ACCOUNTING BY SMALL AND MEDIUM-SIZED ENTERPRISES *

Report by the Ad Hoc Consultative Group of Experts on Accounting by Small and Medium-Sized Enterprises

* Submission of this document was delayed as a result of the need for further consultations with members of the ad hoc consultative groups.
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TD/B/COM.2/ISAR/16

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*TD/B/COM.2/ISAR/16/Add.3*

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**Accounting and Financial Reporting Guidelines for Level 3 SMEs (SMEGA):**

*TD/B/COM.2/ISAR/16/Add.4*

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8.1 A provision should be recognized when:

- an enterprise has a present obligation (legal or constructive) as a result of a past event, excluding those arising from executory contracts, except where these are onerous;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision should be recognized.

Probable outflow of resources embodying economic benefits

8.2 For a liability to qualify for recognition, there must be not only a present obligation but also the probability of an outflow of resources embodying economic benefits to settle that obligation. For the purpose of this Guideline, an outflow of resources or other event is regarded as probable if the event is more likely than not to occur (i.e. the probability that the event will occur is greater than the probability that it will not). Where it is not probable that a present obligation exists, an enterprise discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote (see paragraph 8.19).

Reliable estimate of the obligation

8.3 The use of estimates is an essential part of the preparation of financial statements and does not undermine their reliability. This is especially true in the case of provisions, which by their nature are more uncertain than most other balance sheet items. Except in extremely rare cases, an enterprise will be able to determine a range of possible outcomes and can therefore make an estimate of the obligation that is sufficiently reliable to use in recognizing a provision.

Contingent liabilities

8.4 An enterprise should not recognize a contingent liability.

8.5 A contingent liability is disclosed, as required by paragraph 8.19, unless the possibility of an outflow of resources embodying economic benefits is remote.
Contingent assets

8.6 An enterprise should not recognize a contingent asset.

8.7 Contingent assets are not recognized in financial statements, since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

8.8 A contingent asset is disclosed, as required by paragraph 8.20, where an inflow of economic benefits is probable.

Measurement

8.9 The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Risks and uncertainties

8.10 Risk describes variability of outcome. A risk adjustment may increase the amount at which a liability is measured. Caution is needed in making judgements under conditions of uncertainty, so that income or assets are not overstated and expenses or liabilities are not understated. However, uncertainty does not justify the creation of excessive provisions or a deliberate overstatement of liabilities. For example, if the projected costs of a particularly adverse outcome are estimated on a prudent basis, that outcome is not then deliberately treated as more probable than is realistically the case. Care is needed to avoid duplicating adjustments for risk and uncertainty with consequent overstatement of a provision.

8.11 The risks and uncertainties that inevitably surround many events and circumstances should be taken into account in reaching the best estimate of a provision.

8.12 Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement should be recognized when, and only when, it is virtually certain that reimbursement will be received if the enterprise settles the obligation. The reimbursement should be treated as a separate asset. The amount recognized for the reimbursement should not exceed the amount of the provision. Gains from the expected disposal of assets should not be taken into account when measuring a provision.

8.13 In the income statement, the expense relating to a provision may be presented net of the amount recognized for a reimbursement.

8.14 Provisions should be reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying
economically benefits will be required to settle the obligation, the provision should be reversed.

8.15 A provision should be used only for expenditures for which the provision was originally recognized.

8.16 Provisions should not be recognized for future operating losses.

8.17 If an enterprise has a contract that is onerous, the present obligation under the contract should be recognized and measured as a provision.

**Disclosure**

8.18 For each class of provision, an enterprise should disclose:

(a) the carrying amount at the beginning and end of the period; and 
(b) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;

8.19 Unless the possibility of any outflow in settlement is remote, an enterprise should disclose for each class of contingent liability at the balance sheet date a brief description of the nature of the contingent liability and, where practicable, an estimate of its financial effect, measured under paragraphs 8.9 and 8.10.

8.20 Where an inflow of economic benefits is probable, an enterprise should disclose a brief description of the nature of the contingent assets at the balance sheet date and, where practicable, an estimate of their financial effect, measured using the principles set out for provisions in paragraphs 8.9 and 8.10.

