



*Te Kāwai Ārahi Pūrongo Mōwaho*  
EXTERNAL REPORTING BOARD

# Need-to-know series

Accounting update

Financial reporting requirements for  
incorporated societies

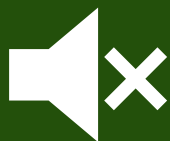
Thursday 11 September 2025

12:30pm – 1:10pm



*Te Kāwai Ārahi Pūrongo Mōwaho*  
**EXTERNAL REPORTING BOARD**

**Kia ora welcome to this webinar**



Please keep your video off and remain on mute



Slides and recording will be made available after the webinar



Put your questions into the Q&A. We may not be able to respond during webinar, but we will get back to you in due course



Survey to follow - Please provide us with your feedback



**Thank you for joining us today**  
**Enjoy the webinar**

## External Reporting Board (XRB)

**Our purpose** | Promoting trust and confidence, transparency and accountability through high-quality external reporting and assurance. We do this by establishing and maintaining robust frameworks and standards that are internationally credible and relevant to New Zealand.

### The outcomes we seek



#### **Trusted**

Reporting and assurance that promotes confidence, transparency and accountability across all sectors of the economy



#### **Informative**

Reporting and assurance that generates relevant and useful information to support informed decision making



#### **Integrated**

Reporting that encompasses financial and non-financial information that supports good governance, stewardship and intergenerational wellbeing

# Reporting in New Zealand

Two key questions:

Who has to report?

Set in legislation



What information gets reported?

Set in standards



## What we will cover

### Incorporated Societies

1. Background
2. New financial reporting requirements
3. Financial reporting standards
4. When to apply the new requirements
5. First-time application considerations



# The new Incorporated Societies Act 2022

## New Act

- New requirements relating to governance
- New financial reporting requirements



## Transition period for replacing 1908 Act

- 5 October 2023 – 5 April 2026
- Societies to reregister



## What are the financial reporting requirements of the new Act?



### In summary

- Incorporated societies that do not meet the criteria to be a ‘small society’ will need to apply XRB Standards
- A ‘small society’ can choose to follow the **requirements set out in s104**
- If an incorporated society is a registered charity, it follows the financial reporting requirements of the Charities Act 2005



## What are the financial reporting requirements of the new Act?



### Section 102 (2) of the Incorporated Societies Act 2022

The financial statements must be prepared in accordance with:



- For a specified not-for-profit entity, generally accepted accounting practice (GAAP)
- For a **small society**, GAAP, or a non-GAAP standard, or the **requirements set out in s104**
- For any other case, GAAP or a non-GAAP standard

### Section 108

If the incorporated society is a registered charity, it continues to apply the financial reporting requirements of the Charities Act 2005.

## What is a 'small society'?

In each of the last 2 accounting periods:

Operating payments



and

Current assets



and

Organisation type

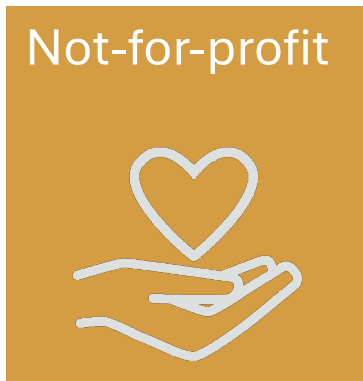
Not a registered  
charity or approved  
donee organisation

### Section 104 Minimum Requirements

- Income and expenses (or receipts and payments)
- Assets and liabilities
- Any security interests on property of the society

## XRB financial reporting standards - sectors

XRB issues financial reporting standards across these sectors:



**Most incorporated societies should apply not-for-profit reporting standards**

## Reporting tiers - determining which standard to apply



### Not-for-profit sector



#### **TIERS 1 & 2**

Total expenses over \$5 million\*

Apply PBE Standards



#### **TIER 3**

Total expenses under \$5 million

Apply Tier 3 (NFP) Standard



#### **TIER 4**

Operating payments under \$140,000

Apply Tier 4 (NFP) Standard

\*Tier 1 over \$33 million and Tier 2 under \$33 million of total expenses.

### Public Accountability

If you have public accountability as defined in XRB A1 you will be required to apply Tier 1.



