

BS"D



# Yeshiva College Cheder Chabad

ABN 14 129 848 595

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Executive Director: Rabbi Doctor Dovid Slavin

## Related Party Transaction Policy

### **i. Overview**

The School's procedures are that:

- a. all related party transactions and payments will be conducted on an arm's length basis to ensure that a financial benefit is not given to a related party;
- b. the process surrounding those transactions must be transparent and fully documented including the maintenance and audit of a register of related party transactions; and
- c. Board approval must be obtained for all related party transactions and payments recognising that the Board can delegate this approval in respect of a class of transactions and on such terms and conditions as the Board sees fit.

### **ii. New transactions**

Where the School proposes to enter into a related party transaction, the following procedure applies:

- the relevant responsible officer must inform the General Manager about the proposed transaction, including the proposed parties and how they are related, details of the proposed transaction and where arm's length terms may be evidenced;
- the General Manager will review the transaction, and consider external legal advice where appropriate in considering the transaction;
- the General Manager will inform and advise the Board of the proposed transaction and obtain the Board's approval for the School to undertake the transaction or approval in respect of a class of transactions;
- a register of all Board approvals in respect of related party transactions shall be maintained under the supervision of the General Manager for the Board of Management

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and Directors and it shall include details of the nature of the transaction, the date of the approval and any key conditions to which the approval is subject; and

- when Board approval is obtained, the transaction must proceed in accordance with any procedures and conditions outlined by the Board.

### **iii. Annual review**

At the beginning of each year, the General Manager will write to all responsible persons as per the related party transactions letter.

The register of related party transactions will be updated to reflect these disclosures and submitted for audit by the School's auditor.

### **iv. BOSTES Notification**

Bostes should be notified if the arrangement with the school's appointed auditor is terminated and the reason for the termination.

### **iv. Retention of records**

The School will ensure that records of related party transactions, including the registers and audit reports thereon, are retained for at least seven years.

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## B. GUIDANCE NOTES IN RESPECT OF RELATED PARTY TRANSACTIONS

### Who is a related party?

For the purposes of these procedures, the following persons are considered related parties of the School:

- a. all responsible persons and all members of the School's Senior Management Team, including their spouses, de facto spouses, parents and children; and
- b. entities controlled by these persons.

A person or entity is also a related party of the School at a particular time if the person or entity:

- was a related party at any time within the previous 6 months; or
- the entity believes or has reasonable grounds to believe that it is likely to become a related party of the School at any time in the future.

A full definition is set out in Accounting Standard AASB 124.

### What is a financial benefit?

The legal definition of the term 'financial benefit' is broad. A non-exhaustive list of examples includes:

- a. providing finance or property to a related party;
- b. buying or leasing an asset from or selling an asset to a related party;
- c. supplying or receiving services from the related party;
- d. issuing securities or granting options to the related party; and
- e. taking up or releasing an obligation of the related party.

A financial benefit includes giving a financial benefit indirectly through an interposed entity and does not require the payment of money. For the purposes of this Policy, reasonable remuneration within parameters approved by the Board is excluded from the definition of "financial benefit".

### What makes a transaction "at arm's length"?

A transaction is at arm's length if the relevant parties have dealt with each other as parties normally do when they are not related, so that the outcome of their dealing is a matter of genuine bargaining, and although not necessarily technically an open market price, the terms are those that might reasonably have been agreed between arm's length parties.