**19.** **Related party disclosures**

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| **OVERVIEW** | * Related party disclosures apply to all entities.
* The definition of related parties includes relationships involving direct and indirect control (including common control), joint control and significant influence.
* No disclosure is required in the consolidated financial statements of intra group transactions eliminated in preparing those statements.
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19.1 Purpose and scope

This policy provides guidance and rules on accounting for **Related Party Disclosures** for the purpose of preparing the financial statements of the Group according to International Financial Reporting Standards.

19.2 Definitions

Related Parties:

Relationships involving direct and indirect control, including common control: it also includes relationships involving joint control and significant influence. The definition is not restricted to entities but also includes individuals, key management, close family members of an individual who is a related party and post-employment benefit plans.

Key Management:

Defined as: persons that have the authority and responsibility for planning, directing, and controlling activities of the entity directly or indirectly.

Associates:

An entity over which the Group has significant influence, this is the power to participate in, but not control, and associate’s financial and operating policies.

19.3 Specific Requirements

Related party disclosure requirements apply to all entities. The related parties’ standard does not establish any recognition or measurement requirements for related party transactions. Related party transactions are accounted for in accordance with the requirements of relevant IFRS.

The definition of related parties includes:

* relationships involving direct and indirect control (including common control), joint control and significant influence.
	+ Related parties are not restricted to legal entities.
* owners that have control, joint control or significant influence over the entity.
* key management personnel of the entity or its parent.
	+ Key management personnel are those individuals who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly; and include directors (both executive and non-executive) of an entity or its parent.
* close members of the family of an individual who is a related party.
	+ Such family members are those who may be expected to influence, or be influenced by, the related party in their dealings with the entity.

The definition of a related party does not include an entity that is a joint venture or an associate of the parent or ultimate parent of the reporting entity.

However, an entity that is an associate or joint venture of key management (or their close family members) of the parent or ultimate parent is a related party.

However, in our view it is preferable to treat joint ventures and associates of the parent or ultimate parent as related parties, unless it is clear that the relationship has no current or potential impact on the entity’s operations or results.

Entities under control, joint control or significant influence of key management (or their close family members) also are related parties of the entity.

However, entities are not related parties simply because they have a director, or other member of key management, in common.

Related parties include post-employment benefit plans that benefit an entity’s employees or the employees of any entity that is a related party.

19.4 Disclosure

19.4.1 General

Disclose related party relationships between parent and subsidiaries irrespective of whether transactions have taken place between those related parties.

Disclose the name of the parent, the ultimate parent of the group, and the ultimate controlling party, if different. If neither the entity’s parent nor the ultimate controlling party produces financial statements available for public use, then disclose the name of the next most senior parent that does so.

Disclose items of similar nature in aggregate except when separate disclosure is necessary to understand the effects of related party transactions on the financial statements.

Disclose that related party transactions were made on terms equivalent to those that prevail in arm’s length transactions only if such terms can be substantiated.

If the entity reacquires its own shares from related parties, then provide disclosure in accordance with IAS 24.

19.4.2 Control relationships

Parent and subsidiary relationships are disclosed regardless of whether there have been any transactions between the parties. An entity discloses the name of its parent and ultimate parent, if different. If the parent of (or significant investor in) the entity or the ultimate parent is an individual, then that relationship also is disclosed. If neither the entity’s parent nor the ultimate controlling party produces consolidated financial statements available for public use, then an entity discloses the name of the next most senior parent that does so. An entity is not required to disclose relationships with other entities in a group.

19.4.3 Transactions and balances

Transactions between related parties are considered to be related party transactions even though they may not be recognized in the financial statements. Examples of transactions that are disclosed if they are with a related party include:

* Purchase or sale of goods (finished or unfinished)
* Purchase or sale of property and other assets
* Rendering or receiving services
* Leases
* Transfer of research and development
* Transfers under license arrangements
* Transfers under financial arrangements
* Provision of guarantees or collateral
* Settlement of liabilities on behalf of the entity or by the entity on behalf of another party
* Participation by a party or subsidiary in a defined benefit plan that shares risks between company entities
* Reacquisition of the entity’s own share from related parties
	+ 1. Transactions with associates

Disclose the following regarding transactions with this related party (i.e., do not combine with disclosure for other related parties):

(a) the nature of the related party relationship;

(b) information about the transactions; and

(c) outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Disclose for this related party (i.e., do not combine with disclosure for other related parties):

(a) the amount of the transactions;

(b) the amount of outstanding balances; 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 recognized during the period in respect of bad or doubtful debts due from this related party.

