

Analysis of Disclosure Requirements in AASB 124 *Related Party Disclosures* with a View to Determining Corresponding Tier 2 Not-for-Profit Public Sector Entities Disclosure Requirements

The following pages contain the analysis of disclosures under AASB 124 *Related Party Disclosures* for Tier 2 purposes that was prepared in the context of AASB 124 not being applicable to NFP public sector entities. It is proposed that the conclusions reached in the analysis also apply in the context of the proposals in Exposure Draft ED 214 *Extending Related Party Disclosures to the Not-for-Profit Public Sector*.

2. Analysis of disclosure requirements

Text in AASB 124 <i>Related Party Disclosures</i>	Text in <i>IFRS for SMEs</i> Section 33 <i>Related Party Disclosures</i>	Comment
<p>13 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.</p>	<p>33.5 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been related party transactions. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so (if any) shall also be disclosed.</p>	<p>Paragraph 13 and paragraph 33.5 of the <i>IFRS for SMEs</i> correspond. Based on paragraph 2 of Tier 2 Disclosure Principles, paragraph 13 should be retained in the Tier 2 disclosure requirements.</p>
<p>Aus13.1 When any of the parent entities and/or ultimate controlling parties named in accordance with paragraph 13 is incorporated or otherwise constituted outside Australia, an entity shall:</p> <p>(a) identify which of those entities is incorporated overseas and where; and</p> <p>(b) disclose the name of the ultimate controlling entity incorporated within Australia.</p>		<p>Although paragraph Aus13.1 has no equivalent in the <i>IFRS for SMEs</i>, it has been added to AASB 124 to accompany paragraph 13 and provide a domestic focus for information about the controlling entity in a group. Consistent with the proposal for paragraph 13, paragraph Aus13.1 should be retained in the Tier 2 disclosure requirements.</p>
<p>14 To enable users of financial statements to form a view about the effects of related party relationships on an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.</p>		<p>Paragraph 14 has no equivalent in the <i>IFRS for SMEs</i>. It provides guidance but does not add disclosure requirements and, consistent with paragraph 7 of Tier 2 Disclosure Principles should be retained in the Tier 2 disclosure requirements.</p>
<p>15 The requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in AASB 127, AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i>.</p>		<p>Paragraph 15 has no equivalent in the <i>IFRS for SMEs</i>. It provides guidance but does not add disclosure requirements and, consistent with paragraph 7 of Tier 2 Disclosure</p>

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		Principles should be retained in the Tier 2 disclosure requirements.
16 Paragraph 13 refers to the next most senior parent. This is the first parent in the group above the immediate parent that produces consolidated financial statements available for public use.		Paragraph 16 has no equivalent in the <i>IFRS for SMEs</i> . It provides guidance but does not add disclosure requirements and, consistent with paragraph 7 of Tier 2 Disclosure Principles, should be retained in the Tier 2 disclosure requirements.
17 An entity shall disclose key management personnel compensation in total and for each of the following categories: (a) short-term employee benefits; (b) post-employment benefits; (c) other long-term benefits; (d) termination benefits; and (e) share-based payment.	33.7 An entity shall disclose key management personnel compensation in total.	Paragraph 17, first sentence up to the word ‘total’ and paragraph 33.7 of the <i>IFRS for SMEs</i> correspond. Based on paragraph 2 of Tier 2 Disclosure Principles, paragraph 17 up to the word ‘total’ should be retained in the Tier 2 disclosure requirements. The remainder of paragraph 17 has no equivalent in the <i>IFRS for SMEs</i> and, based on the reasoning in paragraph 3 of Tier 2 Disclosure Principles, should be excluded from the Tier 2 disclosure requirements.
18 If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include: (a) the amount of the transactions;	33.9 If an entity has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements. Those disclosure requirements are in addition to the requirements in paragraph 33.7 to disclose key management personnel compensation. At a minimum, disclosures shall include:	Paragraph 18 and paragraph 33.9 of the <i>IFRS for SMEs</i> correspond. Based on paragraph 2 of Tier 2 Disclosure Principles, paragraph 18 should be retained in the Tier 2 disclosure requirements.

