

**Compiled AASB Standard**

**AASB 124**

# **Related Party Disclosures**

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## **FOR NOT-FOR-PROFIT (NFP) ENTITIES ONLY**

This compiled Standard applies to annual reporting periods beginning on or after 1 July 2013 but before 1 January 2014. Early application is not permitted. It incorporates relevant amendments made up to and including 18 December 2012.

Prepared on 3 October 2013 by the staff of the Australian Accounting Standards Board.



**Australian Government**

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Australian Accounting Standard AASB 124 *Related Party Disclosures* (as amended) is set out in paragraphs 1 – 28. All the paragraphs have equal authority. Paragraphs in **bold type** state the main principles. AASB 124 is to be read in the context of other Australian Accounting Standards, including AASB 1048 *Interpretation of Standards*, which identifies the Australian Accounting Interpretations. In the absence of explicit guidance, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies.

## COMPILATION DETAILS

### **Accounting Standard AASB 124 *Related Party Disclosures* as amended**

This compiled Standard applies to annual reporting periods beginning on or after 1 July 2013 but before 1 January 2014 for not-for-profit entities. It takes into account amendments up to and including 18 December 2012 (amendments to AASB 2011-4 and AASB 2011-7) and was prepared on 3 October 2013 by the staff of the Australian Accounting Standards Board (AASB).

This compilation is not a separate Accounting Standard made by the AASB. Instead, it is a representation of AASB 124 (December 2009) as amended by other Accounting Standards, which are listed in the Table below.

#### **Table of Standards**

<b>Standard</b>	<b>Date made</b>	<b>Application date (annual reporting periods ... on or after ...)</b>	<b>Application, saving or transitional provisions</b>
AASB 124	15 Dec 2009	<i>(beginning)</i> 1 Jan 2011	see (a) below
AASB 2010-2	30 Jun 2010	<i>(beginning)</i> 1 Jul 2013	see (b) below
AASB 2011-4	7 Jul 2011	<i>(beginning)</i> 1 Jul 2013	see (c) below
AASB 2011-7	29 Aug 2011	<i>(beginning)</i> 1 Jan 2014	not compiled*
AASB 2011-10	5 Sep 2011	<i>(beginning)</i> 1 Jan 2013	see (d) below
AASB 2013-5	14 Aug 2013	<i>(beginning)</i> 1 Jan 2014	not compiled*

\* The amendments made by this Standard are not included in this compilation, which presents the principal Standard as applicable to annual reporting periods beginning on or after 1 July 2013 but before 1 January 2014 for not-for-profit entities.

- (a) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2011, provided that the amendments to AASB 8 *Operating Segments* made by AASB 2009-12 are also applied to such periods.
- (b) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 July 2009 but before 1 July 2013, provided that AASB 1053 *Application of Tiers of Australian Accounting Standards* is also applied to such periods.
- (c) AASB 2011-4 has been amended by AASB 2012-11 (made 18 December 2012). Early application of AASB 2011-4 is not permitted.
- (d) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013, provided that AASB 119 *Employee Benefits* (September 2011) is also applied to such periods.

### Table of Amendments

Paragraph affected	How affected	By ... [paragraph]
Aus1.1	deleted	AASB 2011-4 [4]
Aus1.3	amended	AASB 2011-4 [5]
Aus1.4-Aus1.5	deleted	AASB 2011-4 [4]
Aus1.8	amended	AASB 2011-4 [6]
Aus1.9	deleted	AASB 2011-4 [4]
Aus1.11-Aus1.12 (and preceding heading)	added	AASB 2010-2 [36]
22	amended	AASB 2011-10 [16]
Aus29.1-Aus29.9.3 (and preceding headings)	deleted	AASB 2011-4 [4]

## COMPARISON WITH IAS 24

Paragraphs 1 to 28A of AASB 124 *Related Party Disclosures* as amended incorporate IAS 24 *Related Party Disclosures* as issued and amended by the International Accounting Standards Board (IASB). Paragraphs that have been added to this Standard (and do not appear in the text of IAS 24) are identified with the prefix “Aus”, followed by the number of the preceding IASB paragraph and decimal numbering.

Entities that comply with AASB 124 as amended will simultaneously be in compliance with IAS 24 as amended, with the exception of entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.

