



30 Cannon Street, London EC4M 6XH, United Kingdom
Tel: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411
E-mail: iasb@iasb.org Website: www.iasb.org

**International
Accounting Standards
Board**

This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.

These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: 24 January 2008, London

Project: Amendments to IAS 24 Related Party Disclosures

Subject: Redeliberations: Cover note (Agenda paper 8)

INTRODUCTION

1. On 22 February 2007, the Board published an Exposure Draft (ED) of proposed Amendments to IAS 24 Related Party Disclosures – *State-controlled Entities and the Definition of a related party*. The comment period ended on 25 May 2007.
2. In September, October and November 2007, the Board redeliberated the proposals in the ED based on comments received.
3. At this meeting, the staff raises follow-up issues before going into pre-ballot drafting, and asks the Board to make a decision about those issues. In doing so, the staff presents five papers and they are:
 - (a) Agenda paper 8: Cover note;
 - (b) Agenda paper 8A: Summary of the Board's tentative decisions to date;
 - (c) Agenda paper 8B: Follow-up issues – state-controlled entities;
 - (d) Agenda paper 8C: Follow-up issues – statement on use of exemption for state-controlled entities;
 - (e) Agenda paper 8D: Follow-up issues – definition of a related party; and
 - (f) Agenda paper 8E: Follow-up issues – interaction with other IFRSs.

4. The comment letters recommended some other rewording and clarifications that the papers presented during redeliberations do not cover. The staff will consider these minor issues when drafting the final Standard.
5. The appendix to this paper reviews whether this project has complied with due process steps as required in IASB Due Process Handbook based on the steps listed in paragraphs 110-111 ('Comply or explain' approach) of that Handbook.
6. The following table provides a summary of project history following the ED and the proposed timetable for completing this project.

Meeting date /Submission and issuance date	Issue
September 2007	<p>Redeliberation overview</p> <ul style="list-style-type: none"> • Discuss the comment letter analysis • Affirm the project plan
October 2007	<p>Redeliberation: Project objective and scope</p> <ul style="list-style-type: none"> • Extending the proposed exemption to other cases • Fundamentally reconsidering the definition of a related party • Others <p>Redeliberation: State-controlled Entities (Question 1 of the ED)</p> <ul style="list-style-type: none"> • Issues related to an indicator approach • Entities that are jointly controlled by a state
November 2007	<p>Redeliberation: Definition of a related party (Question 2 of the ED)</p> <ul style="list-style-type: none"> • Level of influence of key management personnel • The definition of 'state' and state-controlled entities • Close members of the family, significant voting power and others <p>Redeliberation: Definition of a related party transaction and Other issues (Questions 3 and 4 of the ED)</p> <ul style="list-style-type: none"> • 'Transactions or commitments to do something' in paragraph 20(j) of the ED • Disclosure of key management personnel compensation

Meeting date /Submission and issuance date	Issue
	<ul style="list-style-type: none"> • Effective date & transitional provision • Consequential amendments to IFRS 8 • Others
24 January 2008	Redeliberation: Follow-up issues
1 February 2008	Submission of pre-ballot draft
15 February 2008	Deadline for Board comments on pre-ballot draft
11 March 2008	Sweep issues (if needed)
14 March 2008	Second pre-ballot draft to Board, and fatal flaw review
21 March 2008	Deadline for Board comments and fatal flaw comments
28 March 2008	Ballot draft
4 April 2008	Deadline for ballots
16 April 2008	Text to printers
9 May 2008	Publication

APPENDIX: GENERAL REVIEW OF COMPLIANCE WITH DUE PROCESS

7. This appendix reviews whether this project has complied with due process steps as required in IASB Due Process Handbook, and is organised as follows:
- (a) Extract of ‘Comply or explain’ approach from IASB Due Process Handbook
 - (b) General review of this project’s compliance with due process

‘Comply or explain’ approach

8. Paragraphs 110-112 of IASB Due Process Handbook provides ‘Comply or explain’ approach and they are reproduced below:

‘Comply or explain’ approach

110 The following due process steps are mandatory:

- developing and pursuing the IASB’s technical agenda
- preparing and issuing standards and exposure drafts, each of which is to include any dissenting opinions
- establishing procedures for reviewing comments made within a reasonable period on documents published for comment
- consulting the SAC on major projects, agenda decisions and work priorities
- publishing bases for conclusions with standards and exposure drafts.

111 Other steps specified in the Constitution are not mandatory. They include:

- publishing a discussion document (eg a discussion paper)
- establishing working groups or other types of specialist advisory groups
- holding public hearings
- undertaking field tests (both in developed countries and in emerging markets).

112 If the IASB decides not to undertake those non-mandatory steps defined by the Constitution, it will, as required by the Constitution, state its reasons. Explanations are normally made at IASB meetings, and are published in the decision summaries and in the basis for conclusions with the exposure draft or standard in question.

General review of compliance with due process

9. This project has complied with all mandatory steps as listed in paragraph 110 of the Handbook subject to completion of a final Standard. Because of the limited scope of this project, the Board has not considered it necessary to undertake any non-mandatory steps defined in paragraph 111 of the Handbook. The Basis for Conclusions will note this.