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<p>(b) the amount of outstanding balances, including commitments, and:</p> <p>(i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and</p> <p>(ii) details of any guarantees given or received;</p> <p>(c) provisions for doubtful debts related to the amount of outstanding balances; and</p> <p>(d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.</p>	<p>(a) the amount of the transactions.</p> <p>(b) the amount of outstanding balances and:</p> <p>(i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement, and</p> <p>(ii) details of any guarantees given or received.</p> <p>(c) provisions for uncollectible receivables related to the amount of outstanding balances.</p> <p>(d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.</p> <p>Such transactions could include purchases, sales, or transfers of goods or services; leases; guarantees; and settlements by the entity on behalf of the related party or vice versa.</p>	
<p>19 The disclosures required by paragraph 18 shall be made separately for each of the following categories:</p> <p>(a) the parent;</p> <p>(b) entities with joint control or significant influence over the entity;</p> <p>(c) subsidiaries;</p> <p>(d) associates;</p> <p>(e) joint ventures in which the entity is a venturer;</p> <p>(f) key management personnel of the entity or its parent; and</p>	<p>33.10 An entity shall make the disclosures required by paragraph 33.9 separately for each of the following categories:</p> <p>(a) entities with control, joint control or significant influence over the entity.</p> <p>(b) entities over which the entity has control, joint control or significant influence.</p> <p>(c) key management personnel of the entity or its parent (in the aggregate).</p> <p>(d) other related parties.</p>	<p>Paragraph 19 and paragraph 33.10 of the <i>IFRS for SMEs</i> correspond. Although paragraph 19 includes more categories than paragraph 33.10, it is considered that these would not involve a significant burden. Based on paragraph 2 of Tier 2 Disclosure Principles, paragraph 19 should be retained in the Tier 2 disclosure requirements.</p>

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(g) other related parties.		
20 The classification of amounts payable to, and receivable from, related parties in the different categories as required in paragraph 19 is an extension of the disclosure requirement in AASB 101 <i>Presentation of Financial Statements</i> for information to be presented either in the statement of financial position or in the notes. The categories are extended to provide a more comprehensive analysis of related party balances and apply to related party transactions.		Paragraph 20 has no equivalent in the <i>IFRS for SMEs</i> . It provides guidance but does not add disclosure requirements and, consistent with paragraph 7 of Tier 2 Disclosure Principles, should be retained in the Tier 2 disclosure requirements.
21 The following are examples of transactions that are disclosed if they are with a related party: <ul style="list-style-type: none"> (a) purchases or sales of goods (finished or unfinished); (b) purchases or sales of property and other assets; (c) rendering or receiving of services; (d) leases; (e) transfers of research and development; (f) transfers under licence agreements; (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind); (h) provision of guarantees or collateral; (i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised); and (j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party. 	33.12 The following are examples of transactions that shall be disclosed if they are with a related party: <ul style="list-style-type: none"> (a) purchases or sales of goods (finished or unfinished). (b) purchases or sales of property and other assets. (c) rendering or receiving of services. (d) leases. (e) transfers of research and development. (f) transfers under licence agreements. (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind). (h) provision of guarantees or collateral. (i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party. 	Paragraph 21 and paragraph 33.12 of the <i>IFRS for SMEs</i> correspond. Based on paragraph 2 of Tier 2 Disclosure Principles, paragraph 21 should be retained in the Tier 2 disclosure requirements.
22 Participation by a parent or subsidiary in a defined benefit plan that	33.12 ...	Paragraph 22 and paragraph 33.12(j) of

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shares risks between group entities is a transaction between related parties (see paragraph 34B of AASB 119).	(j) participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities.	the <i>IFRS for SMEs</i> correspond. Based on paragraph 2 of Tier 2 Disclosure Principles, paragraph 22 should be retained in the Tier 2 disclosure requirements. However, the reference to paragraph 34B of AASB 119 should be excluded since paragraph 34B of AASB 119 is excluded from the Tier 2 disclosure requirements.
23 Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.	33.13 An entity shall not state that related party transactions were made on terms equivalent to those that prevail in arm's length transactions unless such terms can be substantiated.	Paragraph 23 and paragraph 33.13 of the <i>IFRS for SMEs</i> correspond. Based on paragraph 2 of Tier 2 Disclosure Principles, paragraph 23 should be retained in the Tier 2 disclosure requirements.
24 Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.	33.14 An entity may disclose items of a similar nature in the aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.	Paragraph 24 and paragraph 33.14 of the <i>IFRS for SMEs</i> correspond. Based on paragraph 2 of Tier 2 Disclosure Principles, paragraph 24 should be retained in the Tier 2 disclosure requirements.
25 A reporting entity is exempt from the disclosure requirements of paragraph 18 in relation to related party transactions and outstanding balances, including commitments, with: (a) a government that has control, joint control or significant influence over the reporting entity; and (b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.	33.11 An entity is exempt from the disclosure requirements of paragraph 33.9 in relation to: (a) a state (a national, regional or local government) that has control, joint control or significant influence over the reporting entity, and (b) another entity that is a related party because the same state has control, joint control or significant influence over both the reporting	Paragraph 25 and paragraph 33.11 of the <i>IFRS for SMEs</i> correspond. Based on paragraph 2 of Tier 2 Disclosure Principles, paragraph 25 should be retained in the Tier 2 disclosure requirements. Paragraphs 26 and 27 have no equivalent in the <i>IFRS for SMEs</i> and, based on the reasoning in paragraph 3 of Tier 2 Disclosure Principles, should

