



GOVERNANCE RISK & OPERATIONS

Consolidated Statements: Two ACNC Documents, Two Different Required Scopes

Controlling a subsidiary can trigger a consolidation requirement, but not for every document you submit to the ACNC

An association controlling a trading subsidiary, connecting directly to the structural discussion earlier in this series, does not simply take on a separate liability question. It becomes a parent entity under Australian accounting standards, and this can trigger a specific, technical financial reporting requirement most boards have never actually considered.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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The Accounting Consequence Of Controlling Another Entity

If your association prepares general purpose financial statements, AASB 10 requires an entity that controls one or more other entities to present consolidated financial statements, showing the parent and its subsidiary together as a single economic group, rather than the parent's standalone accounts alone. An association that established a wholly owned trading subsidiary purely for the liability ring-fencing benefits discussed earlier in this series may not have fully appreciated that this same structure creates an ongoing accounting obligation to present the group's combined financial position, not just the parent's own books in isolation. Whether this applies depends on your reporting framework, so confirm it with your auditor or accountant. If your association is not a registered charity, the ACNC requirements below do not apply; check your reporting obligations under your state or territory Act or the Corporations Act.

The Specific, Easily Confused Distinction Worth Knowing Precisely

The ACNC accepts a consolidated Annual Financial Report from a parent charity reporting as a single charity. However, the separate Annual Information Statement the charity submits must relate only to that single charity's own financial information, not the consolidated group's combined figures. This is an important distinction: two different documents submitted to the same regulator can require a different scope of financial information for the same reporting period, and an association that consolidates correctly in its Annual Financial Report while inadvertently reporting group figures in its Annual Information Statement has made a specific compliance error in the opposite direction from what most boards would expect. Consolidating correctly in one ACNC document while accidentally reporting the wrong scope of financial information in the other is an easy mistake to make, precisely because both documents are submitted to the same regulator around the same time, inviting the assumption that they should contain the same figures.

An Exemption Worth Confirming

A subsidiary that is itself a parent may be exempt from preparing its own consolidated statements if its own parent publishes compliant consolidated statements and the other conditions in AASB 10 are met. This avoids duplicate consolidation work up a chain of ownership, and an association with a layered structure should confirm where this exemption applies before assuming every entity in the structure needs to prepare its own full consolidated statements independently.

- Confirm whether your association controls another entity under AASB 10's definition, and whether your reporting framework then requires consolidated financial statements, connecting directly to the trading subsidiary discussion earlier in this series.
- Distinguish clearly between the scope required in your Annual Financial Report, which may be consolidated, and your Annual Information Statement, which must relate only to the single charity itself.
- Confirm whether group reporting approval, allowing a combined Annual Information Statement where both parent and subsidiary are registered charities, is available and appropriate for your structure.
- Check whether the AASB 10 exemption from separate consolidation applies within any layered ownership structure your association operates.
- Seek accounting advice specifically addressing consolidation requirements the first time your association establishes any controlled entity, rather than discovering the obligation only at the next annual reporting cycle.

Establishing a trading subsidiary is a structural decision with consequences reaching well beyond the liability protection it is usually adopted for. An association's own financial reporting obligations change the moment it becomes a parent entity, and understanding what that means for both the financial report and the information statement it submits protects the organisation from a compliance gap hiding in the space between two documents most boards assume should simply match. This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

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BOARDROOM ACTION WORKSHEET

Consolidated Statements: Two ACNC Documents, Two Different Required Scopes

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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