



IAS 24 RELATED PARTY DISCLOSURES

IAS 24 Related Party Disclosures

Scope

IAS 24 shall be applied in:

- ❖ Identification of related party relations and transactions;
- ❖ Identification of outstanding balances, including commitments, between an entity and its related parties;
- ❖ Identification of circumstances in which disclosure of the items above is required;

The disclosures of all the above items have to be made in the related consolidated and separate financial statements of:

- ❖ A parent
- ❖ Investors with joint control of an investee
- ❖ Investor with significant influence over an investee

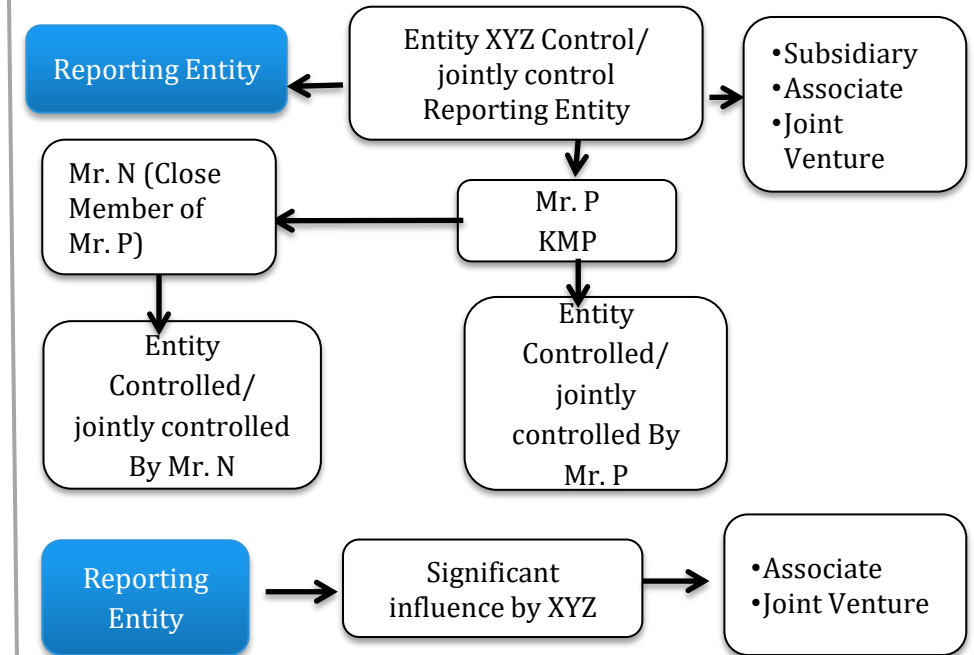
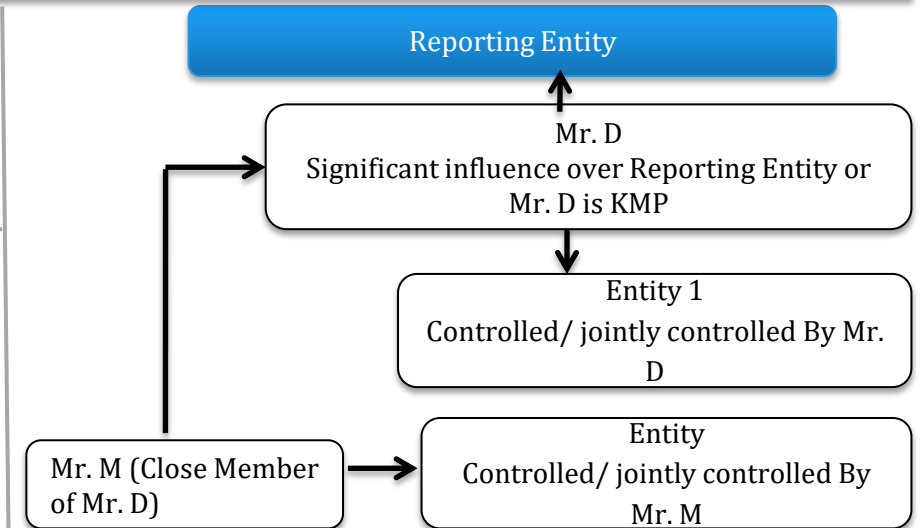
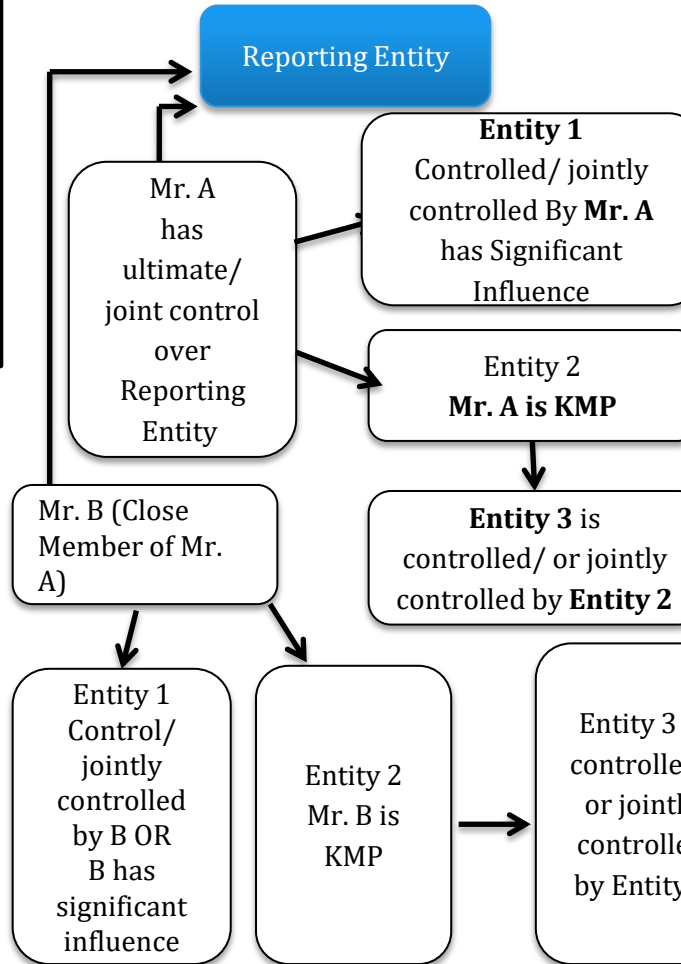
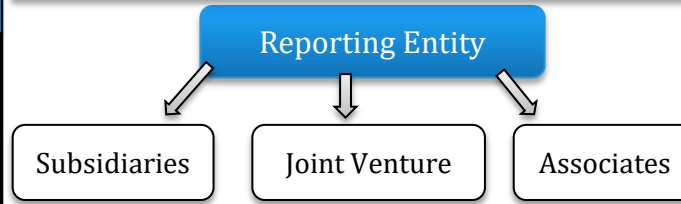
Exemption: Government-related Entities

