



“INCORPORATED ASSOCIATIONS”

REGULATIONS (INCORPORATIONS ACT) FROM NOVEMBER 2012

- The new Incorporated Associations Act came into force from 26 November 2012. As a result, there are changes to their reporting requirements

WHAT CHANGES HAVE HAPPENED?

Associations are now classified according to their annual turnover (aggregate income before expenses). There are now 3 tiers in which an Association will be classified, and each tier will have different reporting requirements.

Tier 1 = \$0 - \$250,000 turnover

Tier 2 = \$250,001 - \$1,000,000 turnover

Tier 3 = more than \$1,000,000 turnover

WHAT DOES OUR ORGANISATION NEED TO DO?

There are a few things that your Association will be required to do under the introduction of the new Act.

- Review your constitution to ensure that the compulsory elements are covered and make any relevant changes. If the compulsory elements are not covered, the relevant sections of the Act will be enforced on your organisation.
- If your Association is required to lodge an Annual Statement (tier 2 or 3, or as requested by Consumer Affairs Vic), you will need to use the new forms which have replaced the existing statements.

WHAT ARE OUR AUDITING REQUIREMENTS?

If the accounts are to be audited, they should be completed prior to the Annual General Meeting (AGM) where the accounts are presented. This allows the accounts to be reviewed prior to being presented to all the members.

Tier 1 Associations are not required to have their accounts externally reviewed or audited unless:

- Its Rules state otherwise or
- A majority of members vote to do so at a general meeting or Consumer Affairs Vic directs them to do so.
- If an auditor is required, the auditor should be appointed at the AGM for the following year. There are certain requirements that an auditor must have to be an approved Associations Auditor.

WHAT ARE OUR REPORTING REQUIREMENTS?

At the conclusion of the financial year, the committee is required to prepare financial statements to show the results of the organization for the period. The financial statements should include:

- Income & expenditure of the Association, including any transactions from all accounts held in the Associations name.
- Balance sheet (statement of assets and liabilities). This may only include bank accounts. All bank accounts balances should be reconciled to the balance on the bank statement as at reporting date.
- Any supporting notes relating to aspects of the Association which would impact the readers of the report. This may include adjustments made to previous reports, possible impairments (or write down) in the value of assets held, or other supporting information to further explain the figures included in the reports.

Once the reports have been prepared and reviewed, they should be presented to the committee to be passed as fair and true and agree to present these to the members at the Annual General Meeting.

WHAT IF WE ARE NOT SURE WHAT RULES WE ARE GOVERNED BY?

Copies of the rules which govern your organization are held by Consumer Affairs Victoria (CAV). The rules which have been lodged with CAV are the regulations which the organization must meet and adhere to. If you do not have access to a copy of your rules or wish to verify that your current rules are the ones held by CAV, then you can request a copy from CAV at a fee.

HOW DO WE CHANGE OUR RULES?

Changes to the rules must be passed at a special general meeting of members, changes must be submitted to customer affairs Victoria.

Note: Changes to office holders must be notified to consumer affairs. This must be reviewed annually.

FOR MORE INFORMATION

Visit the ATO website: <https://www.ato.gov.au/>

Or phone 13 28 66 from Monday-Friday 8:00am-6:00pm

Or Contact Sheridan Partners on 1300 896 574

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