 2017 2:33 PM  
**To:** ROC - Registered Org Commission <[regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)>  
**Subject:** FR2017/203 National Fire Industry Association Reports

Good afternoon,

Please find attached Financial reports for NFIA for Financial Year ending 30<sup>th</sup> June 2017. Please do not hesitate to contact me should you have any queries.

Thanks very much for your assistance.

Kind Regards,

*Tricia Pezet*

*NFIA Accounts Manager*

*Ph: 07 3882 2273*

*Mob: 0428 143 425*





5 January 2018

Mr Shayne Bennett  
Secretary/Treasurer  
National Fire Industry Association  
By email: [info@nfia.com.au](mailto:info@nfia.com.au)

CC: [info@mcfaudit.com.au](mailto:info@mcfaudit.com.au)

Dear Mr Bennett,

**National Fire Industry Association  
Financial Report for the year ended 30 June 2017 - [FR2017/203]**

I acknowledge receipt of the financial report of the National Fire Industry Association. The documents were lodged with the Registered Organisations Commission (the ROC) on 13 December 2017.

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 2018 may be subject to an advanced compliance review.

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

**Financial instruments disclosures**

Australian Accounting Standard *AASB 7 Financial Instruments: Disclosures* details the reporting disclosures required by an entity in relation to financial instruments. This information has not been provided.

When we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. I note the same error has appeared in the current report, namely the non-disclosure of financial instruments in the Notes to the financial report. The ROC aims to assist reporting units in complying with their obligations under the RO Act and Reporting Guidelines by providing advice about the errors identified in financial reports. However, failure to address this issue may lead to the Commissioner exercising his powers under section 330 of the RO Act.

**Reporting Requirements**

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at [david.vale@roc.gov.au](mailto:david.vale@roc.gov.au).

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", is enclosed in a thin black rectangular border. The signature is fluid and cursive.

David Vale  
Registered Organisations Commission

**svc-adlib5**

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**From:** Trish Pezet <tpezet@nfia.com.au>  
**Sent:** Wednesday, 13 December 2017 2:33 PM  
**To:** ROC - Registered Org Commission  
**Subject:** HPRM: National Fire Industry Association Reports  
**Attachments:** NFIA National Office Audited Financial Reports complete.pdf

Good afternoon,

Please find attached Financial reports for NFIA for Financial Year ending 30<sup>th</sup> June 2017.  
Please do not hesitate to contact me should you have any queries.

Thanks very much for your assistance.

Kind Regards,

*Tricia Pezet*

*NFIA Accounts Manager  
Ph: 07 3882 2273  
Mob: 0428 143 425*



**FINANCIAL REPORT**  
**OF**  
**NATIONAL FIRE INDUSTRY ASSOCIATION**  
**ABN 35 893 785 038**  
**FOR THE YEAR ENDED**  
**30 JUNE 2017**

## **NATIONAL FIRE INDUSTRY ASSOCIATION**

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# McFillin

## Audit Services

ABN 13 757 716 236

CERTIFIED  
PRACTISING ACCOUNTANTS

NATIONAL FIRE INDUSTRY ASSOCIATION  
ABN 35 893 785 038

Independent Audit Report to the Members of **NATIONAL FIRE INDUSTRY ASSOCIATION**

Report on the Audit of the Financial Report

### Opinion

I have audited the financial report of **National Fire Industry Association**, which comprises the statement of financial position as at **30 June 2017**, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended **30 June 2017**, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of **National Fire Industry Association** as at **30 June 2017**, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

I declare that management's use of the going concern basis with agreed financial support, in the preparation of the financial statements of the **National Fire Industry Association** is appropriate.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the **National Fire Industry Association** 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

PO Box 2040, Strathpine QLD 4500

Phone: (07) 3205 3480 Mobile: 0434 778 423 Fax: (07) 3205 6936 Email: [info@mcfaudit.com.au](mailto:info@mcfaudit.com.au)

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In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the **National Fire Industry Association** is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 **National Fire Industry Association's** ability 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 either intend to liquidate the **National Fire Industry Association** or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **National Fire Industry Association's** internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the **National Fire Industry Association's** ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the **National Fire Industry Association** to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the **National Fire Industry Association** to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the **National Fire Industry Association** audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of CPA Australia and hold a current Public Practice Certificate.



