

Accountants who know Agri business

Hello there and welcome to an update on where things are at with the changing rules for Incorporated Societies. The new Act is in place and it's time to be taking the first steps towards complying with the new framework.

Incorporated Societies Act 2022 – It's time to act!

The new Act came into effect on 5th October 2022. This update restates the changes and provides more information on the practical steps societies need to take.

Key changes:

- every society needs to re-register with Registrar of Incorporated Societies before April 2026;
- constitutions must comply with the new Act and include dispute resolution procedures;
- a committee of at least **3** eligible people who have consented in writing to be officers must be in place;
- an officer conflicts of interest register must be kept;
- the society must have at least **10** members;
- a register of members' contact details and new members' consent must be kept;
- the AGM must be held and annual return filed within 6 months of the end of the societies' financial year; and
- financial statements must meet the requirements of the Act, meaning compliance with XRB reporting standards for many.

The detailed regulations about how to apply the Act have been published. We recommend officers of societies read the new rules so they are aware of their duties and responsibilities and can make a plan. You can access the regulations [here](#).

Re-registration:

Societies must re-register with the Registrar of Incorporated Societies by **5th April 2026**. Re-registration is free and once complete societies must comply with the new Act. Until then, the old Act still applies. To re-register, visit the [Incorporated Societies Register website](#). A RealMe login and an online services account for the Incorporated Societies register must have been set up before starting the re-registration process. A RealMe login is an account you set up online that gives you access to online Government services. To find out how to do this, click [here](#).

Re-registrations must be accompanied by an up to date constitution that complies with the Act. You will be asked to provide your society's name and balance date, contact details, details of officers and confirmation that you have at least ten members.

The Incorporated Societies Register [website](#) has helpful guides on the process, including a section detailing the requirements for constitutions, and a useful [Constitution Builder tool](#). A general meeting of the society must be held to approve any changes to the constitution.

Annual Returns

An annual return and the financial statements must be filed with Companies Office within six months of balance date.

Financial reporting requirements after re-registration:

One of new requirements involves the timeframes and format of society financial statements although there are good carve outs based on size.

- 'Small societies' are those which are not registered charities, had total operating payments under \$50,000 and total current assets under \$50,000 in both of the last two financial years. Their financial statements must show income, expenditure, assets, liabilities and security interests. Small societies can voluntarily use XRB standards and templates but this is not compulsory.
- 'Large' societies are any society not meeting the 'small' society requirements and they must prepare financial reports to XRB standards. Below is a simple summary of these or you can click [here](#) for details.
 - Tier 4 – simple cash based standards for societies with total operating payments under \$140,000 per year.
 - Tier 3 – simple accrual based standards for societies with total operating payments under \$2 million per year. A cash flow report is required.
 - Tier 2 – more complex accrual based standards for societies with total operating payments between \$2 million and \$30 million per year.
 - Tier 1 – complex accrual based standards for societies with total operating payments over \$30 million per year.
- Large societies must include a Statement of Service Performance giving non-financial information about activities and objectives.
- Financial statements must be audited if, for the last two years, total operating payments (expenses) were \$3 million or more.

If you are also a registered charity:

Registered charities are, from 5th October 2023, required to review their rules every three years. Governance documents such as trust deeds, constitutions, policies and guidelines must be reviewed to ensure they are fit for purpose, assist the charity to achieve both its purpose and to comply with the Charities Act. The method of review is chosen by the charity and the annual return will include a section that confirms that the review has taken place. Helpful guides are available on the [Charities Services website](#).

What to do right now ?

Make a start by considering your society's constitution against the new rules and reviewing the obligations of officers. The best place to start is the Incorporated Societies Register [website](#) or you can contact us:

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