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<p>26 If a reporting entity applies the exemption in paragraph 25, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 25:</p> <p>(a) the name of the government and the nature of its relationship with the reporting entity (ie control, joint control or significant influence);</p> <p>(b) the following information in sufficient detail to enable users of the entity’s financial statements to understand the effect of related party transactions on its financial statements:</p> <p>(i) the nature and amount of each individually significant transaction; and</p> <p>(ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in paragraph 21.</p> <p>27 In using its judgement to determine the level of detail to be disclosed in accordance with the requirements in paragraph 26(b), the reporting entity shall consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:</p> <p>(a) significant in terms of size;</p> <p>(b) carried out on non-market terms;</p> <p>(c) outside normal day-to-day business operations, such as the purchase and sale of businesses;</p> <p>(d) disclosed to regulatory or supervisory authorities;</p> <p>(e) reported to senior management;</p> <p>(f) subject to shareholder approval.</p>	<p>entity and the other entity.</p> <p>However, the entity must still disclose a parent-subsidiary relationship as required by paragraph 33.5.</p>	<p>be excluded from the Tier 2 disclosure requirements.</p>

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<p>Other Key Management Personnel Disclosures by Disclosing Entities</p> <p>Aus29.1 Paragraphs Aus29.2 to Aus29.9.3 of this Standard apply to each disclosing entity (subject to parent entity relief) that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act. However, paragraphs Aus29.2 to Aus29.6 and Aus29.7.1 and Aus29.7.2 of this Standard do not apply to disclosing entities that are companies. The disclosures required of disclosing entities by paragraphs Aus29.2 to Aus29.9.3 are in addition to those required by paragraphs 1 to 28.</p>		<p>Paragraphs Aus29.1 to Aus29.9.3 relate only to disclosing entities that would be required to conform to all the relevant Australian Accounting Standards (Tier 1 reporting).</p> <p>Accordingly, they are not part of the Tier 2 disclosure requirements.</p> <p>Note: Paragraphs Aus29.1 – Aus29.9.3 have been deleted from AASB 124 for annual reporting periods beginning on or after 1 July 2013 by Accounting Standard AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i>.</p>
<p>Aus29.2 The following details about each key management person shall be disclosed:</p> <p>(a) the name of the person;</p> <p>(b) the position held; and</p> <p>(c) where the period of responsibility is less than the reporting period, the date or dates identifying the period of responsibility.</p>		
<p>Aus29.3 If any of the following changes occur after the reporting period and prior to the date when the financial statements are authorised for issue, the name, position and date for each person involved shall be disclosed for:</p> <p>(a) each change in the chief executive officer and <i>directors</i> of the entity; and</p>		

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<p>(b) the retirement of any key management person (other than a director or chief executive officer).</p>		
<p>Compensation</p> <p>Aus29.4 For each key management person, the following components of the categories required by paragraph 17, shall be disclosed:</p> <p>(a) short-term employee benefits. Amounts in this category shall be divided into at least the following components:</p> <ul style="list-style-type: none"> (i) cash salary, fees and short-term compensated absences; (ii) short-term cash profit-sharing and other bonuses; (iii) non-monetary benefits; and (iv) other short-term employee benefits; <p>(b) post-employment benefits. Amounts in this category shall be divided into at least the following components:</p> <ul style="list-style-type: none"> (i) pension and superannuation benefits; and (ii) other post-employment benefits; <p>(c) other long-term employee benefits, separately identifying amounts attributable to long-term incentive plans;</p> <p>(d) termination benefits; and</p> <p>(e) share-based payment. Amounts in this category shall be divided into at least the following components:</p>		

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<ul style="list-style-type: none"> (i) equity-settled share-based payment transactions: <ul style="list-style-type: none"> (A) shares and units; (B) options and rights; (ii) cash-settled share-based payment transactions; and (iii) all other forms of share-based payment compensation (including hybrids). 		
<p>Principles of Compensation</p> <p>Aus29.5 The following details concerning the compensation of each key management person shall be disclosed:</p> <ul style="list-style-type: none"> (a) discussion of board policy for determining the nature and amount of compensation of key management personnel of the entity; (b) discussion of the relationship between such policy and the entity's performance; (c) if an element of the compensation of a key management person is dependent on the satisfaction of a performance condition: <ul style="list-style-type: none"> (i) a detailed summary of the performance condition; (ii) an explanation of why the performance condition was chosen; (iii) a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and (iv) if the performance condition involves a 		