8.21 Where any of the information required by paragraphs 8.19 and 8.20 is not disclosed because it is not practicable to do so, that fact should be stated.

8.22 In extremely rare cases, disclosure of some or all of the information required by paragraphs 8.18 to 8.20 can be expected to prejudice seriously the position of the enterprise in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an enterprise need not disclose the information but should disclose the general nature of the dispute, together with the fact that, and the reason why, the information has not been disclosed.

8.23 Examples of accounting for provisions are given in Appendix 2, part A.
Guideline 9. Revenue

Measurement of revenue

9.1 Revenue should be measured at the fair value of the consideration received or receivable.

Sale of goods

9.2 Revenue from the sale of goods should be recognized when all the following conditions have been satisfied:

(a) the enterprise has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the enterprise; and
(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

9.3 When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognized by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) the amount of revenue can be measured reliably;
(b) it is probable that the economic benefits associated with the transaction will flow to the enterprise;
(c) the stage of completion of the transaction at the balance sheet date can be measured reliably; and
(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

9.4 When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue should be recognized only to the extent of the expenses recognized that are recoverable.
9.5 Goods include goods produced by the enterprise for the purpose of sale and goods purchased for resale, such as merchandise purchased by a retailer or land and other property held for resale.

9.6 The rendering of services typically involves the performance by the enterprise of a contractually agreed task over an agreed period of time. The services may be rendered within a single period or over more than one period. Some contracts for the rendering of services are directly related to construction contracts – for example, those for the services of project managers and architects.

9.7 Revenue includes only the gross inflows of economic benefits received and receivable by the enterprise on its own account. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value-added taxes are not economic benefits flowing to the enterprise and, hence, do not result in increases in equity. Therefore, they are excluded from revenue. Similarly, in an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the enterprise. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission.

Interest, royalties and dividends

9.8 Revenue arising from the use by others of enterprise assets yielding interest, royalties and dividends should be recognized on the bases set out in paragraph 8.9 when:

(a) it is probable that the economic benefits associated with the transaction will flow to the enterprise; and
(b) the amount of the revenue can be measured reliably.

9.9 Revenue should be recognized on the following bases:

(a) interest should be recognized on a time proportion basis;
(b) royalties should be recognized on an accrual basis in accordance with the substance of the relevant agreement; and
(c) dividends should be recognized when the shareholder's right to receive payment is established.

9.10 Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise. However, when uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense rather than as an adjustment of the amount of revenue originally recognized. Some examples of revenue recognition issues are given in Appendix 2, part B.
Disclosure

9.11 An enterprise should disclose:

(a) the accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services;

(b) the amount of each significant category of revenue recognized during the period, including revenue arising from:
   (i) the sale of goods;
   (ii) the rendering of services;
   (iii) interest;
   (iv) royalties; and
   (v) dividends; and

(c) the amount of revenue arising from exchanges of goods or services included in each significant category of revenue.
Guideline 10. Borrowing Costs

10.1 Borrowing costs may include:

(a) interest on bank overdrafts and short-term and long-term borrowings;
(b) amortization of ancillary costs incurred in connection with the arrangement of borrowings;
(c) finance charges in respect of finance leases; and
(d) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs: benchmark treatment

10.2 Borrowing costs should be recognized as an expense in the period in which they are incurred.

Borrowing costs: allowed alternative treatment

Recognition

10.3 Borrowing costs should be recognized as an expense in the period in which they are incurred, except to the extent that they are capitalized in accordance with paragraph 10.4.

10.4 Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalization should be determined in accordance with this Guideline.

10.5 Examples of qualifying assets are inventories that require a substantial period of time to bring them to a saleable condition, manufacturing plants, power generation facilities and investment properties. Other investments, and those inventories that are routinely manufactured or otherwise produced in large quantities on a repetitive basis over a short period of time, are not qualifying assets. Assets that are ready for their intended use or sale when acquired also are not qualifying assets.

Borrowing costs eligible for capitalization

10.6 To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset should be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.
10.7 To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization should be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate should be the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period should not exceed the amount of borrowing costs incurred during that period.

