

RELATED PARTY DISCLOSURES: IAS 24

Definition:

- A **person** or a **close member of that person's family** is related to a reporting entity if that person:
 - has **control** or **joint control** over the reporting entity;
 - has **significant influence** over the reporting entity; or
 - is a **member of the key management** personnel of the reporting entity or of a parent of the reporting entity.
- An **entity** is related to a reporting entity if any of the following conditions applies:
 - The entity and the reporting entity are **members of the same group** (which means that each **parent, subsidiary** and fellow **subsidiary** is related to the others).
 - One entity is an **associate** or **joint venture** of the other entity (or an associate or joint venture of a member of a group)
 - Both entities are **joint ventures of the same third party** (common venturer)
 - One entity is a **joint venture of a third entity** and the other entity is **an associate of the third entity**
 - The entity is **controlled or jointly controlled** by a person related to the reporting entity (see above)
 - A person who **controls** or **joint controls** the reporting entity has **significant influence** over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)
- Close members of the family of a person include = children, spouse, and dependents
- the following are not related parties:
 - two entities simply because they have a **director or other member of key management personnel in common** or because a **member of key management personnel of one entity has significant influence over the other entity**.
 - **two venturer's** simply because they share joint control over a joint venture.
 - a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a **significant volume of business**, simply by virtue of the resulting economic dependence.
- **Key management personnel** have **authority** and **responsibility** for **planning, directing** and **controlling** the activities of the entity

Disclosures:

- Relationships between a **parent and its subsidiaries** shall be disclosed regardless of whether there have been transactions between them
- An entity shall disclose **key management personnel compensation in total** and for **each of the following categories**:
 - short-term employee benefits;
 - post-employment benefits;
 - other long-term benefits;
 - termination benefits; and

- share-based payment
- **if there are related party transactions, must disclose the following**
 - nature of the related party relationship
 - amount of the transactions
 - the amount of outstanding balances and commitments
 - terms and conditions
 - guarantees given and received
 - provision for doubtful debt related to the outstanding balances from related parties
 - expense recognized in the period due to bad debt from related parties

Comparison with ASPE:

- Related party transactions are covered under ASPE 3840
- Under IFRS, related party transactions are measured just like any other transaction; however, you need to disclose the details of the related party transaction
- Under ASPE, there are measurement rules for related party transactions; at either the exchange amount or carrying value