



श्री अरुण शर्मा

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IND AS 24

Related Party Transactions:

#1 Objective

is to identify & disclose transactions with RIP.

#2 Some important terms:

KMP



i) A person who has 3 powers

a) Planning

b) Directing

c) Controlling

ii) it also includes non executive Directors

Close family members (CFM)



Persons

→ Bros & sisters

→ Father & mother

→ son & Daughter

→ Dependent

→ spouse.

→ spouse's son & dau



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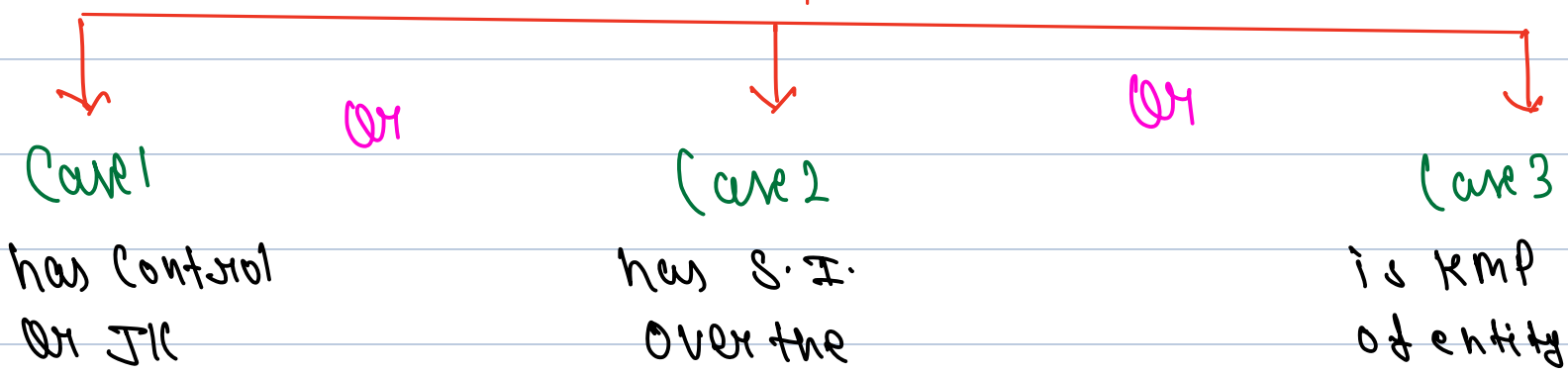
- spouse's dependant.
- Domestic partner
- Domestic partner
Son & Daughter
- Domestic partner
Dependant.

#3 Related party

- i) RIP can be
- a) Person including his cl. F/M.
or
 - b) Entity

a) Person

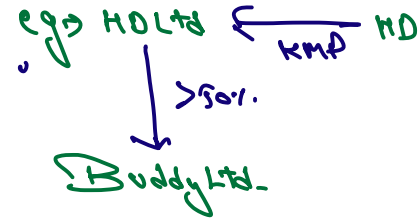
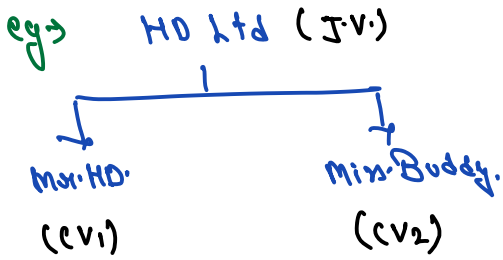
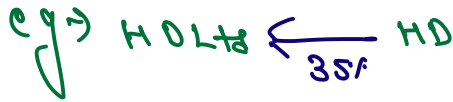
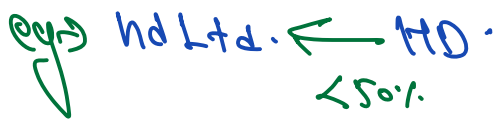
A person will be considered RIP of an entity if that person



over an entity.

