

Rådet för finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2009:06

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sirs,

Re: Exposure Draft - Relationships with the State (Proposed Amendments to IAS 24 Related Party Disclosures)

The Swedish Financial Reporting Board is responding to your invitation to comment on the above exposure draft (ED).

General comments

We support the proposed exemption and disclosures with respect to entities related to the State. However, we do not support the proposed definition of a related party under joint control and in other situations as described under Question 2 below. We question the cost/benefit analysis of these disclosures.

Detailed comments

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?

We agree. We believe that the suggested disclosures will give users more meaningful information than the ones suggested in the previous exposure draft.

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



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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.

We do not agree and suggest that joint ventures and associates should not be treated as related parties based on joint control and significant influence by a third entity. This is based on two reasons:

- In a joint venture relationship both venturers have the same influence. It is not logical that the venturer who is not involved in a related party relationship, as suggested in the ED, would accept conditions in business transactions with the related party that are not at arms-length. If one of the venturers can influence transactions to be made on "non-market conditions" that indicates that the venturer is a parent company and that no joint venture relationship exists. Consequently, we question the benefits for users of this information.

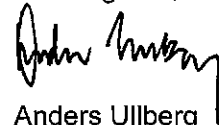
- Costs for preparing information related to the proposed extended definition of related parties may in many cases be significant. The number of joint ventures and associated companies in international groups can be extensive. To keep track of all joint ventures and associates, of an indirect nature, can require a lot of resources and insight, for instance when it comes to keeping track of changes in the composition of the companies concerned.

If the IASB would decide to retain this disclosure requirement it would, therefore, appear appropriate to repeat in IAS 24 the message in IAS 1 paragraph 31 that an entity need not provide this disclosure if the information is not material.

If you have any questions concerning our comments please address our Executive member Carl-Eric Bohlin by e-mail to: carl-eric.bohlin@radetforfinansiellrapportering.se

Stockholm, March 12, 2009

Kind regards,



Anders Ullberg
Chairman