## **ACCOUNTING STANDARD AASB 124**

The Australian Accounting Standards Board made Accounting Standard AASB 124 *Related Party Disclosures* under section 334 of the *Corporations Act 2001* on 15 December 2009.

This compiled version of AASB 124 applies to annual reporting periods beginning on or after 1 July 2013 but before 1 January 2014 for not-for-profit entities. It incorporates relevant amendments contained in other AASB Standards made by the AASB up to and including 18 December 2012 (see Compilation Details).

## **ACCOUNTING STANDARD AASB 124**

### ***RELATED PARTY DISCLOSURES***

#### **Objective**

- 1 The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

Aus1.1 [Deleted by the AASB]

#### **Application**

**Aus1.2 This Standard applies to:**

- (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
- (b) general purpose financial statements of each other reporting entity; and**
- (c) financial statements that are, or are held out to be, general purpose financial statements.**

Aus1.3 This Standard does not apply to general purpose financial statements of not-for-profit public sector entities.

- Aus1.4 [Deleted by the AASB]
- Aus1.4.1 [Deleted by the AASB]
- Aus1.5 [Deleted by the AASB]
- Aus1.6 This Standard applies to annual reporting periods beginning on or after 1 January 2011.**  
[Note: For application dates of paragraphs changed or added by an amending Standard, see Compilation Details.]
- Aus1.7 This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2011. When an entity applies this Standard to such an annual reporting period, it shall disclose that fact and at the same time apply the amendments to AASB 8 *Operating Segments* as made by AASB 2009-12 *Amendments to Australian Accounting Standards*.**
- Aus1.8 The requirements of this Standard apply to the financial statements where information resulting from their application is material in accordance with AASB 1031 *Materiality*.
- Aus1.9 [Deleted by the AASB]
- Aus1.10 When applied or operative, this Standard supersedes AASB 124 *Related Party Disclosures* issued in December 2005, as amended.**

### **Reduced Disclosure Requirements**

- Aus1.11 The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:**
- (a) paragraphs Aus13.1, 26, 27 and Aus29.1-Aus29.9.3;
  - (b) in paragraph 17, the text “and for each of ... (e) share-based payment”; and
  - (c) in paragraph 22, the text “(see paragraph 34B of AASB 119)”.

**Entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of these excluded requirements.**



Aus1.12 The requirements that do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements are identified in this Standard by shading of the relevant text.

## Scope

- 2 This Standard shall be applied in:**
- (a) identifying related party relationships and transactions;**
  - (b) identifying outstanding balances, including commitments, between an entity and its related parties;**
  - (c) identifying the circumstances in which disclosure of the items in (a) and (b) is required; and**
  - (d) determining the disclosures to be made about those items.**
- 3 This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of a parent, venturer or investor presented in accordance with AASB 127. This Standard also applies to individual financial statements.**
- 4 Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial statements. Intragroup related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the group.

## Purpose of Related Party Disclosures

- 5 Related party relationships are a normal feature of commerce and business. For example, entities frequently carry on parts of their activities through subsidiaries, joint ventures and associates. In those circumstances, the entity has the ability to affect the financial and operating policies of the investee through the presence of control, joint control or significant influence.
- 6 A related party relationship could have an effect on the profit or loss and financial position of an entity. Related parties may enter into transactions that unrelated parties would not. For example, an entity that sells goods to its parent at cost might not sell on those terms to another customer. Also, transactions between related parties may not be made at the same amounts as between unrelated parties.

- 7 The profit or loss and financial position of an entity may be affected by a related party relationship even if related party transactions do not occur. The mere existence of the relationship may be sufficient to affect the transactions of the entity with other parties. For example, a subsidiary may terminate relations with a trading partner on acquisition by the parent of a fellow subsidiary engaged in the same activity as the former trading partner. Alternatively, one party may refrain from acting because of the significant influence of another – for example, a subsidiary may be instructed by its parent not to engage in research and development.
- 8 For these reasons, knowledge of an entity’s transactions, outstanding balances, including commitments, and relationships with related parties may affect assessments of its operations by users of financial statements, including assessments of the risks and opportunities facing the entity.