10.8 The capitalization of borrowing costs as part of the cost of a qualifying asset should commence when:

(a) expenditures for the asset are being incurred;
(b) borrowing costs are being incurred; and
(c) activities that are necessary to prepare the asset for its intended use or sale are in progress.

10.9 Capitalization of borrowing costs should be suspended during extended periods in which active development is interrupted.

10.10 Capitalization of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

10.11 When the construction of a qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, capitalization of borrowing costs should cease when substantially all the activities necessary to prepare that part for its intended use or sale are completed.

**Disclosure**

10.12 The financial statements should disclose:

(a) the accounting policy adopted for borrowing costs;
(b) the amount of borrowing costs capitalized during the period; and
(c) the capitalization rate used to determine the amount of borrowing costs eligible for capitalization.
Guideline 11. Income Taxes

Current tax

11.1 Current tax for current and prior periods should, to the extent unpaid, be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess should be recognized as an asset.

11.2 The benefit relating to a tax loss that can be carried back to recover current tax of a previous period should be recognized as an asset.

11.3 Current tax liabilities (assets) for the current and prior periods should be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

11.4 Deferred tax assets and liabilities may be recognized if the enterprise wishes to do so.

Income statement

11.5 Current tax should be recognized as income or an expense and included in the net profit or loss for the period, except to the extent that the tax arises from a transaction or event that is recognized other than in the income statement.

11.6 Current tax should be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Presentation

11.7 Tax assets and tax liabilities should be presented separately from other assets and liabilities in the balance sheet. Deferred tax assets and liabilities, if recognized, should be distinguished from current tax assets and liabilities.

11.8 When an enterprise makes a distinction between current and non-current assets and liabilities in its financial statements, and has decided to account for deferred taxes, it should not classify deferred tax assets (liabilities) as current assets (liabilities).

11.9 An enterprise should offset current tax assets and current tax liabilities if, and only if, the enterprise:

(a) has a legally enforceable right to set off the recognized amounts; and
(b) intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Disclosure

11.10 The major components of tax expense (income) should be disclosed separately.
Guideline 12. Accounting Policies

12.1 Management should select and apply an enterprise's accounting policies so that the financial statements comply with all the requirements of the SMEGA. Where there is no specific requirement, management should look in turn to the following for guidance:

(a) full IFRS;
(b) interpretations;
(c) appendices to standards;
(d) implementation guidance;
(e) the definitions, recognition criteria and measurement concepts set out in the conceptual framework; and
(f) pronouncements of other standard setters that use a similar conceptual framework to develop accounting standards; other accounting literature; and accepted industry practice, to the extent that these are consistent with items (a) to (e) above.

Management should use its judgment in developing an accounting policy resulting in information that is relevant to the needs of investors and creditors and is reliable in nature.

Where management bases its accounting policy on IFRS, it should be guided by user needs in making disclosures. In such a case the entity is not then obliged to comply with the full IFRS, and should continue to describe itself in its accounting policy note as complying with the SMEGA.

12.2 An entity should select and apply its accounting policies for a period consistently for similar transactions, other events and circumstances, unless the Guideline elsewhere specifically requires or permits categorization of items for which different policies may be appropriate.

12.3 A change in accounting policy should be made only if it is required by the Guideline or if it results in a more relevant and reliable presentation in the financial statements of the effects of transactions or other events on the entity's financial position, financial performance or cash flows.

12.4 The following are not changes in accounting policies:

(a) the adoption of an accounting policy for transactions or other events that differ in substance from those previously occurring; and
(b) the adoption of a new accounting policy for transactions or other events that did not occur previously or were immaterial.
12.5 A change in an accounting policy that is made following an amendment to the Guideline should be accounted for in accordance with the transitional provisions, if any, issued with the Guideline.

12.6 Where application of a change in the Guideline has a material effect on the current period or any prior period presented, an entity should disclose the following:

(a) the fact that the change in accounting policy is made in accordance with the change in the Guideline, with a description of those provisions;
(b) the amount of the adjustment for the current period and for each prior period presented;
(c) the amount of the adjustment relating to periods prior to those included in the comparative information; and
(d) the fact that comparative information has been restated, or that restatement for a particular prior period has not been made because it would require undue cost and effort.

