

16 March 2023

Mr Melville Yates  
Director Reporting, Red Tape Reduction and ACNC Corporate Services  
Australian Charities and Not-for-profits Commission (ACNC)  
GPO Box 5108  
VIC 3001  
AUSTRALIA  
Via email: [reporting@acnc.gov.au](mailto:reporting@acnc.gov.au)

Dear Mel

### **Consultation on Reporting Related Party Transactions**

As the representatives of over 300,000 professional accountants, Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia thank you for the opportunity to comment on the proposed revisions to the Australian Charities and Not-for-profits Commission (ACNC) 2023 Annual Information Statement (AIS) in relation to reporting related party transactions.

The reporting of related party transactions is an important aspect of governance and accountability for all charities. It is essential that the related party transaction information collected through the AIS complements the related party transaction disclosures in the financial statements (based on Australian Accounting Standards) of medium and large charities, and is not too onerous for small charities to complete.

### **Support for Option 3**

Of the three options presented, we support Option 3 - Pre-defined list and dollar values. This is because we believe that providing standardised descriptions of the most common types of related party transactions will provide an easily identifiable, consistent, and comparable basis on which to report this information. Furthermore, requiring quantification of dollar values will ensure the significance of the different classes of transactions is also identified. The combined result should be disclosures that are easy for preparers of the AIS to complete while also assisting the ACNC to collate and classify the resulting information in undertaking its regulatory functions.

However, we make the following recommendations to further improve Option 3:

- Add a "None" option in the pre-defined list. Providing this option makes it clear that each charity has considered the existence of related party transactions and, if none are disclosed, then they are positively asserting that there are none.
- Add a question that asks for the page reference(s) within the financial statements of medium and large charities where the related party disclosures are located. This will allow ready access to the location of this extra information and leave the optional free text box for any other information the charity may wish to disclose.

- Consult with the Australian Accounting Standards Board (AASB) with regards to its current research on common transactions for not-for-profit entities. While the list appears to cover all the major categories, consulting with the AASB should ensure that the list is as complete as possible.
- Analyse responses to the “other” category to identify other common types of related party transactions that should be included on the pre-defined list.

If you have any questions about our submission, please contact either Amir Ghandar (CA ANZ) at [amir.ghandar@charteredaccountantsanz.com](mailto:amir.ghandar@charteredaccountantsanz.com) or Ram Subramanian (CPA Australia) at [ram.subramanian@cpaaustralia.com.au](mailto:ram.subramanian@cpaaustralia.com.au).

Yours sincerely

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