## Definitions

- 9 **The following terms are used in this Standard with the meanings specified:**

***A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).***

- (a) **A person or a close member of that person’s family is related to a reporting entity if that person:**
- (i) **has control or joint control over the reporting entity;**
  - (ii) **has significant influence over the reporting entity; or**
  - (iii) **is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.**
- (b) **An entity is related to a reporting entity if any of the following conditions applies:**
- (i) **The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).**

- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

***A related party transaction*** is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

***Close members of the family of a person*** are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

***Compensation*** includes all employee benefits (as defined in AASB 119 *Employee Benefits*) including employee benefits to which AASB 2 *Share-based Payment* applies. Employee

benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes:

- (a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;
- (b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
- (c) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;
- (d) termination benefits; and
- (e) share-based payment.

*Control* is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

*Joint control* is the contractually agreed sharing of control over an economic activity.

*Key management personnel* are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

*Significant influence* is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

*Government* refers to government, government agencies and similar bodies whether local, national or international.

**A *government-related entity* is an entity that is controlled, jointly controlled or significantly influenced by a government.**

**Aus9.1 The following terms are also used in this Standard with the meaning specified.**

***Director* means:**

- (a) a person who is a director under the Corporations Act; and**
- (b) in the case of entities governed by bodies not called a board of directors, a person who, regardless of the name that is given to the position, is appointed to the position of member of the governing body, council, commission or authority.**

***Disclosing entity* is defined in the Corporations Act.**

***Remuneration* is compensation as defined in this Standard.**

**Aus9.1.1** Although the defined term ‘compensation’ is used in this Standard rather than the term ‘*remuneration*’, both words refer to the same concept and all references in the Corporations Act to the remuneration of directors and executives is taken as referring to compensation as defined and explained in this Standard.

10 In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

11 In the context of this Standard, the following are not related parties:

- (a) two entities simply because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.
- (b) two venturers simply because they share joint control over a joint venture.
- (c)
  - (i) providers of finance,
  - (ii) trade unions,
  - (iii) public utilities, and

- (iv) departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity,  
  
simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).
  - (d) a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence.
- 12 In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture. Therefore, for example, an associate's subsidiary and the investor that has significant influence over the associate are related to each other.

## Disclosures

### All Entities

- 13 **Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.**

- Aus13.1 When any of the parent entities and/or ultimate controlling parties named in accordance with paragraph 13 is incorporated or otherwise constituted outside Australia, an entity shall:**
- (a) identify which of those entities is incorporated overseas and where; and**
  - (b) disclose the name of the ultimate controlling entity incorporated within Australia.**

- 14 To enable users of financial statements to form a view about the effects of related party relationships on an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.

15 The requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in AASB 127, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*.

16 Paragraph 13 refers to the next most senior parent. This is the first parent in the group above the immediate parent that produces consolidated financial statements available for public use.

17 **An entity shall disclose key management personnel compensation in total and for each of the following categories:**

- (a) short-term employee benefits;
- (b) post-employment benefits;
- (c) other long-term benefits;
- (d) termination benefits; and
- (e) share-based payment.

18 **If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:**

- (a) the amount of the transactions;
- (b) the amount of outstanding balances, including commitments, and:
  - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
  - (ii) details of any guarantees given or received;
- (c) provisions for doubtful debts related to the amount of outstanding balances; and
- (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

- 19 The disclosures required by paragraph 18 shall be made separately for each of the following categories:**
- (a) the parent;**
  - (b) entities with joint control or significant influence over the entity;**
  - (c) subsidiaries;**
  - (d) associates;**
  - (e) joint ventures in which the entity is a venturer;**
  - (f) key management personnel of the entity or its parent; and**
  - (g) other related parties.**
- 20 The classification of amounts payable to, and receivable from, related parties in the different categories as required in paragraph 19 is an extension of the disclosure requirement in AASB 101 *Presentation of Financial Statements* for information to be presented either in the statement of financial position or in the notes. The categories are extended to provide a more comprehensive analysis of related party balances and apply to related party transactions.
- 21 The following are examples of transactions that are disclosed if they are with a related party:
- (a) purchases or sales of goods (finished or unfinished);
  - (b) purchases or sales of property and other assets;
  - (c) rendering or receiving of services;
  - (d) leases;
  - (e) transfers of research and development;
  - (f) transfers under licence agreements;
  - (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
  - (h) provision of guarantees or collateral;



- (i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts<sup>1</sup> (recognised and unrecognised); and
  - (j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.
- 22 Participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities is a transaction between related parties (see paragraph 42 of AASB 119 (September 2011)).
- 23 Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.
- 24 Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.**

### **Government-related Entities**

- 25 A reporting entity is exempt from the disclosure requirements of paragraph 18 in relation to related party transactions and outstanding balances, including commitments, with:**
- (a) a government that has control, joint control or significant influence over the reporting entity; and
  - (b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.
- 26 If a reporting entity applies the exemption in paragraph 25, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 25:**
- (a) the name of the government and the nature of its relationship with the reporting entity (i.e. control, joint control or significant influence);

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<sup>1</sup> AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* defines executory contracts as contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent.

