

1991
THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

(As presented)

(Treasurer)

**Co-operative Societies (Amendment) Bill
1991**

**A BILL
FOR**

An Act to amend the *Co-operative Societies Act 1939*

The Legislative Assembly for the Australian Capital Territory enacts as follows:

Short title

- 5 **1.** This Act may be cited as the *Co-operative Societies (Amendment) Act 1991*.

Principal Act

- 10 **2.** In this Act, "Principal Act" means the *Co-operative Societies Act 1939*.

Interpretation

- 10 **3.** Section 4 of the Principal Act is amended—
 (a) by inserting in subsection (1) the following definitions:

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Co-operative Societies (Amendment) No. , 1991

“ ‘deadline’, in relation to a financial year of a society, means the end of the fourteenth day before the last day of the period within which the society is required to hold an annual general meeting in relation to that financial year;

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‘group’, in relation to a holding society at the end of a financial year, means—

- (a) the society; and
- (b) its subsidiary at the end of the financial year;

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‘group accounts’, in relation to a society, means, if the society is a group holding society at the end of the financial year concerned;

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- (a) a set of consolidated accounts for the group;
- (b) 2 or more sets of consolidated accounts together covering the group;
- (c) separate accounts for each subsidiary in the group; or
- (d) the combination of one or more sets of consolidated accounts, and one or more sets of separate accounts, together covering the group;

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‘holding society’ means a society which has another society or other corporation as a subsidiary;” and

(b) by omitting subsection (4) and substituting the following subsection:

“(4) In subsections (2A), (2B) and (2C)—

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‘corporation’ means—

- (a) a society; or
- (b) a corporation within the meaning of the *Corporations Act 1989* of the Commonwealth.”

Registers and records

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4. Section 42 of the Principal Act is amended—

- (a) by omitting from subsection (1) “and accounts”; and
- (b) by omitting from subsection (1A) “or failed to comply with”.

Insertion

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5. After section 42 of the Principal Act the following sections are inserted:

Accounts

“42A. (1) A society shall keep accounts in accordance with this section.

“(2) The accounts of a society shall be kept in accordance with such of the prescribed requirements as are relevant to those accounts.

5 “(3) Subject to subsection (2), the accounts of a society shall be kept in accordance with such of the accounting standards as are relevant to those accounts, as in force from time to time, and as applied to the society.

“(4) The accounting standards apply to the accounts of a society in the prescribed manner.

10 “(5) Where the accounts of a society would not, if kept in accordance with a prescribed requirement or an accounting standard as applied to the society, give a true and fair view of the financial affairs of a society, the society—

15 (a) is not required to comply with that requirement or standard, to the extent that such compliance would fail to give such a true and fair view; and

(b) shall add such information and explanations to the accounts as will give such a true and fair view.

“(6) In this section—

20 ‘accounting standards’ means an accounting standard referred to in section 32 of the *Corporations Act 1989* of the Commonwealth;

‘accounts’, in relation to a society that is a holding society, includes the group accounts of the society.

Statement to be attached to accounts

25 “42B. (1) The directors of a society shall cause to be attached to the society’s accounts for a financial year a statement complying with this section and section 42D.

“(2) The statement shall state whether or not, in the directors’ opinion—

30 (a) the profit and loss account gives a true and fair view of the society’s profit or loss for the financial year; and

(b) the balance-sheet gives a true and fair view of the society’s state of affairs as at the end of the financial year.

35 “(3) In forming their opinion for the purposes of subsection (2), the directors shall have regard to circumstances that have arisen, and information that has become available, since the end of the financial year and that would, if the accounts had been kept when the statement is made, have affected the determination of an amount or particular in them.

5 “(4) If adjustments have not been made in the accounts to reflect circumstances or information of a kind referred to in subsection (3) that are or is relevant to understanding the accounts or an amount or particular in them, the statement shall include such information and explanations as will prevent the accounts, or that amount or particular, from being misleading because adjustments have not been so made.

“(5) The statement shall state whether or not, in the directors’ opinion, there are, when the statement is made, reasonable grounds to believe that the society will be able to pay its debts as and when they fall due.

