



8 March 2007

**To: Members of the Hong Kong Institute of CPAs
All other interested parties**

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF PROPOSED
AMENDMENTS TO IAS 24 RELATED PARTY DISCLOSURES — STATE-
CONTROLLED ENTITIES AND THE DEFINITION OF A RELATED PARTY**

Comments to be received by 4 May 2007

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

www.hkicpa.org.hk/professionaltechnical/accounting/exposedraft/content.php

The Exposure Draft proposes to:

- (a) eliminate the disclosure requirements in IAS 24 for some entities that are related only because they are either state-controlled or significantly influenced by the state. The changes respond to concerns about the difficulties that these entities have in identifying other entities that are controlled or significantly influenced by the state. Concerns have also been noted that information that is potentially useful to users of the financial statements might well be obscured by excessive disclosures about transactions that have not been affected by the relationship. The proposed exemption from the disclosure requirements of IAS 24 is limited to those circumstances in which there are no indications that the entity influenced, or was influenced by, the related party. A statement to that effect is required to be made in the financial statements.
- (b) amend, clarify and in certain cases extend, and restructure the definition of a related party to remove inconsistencies and improve readability.

In accordance with the Institute's Convergence Due Process, comments are invited from any interested party and the FRSC would like to hear from both those who do agree and those who do not agree with the proposals contained in the IASB Exposure Draft.

Comments should be supported by specific reasoning and should be submitted in written form.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

To allow your comments on the IASB Exposure Draft to be considered, they are requested to be received by the Institute on or before **4 May 2007**. Comments may be sent by mail, fax or e-mail to:

Patricia McBride
Executive Director
Hong Kong Institute of CPAs
37/F., Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Fax number (+852) 2865 6776

E-mail: commentletters@hkipa.org.hk

Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.