entity

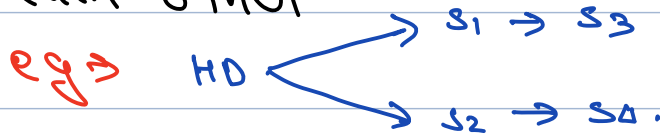
OR Parent entity



b) entity

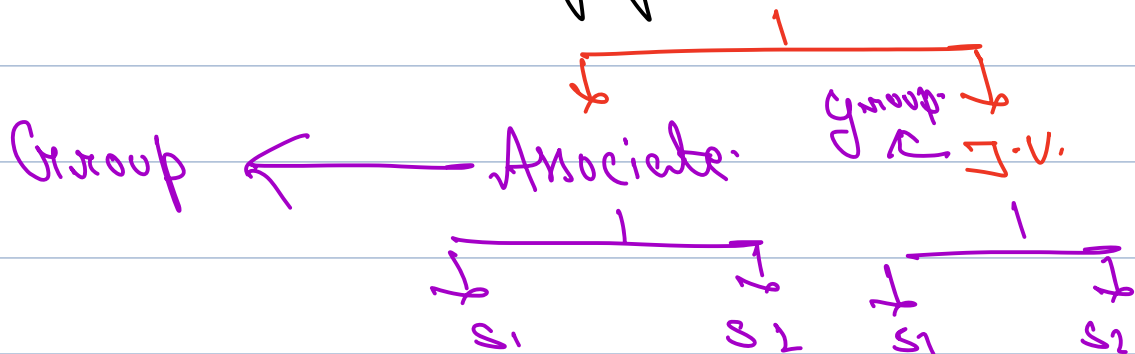
Another entity will be considered as R.P. of an entity if

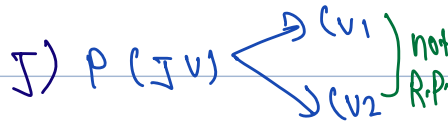
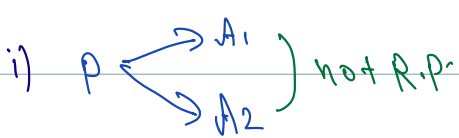
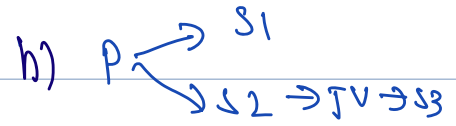
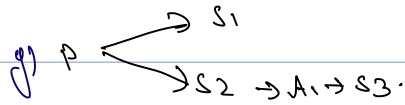
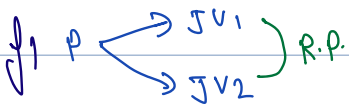
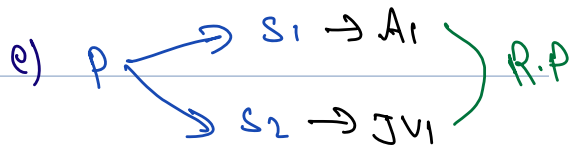
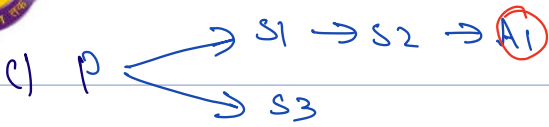
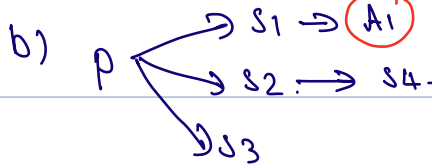
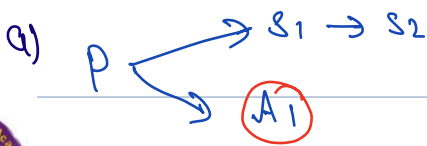
Case 1 Parent & its subsidiaries are R.P. of each other.



