



# EAGAR AUDIT EXTRA

Sports & Licensed Clubs, Charities and Community Groups Newsletter

February Newsletter 2007 – Issue 1

Hello and welcome to your first Eagar Audit Extra newsletter. This is a new initiative that FWA Eagar&Co are undertaking, to keep you updated with audit and other information that is relevant to you, your members and your staff. If you are not a client of FWA Eagar&Co, then we hope that you will also find interest in this newsletter, and are able to consider our services for your club, charity or community group. If you think of any topic that you would like information on, or you would like to comment on, please contact us.

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### ICAA UPDATE- Not-for-profit sector reporting: a research project

*The following information has been taken from the report above released by the ICAA for your information. Please go to [www.charteredaccountants.com.au](http://www.charteredaccountants.com.au) to obtain full report.*

The not-for-profit (NFP) sector is a significant contributor to Australia's economy. The Australian Bureau of Statistics figures have shown that taxpayers donate hundreds of millions of dollars to a range of organisations with tax deductibility status every year. The people who donate money and time, and buy good and services from NFPs may not have the opportunity to see how their contribution is used other than through the annual and financial report of an organisation.

Financial and annual reports, therefore play a considerable role in helping not-for-profit organisations communicate their achievements, demonstrate where they have made a difference and let philanthropists and other stakeholders know how their contributions are being used.

Today's corporate reporting environment has changed considerably with the introduction of Australian equivalents to international financial reporting standards and a growing focus on corporate governance including auditing standards now having the force of law. While the NFP sector has some carve outs, due to the vast difference between what constitutes a not-for-profit, there is still some uncertainty about what their financial reporting requirements are.

## IN THE NEWS...

### Fuel Rebate Changes

1 July 2007 - off-road vehicles will have 50% rebate for all off-road use. The rebate will include all fuels including petrol.

1 July 2011 - full credit for alternative fuels such as LPG, ethanol, bio-diesel.

1 July 2012 - Off-road, 100% rebate for all fuels in off-road use.

### Accessing the rebate

- Operators of business must be registered for GST and Fuel Tax
- Special Mechanism for non-business use claimants – hospitals, charities

### Fuel tax changes could benefit from:

- Electricity generation (including back up power generation)
- Off road use by council, golf clubs and sporting clubs
- Fuel rebates accessed via BAS

## YOUR ANNUAL REPORT – Some Tips

For the benefit of your staff and members, it is recommended that your Annual Report contain the following:

- Tell the reader what you are trying to do – outline your mission and objectives, with activities and funding that will support the mission.
- Provide information about your future plans.
- A clear explanation of your corporate governance arrangements.
- Key Performance Indicators relevant to your mission and objectives.
- What members funding achieves and how it is measured.
- Segmented reporting to explain the results of activities.
- Information disclosing reliance on grants or other income from one source.

At FWA Eagar&Co we also recommend that you use your Annual Report as a marketing tool. As one of the main publications used to gain new members, a 'selling' approach is needed to increase member numbers. A consultant or Business Development Manager could be useful to assist you in this process.

## YOUR AUDIT

FWA Eagar&Co have been auditing NFP Organisations since the early 1920s, and many things have changed during that time. You have seen in our November Eagar Extra newsletter, the (very small) picture showing government regulatory changes and ICAA changes within the industry. Of the 88 major regulatory initiative in the past 81 years, 56 have occurred in the past 20 years. That's a five-fold increase from less than one regulatory change every two years to almost 6 every two years since 1986.

## MUTUALITY TAXATION FOR CLUBS

Legislation has recently been inserted into the Income Tax Assessment Act 1997 to allow Not for profit clubs to continue to treat membership contributions and dealings with members as non taxable in certain situations. This legislation was necessary to settle an area of uncertainty that arose pursuant to the decision in *Coleambally Mutual Co-Operative Ltd v FCT [2004] FCAFC 250*.

In this case the Full Federal Court held the mutuality principle does not apply where a clause in an entity's constitution prohibits the distribution to its members of any surplus on a winding up or dissolution. This is because there is a lack of identity between the contributors and the participants in any surplus.

The new legislation allows the mutuality principle to apply even where such a prohibition exists, and applies retrospectively from income years commencing on or after 1 July 2000.

**SIMPLIFICATION OF SUPERANNUATION** - Please find brief outline of changes on our website at [www.eagar.com.au](http://www.eagar.com.au)

## FWA EAGAR&CO Services

We provide a wide range of services at FWA EAGAR&CO, some of which you may not be aware of if you are solely involved in audit services. The services that we offer are outlined below for your information:

- Individual, professional and business tax returns
- Backpacker/International student tax returns
- Accounting Management/Financial Control for medium and large businesses.
- Tax consulting advice for individuals and businesses
- Audit
- Business Consulting – financial applications, investigations, business valuations, avoiding insolvency and other business matters.

Please pass these details on to your members in case they are interested in using our services. Flyers enclosed can be used to pass to your members.

## NEW SERVICES – Marketing Support Package

At FWA Eagar&Co we are offering a new initiative that will offer your Club, Charity or Community Group additional services to assist with the pressure and work load involved in marketing your club. The services will be available to your members and the Club itself for a fee dependent on the work requested. The services offered will include:

- Preparation and publication of the Annual Report through liaison with your staff.
- Preparation and printing of your newsletter (email or paper based version)
- Maintenance of website
- Design and development of flyers or advertising through liaison with your staff.
- Seminars of interest to be held at your premises for your members re taxation, superannuation and other topics of interest.
- Eagar Extra Newsletter for members who elect to receive it, including FREE advertising in the newsletter for those members.

## BROWNE&CO in North Sydney

The majority of you are probably aware that Phillip Browne, who owns FWA Eagar&Co also owns Browne&Co in North Sydney. Browne&Co is a bigger firm offering business related consulting, advice and compliance work. The staff, whom you may have met, often work for both Browne&Co and Eagar&Co which means the pool of staff in which you are getting experience and quality work from, is around 16 people strong. We are working hard to strengthen the association between the two firms in order to increase the benefits, you receive as clients.

## EVENT UPDATE

### 22 February 2007 – Farewell to Robert Knox and Retirement Planning Seminar

We will be holding a farewell function and a short information seminar on retirement & estate planning and information regarding the new superannuation changes. A personal invitation will be sent to you shortly.

## WHAT'S ON IN SYDNEY – FEBRUARY 2007

Until 23 Feb - Living Colour Summer 2007 – Our bridge 75<sup>th</sup> Anniversary - Floral Exhibit around the CBD

Until March - Customs House - Drinking Customs – An Exploration of Pub Culture around Sydney

Until 13 Feb - Cricket Live Sites – Live sites broadcasting the cricket, Tumbalong Park in Darling Harbour and First Fleet Park at Circular Quay.

Until 23 Feb – Short & Sweet Festival – the biggest festival of 10 minute theatre in the world.

Until 25 Feb - The art of Chris O'Doherty (aka Reg Mombassa) - S.H. Ervin Gallery (National Trust Centre)

For more information see [www.cityofsydney.nsw.gov.au](http://www.cityofsydney.nsw.gov.au) and [www.whatsonsydney.com.au](http://www.whatsonsydney.com.au)



## THE AUDIT TEAM AT FWA EAGAR&CO

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Thank you for your attention. If you would like further information please contact us on the details below.

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