**(b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:**

**(i) the nature and amount of each individually significant transaction; and**

**(ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in paragraph 21.**

27 In using its judgement to determine the level of detail to be disclosed in accordance with the requirements in paragraph 26(b), the reporting entity shall consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:

- (a) significant in terms of size;
- (b) carried out on non-market terms;
- (c) outside normal day-to-day business operations, such as the purchase and sale of businesses;
- (d) disclosed to regulatory or supervisory authorities;
- (e) reported to senior management;
- (f) subject to shareholder approval.

## **Effective Date and Transition**

28 An entity shall apply this Standard retrospectively for annual reporting periods beginning on or after 1 January 2011. Earlier application is permitted, either of the whole Standard or of the partial exemption in paragraphs 25 to 27 for government-related entities. If an entity applies either the whole Standard or that partial exemption for a period beginning before 1 January 2011, it shall disclose that fact.

## **Withdrawal of IAS 24 (2003)**

29 [Deleted by the AASB]

## ILLUSTRATIVE EXAMPLES

The following examples accompany, but are not part of, AASB 124 Related Party Disclosures.

They illustrate:

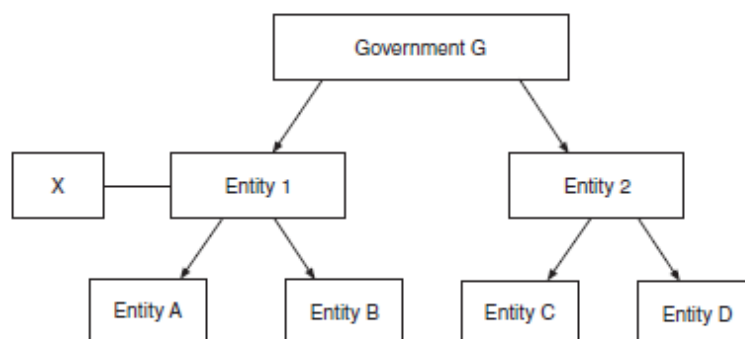
- the partial exemption for government-related entities; and
- how the definition of a related party would apply in specified circumstances.

In the examples, references to 'financial statements' relate to the individual, separate or consolidated financial statements.

### Partial Exemption for Government-related Entities

#### Example 1 – Exemption from Disclosure (paragraph 25)

IE1 Government G directly or indirectly controls Entities 1 and 2 and Entities A, B, C and D. Person X is a member of the key management personnel of Entity 1.



IE2 For Entity A's financial statements, the exemption in paragraph 25 applies to:

- (a) transactions with Government G; and
- (b) transactions with Entities 1 and 2 and Entities B, C and D.

However, that exemption does not apply to transactions with Person X.

### **Disclosure Requirements when Exemption Applies (paragraph 26)**

IE3 In Entity A's financial statements, an example of disclosure to comply with paragraph 26(b)(i) for **individually** significant transactions could be:

#### ***Example of disclosure for individually significant transaction carried out on non-market terms***

On 15 January 20X1 Entity A, a utility company in which Government G indirectly owns 75 per cent of outstanding shares, sold a 10 hectare piece of land to another government-related utility company for CU5 million.<sup>1</sup> On 31 December 20X0 a plot of land in a similar location, of a similar size and with similar characteristics, was sold for CU3 million. There had not been any appreciation or depreciation of the land in the intervening period. See note X [of the financial statements] for disclosure of government assistance as required by AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* and notes Y and Z [of the financial statements] for compliance with other relevant Australian Accounting Standards.

#### ***Example of disclosure for individually significant transaction because of size of transaction***

In the year ended December 20X1 Government G provided Entity A, a utility company in which Government G indirectly owns 75 per cent of outstanding shares, with a loan equivalent to 50 per cent of its funding requirement, repayable in quarterly instalments over the next five years. Interest is charged on the loan at a rate of 3 per cent, which is comparable to that charged on Entity A's bank loans.<sup>2</sup> See notes Y and Z [of the financial statements] for compliance with other relevant Australian Accounting Standards.

