

**Reprint
as at 1 April 2015**



Charities Amendment Act 2014

Public Act 2014 No 63
Date of assent 6 November 2014
Commencement see section 2

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Note

Changes authorised by subpart 2 of Part 2 of the Legislation Act 2012 have been made in this official reprint.

Note 4 at the end of this reprint provides a list of the amendments incorporated.

This Act is administered by the Department of Internal Affairs.

Schedule
New Schedule 1AA inserted

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Charities Amendment Act 2014.

2 Commencement

(1) This Act comes into force on a date appointed by the Governor-General by Order in Council; and 1 or more orders may be made bringing different provisions into force on different dates.

(2) To the extent that it has not previously been brought into force under subsection (1), the rest of this Act comes into force on 1 April 2017.

Section 2(1): this Act brought into force, on 1 April 2015, by the Charities Amendment Act 2014 Commencement Order 2014 (LI 2014/352).

3 Principal Act

This Act amends the Charities Act 2005 (the **principal Act**).

4 New section 6A inserted (Transitional, savings, and related provisions)

After section 6, insert:

“6A Transitional, savings, and related provisions

The transitional, savings, and related provisions set out in Schedule 1AA have effect according to their terms.”

5 New sections 42C to 42F inserted

After section 42B, insert:

“42C When financial statements must be audited or reviewed

“(1) This section applies to—

“(a) every charitable entity that is large; and

“(b) every charitable entity that is of medium size.

- “(2) Every charitable entity to which this section applies (A) must ensure that the financial statements of A that accompany an annual return under section 41 are—
- “(a) audited by a qualified auditor if A is large in respect of the accounting period to which the financial statements relate:
 - “(b) audited or reviewed by a qualified auditor if A is of medium size in respect of the accounting period to which the financial statements relate.
- “(3) If financial statements are prepared on a consolidated basis in respect of a single entity under section 46(1A)(a),—
- “(a) the parent entity must ensure that the financial statements of the single entity that accompany an annual return under section 41 are—
 - “(i) audited by a qualified auditor if the single entity is large in respect of the accounting period to which the financial statements relate:
 - “(ii) audited or reviewed by a qualified auditor if the single entity is of medium size in respect of the accounting period to which the financial statements relate; and
 - “(b) for the purposes of paragraph (a), the references to a charitable entity in subsection (1) and in sections 42D(1) and 42F must be treated as references to the single entity.

“**42D Meaning of large and medium size**

- “(1) In section 42C,—
- “(a) a charitable entity is **large** in respect of an accounting period if, in each of the 2 preceding accounting periods of the entity, the total operating expenditure of the entity and all entities it controls (if any) is \$1 million or more:
 - “(b) a charitable entity is of **medium size** in respect of an accounting period if—
 - “(i) it is not large under paragraph (a); and
 - “(ii) in each of the 2 preceding accounting periods of the entity, the total operating expenditure of the entity and all entities it controls (if any) is \$500,000 or more:

“(c) **qualified auditor** has the same meaning as in section 35 of the Financial Reporting Act 2013.

“(2) A financial reporting standard (within the meaning of the Financial Reporting Act 2013), or a part of such a standard, that is expressed as applying for the purposes of subsection (1)(a) or (b) must be applied in determining whether that provision applies (for example, the standard may define operating expenditure or control).

“**42E Offence relating to audit or review**

If a charitable entity fails to comply with section 42C, the charitable entity commits an offence and is liable on conviction to a fine not exceeding \$50,000.

“**42F Audit or review must be carried out in accordance with auditing and assurance standards**

“(1) An auditor must, in carrying out an audit or a review of the financial statements of a charitable entity, comply with all applicable auditing and assurance standards.

“(2) The auditor’s report must comply with the requirements of all applicable auditing and assurance standards.

“(3) This section does not apply in respect of a charitable entity that is a public entity (within the meaning of the Public Audit Act 2001).

“(4) In this section, **applicable auditing and assurance standards** has the same meaning as in section 5 of the Financial Reporting Act 2013.”

6 Section 46 amended (Board or chief executive may treat parent entity and 1 or more other entities as forming part of single entity on certain terms and conditions)

Before section 46(2), insert:

“(1C) If terms and conditions referred to in subsection (1A) relate to the financial statements of an entity, those terms and conditions must be treated as including a requirement for the financial statements to disclose, in the statement of accounting policies section, a brief description of the terms and conditions that apply under subsection (1A).”

7 New Schedule inserted

Before Schedule 1, insert the Schedule 1AA set out in the Schedule of this Act.

Schedule

s 7

New Schedule 1AA inserted**Schedule 1AA**

s 6A

Transitional, savings, and related provisions

Provisions relating to Charities Amendment Act
2014

1 Interpretation

In clause 2,—

2014 Amendment Act means the Charities Amendment Act
2014

principal Act means the Charities Act 2005.

2 Provisions relating to audit or review apply to accounting periods that commence on or after commencement

- (1) The principal Act, as amended by the 2014 Amendment Act, applies to a charitable entity in relation to accounting periods that commence on or after the commencement of this clause.
 - (2) The principal Act, as in force before the commencement of this clause, continues to apply to a charitable entity in relation to accounting periods that commenced before the commencement of this clause as if the 2014 Amendment Act had not been enacted.
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Reprints notes

1 *General*

This is a reprint of the Charities Amendment Act 2014 that incorporates all the amendments to that Act as at the date of the last amendment to it.

2 *Legal status*

Reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by any amendments to that enactment. Section 18 of the Legislation Act 2012 provides that this reprint, published in electronic form, has the status of an official version under section 17 of that Act. A printed version of the reprint produced directly from this official electronic version also has official status.

3 *Editorial and format changes*

Editorial and format changes to reprints are made using the powers under sections 24 to 26 of the Legislation Act 2012. See also <http://www.pco.parliament.govt.nz/editorial-conventions/>.

4 *Amendments incorporated in this reprint*

Charities Amendment Act 2014 Commencement Order 2014 (LI 2014/352)
