

Financial Consolidation

FREQUENTLY ASKED QUESTIONS:

Why is consolidation necessary?

Presenting consolidated financial accounts is a requirement for the Presbyterian Church of Aotearoa New Zealand under the Financial Reporting Act. In 2013, when new charities reporting laws were passed, there were differing opinions from Church advisors about whether consolidation was required. In 2018 it was confirmed that consolidation was needed.

When will parishes need to consolidate?

To meet the consolidation timeline imposed of having every Presbyterian entity included within the Presbyterian Church of Aotearoa New Zealand's 2020 annual return, the following broad timeframes will apply. Please keep in mind that these are estimates. We haven't consolidated the Presbyterian Church accounts before, so are we learning as we go, and we appreciate your patience.

	Information required by
Kaimai Presbytery	31 August 2019
Te Aka Puaho	31 August 2019
Northern Presbytery	31 August 2020
Alpine Presbytery	31 August 2020
Southern Presbytery	31 August 2020
Presbytery Central	31 August 2020
Pacific Presbytery	31 August 2020

We hope to be able to either pull through the required information automatically, or have you email us a softcopy (not a PDF) of your year-end trial balance.

As a parish treasurer, what do I need to do?

We will need either access to your Xero accounting system, or if you don't use Xero a soft copy of your year-end trial balance. It doesn't matter if your year-end is not 30 June. We will also need your assistance in completing the bank confirmation form and sending this into your bank. Our Presbytery Treasurer support person will be on hand to assist with this.

Will any aspect of consolidation affect control of parish funds?

Stewardship of parish financial resources is entirely unaffected by the consolidation process. Parishes maintain full responsibility and authority for managing their financial resources.

How will UCANZ churches be affected by the consolidation?

We have discussed the implications of how best to reflect the “Presbyterian portion” of UCANZ churches with our auditors EY, Charities Services and UCANZ representatives. The outcome of these discussions is:

- We need to determine the financial position of each parish and apply the capital ratio, (percentage of Presbyterian holding) to this to arrive at a net figure for inclusion within our accounts.
- Financial information for all UCANZ churches will be required, which may be a soft copy of your trial balance as at 30 June; if you are using Xero, we should be able to pull through this information automatically.
- Unfortunately, UCANZ churches will not be able to take advantage of our “group reporting” benefits. UCANZ churches will still need to file Annual Returns with Charities Services.

Going forward – how will the year-end process be different?

- As all parishes will be included within the “group” financial statements, Charities Services offers the option for parishes to elect to come under our “group” for reporting purposes. If a parish chooses this option, they will no longer need to compile tier 3 or tier 4 compliant accounts and file them with Charities Services. They will, however, need to continue to maintain their officer details and records.
- This does not affect a parishes charitable registration; it only means that their financial information is not required because it is part of the “group”.
- We anticipate introducing a standardised “financial review” for all parishes, which will remove the need to have their accounts individually reviewed or audited.
- Each presbytery will have a treasurer support role in place. They will provide a local point of contact to assist the treasurers’ in every aspect of their job.

Does my parish need to change to Xero?

- We will not require any parishes to transfer to Xero. We recommend Xero because it is a great easy-to-use system. We will be performing a large portion of the Church consolidation within Xero, and having a parish on the same system enables us easy access, reducing the amount of work required by both Assembly Office and parish treasurers.
- It is fine to use a different accounting software package. Most of these will have the option to export your data in a form which we can then upload to our system. All we will require is a trial balance in soft form.
- If you are using an excel spreadsheet, we can also work with this. All we will require is a trial balance in soft form.

Do op-shops need to be included?

If your church operates an op-shop, its financial transactions should already be included within your parish accounts.

Will a parish need to revalue their building/s?

Parishes should continue to treat buildings as they currently do. We will make any adjustments required at a national level. These will not affect your parish accounts.

What about parish trusts?

Consolidation requires Presbyterian Church of Aotearoa New Zealand to include all entities over which your parish has control, including trusts.

Do parish accounts need to be audited or reviewed?

Once the consolidation is underway, we anticipate each parish undergoing an “Agreed-upon Procedures” review. This is a review which focuses on specific areas within your accounts. Assembly Office and our auditors will be working together to determine the area’s covered by the review, and we will engage audit firms throughout the country to carry these out. There will be a cost to the parish, but this would be in line with current review or audit costs.

Our national auditors will also visit a sample of parishes each year.

A parish can elect to continue to have a full individual audit or review if they wish.

These changes would require adjustments to the Book of Order, and as such existing procedures will remain in place until Assembly has a chance to consider any new framework.

What if your parish is concerned it can't meet the published timeframes?

Please talk to us. Let us know what the issues are as we want to help. We are putting a variety of resources in place to support parishes through this transition, which, when completed, will mean less work for parishes and their treasurers.

Still got questions?

Email us: PCANZFC@presbyterian.org.nz

We'll advise you as other support and resources become available.