Michael McFillin  
McFillin Audit Services

Brisbane  
26 October 2017

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/224

NATIONAL FIRE INDUSTRY ASSOCIATION  
ABN 35 893 785 038

s.268 Fair Work (Registered Organisations) Act 2009

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER**

I, Shayne Bennett, being the Secretary/ Treasurer of the National Fire Industry Association, certify:

- that the documents lodged herewith are copies of the full report for the National Fire Industry Association for the year ended 30 June 2017 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 26th October 2017; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 7<sup>th</sup> December 2017 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.



.....

Dated: 7th December 2017

**NATIONAL FIRE INDUSTRY ASSOCIATION  
ABN 35 893 785 038**

**OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

The committee presents its report on the reporting unit for the financial year ended 30 June 2017.

**Principal activities**

The principal activities of the Association during the reporting period were to provide industrial and organising services to the members consistent with the objects of the Association and particularly the object of protecting and improving the interests of the members.

The Association's principal activities resulted in maintaining the industry standards and protecting the members' businesses, particularly those involved with industrial and workplace matters.

The Association is in the process of preparing for the transition of the Association to a new National Body. As part of this process the Association commenced receiving levies from the state associations and provide services to each state.

There were no significant changes in the nature of the Association's financial affairs during the reporting period. The Association will cease operations in the 2017/18 financial year. Any financial shortfall in the Association's operations will be funded by state levies.

**Manner of Resignation**

Members may resign from the Association in accordance with rule 7, which reads as follows:

A Member or Associate may resign from membership by written notice addressed and delivered to the secretary.

A notice of resignation takes effect:

- (a) where the Member or Associate ceases to be eligible to become a Member or Associate of the Association:
  - (i) on the day on which the notice is received by the secretary; or
  - (ii) on the day specified in the notice, which is a day not earlier than the day when the member or Associate ceases to be eligible to become a Member or Associate;whichever is later; or
- (b) in any other case:
  - (i) at the end of two weeks after the notice is received by the Association; or
  - (ii) on the day specified in the notice;whichever is later.

Any dues payable but not paid by a former Member or Associate of the Association, in relation to a period before the Member or Associate's resignation from the Association took effect, may be sued for and received in the name of the Association, in a court of competent jurisdiction, as a debt due to the Association.

A notice delivered to the secretary shall be taken to have been received by the Association when it was delivered.

A notice of resignation that has been received by the Association is not valid because it was not addressed and delivered to the secretary.

A resignation from membership of the Association is valid even if it is not effected in accordance with section if the Member or Associate is informed by or on behalf of the Association that the resignation has been accepted.

**Trustee or director of Trustee Company of superannuation entity or exempt public sector superannuation scheme**

There were no officers of the Association who held reserved positions in these entities.

**Number of Members**

The number of persons who, at the end of the reporting period, were recorded on the Register of Members of the Association was 197.

**Number of Employees**

There is one employee of the Association.

**Members of Committee of Management**

The persons who held office as members of the Committee of Management of the Association during the reporting period are:

• Andrew Hickman (President)	1/7/16 - 30/6/17
• Jeff Wood (Vice President)	1/7/16 - 30/6/17
• Shayne Bennett (Secretary/Treasurer)	1/7/16 - 30/6/17
• Brian Davies (Patron)	1/7/16 - 30/6/17
• Gordon Stalley (Committee Member)	1/7/16 - 30/6/17
• Stephen Trevor (Committee Member)	1/7/16 - 30/6/17
• Haysam Mohtadi (Committee Member)	1/7/16 - 30/6/17
• Graham Dunn (Committee Member)	1/7/16 - 30/6/17
• Andy Thomas (Committee Member)	1/7/16 - 30/6/17

Signature of designated officer: \_\_\_\_\_



Name of designated officer: Shayne Bennett Secretary/Treasurer

Date: 26 October 2017

**NATIONAL FIRE INDUSTRY ASSOCIATION  
ABN 35 893 785 038**

**COMMITTEE OF MANAGEMENT STATEMENT  
FOR THE YEAR ENDED 30 June 2017**

On 26 October 2017 the Council of the **National Fire Industry Association** passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended **30 June 2017**:

The Council 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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable as any shortfall will be funded by state levies; 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 including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the **National Fire Industry Association** have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
  - (vi) where any order for inspection of financial records has been made by the Registered Organisations 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.

Signature of designated officer: \_\_\_\_\_



Name of prescribed designated officer: Shayne Bennett

Title of prescribed designated officer: Secretary/Treasurer

Dated: 26 October 2017

**NATIONAL FIRE INDUSTRY ASSOCIATION**  
**ABN 35 893 785 038**

**Statement of Comprehensive Income**

*for the year ended 30 June 2017*

	Notes	2017 \$	2016 \$
<b>Revenue</b>			
Membership subscription		-	75250
Capitation fees	3A	-	-
Levies	3B	461296	-
Interest	3C	289	1167
Sponsorships		139800	-
Commissions		13144	44639
Other revenue (reimbursements)		66202	49685
<b>Total revenue</b>		<b>680732</b>	<b>170741</b>
<b>Other Income</b>			
Grants and/or donations	3E	-	45000
Share of net profit from associate	6E	-	-
Net gains from sale of assets	3F	-	-
<b>Total other income</b>		<b>-</b>	<b>-</b>
<b>Total income</b>		<b>680732</b>	<b>215741</b>
<b>Expenses</b>			
Employee expenses	4A	94759	19437-
Capitation fees	4B	-	-
Affiliation fees	4C	-	-
Administration expenses	4D	660755	199941
Grants or donations	4E	-	262
Legal costs	4H	55528	2198
Audit fees	14	6950	3160
Other expenses	4K	-	-
<b>Total expenses</b>		<b>817992</b>	<b>224998</b>
<b>Surplus (deficit) for the year</b>		<b>(137260)</b>	<b>(9257)</b>
<b>Total comprehensive income for the year</b>		<b>(137260)</b>	<b>(9257)</b>

The above statement should be read in conjunction with the notes.



NATIONAL FIRE INDUSTRY ASSOCIATION

ABN 35 893 785 038

**Statement of Financial Position**

as at 30 June 2017

	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	12711	105447
Trade and other receivables	5B	7014	32812
<b>Total current assets</b>		<b>19725</b>	<b>138259</b>
<b>Total assets</b>		<b>19725</b>	<b>138259</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	6A	29609	13672
Other payables	6B	(3510)	2297
Employee provisions	7A	8596	-
<b>Total current liabilities</b>		<b>34695</b>	<b>15969</b>
<b>Non-Current Liabilities</b>			
Employee provisions	7A	-	-
Other non-current liabilities	8A	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>34695</b>	<b>15969</b>
<b>Net assets</b>		<b>(21990)</b>	<b>122290</b>
<b>EQUITY</b>			
General funds	9A	-	-
Retained earnings (accumulated deficit)		(14970)	122290
<b>Total equity</b>		<b>(14970)</b>	<b>122290</b>

The above statement should be read in conjunction with the notes.

**Statement of Changes in Equity**

*for the year ended 30 June 2017*

		General funds	Retained earnings	Total equity
	Notes	\$	\$	\$
<b>Balance as at 1 July 2015</b>		-	131547	131547
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus / (deficit)		-	(9257)	(9257)
Other comprehensive income		-	-	-
Transfer	9A	-	-	-
Transfer from retained earnings		-	-	-
<b>Closing balance as at 30 June 2016</b>		-	122290	122290
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus / (deficit)		-	(137260)	(137260)
Other comprehensive income		-	-	-
Transfer to/from <i>[insert fund name]</i>	9A	-	-	-
Transfer from retained earnings		-	-	-
<b>Closing balance as at 30 June 2017</b>		-	(14970)	(14970)

The above statement should be read in conjunction with the notes.

**NATIONAL FIRE INDUSTRY ASSOCIATION**  
**ABN 35 893 785 038**  
**Statement of Cash Flows**  
*for the year ended 30 June 2017*

	Notes	2017 \$	2016 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from other reporting units/controlled entity(s)	10B	698997	201415
Interest		289	1167
Other		-	-
<b>Cash used</b>			
Employees		94957	19437
Suppliers		597065	192956
Payment to other reporting units/controlled entity(s)	10B	-	-
<b>Net cash from (used by) operating activities</b>	<b>10A</b>	<b>(92736)</b>	<b>(9811)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of plant and equipment		-	-
Proceeds from sale of land and buildings		-	-
Other		-	-
<b>Cash used</b>			
Purchase of plant and equipment		-	-
Purchase of land and buildings		-	-
Other		-	-
<b>Net cash from (used by) investing activities</b>		<b>-</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity		-	-
Other		-	-
<b>Cash used</b>			
Repayment of borrowings		-	-
Other		-	-
<b>Net cash from (used by) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>		<b>(92736)</b>	<b>(9811)</b>
Cash & cash equivalents at the beginning of the reporting period		105447	115258
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	<b>5A</b>	<b>12711</b>	<b>105447</b>

The above statement should be read in conjunction with the notes.

