



Report card – 2021 financial reporting

This is a point in time document that was published by the Registered Organisations Commission which has now been abolished.

Find out about the common financial reporting compliance issues we saw in 2021. When preparing financial reports this year, reporting units and registered auditors should consider the focus areas identified in this document.



Compliance issues and how to avoid them

We've identified the common non-compliance issues below and explained how you can prevent them in 2022.



32%

of non-compliant financial reports did not meet the requirements of AASB 15 – the accounting standard about disclosure of revenue from contracts with customers.

New accounting standard – AASB 15

The accounting standards require reporting units to separately identify revenue that is from a contract with a customer from revenue that is received from other sources.

Reporting units that did not comply failed to separately identify revenue received from a contract with a customer from other revenue received during the financial year.



Use a heading 'revenue from contracts with customers' to help you separately disclose.

The accounting standards require reporting units split revenue with customers into the various categories identified by AASB 15.

Reporting units that did not comply failed to split revenue received from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.



The model statements contain an example of the disaggregation of revenue from contracts with customers.



Compliance with AASB 15 is a focus of the ROC's assessment of financial reports in 2022. Non-compliance may require reporting units to fix the error and resubmit financial reports to members and the ROC.

32%

of non-compliant financial reports included the same errors as the 2020 financial report.

In 2021 the top issues that were not remedied from the previous year were:



- Missing and/or incorrect nil activity disclosures, as required under the [Commissioner's reporting guidelines](#)
- Missing and/or incorrect disclosures relating to other reporting units.



Check that transactions with other branches or the national office are reported consistently.

Get the timeframes right

Of the non-compliant financial reports:

26% were not provided to members on time

20% were not lodged within 14 days

16% were not presented to members within 6 months when required



Use the [Compliance Calculator](#) as a planning tool and save the dates in your calendar ahead of time.



Other areas of focus for financial reports in 2022

We're here to help you comply with the financial reporting requirements. Take note of our other assessment focus areas when preparing the 2022 financial report.

The auditor rotation requirement

Many reporting units are now reaching the point where they need to rotate their auditor. Before you engage an auditor make sure you're not in breach of this requirement.



A registered auditor must not play a significant role in the audit of a reporting unit for more than:

- 5 consecutive financial years, or
- 5 out of 7 consecutive financial years.

See our [rotation of auditors factsheet](#) for the meaning of **significant role** along with further information about this requirement.



Find out who has audited your previous years' financial reports by downloading your financial reports from our [website](#). The auditor's report for each financial year will tell you the name of the registered auditor who has signed off on the audit.

Nil activity disclosures

Don't forget to comply with the Commissioner's reporting guidelines and disclose any nil activities.



A nil disclosure can be made in either:

- the financial statements
- the notes
- an officers' declaration statement.



Use the [model financial statements](#). The officer declaration statement template will help you comply with this requirement.