



International Accounting Standards Board®

Press Release

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IASB simplifies requirements for disclosure of related party transactions

The International Accounting Standards Board (IASB) issued today a revised version of IAS 24 *Related Party Disclosures* that simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The revised standard is effective for annual periods beginning on or after 1 January 2011, with earlier application permitted.

IAS 24 requires entities to disclose in their financial statements information about transactions with related parties. In broad terms, two parties are related to each other if one party controls, or significantly influences, the other party.

The IASB has revised IAS 24 in response to concerns that the previous disclosure requirements and the definition of a 'related party' were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The revised standard addresses these concerns by:

- **Providing a partial exemption for government-related entities.**

Until now, if a government controlled, or significantly influenced, an entity, the entity was required to disclose information about all transactions with other entities controlled, or significantly influenced by the same government. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. It achieves this balance by requiring disclosure about these transactions only if they are individually or collectively significant.

- **Providing a revised definition of a related party.**

The IASB has simplified the definition and removed inconsistencies.

The document IAS 24 *Related Party Disclosures* is available for eIFRS subscribers from today.

Printed copies of IAS 24 *Related Party Disclosures* (ISBN 978-1-907026-41-6) will be available shortly, at £15 plus shipping, from the IASC Foundation Publications Department.

Those wishing to subscribe to eIFRSs should visit the online shop at www.iasb.org or contact:

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Notes for editors

About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The Board has currently 15 full-time members, who are drawn from ten countries and have a variety of professional backgrounds. By 2012 the Board will be expanded to 16 members. Board members are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities.