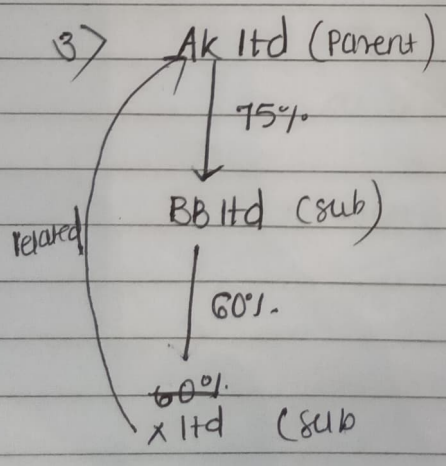
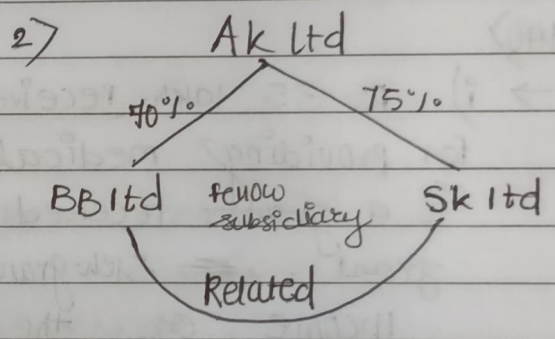
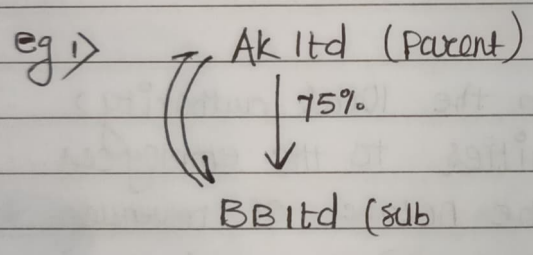


AS-18: Related Party Disclosures

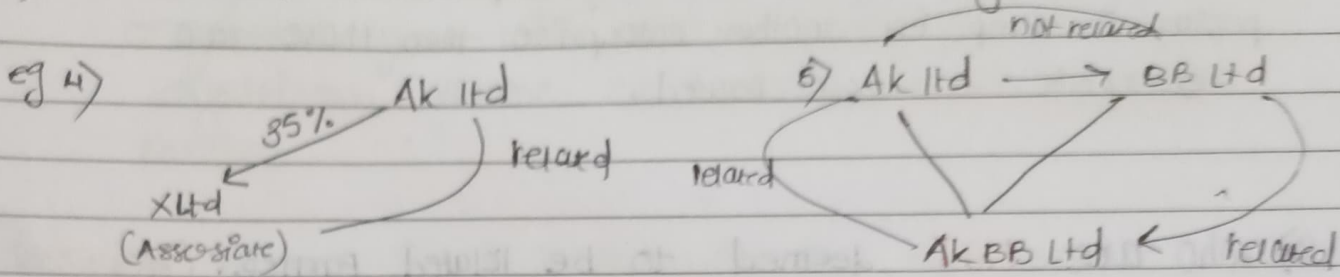
- a) control more than 50%.
- b) significant influence 20% to 50%.
- c) Joint control - 2 or more parties have joint control

1] Related party Relationship.

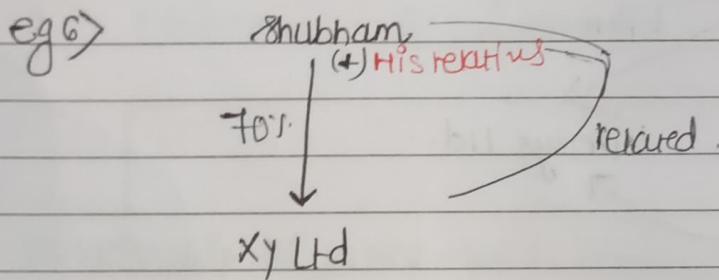
a) enterprises that directly or indirectly control or are controlled by or are under common control with the reporting enterprise (This includes holding companies, subsidiaries & fellow subsidiaries)



b) Associates & Joint venture of the reporting enterprise.

