



1 April 2015

Accounting Standards to Require Government Entities to Report Transactions with Related Parties

Kris Peach, Chair of the AASB, commented “The black hole of public sector not-for-profit related party disclosures has now been filled. Consistent related party disclosure requirements will now apply to the Australian Government, State Governments, local councils and other not-for-profit public sector entities from 1 July 2016.”

Ms Peach said “Information about related parties is recognised by stakeholders as a critical element of accountability in the public sector, especially when an entity has had a material transaction with a related party such as the relevant Minister. The amendments to AASB 124 *Related Party Disclosures* will ensure that public sector entities with related party transactions are subject to the same disclosure requirements as the private sector.”

Ms Peach added “Not-for-profit public sector entities should not feel overwhelmed by the requirement to capture and present information about their related parties in financial statements. The AASB has developed implementation guidance addressing specific concerns; for example, not all transactions with all Ministers will need to be disclosed, as many will not be material.”

Accountants in the public sector should focus on identifying and disclosing transactions with key management personnel occurring outside the person’s capacity as an ordinary taxpayer, or transactions involving a benefit not available to the general public – for example, the AASB expects that taxes paid by key management personnel, or the use of public transport, would generally not need to be disclosed. However, contracts for services may need to be disclosed.

AASB 124 also requires information about related party transactions between an entity and its government-related entities to be quantified only where they are individually or collectively significant – for example, it may not be necessary to disclose disbursements of operational funding to other government entities to comply with this requirement.

The AASB will also host education sessions to help constituents implement these requirements.

The amendments to AASB 124 are made by [AASB 2015-6](#) *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*. AASB 124 and the amending standard are available on the AASB website.

Technical Enquiries:

Nikole Gyles
ngyles@asb.gov.au
(03) 9617 7639

Media Enquiries:

standard@asb.gov.au

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