**NATIONAL FIRE INDUSTRY ASSOCIATION**

**ABN 35 893 785 038**

**Recovery of Wages Activity\***

*for the year ended 30 June 2017*

	2017	2016
	\$	\$
<b>Cash assets in respect of recovered money at beginning of year</b>	<b>Nil</b>	<b>Nil</b>
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>
<b>Payments</b>		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit:		
name of account	-	-
name of fund	-	-
Name of other reporting unit of the organisation:		
name of account	-	-
name of fund	-	-
Name of other entity:		
name of account	-	-
name of fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
<b>Total payments</b>	<b>-</b>	<b>-</b>
<b>Cash assets in respect of recovered money at end of year</b>	<b>Nil</b>	<b>Nil</b>
Number of workers to which the monies recovered relates	-	-
<b>Aggregate payables to workers attributable to recovered monies but not yet distributed</b>		
Payable balance	-	-
Number of workers the payable relates to	-	-
<b>Fund or account operated for recovery of wages</b>	<b>-</b>	<b>-</b>

## **Index to the Notes of the Financial Statements**

<b>Note 1</b>	<b>Summary of significant accounting policies</b>
<b>Note 2</b>	<b>Events after the reporting period</b>
<b>Note 3</b>	<b>Income</b>
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<b>Note 6</b>	<b>Current liabilities</b>
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<b>Note 12</b>	<b>Remuneration of auditors</b>
<b>Note 13</b>	<b>Section 272 <i>Fair Work (Registered Organisations) Act 2009</i></b>

## **Note 1 Summary of significant accounting policies**

### **1.1 Basis of preparation of the financial statements**

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the **National Fire Industry Association** is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

### **1.2 Comparative amounts**

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

### **1.3 Significant accounting judgements and estimates**

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

### **1.4 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.

#### ***Future Australian Accounting Standards Requirements***

No new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on **National Fire Industry Association**.

### **1.5 Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### **1.6 Government grants**

Government grants are not recognised until there is reasonable assurance that the **National Fire Industry Association** will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the **National Fire Industry Association** recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the **National Fire Industry Association** should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the **National Fire Industry Association** with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### **1.7 Capitation fees and levies**

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

#### **1.8 Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

#### **1.9 Cash**

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### **1.10 Financial instruments**

Financial assets and financial liabilities are recognised when the **National Fire Industry Association** becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### **1.11 Financial assets**

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### **Loan and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at cost.

#### **Derecognition of financial assets**

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

### **1.12 Financial Liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

#### **Other financial liabilities**

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

#### **Derecognition of financial liabilities**

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **1.13 Contingent Liabilities and Contingent Assets**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

### **1.14 Taxation**

National Fire Industry Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.



Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

**1.15 Going concern**

**National Fire Industry Association** is reliant on the financial support of State National Fire Industry Associations to continue on a going concern basis. This financial support is to continue the transition to the new national body when this has occurred and this association is wound up. The assistance will be by way of levies on the state associations.

**Note 2 Events after the reporting period**

There were no events that occurred after **30 June 2017**, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of **National Fire Industry Association**

	2017	2016
	\$	\$
<b>Note 3 Income</b>		
<b>Note 3A: Capitation fees</b>		
<b>Total capitation fees</b>	<u>-</u>	<u>-</u>
<b>Note 3B: Levies</b>		
State Association Operating Levies	461296	-
<b>Total levies</b>	<u>461296</u>	<u>-</u>
<b>Note 3C: Interest</b>		
Deposits	289	1167
Loans	-	-
<b>Total interest</b>	<u>289</u>	<u>1167</u>
<b>Note 3D: Rental revenue</b>		
Properties	-	-
Other	-	-
<b>Total rental revenue</b>	<u>-</u>	<u>-</u>
<b>Note 3E: Grants or donations</b>		
Grants	-	45000
Donations	-	-
<b>Total grants or donations</b>	<u>-</u>	<u>45000</u>

	2017	2016
	\$	\$
<b>Note 4 Expenses</b>		
<b>Note 4A: Employee expenses</b>		
<b>Holders of office:</b>		
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses holders of office</b>	<u>-</u>	<u>-</u>
<b>Employees other than office holders:</b>		
Wages and salaries	86538	17751
Superannuation	8221	1686
Leave and other entitlements	8596	-
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses employees other than office holders</b>	<u>102455</u>	<u>19437</u>
<b>Total employee expenses</b>	<u>102455</u>	<u>19437</u>
<b>Note 4B: Capitation fees</b>		
	-	-
<b>Total capitation fees</b>	<u>-</u>	<u>-</u>
<b>Note 4C: Affiliation fees</b>		
	-	-
<b>Total affiliation fees/subscriptions</b>	<u>-</u>	<u>-</u>

