

## RELATED PARTY DISCLOSURE REQUIREMENT

If there have been transactions between related parties, the entity needs to disclose the nature of the related party relationship as well as information about the transactions and outstanding balances for an understanding necessary to understand effect of relationship on financial statements.

**The disclosures should be made for each category of related parties and would include:**

1. The amount of the transactions.
2. The amount of outstanding balances, including terms and conditions and requirements.
3. Provisions for doubtful debts related to amount due from related parties.
4. Expenses which are recognised because of bad and doubtful debt in relation to amount due from related parties.

**Examples of the kinds of transactions that are disclosed if they are with a related party:**

- purchases or sales of goods;
- purchases or sales of property and other assets;
- rendering or receiving of services;
- leases;
- transfers under licence agreements;
- transfers under finance arrangements;
- provision of guarantees & collateral;
- commitments to do something if an event occurs or does not occur in the future, including executory contracts (recognised and unrecognised);
- settlement of liabilities on behalf of the entity or by the entity on behalf of another party.

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