10 “(6) The statement shall state whether or not the accounts have been kept in accordance with all applicable accounting standards.

“(7) If the accounts have not been made out in accordance with a particular applicable accounting standard, the statement shall—

15 (a) state why the accounts, if kept in accordance with that accounting standard, would not have given a true and fair view of the matters with which they are required to deal; and

(b) give particulars of the quantified financial effect on the accounts of failing to keep them in accordance with that accounting standard.

20 “(8) If the society has been dormant throughout the period beginning at the start of the financial year and ending on the day the statement is made, the statement shall state that the society has so been dormant.

Statement to be attached to holding society accounts

25 “42C. (1) The directors of a society that is a holding society at the end of a particular financial year shall cause to be attached to the group accounts included in the society’s accounts for the financial year a statement that complies with this section and section 42D.

“(2) The statement shall state whether or not, in the directors’ opinion, the group accounts give a true and fair view of—

30 (a) the group’s profit or loss for, and

(b) the group’s state of affairs as at the end of;

that financial year and the corresponding financial years of the subsidiaries in the same group, so far as the profit or loss and state of affairs concern members of the society.

35 “(3) In forming their opinion for the purposes of subsection (2), the directors shall have regard to circumstances that have arisen, and information that has become available, since—

(a) in the case of circumstances or information concerning the society—the end of the financial year; or

- (b) in the case of circumstances or information concerning a subsidiary in the same group—the end of the corresponding financial year of that society;

5 and that would, if the group accounts had been kept when the statement is made, have affected the determination of an amount or particular in them.

10 “(4) If adjustments have not been made in the group accounts to reflect circumstances or information of a kind referred to in subsection (3) that are or is relevant to understanding the accounts or an amount or particular in them, the statement shall include such information and explanations as will prevent the accounts, or that amount or particular, from being misleading because adjustments have not been so made.

“(5) The statement shall state whether or not the group accounts have been kept in accordance with all applicable accounting standards.

15 “(6) If the group accounts have not been kept in accordance with a particular applicable accounting standard, the statement shall—

- (a) state why the accounts, if kept in accordance with that accounting standard, would not have given a true and fair view of the matters with which they are required to deal; and
- 20 (b) give particulars of the quantified financial effect on the group accounts of failing to keep them in accordance with that accounting standard.

“(7) If—

- 25 (a) the society has been dormant throughout the period beginning at the start of the financial year and ending on the day the statement is made; and
- (b) a subsidiary of the society at any time during the financial year has been dormant throughout each period since the start of the financial year during which it was a subsidiary of the society;

30 the statement shall state that the society and each such subsidiary have so been dormant.

Statements in relation to financial year of society

“42D. A statement required by section 42B or 42C in relation to a financial year of a society shall—

- 35 (a) be made in accordance with a resolution of the directors;
- (b) be made not later than 42 days before the day of the deadline after the financial year;
- (c) specify the day on which it was made; and
- (d) be signed by at least 2 directors.

Directors' report on society other than holding society

"42E. (1) The directors of a society that is not a holding society at the end of a particular financial year shall cause to be made a report complying with this section and sections 42G and 42H.

5 “(2) If at the end of the financial year the society was a wholly-owned subsidiary of another society the report need not comply with paragraphs (4) (e), (f), (g) and (h).

10 “(3) Subsection (1) does not apply in relation to a society in relation to a financial year if the society is dormant throughout the period beginning at the start of, and ending at the deadline after, the financial year.

