ILLUSTRATIVE EXAMPLES

Example 1 – Subsidiaries and associates

IE1 Entity P, directly or indirectly, controls Entities A, B and C, and has significant influence over Entities 1 and 2. Entity C has significant influence over Entity 3.

IE2 For the financial statements\(^1\) of Entities P, A, B and C, Entities P, A, B and C are related to each other. [paragraph 9(b)(i) of the revised definition in the 2008 exposure draft]

IE3 For the financial statements of Entities P, A, B and C, Entities 1, 2 and 3 are related to Entities P, A, B and C. [paragraph 9(b)(ii)]

IE4 Similarly, for the financial statements of Entities 1, 2 and 3, Entities P, A, B and C are related to Entities 1, 2 and 3. However, Entities 1, 2 and 3 are not related to each other. [paragraph 9(b)(ii)-(iv)]

\(^1\) In examples 1-4, ‘financial statements’ means the individual, separate or consolidated financial statements.
Example 2 – Key management personnel

IE5 Entity A controls Entity B. Person X is a member of the key management personnel of Entity A and has control or joint control over Entity C or has significant voting power (not significant influence) in it.

IE6 For Entity A’s financial statements, Entity C is related to Entity A. [paragraph 9(b)(vi) and (vii)]

IE7 For Entity B’s financial statements, Entity C is related to Entity B. Entity A is also related to Entity B because it is a parent of Entity B. [paragraph 9(b)(vi) and (vii)]

IE8 Similarly, for Entity C’s financial statements, Entity A and Entity B are related to Entity C. [paragraph 9(b)(x)]

Example 3 – Controlling person

IE9 Person X (a) controls Entity A and (b) has control, joint control or significant influence over Entity B or has significant voting power in it.

IE10 For Entity A’s financial statements, Entity B is related to Entity A. [paragraph 9(b)(vi) and (viii)]

IE11 Similarly, for Entity B’s financial statements, Entity A is related to Entity B. [paragraph 9(b)(vi)]
Example 4 – Close members of the family of controlling person

IE12 Person X controls Entity A. Person Y is a close member of Person X’s family and has control, joint control or significant influence over Entity B or has significant voting power in it.

IE13 For Entity A’s financial statements, Entity B is related to Entity A. [paragraph 9(b)(vi) and (viii)]

IE14 Similarly, for Entity B’s financial statements, Entity A is related to Entity B. [paragraph 9(b)(vi)]