



# HM TREASURY

## Financial Reporting Advisory Board Paper

### **IAS 24 *Related party disclosures* as applied to Ministers - supplementary**

<b>Issue:</b>	The application of IAS 24 to Ministers – implication of exposure draft of amendments to IAS 24
<b>Impact on guidance:</b>	To inform guidance included in the IFRS-based FReM.
<b>IAS/IFRS adaptation?</b>	N/a
<b>IPSAS compliant?</b>	N/a
<b>Interpretation for the public sector context?</b>	N/a
<b>Impact on budgetary regime?</b>	N/a
<b>Alignment with National Accounts</b>	N/a
<b>Impact on Estimates?</b>	N/a
<b>Recommendation:</b>	To note that the recent exposure draft does not impact consideration of IAS 24 in relation to Ministers.
<b>Timing:</b>	Not yet known: depends on future decision on date for moving to EU-adopted IFRS.

#### DETAIL

1. The application of IAS 24 *Related party disclosures* to Ministers is the subject of FRAB (85)13.
2. On 22 February, the IASB issued an exposure draft (ED) proposing amendments to IAS 24. This supplementary paper briefly considers the impact of the proposed changes.

*Proposed changes to IAS 24*

3. The ED proposes amendments that would:
  - a. Eliminate disclosure requirements for some entities that are controlled or significantly influenced by a state;
  - b. Amend the definition of a related party to clarify the status of relationships between associates, subsidiaries, investors and investees.
4. The latter is not considered to influence consideration of IAS 24 as applied to Ministers. The amendments in relation to state-controlled entities are considered in this brief supplementary paper.

*Definition*

5. The term *state* refers to any governing jurisdiction that has statutory or regulatory powers of government, whether that state is at a national, regional or local level.

*Proposed exemption*

6. The ED proposes to add the following paragraph to IAS 24:

“A reporting entity is exempt from the disclosure requirements of paragraph 17 [transactional disclosure requirements] in relation to an entity if:

  - a. the entity is a related party only because the reporting entity is controlled or significantly influenced by a state and the other entity is controlled or significantly influenced by the state; and
  - b. there are no indicators that the reporting entity influenced, or was influenced by, that entity.”
7. The ED also includes a number of further explanatory paragraphs.

*Application to Ministers*

8. The exemption proposed relates to transactions between entities and is therefore not applicable to individuals, including Ministers.
9. However, the ED does support the conclusion in FRAB paper (83)06 *IAS 24 Related Party Disclosures* that disclosures of transactions with related parties other than individuals may be restricted to the name of the entity’s parent department (if any) and a note of the main entities within government with which the entity has had dealings (that is, no information about those transactions need be given).