	2017	2016
	\$	\$
<b>Note 4D: Administration expenses</b>		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	67981	67726
Administration Fees	420384	17352
Contractors/consultants	48953	23145
Conference and meeting expenses	19091	62024
Office expenses	22757	24018
Subscriptions	81589	5676
Other	660755	199941
<b>Subtotal administration expense</b>	<u>660755</u>	<u>199941</u>
Operating lease rentals:		
Minimum lease payments	-	-
<b>Total administration expenses</b>	<u>660755</u>	<u>199941</u>

**Note 4E: Grants or donations**

<b>Grants:</b>		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
<b>Donations:</b>		
Total paid that were \$1,000 or less	-	262
Total paid that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<u>-</u>	<u>262</u>

	2017	2016
	\$	\$
<b>Note 4H: Legal costs</b>		
Litigation	-	-
Other legal matters	55528	2198
<b>Total legal costs</b>	<u>-</u>	<u>-</u>

**Note 4K: Other expenses**

Penalties - via RO Act or RO Regulations	-	-
<b>Total other expenses</b>	<u>-</u>	<u>-</u>

	2017	2016
	\$	\$

**Note 5 Current Assets**

**Note 5A: Cash and Cash Equivalents**

Cash at bank	12711	105447
Cash on hand	-	-
Short term deposits	-	-
Other	-	-
<b>Total cash and cash equivalents</b>	<b>12711</b>	<b>105447</b>

**Note 5B: Trade and Other Receivables**

**Receivables from other reporting unit[s]**

*(list name and amount for each other reporting unit)*

	-	-
<b>Total receivables from other reporting unit[s]</b>	<b>-</b>	<b>-</b>

**Less provision for doubtful debts**

*(list name and amount for each other reporting unit)*

	-	-
<b>Total provision for doubtful debts</b>	<b>-</b>	<b>-</b>

<b>Receivable from other reporting unit[s] (net)</b>	<b>-</b>	<b>-</b>
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**Other receivables:**

GST receivable		-
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Other trade receivables	7014	32812
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<b>Total other receivables</b>	<b>-</b>	<b>-</b>
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<b>Total trade and other receivables (net)</b>	<b>7014</b>	<b>32812</b>
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**Note 6 Current Liabilities**

**Note 6A: Trade payables**

Trade creditors and accruals	29608	13672
<b>Subtotal trade creditors</b>	<u>-</u>	<u>-</u>
<b>Payables to other reporting unit[s]</b>		
	<u>-</u>	<u>-</u>
<b>Subtotal payables to other reporting unit[s]</b>	<u>-</u>	<u>-</u>
<b>Total trade payables</b>	<u>-</u>	<u>-</u>

Settlement is usually made within 30 days.

	2017	2016
	\$	\$
<b>Note 6B: Other payables</b>		
Wages and salaries	-	-
Superannuation	-	-
Consideration to employers for payroll deductions	-	-
Legal costs		
Litigation	-	-
Other legal matters	-	-
Prepayments received/unearned revenue	-	-
GST payable	(3510)	2297
Other	-	-
<b>Total other payables</b>	<u>(3510)</u>	<u>2297</u>

Total other payables are expected to be settled in:

No more than 12 months	(3510)	2297
More than 12 months	-	-
<b>Total other payables</b>	<u>(3510)</u>	<u>2297</u>

## Note 7 Provisions

### Note 7A: Employee Provisions

#### Office Holders:

Annual leave		-
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
<b>Subtotal employee provisions—office holders</b>	<u>-</u>	<u>-</u>

#### Employees other than office holders:

Annual leave	8596	-
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
<b>Subtotal employee provisions—employees other than office holders</b>	<u>8596</u>	<u>-</u>
<b>Total employee provisions</b>	<u>-</u>	<u>-</u>

Current	8596	-
Non-Current	-	-
<b>Total employee provisions</b>	<u>8596</u>	<u>-</u>



	2017	2016
	\$	\$
<b>Note 8 Non-current Liabilities</b>		
<b>Note 8A: Other non-current liabilities</b>		
<b>Total other non-current liabilities</b>	-	-
<b>Note 9 Equity</b>		
<b>Note 9A: Funds</b>		
<b>Balance as at start of year</b>	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
<b>Balance as at end of year</b>	-	-
<b>Balance as at start of year</b>	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
<b>Balance as at end of year</b>	-	-
<b>Total Reserves</b>	-	-
<b>Note 9B: Other Specific disclosures - Funds</b>		
<b>Compulsory levy/voluntary contribution fund – if invested in assets</b>	-	-
<b>Other fund(s) required by rules</b>		
<i>[insert name of individual fund and purpose]</i>		
<b>Balance as at start of year</b>	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
<b>Balance as at end of year</b>	-	-