# Tier 3 (NFP) Standard

- Single Standard
- Accrual based
- First year concession for comparative information (where applicable)
- Preparation of a performance report that includes:

Statement of service performance	Non-financial information about activities and objectives
Statement of financial performance	Revenue and expenses
Statement of financial position	Assets, liabilities, accumulated funds
Statement of cash flows	Cash received and cash paid
Statement of accounting policies	How the entity has done its accounting
Notes	More detailed information about key items



# Tier 4 (NFP) Standard

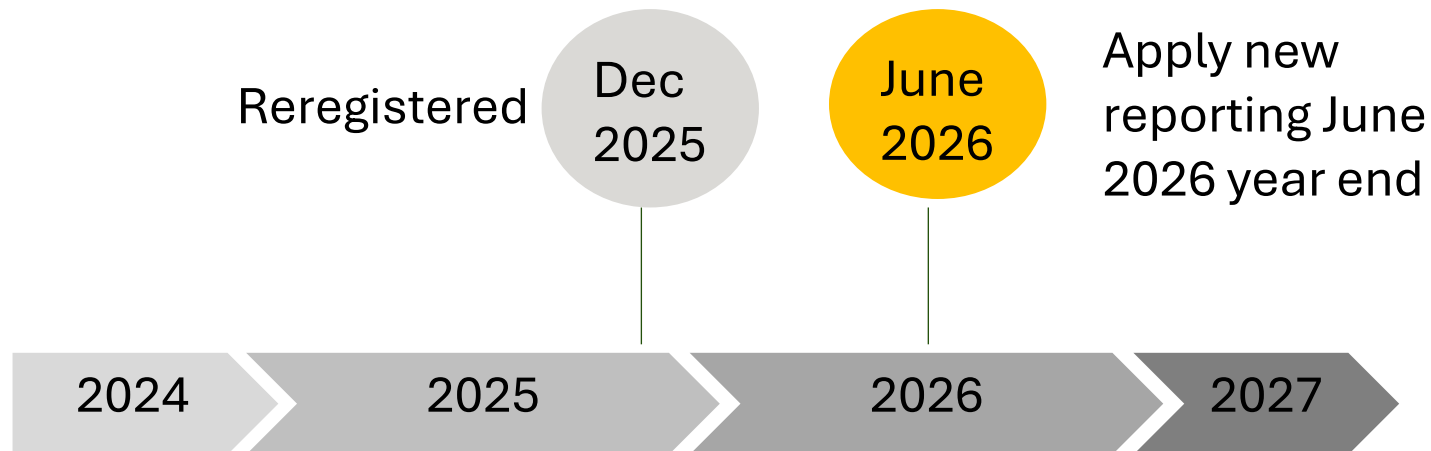
- Single Standard
- Cash based
- First year concession for comparative information
- Preparation of a performance report that includes:

Statement of service performance	Non-financial information about activities
Statement of cash received and cash paid	Cash received and cash paid
Accounting policies and notes	Information about: <ul style="list-style-type: none"><li>• how the entity has done its accounting</li><li>• significant assets and liabilities</li><li>• transactions with related parties</li></ul>

## When do we need to apply the new financial reporting requirements?

- Applies to the preparation of the next set of financial statements after the society has reregistered

- For example:  
If a society has a 30 June financial year end:



- Financial statements and annual return must be filed **within 6 months of financial year end.**

# First-time application - Revenue categories



Tier 3 (NFP) Standard	Tier 4 (NFP) Standard
<p><b>Revenue categories:</b></p> <ul style="list-style-type: none"><li>• Donations, koha, bequests and other general fundraising activities;</li><li>• General grants;</li><li>• Capital grants and donations;</li><li>• <b>Government service delivery grants/contracts;</b></li><li>• <b>Non-government service delivery grants/contracts;</b></li><li>• Membership fees and subscriptions;</li><li>• Revenue from commercial activities;</li><li>• Interest, dividends and other investment revenue; and</li><li>• Other revenue.</li></ul>	<p><b>Revenue categories:</b></p> <ul style="list-style-type: none"><li>• Donations, koha, bequests, and other fundraising</li><li>• General grants received</li><li>• <b>Service delivery grants/contracts</b></li><li>• Membership fees or subscriptions</li><li>• Sale of goods and services (commercial activities)</li><li>• Interest or dividends received</li><li>• Other cash received</li></ul>

- Common for incorporated societies to earn revenue (or cash receipts) that is not:
  - Donations/fundraising
  - Grants
  - Commercial
- These activities may, in themselves, contribute to the achievement of the purpose of the society
- **This type of revenue can be coded to service delivery grants/contracts**

## Other first-time application considerations



### **Accounting for interests in other entities (Tiers 1, 2, and 3)**

- Consolidation
- Joint arrangements
- Investments in associates

### **Service Performance Reporting**

- Non-financial reporting
- Tier 3 – report on objectives, and activities during the year
- Tier 4 – report on activities during the year

### **Other**

- Information included in previous reporting
- Time and effort of first-time application

For more information

## Reporting made simple

Small charities and incorporated societies



We've made reporting easier for small not-for-profit entities

[READ MORE](#) →



Reporting requirements for incorporated societies

[READ MORE](#) →

**Website:** <https://www.xrb.govt.nz/standards/accounting-standards/incorporated-societies/>





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*Pātai*  
**Questions?**



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Please scan the QR code to complete the survey



Thank you  
*Mā te wā*