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<p>comparison with factors external to the entity:</p> <ul style="list-style-type: none"> (A) a summary of the factors to be used in making the comparison; and (B) if any of the factors relates to the performance of another entity, of two or more other entities or an index in which the securities of an entity or entities are included – the identity of that entity, of each of those entities or of the index; <p>(d) for each grant of a cash bonus, performance-related bonus or share-based payment compensation benefit, whether part of a specific contract for services or not, the terms and conditions of each grant affecting compensation in this or future reporting periods, including:</p> <ul style="list-style-type: none"> (i) the grant date; (ii) the nature of the compensation granted; (iii) the service and performance criteria used to determine the amount of compensation; and (iv) if there has been any alteration of the terms or conditions of the grant since the grant date, the date, details and effect of each alteration; <p>(e) for each contract for services between the key management person and the disclosing entity (or any of its subsidiaries), such further explanations as are necessary in addition to those prescribed in subparagraphs (c) and (d) to provide an understanding of how the amount of compensation</p>		

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<p>in the current reporting period was determined and how the terms of the contract affect compensation in future periods;</p> <p>(f) if an element of the compensation consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the compensation is not dependent on the satisfaction of a performance condition;</p> <p>(g) an explanation of the relative proportions of those elements of the person’s compensation that are related to performance and those elements of the person’s compensation that are not; and</p> <p>(h) if the person is employed by the entity under a contract – the duration of the contract, the periods of notice required to terminate the contract and the termination payments provided for under the contract.</p>		
<p>Modification of Terms of Share-based Payment Transactions</p> <p>Aus29.6 Where the terms of share-based payment transactions (including options or rights) granted as compensation to a key management person have been altered or modified by the issuing entity during the reporting period, the following details shall be disclosed for each such person:</p> <p>(a) the date of each alteration of the terms;</p> <p>(b) the market price of the underlying equity instrument at the date of alteration;</p> <p>(c) the terms of the grant immediately prior to alteration, including the number and class of the</p>		

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<p>underlying equity instruments, exercise price, time remaining until expiry and each other condition in the terms affecting the vesting or exercise of the option or other right;</p> <p>(d) the new terms; and</p> <p>(e) the difference between the total of the fair value of the options or other rights affected by the alteration immediately before the alteration and the total of the fair value of those options or other rights immediately after the alteration.</p>		
<p>Equity Instruments</p> <p>Different Classes to be Separately Identified</p> <p>Aus29.7 All disclosures required by paragraphs Aus29.7.1 to Aus29.7.5 refer to equity instruments issued or issuable by the disclosing entity and any of its subsidiaries and shall be separated into each class of equity instrument identifying each class by:</p> <p>(a) the name of the issuing entity;</p> <p>(b) the class of equity instrument; and</p> <p>(c) if the instrument is an option or right, the class and number of equity instruments for which it may be exercised.</p>		
<p>Options and Rights Provided as Compensation</p> <p>Aus29.7.1 The following details of options and rights over equity instruments provided as compensation to each key management person shall be disclosed:</p> <p>(a) the number of options and the number of rights that, during the reporting period, have:</p>		

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<ul style="list-style-type: none"> (i) been granted; and (ii) vested; (b) particulars of the terms and conditions of each grant made during the reporting period, including: <ul style="list-style-type: none"> (i) the fair value per option or right at grant date; (ii) the exercise price per share or unit; (iii) the amount, if any, paid or payable by the recipient; (iv) the expiry date; (v) the date or dates when the options or rights may be exercised; and (vi) a summary of the service and performance criteria that must be met before the beneficial interest vests in the person. 		
<p>Equity Instruments Provided on Exercise of Options and Rights Granted as Compensation</p> <p>Aus29.7.2 The following details of the equity instruments provided as a result of the exercise during the reporting period of options and rights granted as compensation to each key management person shall be disclosed:</p> <ul style="list-style-type: none"> (a) the number of equity instruments; (b) when the number of options or rights exercised differs from the number of equity instruments disclosed under (a), the number of options or rights exercised; (c) the amount paid per instrument; and 		

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(d) the amount unpaid per instrument.		
<p>Options and Rights Holdings</p> <p>Aus29.7.3 In respect of options and rights held, whether directly, indirectly or beneficially, by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence, disclosure shall be made of the number:</p> <ul style="list-style-type: none"> (a) held at the start of the reporting period; (b) granted during the reporting period as compensation; (c) exercised during the reporting period; (d) resulting from any other change during the reporting period; (e) held at the end of the reporting period; (f) vested at the end of the reporting period; (g) vested and exercisable at the end of the reporting period; and (h) vested and unexercisable at the end of the reporting period. 		
<p>Equity Holdings and Transactions</p> <p>Aus29.7.4 In respect of equity instruments (other than options and rights) held directly, indirectly or beneficially by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence, disclosure shall be made of the number:</p>		

