

PBE IPSAS 20 Related Party Disclosures – Differences to NZ IAS (PBE)

The main purpose of phase one of the Treasury's project to transition to the new PBE Standards is to review those standards and identify changes affecting the recognition and measurement of items in the financial statements of the Government – particularly those that might impact the five year forecasts in Budget 2014. A detailed review of disclosures, including changes to related party disclosures will therefore be covered during a later phase of the transition project.

In the interim, here is brief overview of changes to related party disclosures.

1. The definition of a related party in PBE IPSAS 20 while similar in principle to NZ IAS 24 (PBE) is more principle based and less detailed. (PBE IPSAS 20.4)
2. The PBE standard contains more guidance on who should be included in Key Management Personnel (and is potentially wider than under NZ IFRS) and specifies the following persons:
 - directors or other members of the reporting entity's governing body;
 - the chief executive and the senior management group; and
 - other persons who have the authority responsibility for planning, directing; and controlling the activities of the entity.

Entities will need to check the new definitions to ensure that all related parties are identified. (PBE IPSAS 20.6-9)

3. Additional disclosures on key management personnel are required and more guidance is provided. (PBE IPSAS 20.34-41)
4. Transactions between related parties that would occur within a normal supplier or client/recipient relationship at arms' length terms are now exempt from disclosure. (PBE IPSAS 20.27)