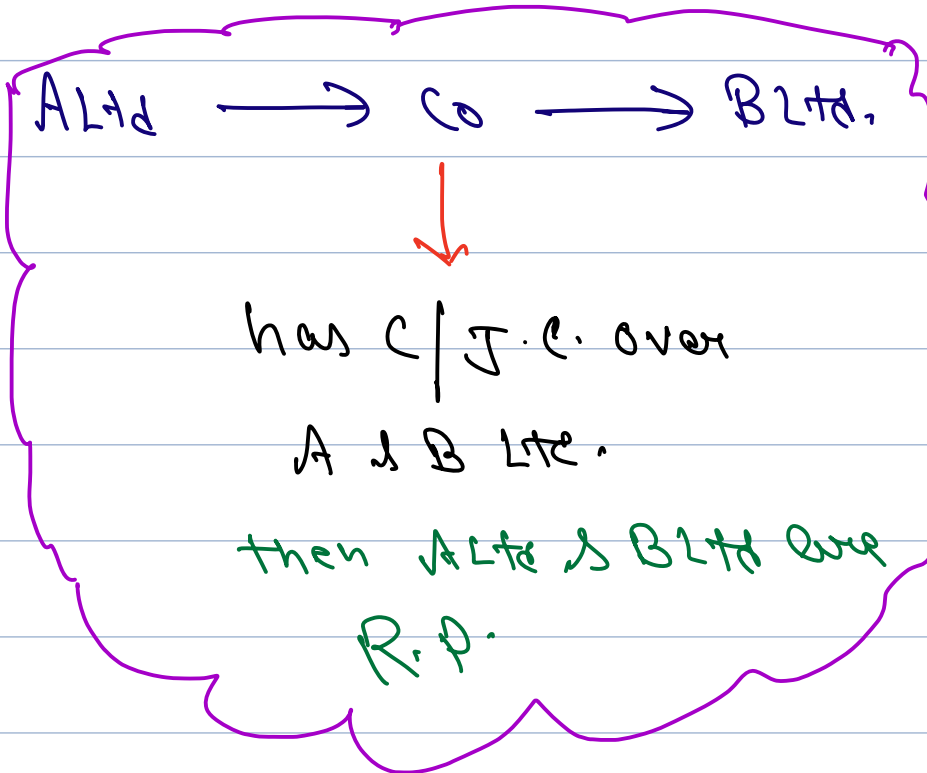
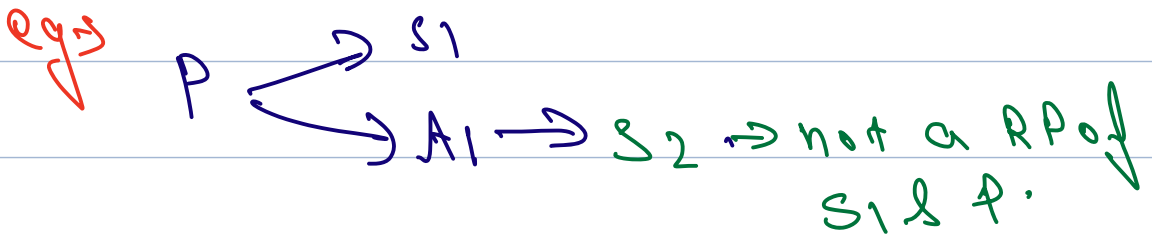
Case 2 Associate / J.V. (incl. their subsidiary) of any member of group is R.P. to each members of group.

eg →





Note \rightarrow Associate of above Associate Co. is not a R.P.