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<ul style="list-style-type: none"> (a) held at the start of the reporting period; (b) granted during the reporting period as compensation; (c) received during the reporting period on exercise of options or rights; (d) resulting from any other change during the reporting period; (e) held at the end of the reporting period; and (f) if any such are included in the number disclosed under subparagraph (e) above, held nominally at the end of the reporting period. 		
<p>Aus29.7.5 If transactions involving equity instruments, other than share-based payment compensation, have occurred between a key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence and the issuing entity during the reporting period, the nature of each different type of transaction shall be disclosed where the terms or conditions were more favourable than those which it is reasonable to expect the entity would have adopted if dealing at arm's length with an unrelated person. For each such transaction, the details of the terms and conditions shall be disclosed.</p>		
<p>Loans</p> <p>Aus29.8 The details required by paragraph Aus29.8.1 shall be disclosed separately in respect of each aggregate of loans made, guaranteed or secured, directly or indirectly, by the disclosing entity and any of its subsidiaries to:</p> <ul style="list-style-type: none"> (a) all key management personnel, close members of 		

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<p>the family of those personnel, or entities over which any of these persons have, directly or indirectly, control, joint control or significant influence; and</p> <p>(b) each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence, by name whose aggregate loan amount exceeded \$100,000 at any time during the reporting period.</p>		
<p>Aus29.8.1 In respect of each aggregate of loans to key management personnel and to each key management person as required by paragraph Aus29.8, the following details shall be disclosed:</p> <p>(a) the amount outstanding at the start of the reporting period;</p> <p>(b) the amount of interest paid and payable in respect of the reporting period to the disclosing entity and any of its subsidiaries;</p> <p>(c) the difference between the amount disclosed in accordance with subparagraph (b) above and the amount of interest that would have been charged on an arm's-length basis;</p> <p>(d) each write-down and each allowance for doubtful receivables recognised by the disclosing entity and any of its subsidiaries;</p> <p>(e) the amount outstanding at the end of the reporting period;</p> <p>(f) for each key management person only, the highest amount of indebtedness during the reporting</p>		

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<p>period;</p> <p>(g) for key management personnel only, the number of persons included in the group aggregate at the end of the reporting period; and</p> <p>(h) a summary of the terms and conditions of the loans.</p>		
<p>Aus29.8.2 For the purposes of paragraphs Aus29.8 and Aus29.8.1 loans do not include loans involved in transactions that are in substance options, including non-recourse loans.</p>		
<p>Other Transactions and Balances</p> <p>Aus29.9 In respect of transactions during the reporting period between the disclosing entity and any of its subsidiaries and key management personnel, a close member of the family of those personnel, or an entity over which any of these persons have, directly or indirectly, control, joint control or significant influence, other than transactions covered by paragraphs Aus29.4 to Aus29.8.1 or excluded by paragraph Aus29.9.3, the following details shall be disclosed:</p> <p>(a) each type of transaction of different nature;</p> <p>(b) the terms and conditions of each type of transaction or, where there are different categories of terms and conditions within each type, the terms and conditions of each category of transaction; and</p> <p>(c) for each type of transaction or, where there are different categories within each type, each category of transaction:</p> <p>(i) the names of the persons involved; and</p> <p>(ii) the aggregate amount recognised.</p>		

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<p>Aus29.9.1 In respect of each aggregate amount disclosed in accordance with paragraph Aus29.9, the following details shall be disclosed:</p> <ul style="list-style-type: none"> (a) the total of amounts recognised as revenue, separately identifying where applicable the total amounts recognised as: <ul style="list-style-type: none"> (i) interest revenue; and (ii) dividend revenue; (b) the total of amounts recognised as expense, separately identifying where applicable the total amounts recognised as: <ul style="list-style-type: none"> (i) interest expense; and (ii) write-downs of receivables and allowances made for doubtful receivables; and (c) any further disclosures necessary to provide an understanding of the effects of the transactions on the financial statements. 		
<p>Aus29.9.2 In respect of assets and liabilities at the end of the reporting period recognised in relation to transactions identified in accordance with paragraph Aus29.9, disclosure shall be made of:</p> <ul style="list-style-type: none"> (a) the total of all assets, classified into current and non-current assets and, where applicable, any allowance for doubtful receivables at the end of the reporting period; and (b) the total of all liabilities, classified into current and non-current liabilities. 		
<p>Aus29.9.3 Transactions with and amounts receivable from or payable to a key management person, a close member of</p>		

Text in AASB 124 <i>Related Party Disclosures</i>	Text in <i>IFRS for SMEs</i> Section 33 <i>Related Party Disclosures</i>	Comment
<p>the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence, are excluded from the requirements of paragraphs Aus29.9 to Aus29.9.2 when:</p> <ul style="list-style-type: none"> (a) they occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing at arm's length with an unrelated person; (b) information about them does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of the financial statements, or the discharge of accountability by the key management person; and (c) they are trivial or domestic in nature. 		

3. AASB 124 *Related Party Disclosures*: Text of Proposed Disclosures

The following are the disclosure requirements of AASB 124 *Related Party Disclosures*, showing requirements from which it is proposed entities applying the RDR should be exempt as shaded text.

