



To:	AASB Members	Date:	16 August 2010
From:	Raymond Yu	Agenda Item:	14.1
Subject:	Related Party Disclosures for NFP public sector entities	File:	

Action

Consider issues relating to the application of AASB 124 *Related Party Disclosures* to not-for-profit (NFP) public sector entities, with a view to providing a basis for staff to prepare relevant sections of a draft ED.

Background

The scope of AASB 124 does not include NFP public sector entities, and the AASB agreed to consider issues connected with determining relevant related parties and determining key management personnel in the NFP public sector.

The revised AASB 124 is arguably more amenable than the December 2005 version to application in the NFP public sector as a result of the IASB providing a partial exemption from the disclosure requirements for entities that are related by virtue of being controlled by the same government. The IASB's exemption provides an authoritative basis for dealing with at least some of the problems associated with transactions between government entities.

Staff have prepared an Issues Paper about:

- A) how an exemption for Ministers used in NZ IAS 24 would apply in the Australian context and preliminary drafting for a proposed FRSB-equivalent exemption; and
- B) application of the key management personnel (KMP) disclosure requirements in AASB 124 to public sector entities.

The scope of Issue A is limited to the Commonwealth, State and Territory government because:

- (a) the FRSB has decided not to extend the exemption to the local government level;
- (b) the Ministerial framework is of no relevance in the local government;

Staff plan to do further work on the issues that would face local government if they were to apply AASB 124, including discussion at the National Local Government Financial Management Forum in late August 2010.

Staff consider that the next steps for this project are to:

- (a) bring an issues paper on local government to the Board; and
- (b) finalise an Exposure Draft out-of-session.

Attachments

Agenda Paper 14.2 Issues Paper *Related Party Disclosures in the Not-for-Profit Public Sector*