

---

---

**SINGAPORE FINANCIAL REPORTING STANDARDS  
(INTERNATIONAL)**

---

---

**SFRS(I) 1-24  
Related Party Disclosures**

**Illustrative Examples**

This Guidance is applicable for annual reporting period beginning on  
1 January 2023.

## SFRS(I) 1-24 Related Party Disclosures Illustrative examples

The following examples accompany, but are not part of, SFRS(I) 1-24 Related Party Disclosures. They illustrate:

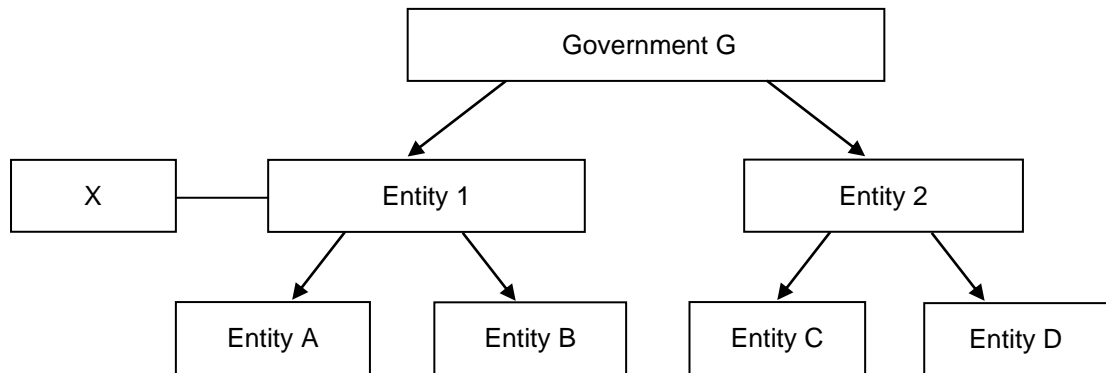
- the partial exemption for government-related entities; and
- how the definition of a related party would apply in specified circumstances.

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:

- transactions with Government G; and
- 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

<sup>1</sup> In these examples monetary amounts are denominated in 'currency units (CU)'.

the financial statements] for disclosure of government assistance as required by SFRS(I) 1-20 *Accounting for Government Grants and Disclosure of Government Assistance* and notes Y and Z [of the financial statements] for compliance with other relevant SFRS(I)s.

*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 SFRS(I)s.

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

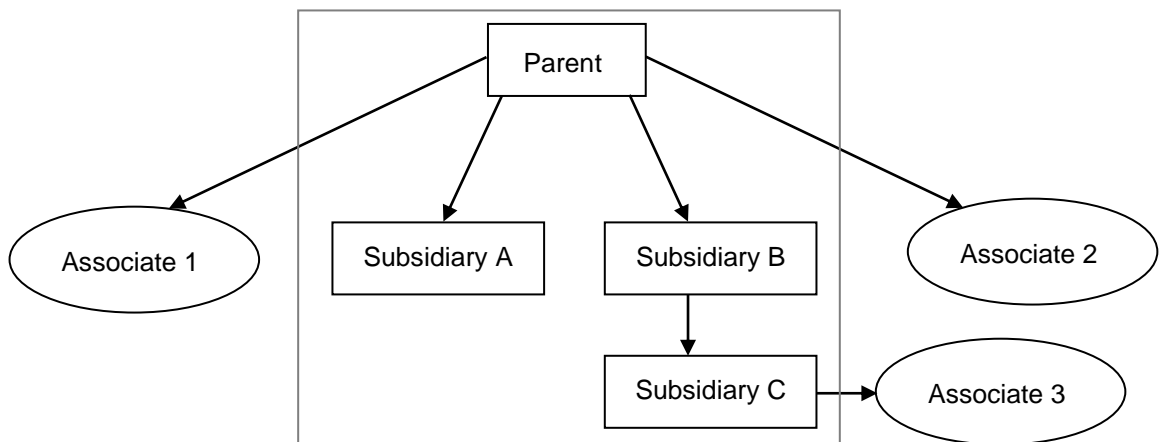
The company also benefits from guarantees by Government G of the company's bank borrowing. See note X [of the financial statements] for disclosure of government assistance as required by SFRS(I) 1-20 *Accounting for Government Grants and Disclosure of Government Assistance* and notes Y and Z [of the financial statements] for compliance with other relevant SFRS(I)s.

