



International Accounting Standards Board®

Press Release

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IASB publishes revised proposal to eliminate unnecessary disclosures for state-controlled entities

The International Accounting Standards Board (IASB) today published a revised proposal to simplify the disclosure requirements that apply to state-controlled entities.

IAS 24 *Related Party Disclosures* requires entities to provide disclosures about transactions with related parties. However, state-controlled entities may find it difficult and costly to provide all the required details for transactions with other state-controlled entities. The IASB believes that it is possible to omit some of the required details while still providing sufficient information to users of financial statements.

As a result, the IASB published in 2007 a proposal to exempt state-controlled entities from providing disclosures about transactions with other state-controlled entities if specified conditions were met. However, respondents were concerned about the complexity of the proposals. The IASB has therefore modified its proposed exemption for state-controlled entities and is publishing this revised proposal today.

Unlike the original proposal, the revised exemption would not require state-controlled entities to assess the extent of state influence. It would exempt such entities from providing full details about transactions with other state-controlled entities and the state. Instead, (unlike the 2007 exposure draft) it would require general disclosures about the types and extent of significant transactions.

The IASB would particularly like to hear from respondents whether the proposals would give investors and analysts the information they need without imposing unnecessary burdens on preparers of financial statements.

The IASB invites comments on the exposure draft *Relationships with the State* (Proposed amendments to IAS 24) by 13 March 2009. For more details on the project or to view the exposure draft, visit the 'Related Party Disclosures' project page on www.iasb.org.

Printed copies of the exposure draft (ISBN 978-1-905590-85-8) will be available shortly, at £10.00 plus shipping, from the IASC Foundation Publications Department.

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Notes for editors

About the proposals

In February 2007, the IASB published *State-controlled Entities and the Definition of a Related Party*, an exposure draft of amendments to IAS 24 *Related Party Disclosures*.

That exposure draft proposed an exemption from the disclosure requirements in IAS 24 for entities controlled, jointly controlled or significantly influenced by a state ('state-controlled entities').

Respondents generally agreed that the IASB should provide an exemption for these entities. However, they had concerns about the complexity of the proposals, caused in particular by a proposed requirement to assess whether state influence actually existed. They also asked for numerous clarifications.

In the light of respondents' concerns, the IASB decided to revise and simplify its proposed exemption for state-controlled entities.

The 2007 exposure draft also proposed to amend the definition of a related party to clarify the intended meaning and remove inconsistencies. Respondents were largely in agreement with

the revised definition of a related party. The IASB intends to finalise the definitions of a related party and of a related party transaction without further exposure (apart from one minor matter raised in the 2008 exposure draft) and will issue them when it issues the amendments resulting from the 2008 exposure draft. An updated version showing the expected wording of the definitions is available on the IASB's Website www.iasb.org.

About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. Its 14 members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. They are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.