



The Air Training Corps Association Of New Zealand Incorporated.

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Incorporated Society Number – 217389
Charities Registration Number – CC27894

Newsletter 2

Welcome

This is the second newsletter for 2016. I hope everything is going well for you all as we work our way through winter.

The principal purpose of this edition is to continue the theme of getting ready to report to Charities Services using the new reporting requirements that took effect from 1 April 2015. For us this means significant change as we must develop a single set of accounts for audit in 2017.

I know that many of you will have seen a lot of this content before. However, with the change overs that happen in our organisation it is likely there will also be a significant number for whom this is new information.

Charities Reporting

A reminder that in late 2013 the Government made changes to Charities related legislation that will have a profound effect on the way ATCANZ manages financial information and reports to Charities Services on its financial activities. These changes are set out in the Financial Reporting Act 2013, the Financial Reporting (Amendment to Other Enactments) Act 2013 and in amendments to the Charities Act 2005.

The changes:

- Require charities to follow External Reporting Board (XRB) Standards,
- require financial statements to be filed with Charities Services, and
- allow small charities to use cash accounting (in this context ATCANZ is not a small charity).

In summary:

- The law determines WHO must report,
- the WHO = registered charities (ATCANZ is a Charity with Management, Districts and Branches),
- the XRB determines WHAT to report,
- the WHAT = XRB Standards, and
- Charities Services monitor and enforce the WHO doing the WHAT.

In these new reporting standards there are four levels. The reporting level that applies is determined by the total annual expenditure of the entity. For us that means Management Committee, District Committees and Branches (49 of them). In 2015 our ATCANZ total expenditure (all combined) was in excess of \$1,000,000 (\$1,018,775) which means that we must report as a Level

3 entity, adopt an accrual accounting methodology (for Charities reporting purposes) and have an annual Audit for the **whole organisation**. If we spend under \$1,000,000 then we need only have a Review.

Charities Services (a part of Internal Affairs) and the External Reporting Board have produced comprehensive educational and reference material relating to these changes. This material can be found on their respective websites www.charities.govt.nz and www.xrb.govt.nz.

It is essential that all Branch Support Committees are aware of the changes in reporting requirements which affect ATCANZ from 1 January this year.

It is clear that our report to Charities Services in 2017, covering transactions made in 2016, must be on a **whole of organisation** basis and we must now start collecting and collating data to enable us to comply with the new legislation. The first step is a requirement for all Districts and Branches to provide the Management Committee with a copy of the bank statement for every account held showing the bank balance at 31 December 2015. This will form the opening cash position for the combined account. These documents can be posted to ATCANZ at PO Box 6198, Marion Square, Wellington 6141 or emailed as a "pdf" to atcanzgensec@gmail.com. In the previous Newsletter it was requested that these documents be taken to the AGM or posted or emailed. A small number of Branches have done so but most have not. If your Branch has not already provided this information please do so as a matter of urgency.

It will also be necessary to develop a methodology for combining all the financial transactions of the organisation in such a way that a single organisation wide set of accounts can be produced. Clearly this will be no easy task, particularly as we are already half way through the 2016 Financial Year.

To enable the data referred to in the previous paragraph to be combined it will be necessary to develop a common "Chart of Accounts". The development of this "Chart of Accounts" will need to be a co-operative process. It was anticipated that this work would be accomplished in a workshop at Ohakea but unfortunately this did not eventuate. However, a draft Chart of Accounts has been circulated by email and some Branches have contributed to its further development. A copy of the ATCANZ Chart of Accounts is attached to the email with this Newsletter. Please provide feedback if you identify any changes that are needed to this document.