12.7 A change in an accounting policy other than one mandated under paragraph 12.5 should be applied retrospectively. The opening balance of retained earnings for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented should be adjusted, where applicable, as if the new accounting policy had always been in use.

12.8 Comparative information presented for a particular prior period need not be restated if restating the information would require undue cost or effort. When comparative information for a particular prior period is not restated, the new accounting policy should be applied to the balances of assets and liabilities as at the beginning of the next period, and a corresponding adjustment should be made to the opening balance of retained earnings for the next period.

12.9 When a change in an accounting policy has an effect on the current period or any prior period presented, or may have an affect in subsequent periods, an entity should disclose the following:

(a) the reasons for the change;
(b) the amount of the adjustment for the current period and for each prior period presented;
(c) the amount of the adjustment relating to periods prior to those presented; and
(d) that comparative information has been restated, or that restatement for a particular prior period has not been made because it would require undue cost or effort.
Changes in accounting estimates

12.10 The effect of a change in an accounting estimate should be recognized prospectively by including it in profit or loss in:

(a) the period of the change, if the change affects that period only; or
(b) the period of the change and future periods, if the change affects both.

12.11 The nature and amount of a change in an accounting estimate that has an affect on the current period or is expected to have an effect in subsequent periods should be disclosed.

Errors

12.12 The amount of the correction of a fundamental error should be accounted for retrospectively. An error should be corrected by:

(a) either restating the comparative amounts for the prior periods in which the error occurred; or
(b) when the error occurred before the earliest prior period presented, restating the opening balance of retained earnings for that period, so that the financial statements are presented as if the error had never occurred.

12.13 Comparative information presented for a particular prior period need not be restated if restating the information would require undue cost or effort. When no restatement of comparative figures takes place, the opening balance of retained earnings for the next period should be restated for the cumulative effect of the error before the beginning of that period.

Disclosure

12.14 An entity should disclose:

(a) the nature of the error; and
(b) the amount of the correction for each prior period presented.
Guideline 13. Foreign Exchange Rates

Foreign currency transactions

13.1 A foreign currency transaction should be recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the *exchange rate* between the reporting currency and the foreign currency at the date of the transaction.

13.2 At each balance sheet date:

   (a) foreign currency *monetary items* should be reported using the *closing rate*;
   (b) non-monetary items that are carried in terms of historical cost denominated in a foreign currency should be reported using the exchange rate at the date of the transaction; and
   (c) non-monetary items that are carried at fair value denominated in a foreign currency should be reported using the exchange rate that existed when the values were determined.

13.3 Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, should be recognized as income or as expenses in the period in which they arise.

Disclosure

13.4 An enterprise should disclose:

   (a) the amount of exchange differences included in the net profit or loss for the period; and
   (b) the amount of exchange differences arising during the period that is included in the carrying amount of an asset.

13.5 When the reporting currency is different from the currency of the country in which the enterprise is domiciled, the reason for using a different currency should be disclosed. The reason for any change in the reporting currency should also be disclosed.
Guideline 14. Events after Balance Sheet Date

14.1 An enterprise should adjust the amounts recognized in its financial statements to reflect adjusting events after the balance sheet date.

14.2 The following are examples of adjusting events after the balance sheet date that require an enterprise to adjust the amounts recognized in its financial statements, or to recognize items that were not previously recognized:

(a) the resolution after the balance sheet date of a court case which, because it confirms that an enterprise already had a present obligation at the balance sheet date, requires the enterprise to adjust a provision already recognized, or to recognize a provision instead of merely disclosing a contingent liability;
(b) the receipt of information after the balance sheet date indicating that an asset was impaired at the balance sheet date, or that the amount of a previously recognized impairment loss for that asset needs to be adjusted. For example:
   (i) when the bankruptcy of a customer occurs after the balance sheet date, it usually confirms that a loss already existed at the balance sheet date on a trade receivable account and that the enterprise needs to adjust the carrying amount of the trade receivable account; and
   (ii) the sale of inventories after the balance sheet date may give evidence about their net realizable value at the balance sheet date;
(c) the determination after the balance sheet date of the cost of assets purchased, or the proceeds from assets sold, before the balance sheet date;
(d) the determination after the balance sheet date of the amount of profit-sharing or bonus payments, if the enterprise had a present legal or constructive obligation at the balance sheet date to make such payments as a result of events before that date; and
(e) the discovery of fraud or errors indicating that the financial statements were incorrect.