	2017	2016
	\$	\$

**Note 10 Cash Flow**

**Note 10A: Cash Flow Reconciliation**

**Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:**

**Cash and cash equivalents as per:**

Cash flow statement	12711	105447
Balance sheet	12711	105447
<b>Difference</b>	<u>-</u>	<u>-</u>

**Reconciliation of profit/(deficit) to net cash from operating activities:**

Profit/(deficit) for the year	(137260)	(9257)
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<b>Adjustments for non-cash items</b>	-	-
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**Changes in assets/liabilities**

(Increase)/decrease in net receivables	25798	(13159)
Increase/(decrease) in supplier payables	15937	13172
Increase/(decrease) in other payables	(5807)	(567)
Increase/(decrease) in employee provisions	8596	-
<b>Net cash from (used by) operating activities</b>	<u>(92736)</u>	<u>(9811)</u>

**Note 10B: Cash flow information**

**Cash inflows**

Cash inflows	-	-
<b>Total cash inflows</b>	<u>-</u>	<u>-</u>

**Cash outflows**

Cash outflows	-	-
<b>Total cash outflows</b>	<u>-</u>	<u>-</u>

	2017	2016
	\$	\$
<b>Note 11</b>		
<b>Related Party Disclosures</b>		
<b>Note 11A: Related Party Transactions for the Reporting Period</b>		
<b>Revenue received from State Association affiliates of National Fire Industry Associations includes the following:</b>		
State Associations Membership levies	461296	-
State Associations - Expense reimbursements	66202	

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended **30 June 2017**, the **National Fire Industry Association** has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2016: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

	2017	2016
	\$	\$
<b>Note 11B: Key Management Personnel Remuneration for the Reporting Period</b>		
<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	94759	-
Annual leave accrued	8596	-
Performance bonus	-	-
[other major categories]	-	-
<b>Total short-term employee benefits</b>	<u>103355</u>	<u>-</u>
<b>Post-employment benefits:</b>		
Superannuation	-	-
<b>Total post-employment benefits</b>	<u>-</u>	<u>-</u>
<b>Other long-term benefits:</b>		
Long-service leave	-	-
<b>Total other long-term benefits</b>	<u>-</u>	<u>-</u>
<b>Termination benefits</b>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>103355</u>	<u>-</u>

**Note 12 Remuneration of Auditors**

<b>Value of the services provided</b>		
Financial statement audit services	6950	3160
Other services	-	-
<b>Total remuneration of auditors</b>	<u>6950</u>	<u>3160</u>

No other services were provided by the auditors of the financial statements.

**Note 18      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 Commissioner:

- (1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit 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 reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).



8 August 2017

Mr Brian Davies  
President  
National Fire Industry Association  
By Email: [info@nfia.com.au](mailto:info@nfia.com.au)

Dear Mr Davies,

**Re: Lodgement of Financial Report - [FR2017/203]  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the National Fire Industry Association (the reporting unit) ended on 30 June 2017. 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 Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2017.

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 (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being 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 your rules) no later than 31 December 2017 (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. 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 (see attached *Loans Grants and Donations* fact sheet FS 009).

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 (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) 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 effect from 15 December 2016. Please find below a guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located 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](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Michael Moutevelis**