This common "Chart of Accounts" need not be the same "Chart of Accounts" that is used by individual Branches, so at least in the short term, Branches will have the freedom to continue to use their existing accounting practices and procedures for their own internal purposes. However, Branches that chose to use a non-standard Chart of Accounts will need to provide a "translation document" that will enable their accounts to be converted and combined into the collective accounting data set. **One organisation, one set of accounts, one audit or review, one report to Charities Services!**

Please keep in mind, that unless we find our overall spend to be less than \$500,000, our combined accounts are subject to review or audit, so it is important that we keep accurate records. These will need to be available to our Auditor in early 2017. It may be necessary to take copies of all source documents (invoices, receipts and bank lodgement details) to ensure this requirement can be complied with.

Our Auditor is of the opinion that it will be possible to create a combined account data set by combining individual "Trial Balances". This should not present any issues to Branches currently using Xero or MYOB but may be more problematic for Branches that use other record keeping methodologies. Whatever system your Branch uses it will be necessary to ensure that the data can be provided in a useable format no later than the end of January in 2017. This time limit is necessary to enable all the District and Branch accounting data to be combined and a composite report produced to enable our audit to be completed prior to the requirement set in our Constitution of no later than the end of April.

To facilitate the creation of a common accounting dataset:

- Branches must provide the General Secretary with a copy of their Chart of Accounts, if they have one, as soon as possible but no later than 31 August 2016
- Branches that have software that will generate a Trial Balance must provide the General Secretary with a Trial Balance for the 2016 year (January 1 2016 to July 31 2016) as soon as possible after the 31st of July but no later than 31 August 2016
- Branches that cannot provide a Trial Balance and Chart of Accounts will need to provide the General Secretary with a copy of whatever 2016 data they do have no later than 31 August 2016

Accounting Software Offer

At the AGM in May the Management Committee was tasked with investigating the purchase of accounting software for the organisation and the following Motion was agreed:

It was recognised that for Charities Reporting purposes a common accounting methodology would need to be adopted and the possibility of acquisition of a suitable software package investigated.

Moved that the Management Committee should follow this up as a matter of urgency.

The Management Committee met on the 8th of June to deal with this task and a copy of the Minutes of that meeting have been attached to the email with this Newsletter.

We have received offers for the supply of MYOB from two different suppliers. These offers are also attached to the email with this Newsletter.

The cost of this software will depend on the number of Branches that chose to take advantage of one of these offers. At this stage it is not intended that there be any compulsion to use any specific accounting software at Branch level. However, if it proves not to be possible to combine the output from individual systems this may be a requirement in the future.

If your Branch would like to take advantage of one of these offers please let me know as soon as possible. I will compile a combined list of responses received by 31 August and arrange purchase with one or other of the suppliers. Payment will need to be made from Branch funds.

Aviation Camp Refunds

These have been Direct Credited to nominated accounts. We are still waiting for 3 Squadrons/Cadets to provide bank account details.

Glider Fund Distribution

At the AGM in May it was agreed that the account known as the Glider Fund should be disestablished and the funds in this account disbursed equally to the 49 Branches. This disbursement will be made as soon as I have the account details for all Branches. Currently there 6 Branches who have yet to provide the necessary details (Account Number and Account Name).

Communications

My preference for providing you with information is via email so it is important that I have up-to-date email contacts for all Branch Support Committees. I am aware that there are frequent changes and I do endeavour to keep track of them all. I can be contacted at atcanzgensec@gmail.com. If you think I might not have the correct contact email for your Branch please let me know.

I now use the collective Cadet Forces ATCANZ email distribution system. This should reach the Chair, the Secretary, and the Treasurer for each Branch.

If you received a copy of this newsletter by email then I believe I do have a valid email address for your Branch. However, if you are not (or are no longer) the Chair, Secretary, Treasurer or a person who has agreed to accept email to pass on please email me and let me know the correct details for your Branch.

If you received a copy of this newsletter by post then I may not have a valid email address for your Branch Chair. Please let me know at atcanzgensec@gmail.com if there is an email address that will reach your Branch Chair. If there is no acceptable email address please drop me a line (PO Box 6198, Marion Square, Wellington 6141) to let me know that in future I will need to communicate with your Branch via the Postal Service.

Peter Nalder
General Secretary
July 2016