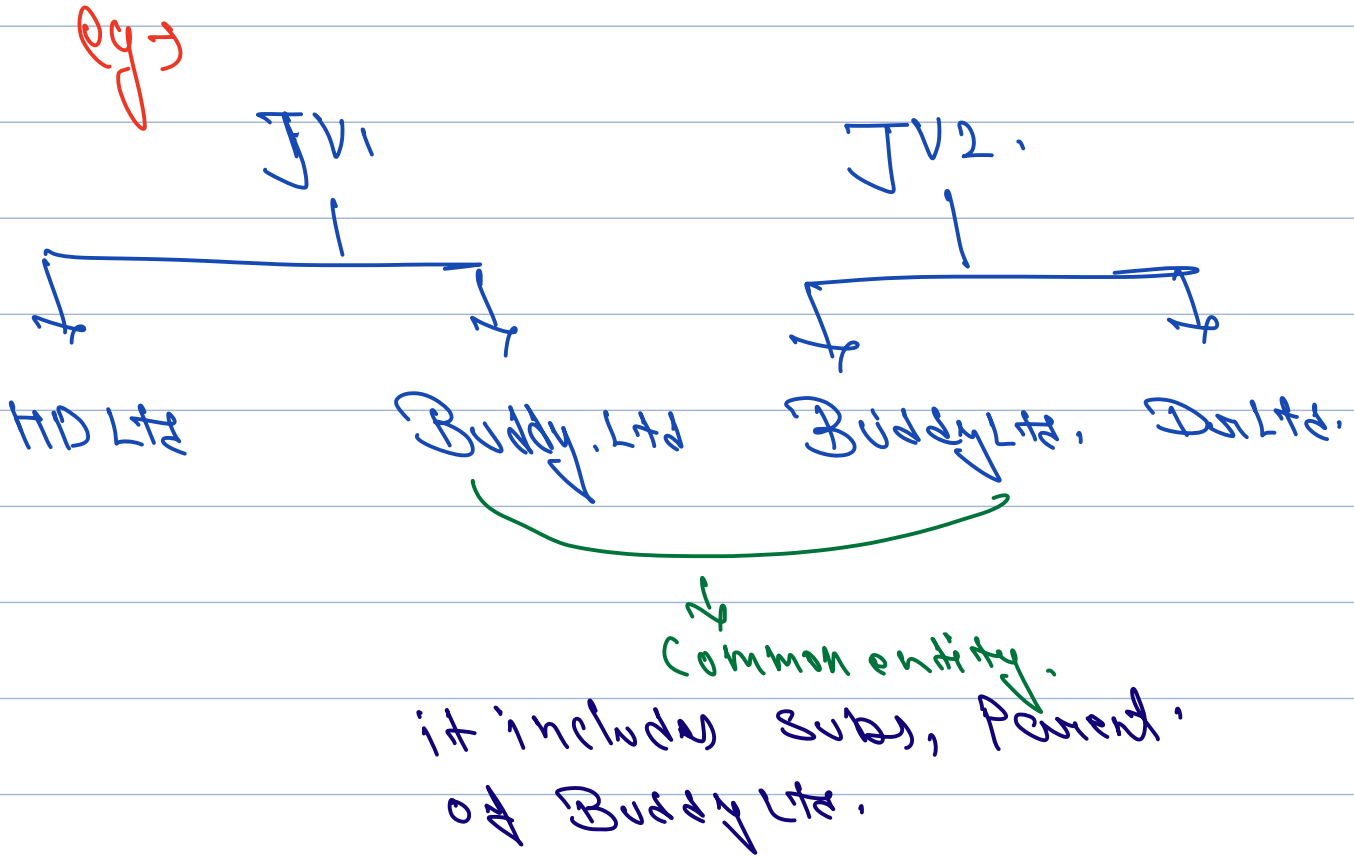


\Rightarrow not written in IND AS.

\downarrow
 it means Relations flows through C/J.C. not through Associate.

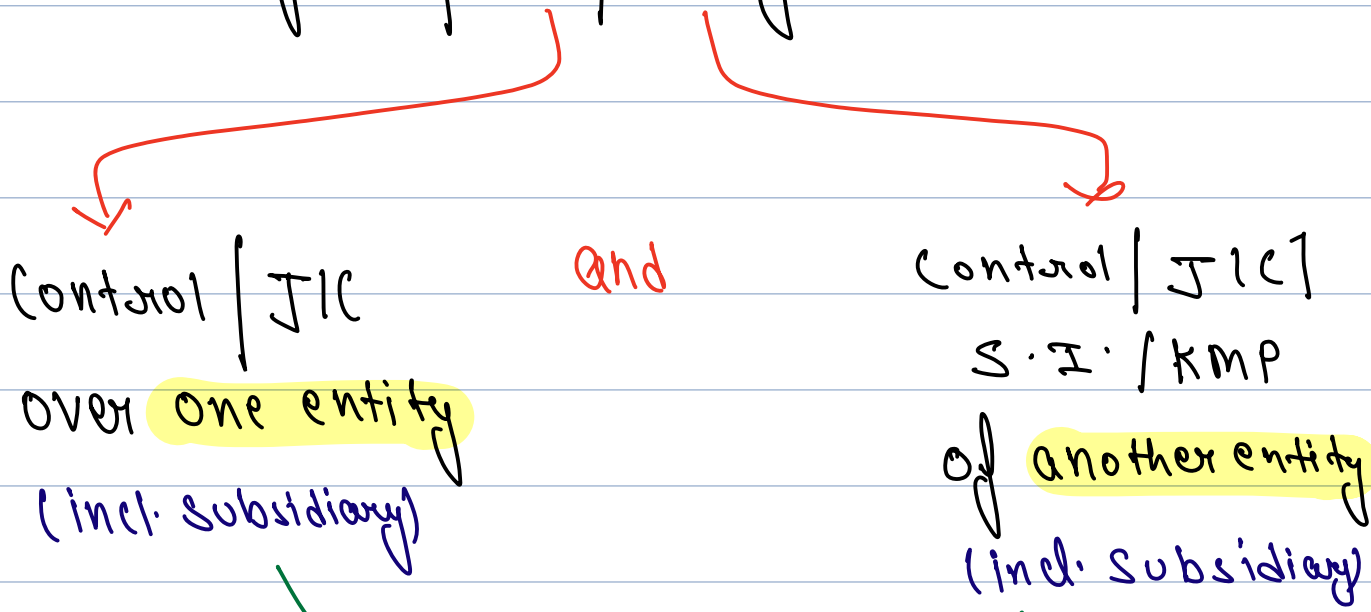


Case 3 :- if an entity is Common entity in J.V. then J.V. case R.P.