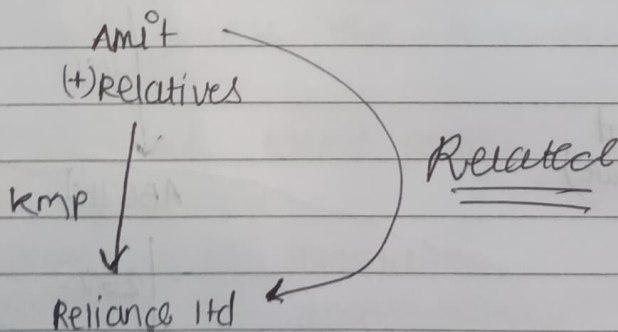


c) Individuals having control or significant influence over the enterprise & relatives of such individual.



* Relatives: - spouse, son, daughter, brother, sister, father & mother.

d) KMP of the enterprise & relatives of such kmp.

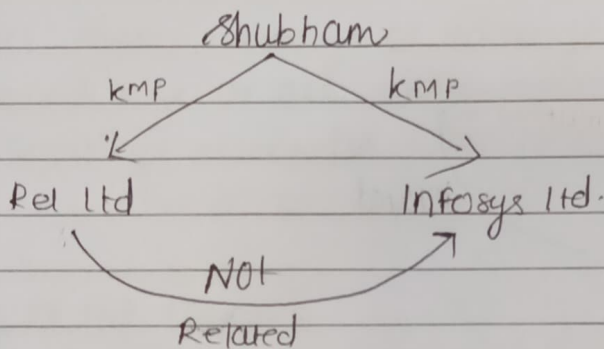


F) If one enterprise is controlled by a person & that same person is kmp in another enterprise then those two enterprise are also related.

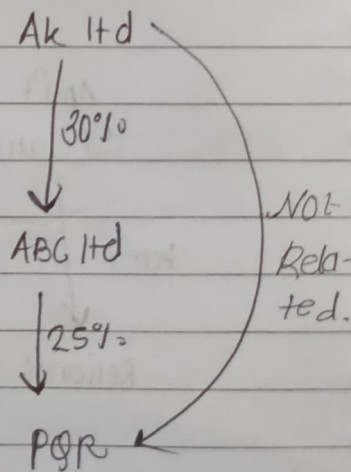
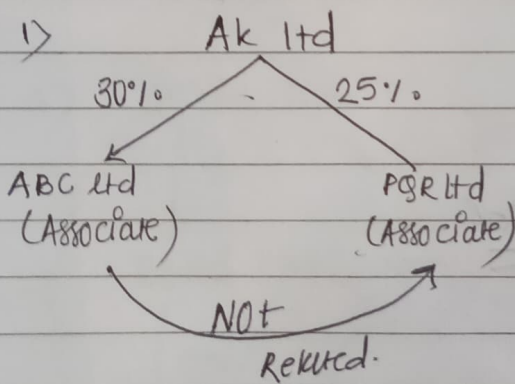
2) who are **NOT** deemed to be related parties. (spoilers)

a) Two companies are not related simply because they have a kmp in common.

eg 1)



b) Fellow Associates, CO-associates are NOT treated as related parties.



Hint:- 2A's (Alpha) are never related.

- c) a single customer, supplier, franchiser, distributor or general agent with whom an enterprise transacts a significant volume of business will not be related parties.
- d) the parties listed below, are also not related in course of their normal dealing with the enterprise. (Providers of finance, trade unions, public utilities, government departments)

3] Disclosure Requirement.

Relationship of parent-sub,
(disclose even if there is no transaction with related party)

All Others relations
(disclose only if there is a transaction with related party during the year)

* In respect of disclosure requirement, the enterprise should disclose the following information

- 1) Name of related party
- 2) Relationship
- 3) Nature of transaction.
- 4) Volume of transaction
- 5) Amount outstanding
- 6) Amount written off as Bad debts
- 7) Any other element.

Note:-

1) Remuneration paid to KMP should be considered as a related party transaction requiring disclosures

2) Remuneration paid to non-executive director should not be considered as a related party transaction.

4] Exemption from related party disclosures in certain situations.

A) related party disclosure requirements do not apply where providing such disclosure would be in conflict of confidentiality as required by any statute or any regulator or similar competent authority → eg: Banks

↓
maintain confidentiality of their customers

B) state controlled enterprises are not required to follow disclosure requirements.