Note that....

1. If an entity has a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity will be treated as related party for the purpose of IAS 24.

2. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity will be treated as related party for the purpose of IAS 24.

Identification of Related Parties



Disclosure Requirements

Relationships between parents and subsidiaries •

- ❖ Disclosure of the name of the parent or ultimate controlling party (if different) is required irrespective of transaction exists or not.
- ❖ Compensation paid to key management personnel.

Disclose in total for the following categories:

- ❖ The amount of the transactions.
- ❖ The amount of outstanding balances, including terms and conditions and requirements.
- ❖ Provisions for doubtful debts related to amount due from related parties.
- ❖ Expenses which are recognised because of bad and doubtful debt in relation to amount due from related parties.

Management entities (Effective Date 1 July 2014):

If an entity obtains key management personnel services from a another entity, the requirements of IAS 24 to analyse compensation into short term, post-employment, other long term and termination benefits, and share-based payments, will not apply to the compensation paid by the another entity to its employees or directors.

Instead, the entity has to disclose the amount incurred as the service fee paid to the management entity.

Disclose related party transactions for each category of related parties. The above disclosures shall be presented separately for each of the following categories:

- ❖ The parent
- ❖ Entities with joint control of, or significant influence over, the entity
- ❖ Subsidiaries
- ❖ Associates
- ❖ Joint ventures in which the entity is a joint venturer
- ❖ Key management personnel of the entity or its parent
- ❖ Other related parties.

Examples of the kinds of transactions that are disclosed if they are with a related party:

- ❖ Purchases or sales of goods;
- ❖ Purchases or sales of property and other assets;
- ❖ rendering or receiving of services;
- ❖ leases;
- ❖ transfers under license agreements;
- ❖ transfers under finance arrangements;
- ❖ provision of guarantees & collateral;
- ❖ commitments to do something if an event occurs or does not occur in the future, including executory contracts (recognised and unrecognised);
- ❖ Short-term employee benefits
- ❖ Post-employment benefits
- ❖ Other long-term benefits
- ❖ Termination benefits
- ❖ Share-based payments.

Disclosure required for related party transactions only if there have been transactions, disclose:

- ❖ The nature of related party relationship •
- ❖ Information about transactions.
- ❖ Information about outstanding balances to understand the potential effect on the Annual Financial Statements •
- ❖ Information about impairment or bad debts with related parties.