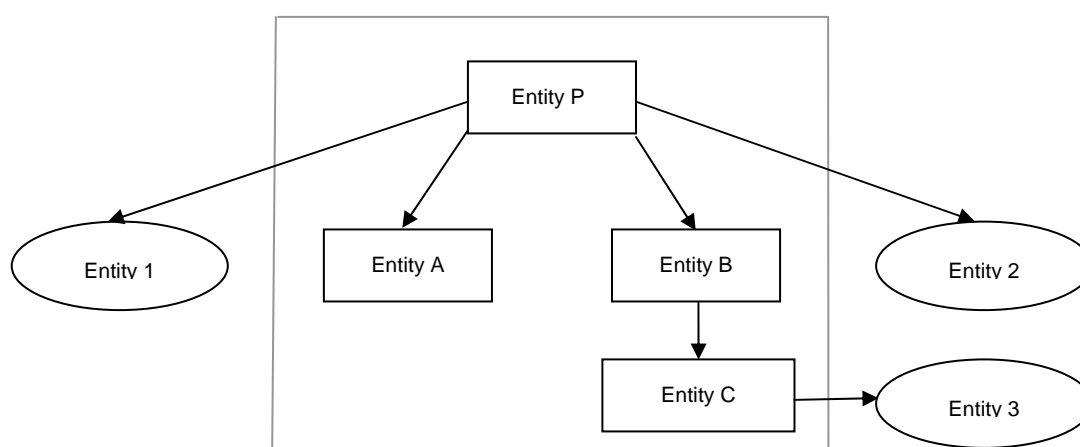


This document updates illustrative examples published with the 2007 exposure draft *State-controlled Entities and the Definition of a Related Party*. The IASB staff has prepared this update to reflect the revised definition of a related party, as proposed in the 2008 exposure draft *Relationships with the State*. The Board intends to publish these examples when it publishes the final amendment to IAS 24 resulting from the 2008 exposure draft.

## 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<sup>1</sup> 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]

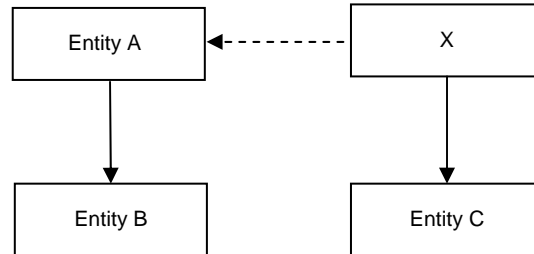
IE3 For the financial statements of Entities P, A, B and C, Entities 1, 2 and 3 are related to Entities P, A, B and C. [paragraph 9(b)(ii)]

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)]

<sup>1</sup> 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.



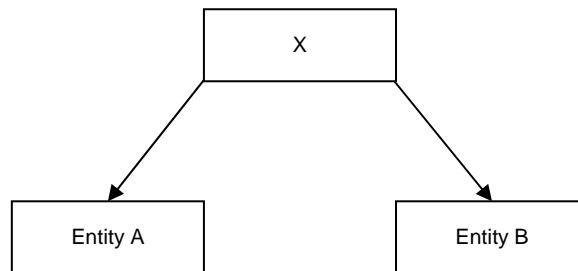
IE6 For Entity A’s financial statements, Entity C is related to Entity A. *[paragraph 9(b)(vi) and (vii)]*

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.

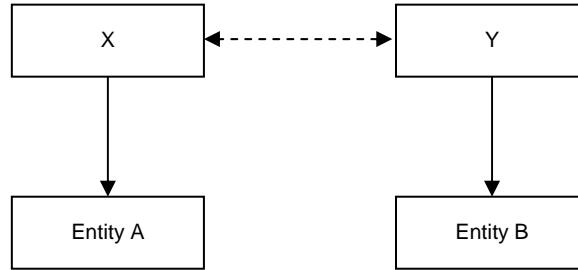


IE10 For Entity A’s financial statements, Entity B is related to Entity A. *[paragraph 9(b)(vi) and (viii)]*

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)]*