#### ***Example of disclosure of collectively significant transactions***

In Entity A's financial statements, an example of disclosure to comply with paragraph 26(b)(ii) for **collectively** significant transactions could be:

Government G, indirectly, owns 75 per cent of Entity A's outstanding shares. Entity A's significant transactions with Government G and other entities controlled, jointly controlled or significantly influenced by Government G are [a large portion of its sales of goods and purchases of raw materials] or

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1 In these examples monetary amounts are denominated in 'currency units (CU)'.  
2 If the reporting entity had concluded that this transaction constituted government assistance it would have needed to consider the disclosure requirements in AASB 120.

[about 50 per cent of its sales of goods and about 35 per cent of its purchases of raw materials].

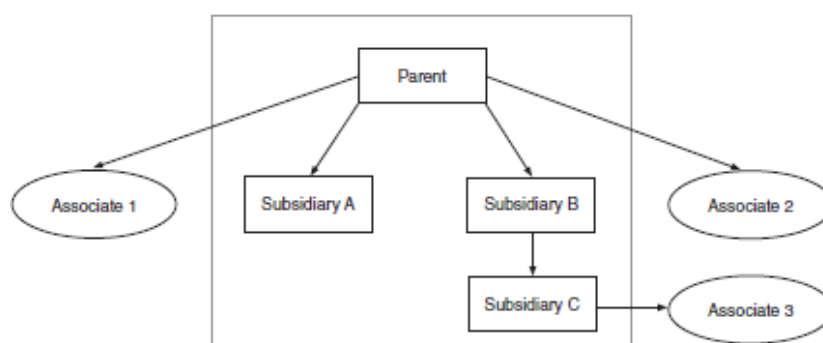
The company also benefits from guarantees by Government G of the company's bank borrowing. See note X [of the financial statements] for disclosure of government assistance as required by AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* and notes Y and Z [of the financial statements] for compliance with other relevant Australian Accounting Standards.

## Definition of a Related Party

*The references are to subparagraphs of the definition of a related party in paragraph 9 of AASB 124.*

### Example 2 – Associates and Subsidiaries

IE4 Parent entity has a controlling interest in Subsidiaries A, B and C and has significant influence over Associates 1 and 2. Subsidiary C has significant influence over Associate 3.



IE5 For Parent's separate financial statements, Subsidiaries A, B and C and Associates 1, 2 and 3 are related parties. [Paragraph 9(b)(i) and (ii)]

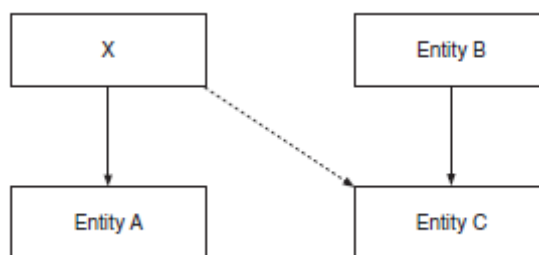
IE6 For Subsidiary A's financial statements, Parent, Subsidiaries B and C and Associates 1, 2 and 3 are related parties. For Subsidiary B's separate financial statements, Parent, Subsidiaries A and C and Associates 1, 2 and 3 are related parties. For Subsidiary C's financial statements, Parent, Subsidiaries A and B and Associates 1, 2 and 3 are related parties. [Paragraph 9(b)(i) and (ii)]

IE7 For the financial statements of Associates 1, 2 and 3, Parent and Subsidiaries A, B and C are related parties. Associates 1, 2 and 3 are not related to each other. [Paragraph 9(b)(ii)]

IE8 For Parent's consolidated financial statements, Associates 1, 2 and 3 are related to the Group. [Paragraph 9(b)(ii)]

### Example 3 – Key Management Personnel

IE9 A person, X, has a 100 per cent investment in Entity A and is a member of the key management personnel of Entity C. Entity B has a 100 per cent investment in Entity C.



IE10 For Entity C's financial statements, Entity A is related to Entity C because X controls Entity A and is a member of the key management personnel of Entity C. [Paragraph 9(b)(vi) – (a)(iii)]

IE11 For Entity C's financial statements, Entity A is also related to Entity C if X is a member of the key management personnel of Entity B and not of Entity C. [Paragraph 9(b)(vi) – (a)(iii)]

IE12 Furthermore, the outcome described in paragraphs IE10 and IE11 will be the same if X has joint control over Entity A. [Paragraph 9(b)(vi)-(a)(iii)] (If X had only significant influence over Entity A and not control or joint control, then Entities A and C would not be related to each other.)