Disclosure

All entities

13 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Aus13.1 When any of the parent entities and/or ultimate controlling parties named in accordance with paragraph 13 is incorporated or otherwise constituted outside Australia, an entity shall:

- (a) identify which of those entities is incorporated overseas and where; and**
- (b) disclose the name of the ultimate controlling entity incorporated within Australia.**

14 To enable users of financial statements to form a view about the effects of related party relationships on an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.

15 The requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in AASB 127, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*.

16 Paragraph 13 refers to the next most senior parent. This is the first parent in the group above the immediate parent that produces consolidated financial statements available for public use.

17 An entity shall disclose key management personnel compensation in total and for each of the following categories:

- (a) short-term employee benefits;**
- (b) post-employment benefits;**
- (c) other long-term benefits;**
- (d) termination benefits; and**
- (e) share-based payment.**

18 If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:

- (a) the amount of the transactions;**

- (b) the amount of outstanding balances, including commitments, and:**
 - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and**
 - (ii) details of any guarantees given or received;**
 - (c) provisions for doubtful debts related to the amount of outstanding balances; and**
 - (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.**
- 19 The disclosures required by paragraph 18 shall be made separately for each of the following categories:**
- (a) the parent;**
 - (b) entities with joint control or significant influence over the entity;**
 - (c) subsidiaries;**
 - (d) associates;**
 - (e) joint ventures in which the entity is a venturer;**
 - (f) key management personnel of the entity or its parent; and**
 - (g) other related parties.**
- 20** The classification of amounts payable to, and receivable from, related parties in the different categories as required in paragraph 19 is an extension of the disclosure requirement in AASB 101 *Presentation of Financial Statements* for information to be presented either in the statement of financial position or in the notes. The categories are extended to provide a more comprehensive analysis of related party balances and apply to related party transactions.
- 21** The following are examples of transactions that are disclosed if they are with a related party:
- (a) purchases or sales of goods (finished or unfinished);
 - (b) purchases or sales of property and other assets;
 - (c) rendering or receiving of services;
 - (d) leases;
 - (e) transfers of research and development;
 - (f) transfers under licence agreements;
 - (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
 - (h) provision of guarantees or collateral;
 - (i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised); and
 - (j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.

- 22 Participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities is a transaction between related parties (see paragraph 34B of AASB 119).
- 23 Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.
- 24 Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.**

Government-related entities

25 A reporting entity is exempt from the disclosure requirements of paragraph 18 in relation to related party transactions and outstanding balances, including commitments, with:

- (a) a government that has control, joint control or significant influence over the reporting entity; and**
- (b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.**

26 If a reporting entity applies the exemption in paragraph 25, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 25:

- (a) the name of the government and the nature of its relationship with the reporting entity (ie control, joint control or significant influence);**
- (b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:**
 - (i) the nature and amount of each individually significant transaction; and**
 - (ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in paragraph 21.**

27 In using its judgement to determine the level of detail to be disclosed in accordance with the requirements in paragraph 26(b), the reporting entity shall consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:

- (a) significant in terms of size;**
- (b) carried out on non-market terms;**
- (c) outside normal day-to-day business operations, such as the purchase and sale of businesses;**
- (d) disclosed to regulatory or supervisory authorities;**
- (e) reported to senior management;**
- (f) subject to shareholder approval.**

Other Key Management Personnel Disclosures by Disclosing Entities¹

Aus29.1 Paragraphs Aus29.2 to Aus29.9.3 of this Standard apply to each disclosing entity (subject to parent entity relief) that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act. However, paragraphs Aus29.2 to Aus29.6 and Aus29.7.1 and Aus29.7.2 of this Standard do not apply to disclosing entities that are companies. The disclosures required of disclosing entities by paragraphs Aus29.2 to Aus29.9.3 are in addition to those required by paragraphs 1 to 28.

Aus29.2 The following details about each key management person shall be disclosed:

- (a) the name of the person;
- (b) the position held; and
- (c) where the period of responsibility is less than the reporting period, the date or dates identifying the period of responsibility.

Aus29.3 If any of the following changes occur after the reporting period and prior to the date when the financial statements are authorised for issue, the name, position and date for each person involved shall be disclosed for:

- (a) each change in the chief executive officer and directors of the entity; and
- (b) the retirement of any key management person (other than a director or chief executive officer).

Compensation

Aus29.4 For each key management person, the following components of the categories required by paragraph 17, shall be disclosed:

- (a) short-term employee benefits. Amounts in this category shall be divided into at least the following components:
 - (i) cash salary, fees and short-term compensated absences;
 - (ii) short-term cash profit-sharing and other bonuses;
 - (iii) non-monetary benefits; and
 - (iv) other short-term employee benefits;
- (b) post-employment benefits. Amounts in this category shall be divided into at least the following components:
 - (i) pension and superannuation benefits; and
 - (ii) other post-employment benefits;
- (c) other long-term employee benefits, separately identifying amounts attributable to long-term incentive plans;
- (d) termination benefits; and
- (e) share-based payment. Amounts in this category shall be divided into at least the following components:

¹ Paragraphs Aus29.1 – Aus29.9.3 have been deleted from AASB 124 for annual reporting periods beginning on or after 1 July 2013 by Accounting Standard AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*.

