

# AS 18: Related Party Disclosures

## Related Party

One party has ability to control or exercise significant influence over other party at any time during period

### Control

- Voting Power > 50%
- Power to compose BOD
- Power to Direct

### Significant Influence

Power to participate in financial &/or operating policy decisions

+  
Substantial Interest  
(VP ≥ 20%)

Statute/  
Law

Agreement

VP ≥ 20%  
unless

otherwise assumed

## Related Party Relationship

3(a): Enterprises directly or indirectly through subsidiary, control or are controlled by or are under common control with entity.

3(b): Associates & Joint venture of Reporting Entity and Investing party or venturer for which Reporting Entity is Associate/J.V.

3(c): Individuals who have control or significant Influence and their relatives\*

3(d): Key Management Personnel (KMP) & their relatives\*

3(e): Entities where individuals in Para 3(c)/3(d) have significant Influence.

### NO Related Parties:

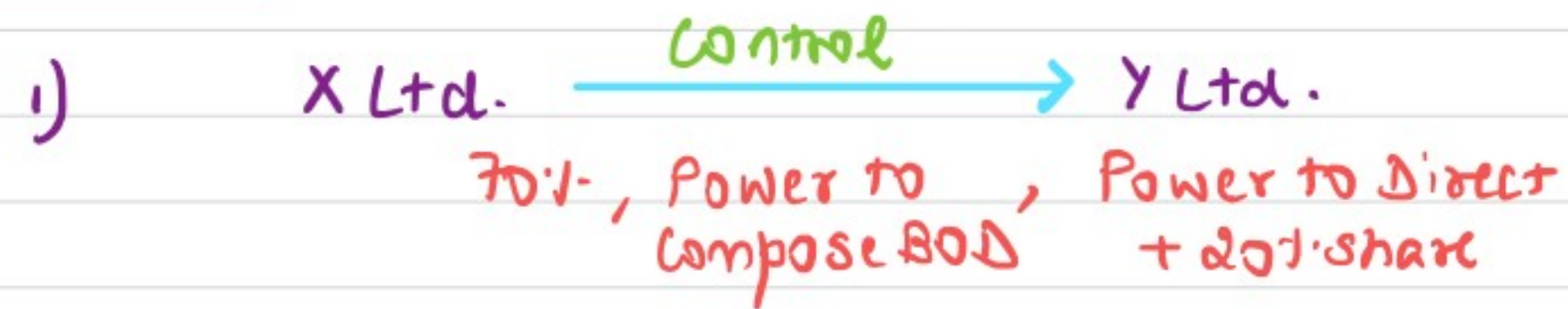
- 1) Two companies simply because of common director
- 2) Single customer, supplier, Franchiser, Distributor, etc.
- 3) Providers of Finance, Trade unions, Govt. Depts & agencies, etc.

### \* Relative:

Spouse, children, Parents, Siblings.

## Examples:

### Para 3(a)



X Ltd. & Y Ltd. are RP.

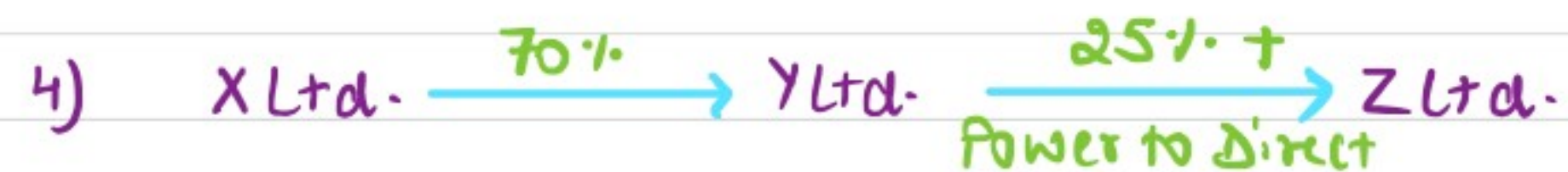


For A Ltd. : X Ltd. & Y Ltd. are RP

X Ltd. & Y Ltd. are also RP  
(Common Control)



For X Ltd. : Both Y Ltd. & Z Ltd. are RP  
(Subsidiaries)



For X Ltd. : Y Ltd. is RP (Subsidiary)  
Z Ltd. is RP (Indirectly through subsidiary)

### Para 3(b)



X Ltd. & Y Ltd. are RP (Associate)

X Ltd. & Z Ltd. are RP (Joint venture)

2) X Ltd.  $\xrightarrow{20\%}$  Y Ltd.  $\xrightarrow{20\%}$  Z Ltd.

