



Grant Thornton

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Reporting and Red Tape Reduction Directorate
ACNC
GPO Box 5108
Melbourne, Victoria, 3001

Via email and on-line survey: consultations@acnc.gov.au

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Grant Thornton Australia Limited
ABN 41 127 556 389

Level 17, 383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400

F +61 2 9299 4445

E info.nsw@au.gt.com

W www.grantthornton.com.au

GRANT THORNTON SUBMISSION –Australian Charities and Not-for-profits Commission – 2014 Annual Information Statement (AIS)

Grant Thornton Australia is pleased to provide the Australian Charities and Not-for-profits Commission (ACNC), with its comments on the proposed 2014 Annual Information Statement (AIS).

Grant Thornton's response reflects our position as auditors and business advisers to listed companies, privately held companies and businesses, not-for-profit organisations and wealth management groups, and this submission has benefited with input from our clients, discussions and seminars with the Australian Charities and Not-for-profits Commission (ACNC), and discussions with other key constituents.

Grant Thornton supports the broad thrust of the proposed information that the ACNC plans to require Charities to provide for the 2014 year. However our support is dependent on there being no significant change from the Financial Reporting requirements that were put out for comment by the ACNC last December 2012, on which the 2014 AIS is based. If there are any significant changes in the Financial Reporting Regulations which Grant Thornton has been advised will be available by early May 2013, we would suggest that the ACNC will need to re-open consultations with its constituents.

Our submission has also been lodged through the 'online survey' as that is the preferred way the ACNC has stated it wishes to receive constituents' feedback. We further suggest that the on-line survey questions could be structured in say 2 parts with the first being whether there is support for the specific proposal (Yes, No, N/A or Other box answer), and the second part being the reasons if any for the specific answer. That way it would be much more efficient to determine the level of support for the various proposals and that information can then be made available publicly. Where a respondent wishes to remain anonymous, the

details of the submitter can be kept confidential, however on Freedom of Information grounds, we would not support a submission being made that is not publicly available.

Our specific comments on the questions raised by the ACNC follow:

1. Do you agree that medium and large registered charities should separately disclose related party transactions in the AIS as proposed in Attachment 2? If not, what approach would you suggest and why?

No. While we support the disclosure of related party transactions in order to increase the transparency and accountability of registered charities, we believe that the question should be reworded to limit its application to related party transactions that are not on normal commercial terms and conditions. It is transactions of this type that are most likely to impact on “public trust and confidence”. We note that for those charities that are non-reporting entities and hence producing special purpose financial reports, this information is not currently available as accounting standard AASB 124 Related Party Disclosures is only mandatory for reporting entities that produce general purpose financial reports.

2. Do you agree that small, medium and large charities should separately disclose information about their business activities as proposed in Attachment 1 and 2? If not, what approach would you suggest and why?

Yes. We support this disclosure as it does help the public understand the nature of the activities conducted by the charity.

3. What information, if any, should medium and large charities be required to provide about reserves in their AIS? Why?

We support the level of disclosure and the reserve categories currently proposed for the AIS as it highlights the distinction between restricted funds, unrealised funds and available funds. We do not believe that further information about reserves is required in the AIS.

4. Based on the current proposal in Attachment 3 is there any additional financial information that you believe should be collected (or not collected) from small charities? Why?

No. We are not aware of any additional information needed.

5. Do you have any comments on the proposal to include optional financial questions in the AIS which charities can complete to meet any specific requirements of state, territory or Commonwealth agencies that also apply to them?

No. We would expect that charities that have such grant would prefer to provide this information only once to the ACNC rather than having to disclose to the particular agency that has provided the grant.

6. What types of practical assistance (if any) would you like to receive from the ACNC to help your charity complete its financial reporting obligations to us? When would you like to receive this assistance?

We are not aware of any assistance that the ACNC needs to provide apart from on-going explanations of the requirements.

7. Are there any other comments you wish to make about the proposed additional questions or financial data elements in this consultation document? Please be specific.

No.

8. Do you give us permission to publish your responses to this survey?

Yes. We believe that all responses should be publicly available and where a respondent wishes to be anonymous, then it is up to the ACNC to make that determination on the name but not the response, on transparency and accountability grounds.

9. Your name

Keith Reilly & Simon Hancox

10. Your position

National Head of Professional Standards and National Head of Not-for-profits

11. Your organisation

Grant Thornton Australia Limited

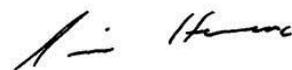
If you require any further information or comment, please contact us.

Yours sincerely

GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly
National Head of Professional Standards



Simon Hancox
National Head of Not-for-profits