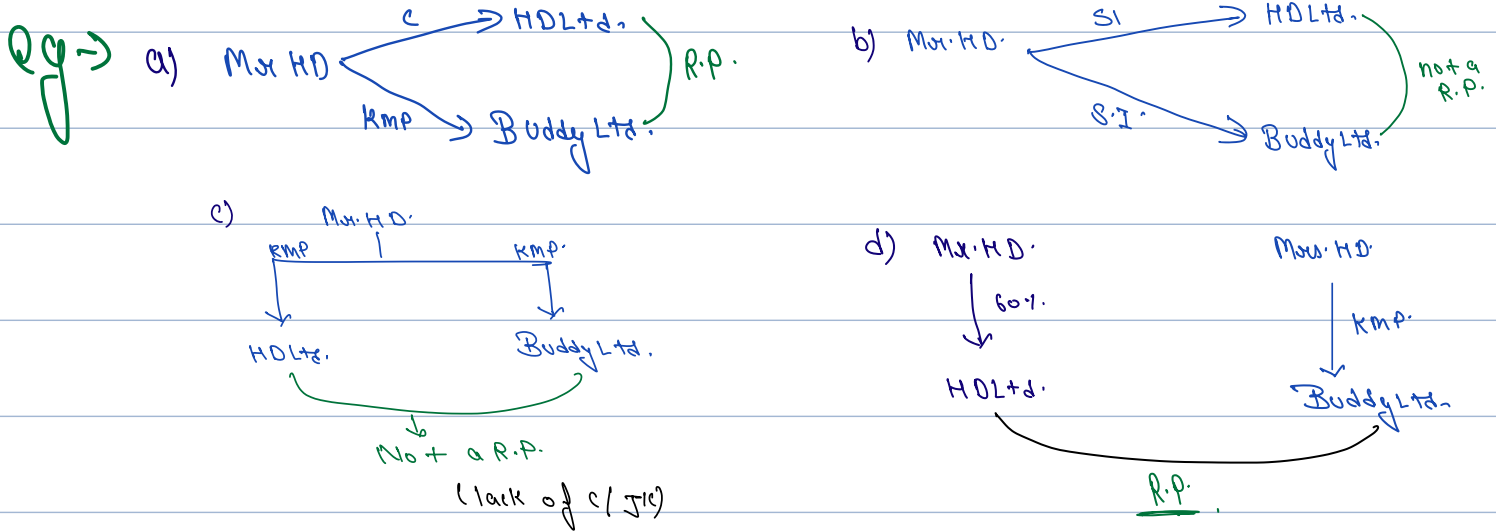
(it is similar eg (1) stated above in case 2)

Case 4 :- if a person / entity has





R.P.



Case 5 :- An entity has established another entity for Post employment Employee benefits (PEEB)

Summary.

- a) your R.P. are →
 - group members
 - associate/J.V.
 - associate/J.V. of any member in group.
 - b) if u are common C.V. then J.V. are R.P.
 - c) your A & J.V. are R.P. of each other.
 - d) entity has C/J.C. over 1 entity & C/J.C./S.I./KMP over another entity.
- Then both 1 entity & another are R.P.
- e) your PEEB entity.

HD Cloud.

#4 Following are Not R.P.



- a) Fellow associate
- b) C.V.
- c) major customer
- d) major supplier
- e) govt. Co.

- f) Sole selling agents
- g) Distributors
- h) Financers
- i) Trade union
- j) entities having common RMP.



#5 R.P. Disclosure.

Category 1

R.P. Relationships will be disclosed even if there are no transaction between them.

eg → Relationship b/w P & S

Disclose → name of Parent, Ultimate Parent
or Next most Senior Parent

Category 2

R.P.R. will be disclosed only if there are transactions b/w them.

eg → All other relationships.

Disclose → All transactions during the relationship.

eg → a) Name of R.P.
b) Nature of Relation
c) nature of transaction

eg → P → private
 S1 → listed.
 S2 → listed
 S3 → Private.
 S4 → - - -

S2 is the most senior parent of S4.

(Note :- situation arises/applies if ultimate & immediate parent are not listed.)

- d) Amt of transaction
- e) P. F. D. D.
- f) guarantee given on behalf of R.P.
- g) payment of Remⁿ to RMP.

Point c to g for PSS also.

Note :- if R/P is a govt entity / its subs. or A or f.v.

Disclose

- a) name of govt.
- b) nature of relation
- c) nature & amt of significant transaction

Do not disclose

- a) Transactions
- b) o/s balance
- c) Commitments

introduced in I.A.S. bcoz



of countries like China



bcuz their
majority biz. controlled
by govt so they wanted
to give some relief to govt
entity on regard to disclosure
bcuz of china policies.