X Ltd. & Z Ltd. are not RP

3) X Ltd.  $\xrightarrow{70\%}$  Y Ltd.  $\xrightarrow{20\%}$  Z Ltd.

X Ltd. & Z Ltd. are RP (Indirectly through subsidiary)

4) X Ltd.  $\begin{cases} \xrightarrow{20\%} \text{Y Ltd.} \\ \xrightarrow{30\%} \text{Z Ltd.} \end{cases}$

Y Ltd. & Z Ltd. are not RP  
(Common/Fellow Associates/J.V. not RP)

### Para 3(c)

1) Mr. X  $\xrightarrow{\text{Control or Significant Influence}}$  A Ltd.

X & A Ltd. are RP

### Para 3(d)

1) Mr. X  $\xrightarrow{\text{KMP}}$  A Ltd.

X & A Ltd. are RP

Para 3(e)



Mohan & X Ltd. : RP : 3(c)

Mohan & Y Ltd. : RP : 3(c)

X Ltd. & Y Ltd. : RP : 3(e)



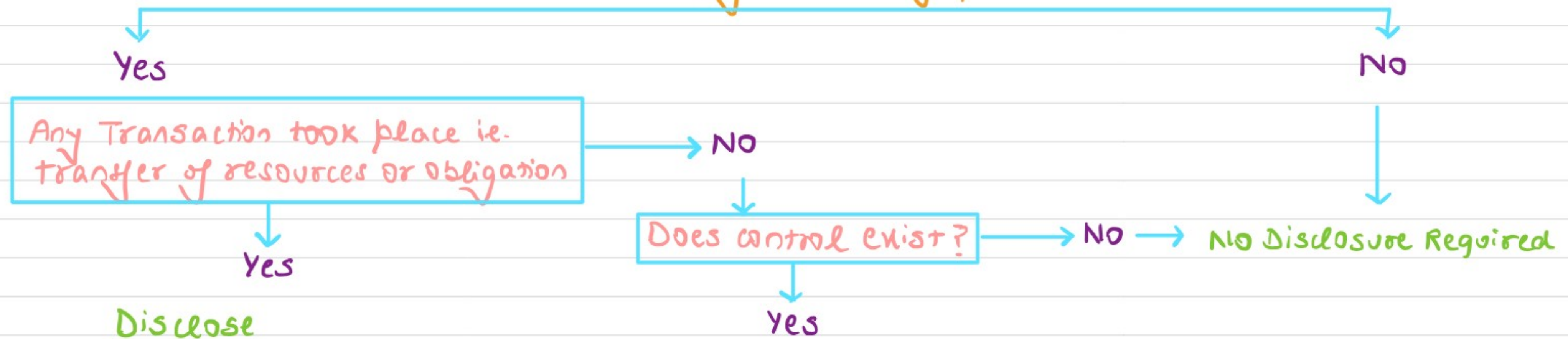
X Ltd. : Mohan / Sohan : RP : 3(d)

Y Ltd. : Sohan / Mohan : RP : 3(c)

X Ltd. & Y Ltd. : RP : 3(e)

## Disclosure

Whether Related at any time during period



- a) Name of Related Party
- b) Nature of Relationship
- c) Nature of Transaction
- d) Amount of Transaction
- e) Other Elements
- f) D/S Balance
- g) Amount written off / written back

- a) Name of Related Party
- b) Nature of Relationship

## Exceptions of Disclosure Requirements

- (1) Transactions during period when no relationship
- (2) Disclosures which are against ethics of business \*
- (3) Intragroup transactions in consolidated financial statements
- (4) For Government / State controlled entity  
(Transactions of one Govt. entity with other Govt. entity)

\* Confidentiality as required in terms of statute or regulator or similar competent authority