- (i) equity-settled share-based payment transactions:**
 - (A) shares and units;**
 - (B) options and rights;**
- (ii) cash-settled share-based payment transactions; and**
- (iii) all other forms of share-based payment compensation (including hybrids).**

Principles of Compensation

Aus29.5 The following details concerning the compensation of each key management person shall be disclosed:

- (a) discussion of board policy for determining the nature and amount of compensation of key management personnel of the entity;**
- (b) discussion of the relationship between such policy and the entity's performance;**
- (c) if an element of the compensation of a key management person is dependent on the satisfaction of a performance condition:**
 - (i) a detailed summary of the performance condition;**
 - (ii) an explanation of why the performance condition was chosen;**
 - (iii) a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and**
 - (iv) if the performance condition involves a comparison with factors external to the entity:**
 - (A) a summary of the factors to be used in making the comparison; and**
 - (B) if any of the factors relates to the performance of another entity, of two or more other entities or an index in which the securities of an entity or entities are included – the identity of that entity, of each of those entities or of the index;**
- (d) for each grant of a cash bonus, performance-related bonus or share-based payment compensation benefit, whether part of a specific contract for services or not, the terms and conditions of each grant affecting compensation in this or future reporting periods, including:**
 - (i) the grant date;**
 - (ii) the nature of the compensation granted;**
 - (iii) the service and performance criteria used to determine the amount of compensation; and**
 - (iv) if there has been any alteration of the terms or conditions of the grant since the grant date, the date, details and effect of each alteration;**
- (e) for each contract for services between the key management person and the disclosing entity (or any of its subsidiaries), such further explanations as are necessary in addition to those prescribed in**

subparagraphs (c) and (d) to provide an understanding of how the amount of compensation in the current reporting period was determined and how the terms of the contract affect compensation in future periods;

- (f) if an element of the compensation consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the compensation is not dependent on the satisfaction of a performance condition;
- (g) an explanation of the relative proportions of those elements of the person's compensation that are related to performance and those elements of the person's compensation that are not; and
- (h) if the person is employed by the entity under a contract – the duration of the contract, the periods of notice required to terminate the contract and the termination payments provided for under the contract.

Modification of Terms of Share-based Payment Transactions

Aus29.6 Where the terms of share-based payment transactions (including options or rights) granted as compensation to a key management person have been altered or modified by the issuing entity during the reporting period, the following details shall be disclosed for each such person:

- (a) the date of each alteration of the terms;
- (b) the market price of the underlying equity instrument at the date of alteration;
- (c) the terms of the grant immediately prior to alteration, including the number and class of the underlying equity instruments, exercise price, time remaining until expiry and each other condition in the terms affecting the vesting or exercise of the option or other right;
- (d) the new terms; and
- (e) the difference between the total of the fair value of the options or other rights affected by the alteration immediately before the alteration and the total of the fair value of those options or other rights immediately after the alteration.

Equity Instruments

Different Classes to be Separately Identified

Aus29.7 All disclosures required by paragraphs Aus29.7.1 to Aus29.7.5 refer to equity instruments issued or issuable by the disclosing entity and any of its subsidiaries and shall be separated into each class of equity instrument identifying each class by:

- (a) the name of the issuing entity;
- (b) the class of equity instrument; and
- (c) if the instrument is an option or right, the class and number of equity instruments for which it may be exercised.

Options and Rights Provided as Compensation

Aus29.7.1 The following details of options and rights over equity instruments provided as compensation to each key management person shall be disclosed:

- (a)** the number of options and the number of rights that, during the reporting period, have:
 - (i)** been granted; and
 - (ii)** vested;
- (b)** particulars of the terms and conditions of each grant made during the reporting period, including:
 - (i)** the fair value per option or right at grant date;
 - (ii)** the exercise price per share or unit;
 - (iii)** the amount, if any, paid or payable by the recipient;
 - (iv)** the expiry date;
 - (v)** the date or dates when the options or rights may be exercised; and
 - (vi)** a summary of the service and performance criteria that must be met before the beneficial interest vests in the person.

Equity Instruments Provided on Exercise of Options and Rights Granted as Compensation

Aus29.7.2 The following details of the equity instruments provided as a result of the exercise during the reporting period of options and rights granted as compensation to each key management person shall be disclosed:

- (a)** the number of equity instruments;
- (b)** when the number of options or rights exercised differs from the number of equity instruments disclosed under (a), the number of options or rights exercised;
- (c)** the amount paid per instrument; and
- (d)** the amount unpaid per instrument.

Options and Rights Holdings

Aus29.7.3 In respect of options and rights held, whether directly, indirectly or beneficially, by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence, disclosure shall be made of the number:

- (a)** held at the start of the reporting period;
- (b)** granted during the reporting period as compensation;
- (c)** exercised during the reporting period;
- (d)** resulting from any other change during the reporting period;
- (e)** held at the end of the reporting period;
- (f)** vested at the end of the reporting period;

- (g) vested and exercisable at the end of the reporting period; and**
- (h) vested and unexercisable at the end of the reporting period.**

Equity Holdings and Transactions

Aus29.7.4 In respect of equity instruments (other than options and rights) held directly, indirectly or beneficially by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence, disclosure shall be made of the number:

- (a) held at the start of the reporting period;**
- (b) granted during the reporting period as compensation;**
- (c) received during the reporting period on exercise of options or rights;**
- (d) resulting from any other change during the reporting period;**
- (e) held at the end of the reporting period; and**
- (f) if any such are included in the number disclosed under subparagraph**
- (e) above, held nominally at the end of the reporting period.**

Aus29.7.5 If transactions involving equity instruments, other than share-based payment compensation, have occurred between a key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence and the issuing entity during the reporting period, the nature of each different type of transaction shall be disclosed where the terms or conditions were more favourable than those which it is reasonable to expect the entity would have adopted if dealing at arm's length with an unrelated person. For each such transaction, the details of the terms and conditions shall be disclosed.

Loans

Aus29.8 The details required by paragraph Aus29.8.1 shall be disclosed separately in respect of each aggregate of loans made, guaranteed or secured, directly or indirectly, by the disclosing entity and any of its subsidiaries to:

- (a) all key management personnel, close members of the family of those personnel, or entities over which any of these persons have, directly or indirectly, control, joint control or significant influence; and**
- (b) each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence, by name whose aggregate loan amount exceeded \$100,000 at any time during the reporting period.**

Aus29.8.1 In respect of each aggregate of loans to key management personnel and to each key management person as required by paragraph Aus29.8, the following details shall be disclosed:

- (a) the amount outstanding at the start of the reporting period;**

- (b) the amount of interest paid and payable in respect of the reporting period to the disclosing entity and any of its subsidiaries;
- (c) the difference between the amount disclosed in accordance with subparagraph (b) above and the amount of interest that would have been charged on an arm's-length basis;
- (d) each write-down and each allowance for doubtful receivables recognised by the disclosing entity and any of its subsidiaries;
- (e) the amount outstanding at the end of the reporting period;
- (f) for each key management person only, the highest amount of indebtedness during the reporting period;
- (g) for key management personnel only, the number of persons included in the group aggregate at the end of the reporting period; and
- (h) a summary of the terms and conditions of the loans.

Aus29.8.2 For the purposes of paragraphs Aus29.8 and Aus29.8.1 loans do not include loans involved in transactions that are in substance options, including non-recourse loans.

Other Transactions and Balances

Aus29.9 In respect of transactions during the reporting period between the disclosing entity and any of its subsidiaries and key management personnel, a close member of the family of those personnel, or an entity over which any of these persons have, directly or indirectly, control, joint control or significant influence, other than transactions covered by paragraphs Aus29.4 to Aus29.8.1 or excluded by paragraph Aus29.9.3, the following details shall be disclosed:

- (a) each type of transaction of different nature;
- (b) the terms and conditions of each type of transaction or, where there are different categories of terms and conditions within each type, the terms and conditions of each category of transaction; and
- (c) for each type of transaction or, where there are different categories within each type, each category of transaction:
 - (i) the names of the persons involved; and
 - (ii) the aggregate amount recognised.

Aus29.9.1 In respect of each aggregate amount disclosed in accordance with paragraph Aus29.9, the following details shall be disclosed:

- (a) the total of amounts recognised as revenue, separately identifying where applicable the total amounts recognised as:
 - (i) interest revenue; and
 - (ii) dividend revenue;
- (b) the total of amounts recognised as expense, separately identifying where applicable the total amounts recognised as:
 - (i) interest expense; and

(ii) write-downs of receivables and allowances made for doubtful receivables; and

(c) any further disclosures necessary to provide an understanding of the effects of the transactions on the financial statements

Aus29.9.2 In respect of assets and liabilities at the end of the reporting period recognised in relation to transactions identified in accordance with paragraph Aus29.9, disclosure shall be made of:

(a) the total of all assets, classified into current and non-current assets and, where applicable, any allowance for doubtful receivables at the end of the reporting period; and

(b) the total of all liabilities, classified into current and non-current liabilities.

Aus29.9.3 Transactions with and amounts receivable from or payable to a key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence, are excluded from the requirements of paragraphs Aus29.9 to Aus29.9.2 when:

(a) they occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing at arm's length with an unrelated person;

(b) information about them does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of the financial statements, or the discharge of accountability by the key management person; and

(c) they are trivial or domestic in nature.