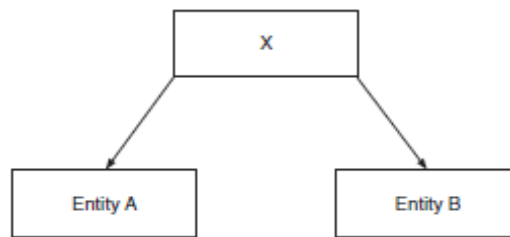
IE13 For Entity A's financial statements, Entity C is related to Entity A because X controls A and is a member of Entity C's key management personnel. [Paragraph 9(b)(vii) – (a)(i)]

IE14 Furthermore, the outcome described in paragraph IE13 will be the same if X has joint control over Entity A. The outcome will also be the same if X is a member of key management personnel of Entity B and not of Entity C. [Paragraph 9(b)(vii) – (a)(i)]

IE15 For Entity B's consolidated financial statements, Entity A is a related party of the Group if X is a member of key management personnel of the Group. [Paragraph 9(b)(vi) – (a)(iii)]

**Example 4 – Person as Investor**

IE16 A person, X, has an investment in Entity A and Entity B.



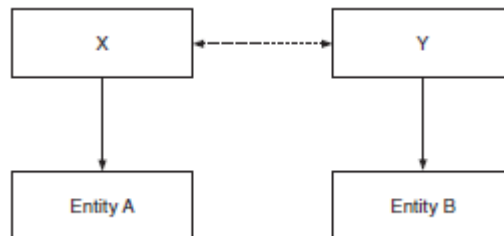
IE17 For Entity A's financial statements, if X controls or jointly controls Entity A, Entity B is related to Entity A when X has control, joint control or significant influence over Entity B. [Paragraph 9(b)(vi) – (a)(i) and 9(b)(vii) – (a)(i)]

IE18 For Entity B's financial statements, if X controls or jointly controls Entity A, Entity A is related to Entity B when X has control, joint control or significant influence over Entity B. [Paragraph 9(b)(vi) – (a)(i) and 9(b)(vi) – (a)(ii)]

IE19 If X has significant influence over both Entity A and Entity B, Entities A and B are not related to each other.

**Example 5 – Close Members of the Family Holding Investments**

IE20 A person, X, is the domestic partner of Y. X has an investment in Entity A and Y has an investment in Entity B.



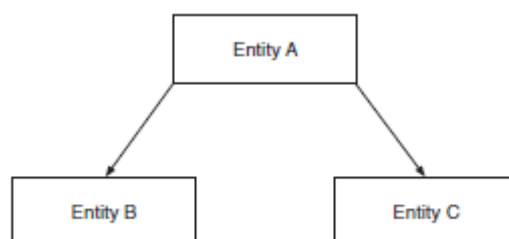
IE21 For Entity A's financial statements, if X controls or jointly controls Entity A, Entity B is related to Entity A when Y has control, joint control or significant influence over Entity B. [*Paragraph 9(b)(vi) – (a)(i) and 9(b)(vii) – (a)(i)*]

IE22 For Entity B's financial statements, if X controls or jointly controls Entity A, Entity A is related to Entity B when Y has control, joint control or significant influence over Entity B. [*Paragraph 9(b)(vi) – (a)(i) and 9(b)(vi) – (a)(ii)*]

IE23 If X has significant influence over Entity A and Y has significant influence over Entity B, Entities A and B are not related to each other.

### **Example 6 – Entity with Joint Control**

IE24 Entity A has both (i) joint control over Entity B and (ii) joint control or significant influence over Entity C.



IE25 For Entity B's financial statements, Entity C is related to Entity B. [*Paragraph 9(b)(iii) and (iv)*]

IE26 Similarly, for Entity C's financial statements, Entity B is related to Entity C. [*Paragraph 9(b)(iii) and (iv)*]



## **DELETED IAS 24 TEXT**

*Deleted IAS 24 text is not part of AASB 124.*

### **Paragraph 29**

This Standard supersedes IAS 24 *Related Party Disclosures* (as revised in 2003).