14.3 An enterprise should not prepare its financial statements on a going concern basis if management determines, after the balance sheet date, either that it intends to liquidate the enterprise or to cease trading, or that it has no realistic alternative but to do so.

14.4 An enterprise should not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the balance sheet date.

14.5 An example of a non-adjusting event after the balance sheet date is a decline in market value of investments between the balance sheet date and the date when the financial statements are authorized for issue. The fall in market value does not normally relate to the condition of the investments at the balance sheet date, but reflects circumstances that arise in the following period. Therefore, an enterprise does not adjust the amounts
recognized in its financial statements for the investments. Similarly, the enterprise does not update the amounts disclosed for the investments as at the balance sheet date, although it may need to give additional disclosure under paragraph 14.7.

14.6 If an enterprise receives information after the balance sheet date about conditions that existed at the balance sheet date, the enterprise should, in the light of the new information, update disclosures that relate to these conditions.

14.7 Where non-adjusting events after the balance sheet date are of such importance that non-disclosure would affect the ability of the users of the financial statements to make proper evaluations and decisions, an enterprise should disclose the following information for each significant category of non-adjusting event after the balance sheet date:

(a) the nature of the event; and
(b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

14.8 The following are examples of non-adjusting events after the balance sheet date that may be of such importance that non-disclosure would affect the ability of the users of the financial statements to make proper evaluations and decisions:

(a) announcing a plan to discontinue an operation, disposing of assets or settling liabilities attributable to a discontinuing operation, or entering into binding agreements to sell such assets or settle such liabilities;
(b) major purchases and disposals of assets, or expropriation of major assets by government; and
(c) the destruction of a major production plant by a fire after the balance sheet date;

14.9 If dividends to holders of equity instruments are proposed or declared after the balance sheet date, an enterprise should not recognize those dividends as a liability at the balance sheet date.

14.10 An enterprise should disclose the date when the financial statements were authorized for issue and who gave that authorization. If the enterprise’s owners or others have the power to amend the financial statements after issuance, the enterprise should disclose that fact.
Guideline 15. Related-Party Disclosures

15.1 This section deals only with those related-party relationships described in (a) to (d) below:

(a) enterprises that, either directly or indirectly through one or more intermediaries, are under common control with the reporting enterprise;
(b) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individual;
(c) key management personnel (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including directors and officers of companies and close members of the families of such individuals); and
(d) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (b) or (c) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

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

15.2 In the context of this Guideline the following are deemed not to be related parties:

(a) two companies simply because they have a director in common, notwithstanding paragraph 15.1 above (but it is necessary to consider the possibility, and to assess the likelihood, that the director would be able to affect the policies of both companies in their mutual dealings);
(b) (i) providers of finance;
(ii) trade unions;
(iii) public utilities; and
(iv) government departments and agencies, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of an enterprise or participate in its decision-making process); and
(c) a single customer, supplier, franchisor, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence.
Disclosure

15.3 The following are examples of situations where related-party transactions may lead to disclosures by a reporting enterprise in the period they affect:
   (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) agency arrangements;
   (e) leasing arrangements;
   (f) transfer of research and development;
   (g) licence agreements;
   (h) finance (including loans and equity contributions in cash or in kind);
   (i) guarantees and collaterals; and
   (j) management contracts.

15.4 Related-party relationships where control exists should be disclosed irrespective of whether there have been transactions between the related parties.

15.5 If there have been transactions between related parties, the reporting enterprise should disclose the nature of the related-party relationships as well as the types of transactions and the elements of the transactions necessary for an understanding of the financial statements.

15.6 The elements of transactions necessary for an understanding of the financial statements would normally include:
   (a) an indication of the volume of the transactions, either as an amount or as an appropriate proportion;
   (b) amounts or appropriate proportions of outstanding items; and
   (c) pricing policies.

15.7 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 reporting enterprise.