



Australian
Charities and
Not-for-profits
Commission

Related party transactions and the Annual Information Statement

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acnc.gov.au/webinars





The ACNC acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community.

We pay our respects to them and their cultures and elders, past and present.



Agenda

- What are related parties and related party transactions?
- Reporting related party transactions in the Annual Information Statement
- Common reporting mistakes





Related parties and related party transactions

Related parties



Related parties have significant influence over the charity's strategic and financial decisions.

This includes:

- Responsible People and senior management, and their close family members
- other people or organisations that can influence decision-making.

Related parties

For medium and large charities

The definition is based on the existing definition within the Australian Accounting Standards.



Related party transactions

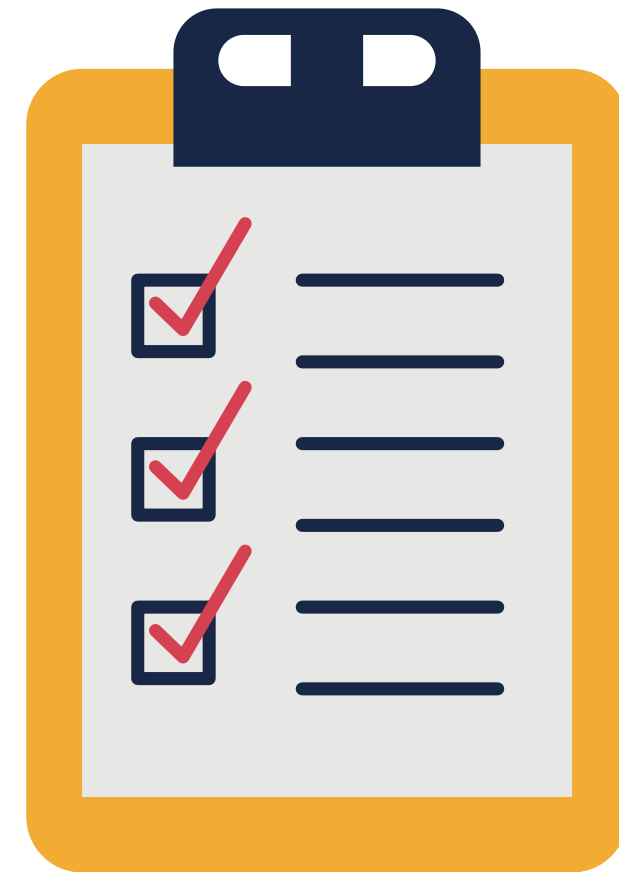
A **related party transaction**

is a transfer of resources,
services, or obligations
between related parties.



Managing related party transactions

- Maintain a register of related party transactions
- Have appropriate policies and procedures in place
- Manage conflicts of interest



Reporting related party transactions



A black calculator and a black pen with a silver tip are resting on a financial statement. The calculator is positioned in the upper right, showing buttons for MRC, M-, 9, 8, 7, 6, 5, 4, 3, 2, 1, 0, +/-, AC, ON/C-CE, and =. The pen is positioned in the lower left, pointing towards the bottom right of the page.

Net cash used in investing	(2,513)	(6,751)	
Investing			
Investments in property and equipment	(498)	(491)	
Investments in companies, net of acquisitions, and purchases of identifiable and other assets	(8,627)	(69)	
Investments in investments	(10,047)	(5,896)	
Investments in investments	6,061	1,836	
Investments in investments	7,835	2,603	
Investments in investments	(292)	447	
Investing	(5,568)	(1,570)	
Equivalents, end of			
	\$ 10,610	\$ 4,023	\$

Why do charities need to report related party transactions to the ACNC?

- Recommendation from a 2018 legislative review
- Requirement to disclose related party transactions increases charity transparency
- Helps build public trust and confidence



Related party transactions questions in the Annual Information Statement

Did your charity have any reportable related party transactions in the 2023 reporting period?



Reportable related party transactions



Reportable:

- loans to/from a related party
- salary paid to a related party's relative
- significant related party use of charity property

Not reportable:

- small appreciation gifts
- volunteer services (in line with other charity volunteers)
- donations from related parties

! These are just examples - charities need to determine what is reportable

Related party transactions questions in the Annual Information Statement



Select the relevant related party transactions:

- Fees paid to a related party for providing goods or services to the charity
- Loans from/to a related party
- Salary/wages paid to a related party's relatives
- Transfer of charity property or assets to a related party
- Charity goods or services provided at a discount to a related party
- Significant use of charity property by a related party
- Investment in a related party
- Other (provide details)



Related party transactions in the financial report

- Medium and large charities need to submit a financial report
- Provide details of related party transactions in accordance with Australian Accounting Standards 124 or 1060
- Applies to both Special Purpose Financial Statements and General Purpose Financial Statements



Resources



acnc.gov.au/RPT

- Template register of related party transactions
- Guidance on definitions and obligations based on size
- Managing related party transactions

acnc.gov.au/2023AISGuide

Guidance to complete the Annual Information Statement, including the related party transactions questions

Resources

reporting@acnc.gov.au

Email with further questions about related party transactions

acnc.gov.au/contact-us

Submit an online enquiry for other general questions





Completing the 2023 Annual Information Statement

2023 Annual Information Statement - Due dates

Standard financial year:

1 July 2022 - 30 June 2023

Submit by **31 January 2024**

Calendar year:

1 January 2023 - 31 December 2023

Submit by **30 June 2024**



Charity size



Small (under \$500,000)

Financial report is optional

Medium (\$500,000 or above, but under \$3 million)

Financial report is required - can be reviewed or audited

Large (\$3 million or more)

Financial report is required - must be audited

2023 Annual Information Statement - Other changes

- Charity program classifications - list of classifications has been updated
- Adding a Responsible Person - provide an email address. This should be their own unique email, not a generic charity email address



2023 Annual Information Statement - Common mistakes



Make sure you select the correct type of financial statement when completing your Annual Information Statement

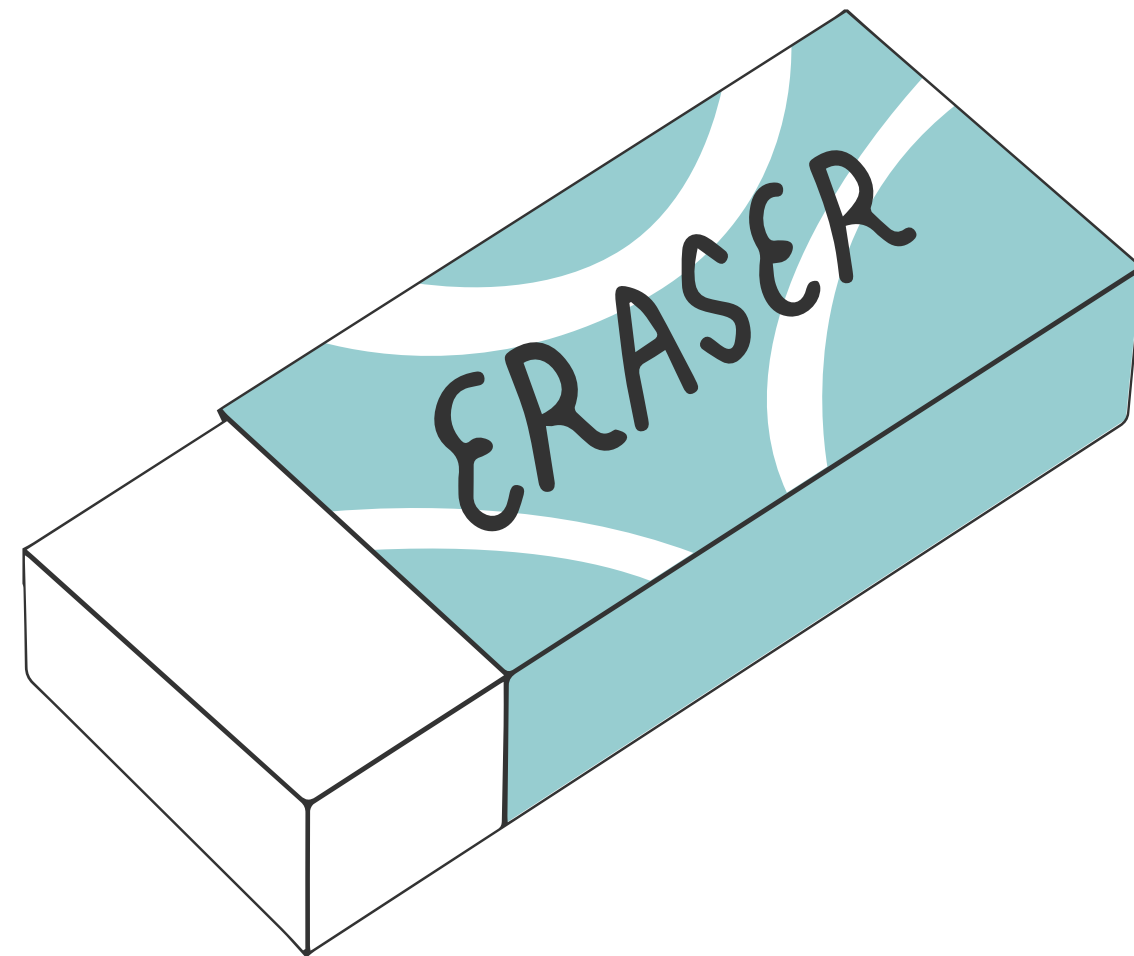
2023 Annual Information Statement - Common mistakes



**Double check all of the figures provided
in your Annual Information Statement to
ensure they match the financial report**

2023 Annual Information Statement - Making amendments

If you notice a mistake in your Annual Information Statement after you submit it, you can amend it in the ACNC Charity Portal.



Questions



QUESTION: Key management personnel remuneration



Key management personnel (KMP) are the senior decision makers, such as Responsible People and senior staff. Team leaders or operational managers are not considered key management personnel.

Remuneration refers to all forms of consideration paid, payable or provided by the charity, or on behalf of the charity, in exchange for services rendered to the charity

Reporting key management personnel remuneration

Small charities - not required to report on KMP

Medium charities - required if preparing General Purpose Financial Statements (not required for Special Purpose Financial Statements)

Large charities - must report KMP remuneration

acnc.gov.au/KMP



Questions



If you need more help

- Related party transactions - acnc.gov.au/RPT
- Completing the 2023 Annual Information Statement - acnc.gov.au/2023AISGuide
- Key management personnel remuneration - acnc.gov.au/KMP
- Submit your 2023 AIS online - charity.acnc.gov.au



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Thank you

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