
GUIDE FOR COMPANIES LIMITED BY GUARANTEE'S (CLG) ANNUAL REPORT

CLGs have reporting obligations under the *Corporations Act 2001 (Cth)* (**Act**). These obligations vary according to the size of the CLG.

What is a small CLG?

A company is a small CLG in a particular financial year if:

- it is a CLG for the whole of the financial year
- it is not a deductible gift recipient at any time during the financial year, and
- its revenue (or consolidated revenue if that applies) for the financial year is less than \$250 000.

Where directed by a member of the company or ASIC, a small CLG must prepare:

- annual financial reports and
- a directors' report with specific disclosure as set out in s 300B of the Act¹

which are

- prepared in accordance with Chapter 2M of the Act (financial reports and audit) and
- audited or reviewed.

The company must notify members of the annual financial report.

Other CLG

A CLG with annual (or consolidated) revenue of less than \$1 million must prepare:

- annual financial reports and
- a directors' report with specific disclosure as set out in s 300B of the Corporations Act

which are

- prepared in accordance with Chapter 2M of the Act (financial reports and audit) and
- audited or reviewed.

The annual financial report must be given to any member who elects to receive them.

A CLG with annual (or consolidated) revenue of \$1 million or more must prepare:

- annual financial reports and
- a directors' report with specific disclosure as set out in s 300B of the Act

which are

- prepared in accordance with Chapter 2M of the Act (financial reports and audit) and
- audited.

¹ http://www5.austlii.edu.au/au/legis/cth/consol_act/ca2001172/s300b.html

A CLG's annual report **must** include the financial statements referred to above. It is recommended regardless of the size of CLG that annual financial statements and reports should be audited.

The directors' report referred to above **should** be included in the annual report. This report **must** include:

Strategy

- (a) a description of the short, and long, term objectives of the association;
- (b) a statement of the association's strategy for achieving those objectives;
- (c) a statement of the association's principal activities and operations during the year;
- (d) a statement of how those activities assisted in achieving the association's objectives;
- (e) a statement of how the board and association measures performance, including any key performance indicators used by the association;

Governance

- (f) the name of each person who has been a director of the association at any time during or since the end of the year and the period for which the person was a director;
- (g) each director's qualifications, experience and special responsibilities;
- (h) the number of meetings of the board of directors held during the year and each director's attendance at those meetings;

Liability

- (i) the amount which a member of the association is liable to contribute if the association is wound up.

A CLG can include any other information in the report which the board determines. For example, life members, key performance results at championships etc, state or national representatives and reports from any of the association's portfolios.

Disclaimer

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