

International Accounting Standards Board
30 Cannon Street
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EC4M 6XH

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Submitted electronically through the IASB Internet site (www.iasb.org)

Exposure Draft Relationships with the State (proposed amendments to IAS 24)

Grant Thornton International is pleased to comment on the International Accounting Standards Board's (the Board) Exposure Draft of *Relationships with the State* (the ED). We have considered the ED, as well as the accompanying draft Basis for Conclusions.

Our responses to the questions in the ED's Invitation to Comment are set out below.

Question 1 – State controlled entities

The 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 agree with the proposal.

We agree that it can be difficult to assess whether influence actually exists between the entities or between the entities and the state. We therefore concur with the proposal that this assessment should not be required. We also support the disclosure requirements, which we believe meet the objective of the standard without imposing an unnecessary burden on entities.

Question 2 – Definition of a related party

The exposure draft published in 2007 proposed a revised definition of 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 the proposal? Why or why not? If not, what would you propose instead and why?

We generally agree with the proposal.

We note that the revised definition includes reference to "significant voting power". IAS 24 does not define what is meant by significant voting power. In our view, in most cases significant voting power would convey significant influence. In the absence of any significant

influence, we do not believe it should be considered to give rise to a related party relationship. We recommend therefore that references to "significant voting power" are removed from the standard.

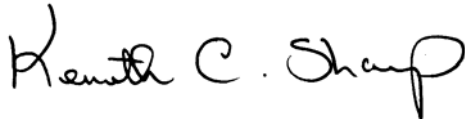
Question 3

Do you have any other comments on the proposals?

We have no further comments on the proposals.

If you have any questions on our response, or wish us to amplify our comments, please contact our Executive Director of International Financial Reporting, Andrew Watchman (andrew.watchman@gtuk.com or telephone + 44 207 391 9510).

Yours sincerely,

A handwritten signature in black ink that reads "Kenneth C. Sharp". The signature is written in a cursive style with a large initial 'K'.

Kenneth C Sharp
Global Leader - Assurance Services
Grant Thornton International