



<b>To:</b>	<b>AASB members</b>	<b>Date:</b>	31 May 2011
<b>From:</b>	<b>Angus Thomson</b>	<b>Agenda Item:</b>	18.5
<b>Subject:</b>	<b>Individual KMP disclosures</b>	<b>File:</b>	--

## Action

Note developments in the area of individual key management personnel (KMP) disclosure requirements.

Consider whether implementing the CAMAC proposal to not require application of Accounting Standards in preparing the Remuneration Report might cause confusion among preparers and/or users of financial statements.

## Update on progress towards an Amending Standard

At the Board's February 2011 meeting, the Board decided:

- (a) to issue an Amending Standard that would withdraw the individual KMP disclosure requirements from AASB 124 *Related Party Disclosures* on the basis that those disclosures are in the nature of governance matters best dealt with in legislation and in the interests of removing differences from IFRSs and convergence with New Zealand Standards;
- (b) the Amending Standard should have a two-year transition period without early adoption being available; and
- (c) to write to Treasury noting the Board's decisions and that, during the transition period, the Government may wish to give consideration to including further individual KMP disclosure requirements in legislation, particularly in respect of those disclosures relating to matters not already covered by the Corporations Act, including individual KMP equity holdings and loans.

Staff have prepared a draft Amending Standard, including a Basis for Conclusions. Staff have also consulted with the Office of Best Practice Regulation (OBPR) and that Office decided a Regulation Impact Statement (RIS) is required for the Amending Standard.

The OBPR has reviewed a first draft of a RIS and provided staff with comments. A further draft RIS was sent to the OBPR on 27 May 2011.

The OBPR is aware the AASB wishes to make its Amending Standard before the end of June 2011.

Treasury has been advised by email about the Board's intentions.

## ***CAMAC recommendations***

The Corporations and Markets Advisory Committee (CAMAC) is currently reviewing the requirements surrounding the disclosure of executive remuneration in the *Corporations Act 2001* (and regulations).

The CAMAC provided its *Executive Remuneration Report* to the Minister in April and the Report was released to the public last week. That Report makes recommendations for legislative change, including:

- (a) amending Corporations Act subsection 300A(1)(e)(iii) to remove the reference to applying Accounting Standards to determine the value of options granted as remuneration for the purposes of the Remuneration Report; and
- (b) repealing Corporations Regulation 2M.3.03(4), which requires application of Accounting Standards when disclosing 'prescribed details' for the purposes of the Remuneration Report.

Presumably, implementing the CAMAC recommendations might result in the Remuneration Report dealing with a group of people different from KMP as defined in AASB 124, and the amounts of remuneration might be calculated differently from the bases required by AASB 2 *Share-based Payment* and AASB 119 *Employee Benefits*.

The recommendations would have no impact on the requirements to apply Accounting Standards in preparing general purpose financial statements.

Staff are interested in knowing whether AASB members consider that applying different requirements in preparing the Remuneration Report compared with the financial statements might cause confusion among preparers and users and, if so, whether members wish to take any action on the matter.

## **Attachments**

None

Please let me know ([athomson@asb.gov.au](mailto:athomson@asb.gov.au)) if you would like a hard copy of the CAMAC *Executive Remuneration Report*

([http://www.camac.gov.au/camac/camac.nsf/byHeadline/PDFFinal+Reports+2011/\\$file/Executive remuneration report April11.pdf](http://www.camac.gov.au/camac/camac.nsf/byHeadline/PDFFinal+Reports+2011/$file/Executive%20remuneration%20report%20April11.pdf)).