

EXTRACTS FROM THE MINUTES OF PREVIOUS AASB MEETINGS

June 2012 AASB minutes

Agenda Item 12

The Board had before it:

- (a) a memorandum from Clark Anstis and Daisy Yang dated 22 May 2012 (agenda paper 12.1);
- (b) staff collation of submissions and roundtable comments (with staff comments and views) (agenda paper 12.2);
- (c) the submissions received from constituents on ED 214 *Extending Related Party Disclosures to the Not-for-Profit Public Sector* (July 2011) (agenda paper 12.3);
- (d) staff summary of significant matters raised at roundtables (October 2011) (agenda paper 12.4); and
- (e) AASB Exposure Draft ED 214 (agenda paper 12.5).

The Board reviewed the submissions received in response to ED 214 and the comments of participants in roundtable discussions that were held in October 2011.

The Board requested staff to develop examples and guidance that would assist NFP public sector entities to apply AASB 124 *Related Party Disclosures*. For example, the Board considered that guidance should emphasise the principles of the definition of 'key management personnel' (KMP), which could mean that some government Ministers would not be regarded as KMP of the government in the particular circumstances of the jurisdiction.

The Board decided to further consider whether the remuneration of Ministers who are KMP should be included in the aggregate KMP remuneration disclosures of each public sector entity or, given existing disclosure requirements for Ministers, whether a descriptive disclosure concerning Ministerial remuneration might be sufficient where the remuneration is appropriately disclosed elsewhere.

In relation to related party transactions, the Board considered that the application of the materiality principle is sufficient to distinguish transactions that ought to be disclosed and that no specific exemption is required regarding Ministerial related party transactions. Board members noted that the development of some illustrative examples would help in applying the principle.

The Board did not consider all of the issues that had been raised in the agenda papers. The Board plans to consider those issues and draft examples and guidance at its next meeting.

July 2012 AASB minutes

Agenda Item 7

The Board had before it:

- (a) a memorandum from Clark Anstis and Daisy Yang (agenda paper 7.1);
- (b) staff collation of submissions and roundtable comments (with staff comments and views) (agenda paper 7.2);
- (c) the submissions received from constituents on ED 214 *Extending Related Party Disclosures to the Not-for-Profit Public Sector* (July 2011) (agenda paper 7.3);

- (d) staff summary of significant matters raised at roundtables (October 2011) (agenda paper 7.4); and
- (e) AASB Exposure Draft ED 214 (agenda paper 7.5).

The Board completed its review of the submissions received in response to ED 214 and the comments of participants in the roundtable discussions, considering the remaining issues regarding ED 214 that had not been addressed at its June 2012 meeting.

The Board decided that:

- (a) the requirements in AASB 124 *Related Party Disclosures* for disclosure of the remuneration of key management personnel (KMP) should apply to NFP public sector entities. However, due to significant practical difficulties that might be encountered in relating Ministerial remuneration to particular entities, the Board considered that some relief from the requirements should be available where appropriate Ministerial remuneration disclosures are made in the financial statements of other entities in the jurisdiction, such as the total remuneration for individual Ministers who are KMP of a NFP public sector entity. Members agreed that the detailed individual KMP disclosure requirements set out in paragraphs Aus29.1-Aus29.9.3 of AASB 124 should not be extended to government businesses or other public sector entities, since those paragraphs previously have been deleted from AASB 124 with effect from 1 July 2013;
- (b) GGS financial statements should not be exempt from complying with AASB 124, since related party disclosures for the GGS need not be the same as the disclosures for the whole of government or other public sector entities;
- (c) the addition of implementation guidance for NFP public sector entities to AASB 124 should be sufficient, so that a separate public sector perspective does not need to be added to the Standard;
- (d) no amendments are required to the reduced disclosure requirements (RDR) already specified for AASB 124 – respondents to ED 214 did not request any RDR amendments;
- (e) the proposals (as revised) are in the best interests of the Australian economy and would result in useful information for users of financial statements, and there are no regulatory, cost/benefit or other issues that would prevent their implementation; and
- (f) the amendments to AASB 124 should apply to annual reporting periods beginning on or after 1 July 2014, to allow sufficient time for entities to compile comparative information. Members considered whether to allow prospective application (i.e. without comparatives) for annual reporting periods beginning on or after 1 July 2013, but agreed that the usual retrospective approach to transition should be adopted. Members noted that applying the amended AASB 124 to 2013/14 without comparatives would be more onerous than applying it to 2014/15 with comparatives.

The Board decided to address the drafting of the amendments to AASB 124 out of session.