19.4.5 Transactions with entities with joint control or significant influence over the entity

Disclose the following regarding transactions with this related party (i.e., do not combine with disclosure for other related parties):

(a) the nature of the related party relationship;

(b) information about the transactions; and

(c) outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Disclose for this related party (i.e., do not combine with disclosure for other related parties):

(a) the amount of the transactions;

(b) the amount of outstanding balances; 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 recognized during the period in respect of bad or doubtful debts due from this related party.

* + 1. Transactions with key management personnel of the entity or its parent

Disclose the following regarding transactions with this related party (i.e., do not combine with disclosure for other related parties):

(a) the nature of the related party relationship;

(b) information about the transactions; and

(c) outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Disclose for this related party (i.e., do not combine with disclosure for other related parties):

(a) the amount of the transactions;

(b) the amount of outstanding balances; 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 recognized during the period in respect of bad or doubtful debts due from this related party.

Disclose key management personnel compensation of the entity (not parent) in total and for each of the following categories:

(a) short-term employee benefits;

(b) post-employment benefits, including contributions to defined contribution plans;

(c) other long-term benefits;

(d) termination benefits; and

(e) share-based payments.

19.4.7 Transactions with parent

For separate financial statements, disclose the following regarding transactions with this related party (i.e., do not combine with disclosure for other related parties):

(a) the nature of the related party relationship;

(b) information about the transactions; and

(c) outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Disclose for this related party (i.e., do not combine with disclosure for other related parties):

(a) the amount of the transactions;

(b) the amount of outstanding balances; 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 recognized during the period in respect of bad or doubtful debts due from this related party.

19.4.8 Transactions with subsidiaries

For separate financial statements, disclose the following regarding transactions with this related party (i.e., do not combine with disclosure for other related parties):

(a) the nature of the related party relationship;

(b) information about the transactions; and

(c) outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Disclose for this related party (i.e., do not combine with disclosure for other related parties):

(a) the amount of the transactions;

(b) the amount of outstanding balances; 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 recognized during the period in respect of bad or doubtful debts due from this related party.

19.4.9 Management compensation

Compensation of key management personnel, including non-executive directors, is disclosed in total and analyzed into its components (short-term, post-employment, other long-term, termination and share-based benefits). In addition to information about key management’s remuneration, an entity also discloses information about other transactions with key management. Such transactions are disclosed as a separate category of related party transactions.

19.4.10 Transactions with other related parties

Disclose the following regarding transactions with this related party (i.e., do not combine with disclosure for other related parties):

(a) the nature of the related party relationships;

(b) information about the transactions; and

(c) outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Disclose for this related party (i.e., do not combine with disclosure for other related parties):

(a) the amount of the transactions;

(b) the amount of outstanding balances; 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 recognized during the period in respect of bad or doubtful debts due from this related party.

19.4.11 other related party transactions

The following disclosures are made if there have been transactions between related parties:

* The nature of the related party relationship and information about the transactions, including those to which no amounts were ascribed;
* The amount of the transactions, if any;
* Outstanding balances, and their terms and conditions, including whether outstanding balances are secured;
* The nature of the consideration to be collected or paid, and details of guarantees given or received; and
* Any allowance for doubtful debts and any amounts written off during the period.

No disclosure is required in the consolidated financial statements in respect of intra-group transactions eliminated in preparing the consolidated financial statements. Disclosure is provided separately for each category of related party. Items of a similar nature may be disclosed in aggregate as long as the aggregation does not obscure the importance of individually significant transactions. The fact that related party transactions are entered into on terms equivalent to those in an arm’s length transaction does not remove any obligation to provide related party disclosures. A statement regarding the extent to which the transaction is arm’s length may be included in the financial statements only if it can be substantiated.