 “(4) The report shall—

- (a) state the names of the directors in office on the day the report is made;
- 15 (b) state the society's principal activities in the course of the financial year and any significant change in the nature of those activities that occurred during the year;
- (c) state the net amount of the society's profit or loss for the financial year after provision for income tax;
- 20 (d) state the amount (if any) that the directors recommend should be paid by way of dividend;
- (e) state the amounts (if any) that have been paid or declared by way of dividend since the start of the financial year, indicating which (if any) of those amounts have been shown in a previous report under this Act or a corresponding law;
- 25 (f) contain a review of the society's operations during the financial year and of the results of those operations;
- (g) give particulars of any significant change in the society's state of affairs that occurred during the financial year;
- 30 (h) give particulars of any matter or circumstance that has arisen since the end of the financial year and has significantly affected, or may significantly affect—
 - (i) the society's operations;
 - (ii) the results of those operations; or
 - (iii) the society's state of affairs;
- 35 in later financial years; and
- (i) refer to—
 - (i) likely developments in the society's operations; and

- (ii) the expected results of those operations;
in later financial years.

Directors' report on group holding society

5 "42F. (1) The directors of a society that is a holding society at the end of a particular financial year shall cause to be made out a report complying with this section and sections 42G and 42H.

"(2) If at the end of the financial year the society was a wholly-owned subsidiary of another society the report need not comply with paragraphs (4) (e), (f), (g) and (h) of this section.

10 "(3) Subsection (1) does not apply in relation to a society in relation to a financial year if—

- (a) the society is dormant throughout the period beginning at the start of, and ending at the deadline after, the financial year; and
15 (b) each subsidiary of the society at any time during the financial year is dormant throughout so much of each period during which it is a subsidiary of the society as falls within the period referred to in paragraph (a).

"(4) The report shall—

- 20 (a) state the names of the directors in office on the day the report is made;
(b) state the principal activities of the group during the financial year and any significant change in the nature of those activities that occurred during the financial year;
25 (c) state the net amount of the consolidated profit or loss of societies in the same group for the financial year after—
(i) provision for income tax; and
(ii) deducting any amounts that should properly be attributed to a person other than a subsidiary in the group;
30 (d) state the amount (if any) that the directors recommend should be paid by way of dividend;
(e) state the amounts (if any) that have been paid or declared by way of dividend since the start of the financial year, indicating which (if any) of those amounts have been shown in a previous report under this Act or a corresponding law;
35 (f) contain a review of the group's operations during the financial year and of the results of those operations;

- (g) give particulars of any significant change in the group's state of affairs that occurred during the financial year;
- (h) give particulars of any matter or circumstance that has arisen since the end of the financial year and has significantly affected, or may significantly affect—
- 5 (i) the group's operations;
- (ii) the results of those operations; or
- (iii) the group's state of affairs;
- in later financial years; and
- 10 (i) refer to—
- (i) likely developments in the group's operations; and
- (ii) the expected results of those operations;
- in later financial years.

Report may omit prejudicial information

- 15 "42G. If, in the directors' opinion, it would prejudice the society's interests to include in the report particular information, being some or all of the information that paragraph 42E (i) or 42F (i) requires to be so included—
- (a) the first-mentioned information need not be so included; and
- 20 (b) if it is not so included—the report shall state that some or all, as the case requires, of the information required by that paragraph has not been so included.

Reports generally

- 25 "42H. A report that is required under section 42E, 42F or 42G in relation to a financial year of a society shall—
- (a) be made out in accordance with a resolution of the directors;
- (b) be made out not more than 42 days before the day of the deadline after the financial year;
- (c) specify the day on which it was made out; and
- 30 (d) be signed by at least 2 directors."

NOTE

1. Ordinance No. 9, 1939 as amended by No. 1, 1946; No. 14, 1950; No. 14, 1954; No. 10, 1956; No. 18, 1958; Nos. 3 and 7, 1962; No. 10, 1963; No. 18, 1966; No. 6, 1972; Nos. 16 and 29, 1973; Nos. 35 and 47, 1974; Nos. 13 and 15, 1975; No. 14, 1977; No. 46, 1978; No. 35, 1979; Commonwealth Act No. 74, 1981; Nos. 38, 89 and 90, 1982; No. 11, 1984; Nos. 4, 38 and 67, 1985; No. 74, 1985 (as amended by No. 75, 1986); Nos. 9, 10, 31, 40 and 75, 1986; Nos. 7, 8, 42 and 68, 1987; Nos. 40 and 46, 1988; Nos. 9, 21 and 38, 1989.