

**List of Submissions to ED 170 *Relationships with the State – Proposed Amendments to IAS24***

- 1           Representatives of the Australian Accounting Profession  
(CPA Australia, The Institute of Chartered Accountants in Australia and National Institute of Accountants)
  
- 2           Grant Thornton

13 February 2009

Mr Bruce Porter  
Acting Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West Victoria 8007  
AUSTRALIA

Via email: [standard@asb.gov.au](mailto:standard@asb.gov.au)

Dear Mr Porter

**Comments on ED 170 – Relationships with the State (Proposed Amendments to AASB 124)**

Thank you for the opportunity to comment on the Exposure Draft – Relationships with the State (Proposed Amendments to AASB 124). CPA Australia, The Institute of Chartered Accountants and the National Institute of Accountants (the Joint Accounting Bodies) have considered the above exposure draft (ED) and our comments follow.

The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government, academia throughout Australia and internationally.

A copy of our letter submitted to the International Accounting Standards Board is attached which highlights our overall support of the proposals.

We support adoption of the proposals in Australia, as it will result in more useful information to stakeholders and were pleased to see that the concerns raised on ED 153 have been effectively dealt with.

If you have any questions regarding this submission, please do not hesitate to contact Mark Shying (CPA Australia) at [mark.shying@cpaaustralia.com.au](mailto:mark.shying@cpaaustralia.com.au), Kerry Hicks (the Institute) at [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au) or Tom Ravlic (NIA) at [tom.ravlic@nia.org.au](mailto:tom.ravlic@nia.org.au).

Yours sincerely



Geoff Rankin  
Chief Executive Officer  
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Graham Meyer  
Chief Executive Officer  
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Roger Cotton  
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Accountants

**Representatives of the Australian Accounting Profession**



[cpaaustralia.com.au](http://cpaaustralia.com.au)



The Institute of  
Chartered Accountants  
in Australia

[charteredaccountants.com.au](http://charteredaccountants.com.au)



[nia.org.au](http://nia.org.au)

13 February 2009

Sir David Tweedie  
International Accounting Standards Board  
30 Cannon Street  
LONDON EC4M 6XH  
United Kingdom

Via "Open to comment" page on [www.iasb.org](http://www.iasb.org)

Dear Sir David

**Comments on IASB Exposure Draft *Relationships with the State – proposed amendments to IAS 24***


Thank you for the opportunity to comment on the IASB Exposure Draft *Relationships with the State – proposed amendments to IAS 24*. CPA Australia, The Institute of Chartered Accountants and the National Institute of Accountants (the Joint Accounting Bodies) have considered the above exposure draft (ED) and our comments follow.

The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government, academia throughout Australia and internationally.

We agree with the content of the specific proposals, as they clarify the issues raised on the ED issued in February 2007, particularly with what is included in the definition of a related party.

If you have any questions regarding this submission, please do not hesitate to contact Mark Shying (CPA Australia) at [mark.shying@cpaaustralia.com.au](mailto:mark.shying@cpaaustralia.com.au), Kerry Hicks (the Institute) at [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au) or Tom Ravlic (NIA) at [tom.ravlic@nia.org.au](mailto:tom.ravlic@nia.org.au).

Yours sincerely



Geoff Rankin  
Chief Executive Officer  
CPA Australia Ltd



Graham Meyer  
Chief Executive Officer  
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Roger Cotton  
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cc: Bruce Porter, Acting AASB Chairman

**Representatives of the Australian Accounting Profession**



[cpaaustralia.com.au](http://cpaaustralia.com.au)



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23 February 2009

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Dear Bruce

**ED 170 Relationships with the State**

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Australian Accounting Standards Board with its comments on Exposure Draft ED 170 which is a re-badged copy of the International Accounting Standards Board's Exposure Draft Relationships with the State – proposed amendments to IAS 24(the ED).

Grant Thornton's response reflects our position as auditors and business advisers both to listed companies and privately held companies and businesses, and this submission has benefited with input from our clients, Grant Thornton International which will be finalising a global submission to the IASB, and discussions with key constituents.

We are supportive of the proposals and believe that they should apply to both the for-profit entities and also tentatively for the not-for-profit public sector, subject to further work that the AASB is doing on this issue for the not-for-profit public sector.

If you require any further information or comment, please contact me.

Yours sincerely  
GRANT THORNTON AUSTRALIA LIMITED

A handwritten signature in black ink, appearing to read "Keith Reilly".

Keith Reilly  
National Head of Professional Standards

# Appendix 1:

## Responses to Exposure Draft Questions

### **ED 170 Relationships with the State Invitation to comment questions**

#### Question 1 – State-controlled entities

This exposure draft proposes an exemption from disclosures in IAS 24 for entities controlled, jointly controlled or significantly influenced by the state in specified circumstances.

Do you agree with the proposed exemption, and with the disclosures that entities must provide when the exemption applies? Why or why not? If not, what would you propose instead and why??

We support the proposed exemption on the basis that it will simplify disclosures required, and a reader is put on notice that by the proposed exemption disclosure.

#### Question 2 – Definition of a related party

The exposure draft published in 2007 proposed a revised definition of a related party. The Board proposes to amend that definition further to ensure that two entities are treated as related to each other whenever a person or a third entity has joint control over one entity and that person (or a close member of that person's family) or the third entity has joint control or significant influence over the other entity or has significant voting power in it.

Do you agree with this proposal? Why or why not? If not, what would you propose instead and why?

We support the proposed revised definition as it reflects a relationship potentially disclosable where there is joint control or significant influence.

#### Question 3 - assessment of control

Do you have any other comments on the proposals?

No.

**Specific AASB Questions**

## 1 Application to for-profit and not-for-profit entities

- a Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:
  - i not-for-profit private sector entities;
  - ii for-profit public sector entities;

We are not aware of any regulatory issues that may effect the implementation of the proposals

- b Whether overall, the proposals would result in financial statements that would be useful to users;

We believe that the proposals will result in financial statements that would be useful to users

- c Whether the proposals are in the best interests of the Australian economy.

We believe that the proposals are in the best interests of the Australian economy.

Whether an approach based on the IASB's proposals should be adopted in a not-for-profit public sector context if some or all of IAS 24 were to be adopted, particularly given the broad nature of the proposed IASB exemption.

We are supportive of the adoption of IASB requirements to the not-for-profit sector subject to due consideration of not-for-profit characteristics, and hence we support further work that the AASB is doing on this issue and generally for the not-for-profit public sector.