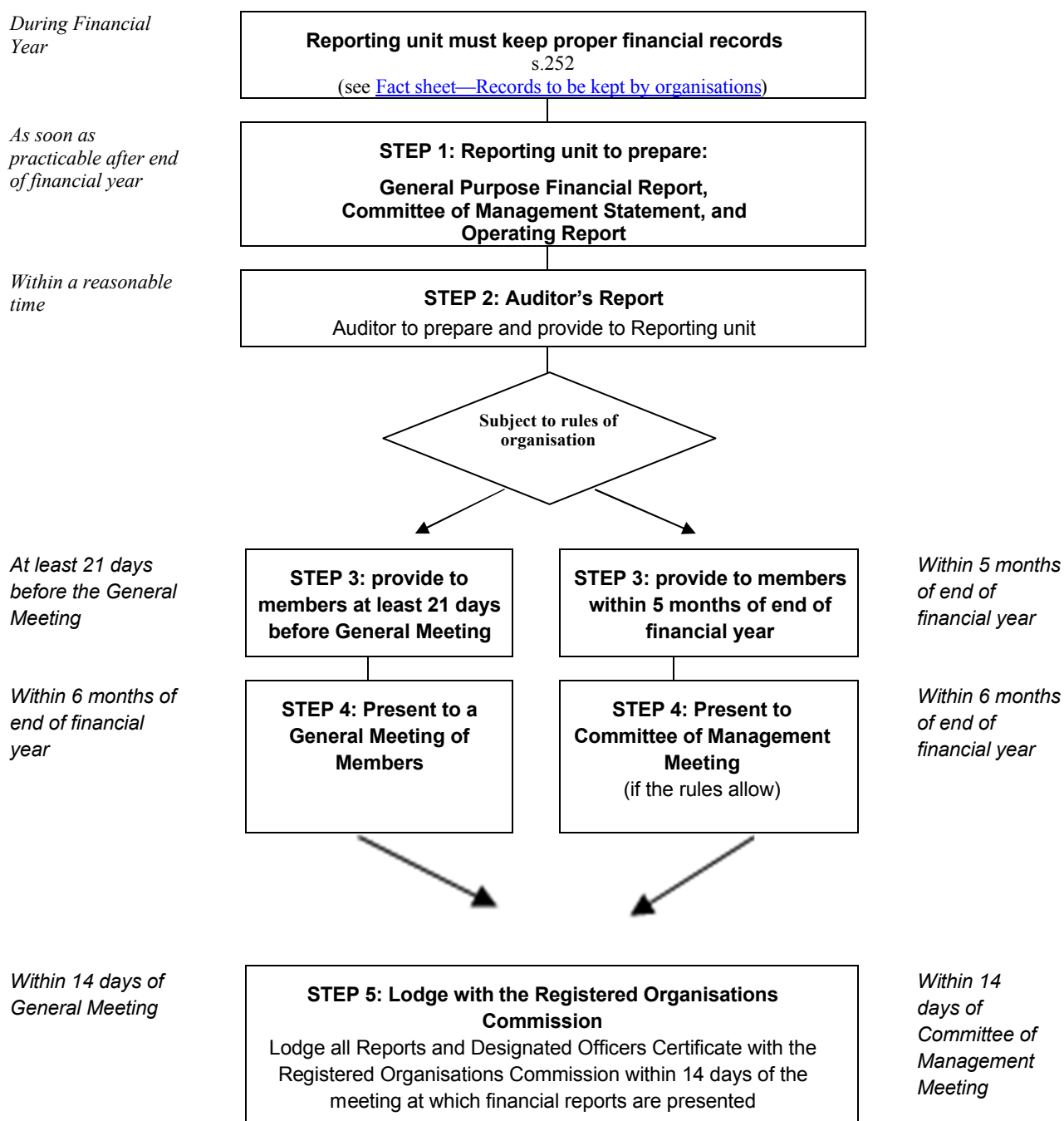
**Registered Organisations Commission**



# Fact sheet

## Summary of financial reporting timelines – s.253 financial reports

See Fact sheet—Financial reporting for an explanation of each of these steps.







## 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
<b>X</b> Only reporting units must lodge the Statement.	<b>✓</b> 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.
<b>X</b> Employees can sign the Statement.	<b>✓</b> 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.
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### 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	-	-
<b>Total grants or donations</b>	-	-

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](mailto:regorgs@roc.gov.au)



## **Guidance Note**

### **Illustrative Auditor's Report under section 257 of the *Fair Work (Registered Organisations) Act 2009***

Prepared and issued by the Registered Organisations Commission

<b>Version</b>	<b>Date published</b>
1	4 August 2017

## 1. Introduction

The purpose of this guidance note is to provide Registered Organisations with guidance on the revised Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700), as issued by the Auditing and Assurance Standards Board ('AUASB').

An 'Illustrative Auditor's Report' is included to assist Registered Organisations to understand the new auditing requirements.

## 2. Background to the revised Auditing Standard

From 15 December 2016, the structure of the Auditor's Report changed as a result of revisions made to the Australian Auditing Standards (ASAs). The changes impact all auditors' reports prepared in accordance with the ASAs.

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report<sup>1</sup>.

