IFRS AT A GLANCE
IAS 24 Related Party Disclosures
# IAS 24 Related Party Disclosures

## Scope

**IAS 24 shall be applied in:**
- Identifying related party relationships and transactions;
- Identifying outstanding balances, including commitments, between an entity and its related parties;
- Identifying the circumstances in which disclosure of the items above is required; and
- Determining the disclosures to be made about those items.

**IAS 24 requires disclosure of:**
- Related party relationships
- Related party transactions
- Outstanding balances with related parties
- Commitments to related parties.

The disclosures 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.

## Definitions

**Key management personnel**
Those persons having authority and responsibility for:
- Planning, directing, and controlling the activities of the entity, directly or indirectly, including all directors (executive and non-executive).

**Close family member**
Includes, but is not limited to:
- Children and Dependents
- Spouse/Partner
- Children and Dependents of Spouse/Partner.

Need to assess the level of influence on a case-by-case basis.

**Government-related entity**
Entity that is controlled, jointly controlled or significantly influenced by a ‘government’.

**Government**
Refers to government, government agencies and similar bodies whether local, national or international.

## Government-related entities

Government-related entities are exempt from the disclosure requirements of paragraph 18 in relation to related party transactions and outstanding balances, including commitments.

Refer to paragraphs 25 - 27 of IAS 24 for specific details of the exemptions.

## Disclosure

**Relationships between parents and subsidiaries**
Regardless of whether there have been transactions, disclosure of the name of the parent or ultimate controlling party (if different) is required.

If parent or ultimate controlling party did not prepare consolidated financial statements for public use, the name of the next senior parent that does so needs to be disclosed as well.

**Key management personnel compensation**
Disclose in total for the following categories:
- Short-term employee benefits
- Post-employment benefits
- Other long-term benefits
- Termination benefits
- Share-based payments.

**Management entities**
If an entity obtains key management personnel services from a management entity the the analysis above is not required (the compensation paid by the management entity to the management entity’s employees or directors).

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

**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 doubtful debts with related parties.

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.
EXAMPLE SHOWING RELATED PARTIES

**REPORTING ENTITY**
- Entity RE1
  - Subsidiary of RE
  - Joint Venture of RE
  - Associate of RE.

**Entity A**
- Controls RE.
- Key management
- Subsidiary of A
- Joint Venture of A
- Associate of A.

**Entity B**
- Jointly controls RE.
- Close family member of U.

**Person Y**
- Has (ultimate) control of RE
- Has joint control of RE.

**Person V**
- Close family member of U.

**Person U**
- Key management
- Controlled by U
- Jointly controlled by U.

**Person W**
- Close family member of W.
- Significant influence over RE
- Key management personnel
- Controlled by W
- Jointly controlled by W.

**Person Z**
- Close family member of Y.
- Z is key management personnel
- Controlled by Z
- Jointly controlled by Z
- Significant influence held by Z.

**Entity A1**
- Subsidiary of A
- Joint Venture of A
- Associate of A.

**Entity B1**
- Joint venture of B
- Associate of B.

**Entity C**
- Significant influence over RE
- Joint venture of B
- Associate of B.

**Entity Z1**
- Controlled by Z
- Jointly controlled by Z
- Significant influence held by Z.

**Entity Z2**
- Controlled by Z
- Jointly controlled by Z
- Z is key management personnel.

**Entity Z3**
- Z3 is controlled by Z2
- Z is key management personnel.

**Entity Y1**
- Controlled by Y
- Jointly controlled by Y
- Significant influence held by Y.

**Entity Y2**
- Y is key management personnel.

**Entity Y3**
- Y3 is controlled by Y2.

**Entity Y2**
- Y is key management personnel.

**Explanation**
- All presented entities and persons are considered to be related parties of the reporting entity
- Blue ellipses indicate persons
- Black outlined boxes indicate entities.
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Alternatively, please visit [www.bdo.global](http://www.bdo.global) where you can find full lists of regional and country contacts.

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