**Definition of a related party**

*The references are to subparagraphs of the definition of a **related party** in paragraph 9 of SFRS(I) 1-24.*

**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.

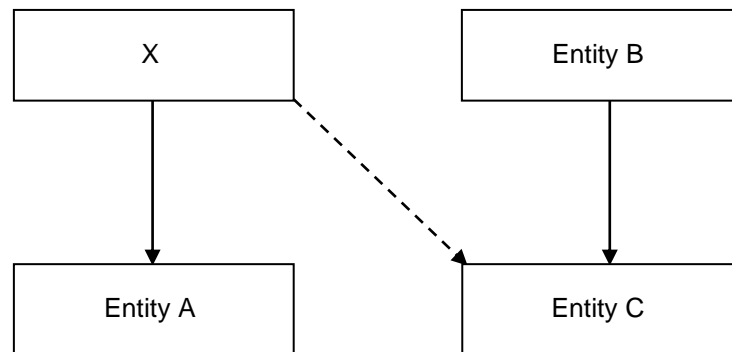


<sup>2</sup> If the reporting entity had concluded that this transaction constituted government assistance it would have needed to consider the disclosure requirements in SFRS(I) 1-20.

- 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

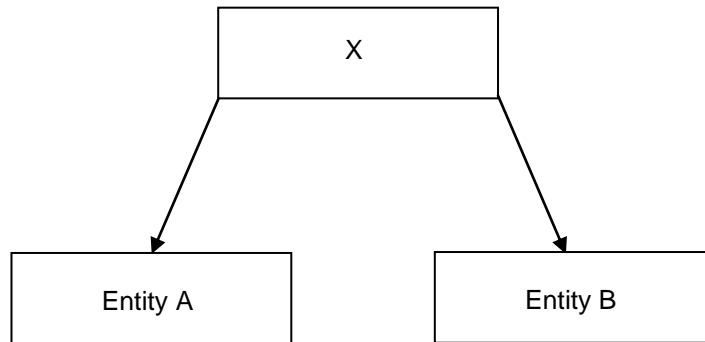
- IE9 A person, X, has a 100 per cent investment in Entity A and is a member of the key management personnel of Entity C. Entity B has a 100 per cent investment in Entity C.



- 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.



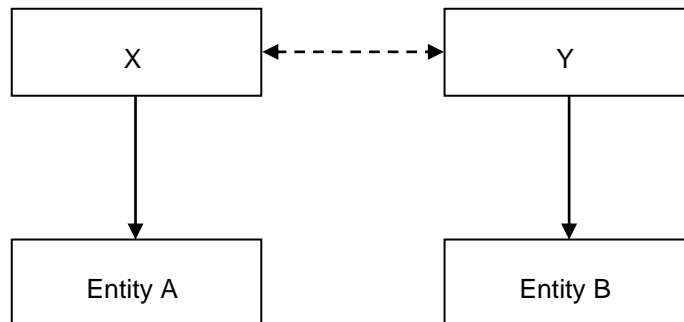
IE17 For Entity A's financial statements, if X controls or jointly controls Entity A, Entity B is related to Entity A when X has control, joint control or significant influence over Entity B. [*Paragraph 9(b)(vi)–(a)(i) and 9(b)(vii)–(a)(i)*]

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.



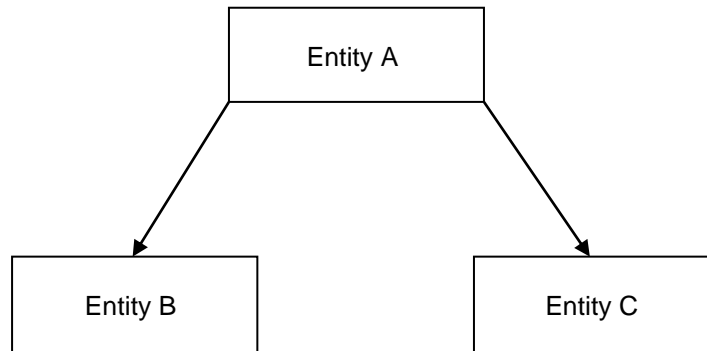
IE21 For Entity A's financial statements, if X controls or jointly controls Entity A, Entity B is related to Entity A when Y has control, joint control or significant influence over Entity B. [*Paragraph 9(b)(vi)–(a)(i) and 9(b)(vii)–(a)(i)*]

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)*]