## 3. Key changes included in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Structure of the auditor's report	ASA 700.21-52	The form and structure of the audit report have been reorganised due to changes in the Australian Auditing Standards.
Basis for opinion	ASA 700.28c	Requires references in the audit report to the applicable ethical standards e.g. APES 110 <i>Code of Ethics for Professional Accountants</i> .
Other information	ASA 700.32 ASA 720	ASA 720 now requires that the auditor 'read and consider' if the Other Information (including but not limited to the Operating Report) is materially inconsistent with the financial statements, or the auditor's knowledge obtained in the audit.
Committee of Management's responsibilities for the preparation of the financial report	ASA 700.33-36	ASA 700.34b has been added to reflect changes made in ASA 570. The changes emphasise that it is management's responsibility for assessing whether the use of the going concern assumption is appropriate. The auditors' roles and responsibilities related to going concern have not changed.
Auditor's responsibilities for the audit of the financial report	ASA 700.37-40	These paragraphs have been expanded to clarify the detailed nature and scope of the auditor's existing responsibilities and procedures, and to make an explicit relationship of material misstatements to fraud or error.
Report on other legal and	ASA 700.43-45	This section is only applicable if there are other matters to report as required by other legislation.

<sup>1</sup> Adapted from 'Auditor Reporting FAQs' – Auditing and Assurance Standards Board - <http://www.auasb.gov.au/Publications/Auditor-Reporting-FAQs.aspx>

Description	Auditing standard ref.	Comments
regulatory requirements		<p>Under sections 257(6) and (7) of the <i>Fair Work (Registered Organisations) Act 2009</i> ('RO Act'), the auditor is required to report on any instances of non-compliance or deficiency or shortcoming with respect to financial record-keeping, and section 257(2) of the RO Act requires auditors to report on access restrictions to the financial records of the organisation.</p> <p>This section is not required if there are no matters to report.</p>

#### 4. Key changes not reflected in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Key Audit Matters	ASA 700.30-31, A41 ASA 701	<p>ASA 701 provides additional disclosures for entities listed on a securities exchange to communicate key audit matters ('KAMs') in the auditor's report. KAMs are those matters that, in the auditor's judgement, are of most significance to the audit of the financial statements of the current financial period.</p> <p>At this point in time, the ROC does not require the inclusion of KAMs.</p>

The numbered references in the Illustrative Auditor's Report refer to the explanatory paragraphs in section 5 of this Guidance Note 'Illustrative Auditor's Notes'. The Illustrative Auditor's Report is also included in the 'Model Financial Statements' published on the Registered Organisations Commission's website.

<To be printed on Auditor letterhead>

## Independent Audit Report to the Members of <name of Reporting Unit>

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position<sup>2</sup> as at <balance date>, the statement of comprehensive income<sup>3</sup>, statement of changes in equity<sup>4</sup> and statement of cash flows<sup>5</sup> for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management<sup>6</sup> Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of <name of Reporting Unit> as at <balance date>, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Information Other than the Financial Report and Auditor's Report Thereon<sup>7</sup>

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

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

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<sup>2</sup> Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note

<sup>3</sup> Ibid paragraph 9

<sup>4</sup> Ibid paragraph 9

<sup>5</sup> Ibid paragraph 9

<sup>6</sup> Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor

<sup>7</sup> Ibid paragraph 7

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 Reporting Unit's ability 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 either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of [name of appropriate professional accounting body] and hold a current Public Practice Certificate.

## **[Report on Other Legal and Regulatory Requirements]<sup>8</sup>**

[In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:

[Example:

a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

## **[Report on the Recovery of Wages Activity financial report]<sup>9</sup>**

### **Opinion on the recovery of wages activity financial report**

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended <date>.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

### **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. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

<Audit Firm Name>

<Name>

Partner

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<sup>8</sup> Ibid paragraph 11

<sup>9</sup> Ibid paragraph 11



<City>  
<Date>

Registration number (as registered by the RO Commissioner under the RO Act)<sup>10</sup>: <insert number>

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<sup>10</sup> Ibid paragraph 12

## 5. Illustrative Auditor's Report Notes

For the purpose of this illustrative Auditor's Report, the following circumstances are assumed:

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.
2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in *ASA 210 Agreeing the Terms of Audit Engagements*.
3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.
4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with *ASA 570 Going Concern*.
6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*.
7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in *ASA 720 The Auditor's Responsibilities Relating to Other Information* for example wording.
8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with *ASA 700 Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.
9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.
10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.
11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

12. Auditors must be registered by the Registered Organisations Commissioner. Your registration number under the RO Act will commence with the letters 'AA'.

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This guidance note is not intended to be comprehensive. It is designed to assist with making an application to the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.