

# IASB Meeting January 2008

The January meeting was relatively short and included an education session on risk margins in insurance contracts. The Board worked on a number of Discussion Papers that are likely to be published fairly soon, but hit problems with its amendments to IAS 24 *Related Party Transactions*.

As Jim Leisenring underlined, the Board's experience is that making piecemeal adjustments to standards is much more time-consuming than would seem likely. The amendments to the Related Party Transactions standard is proving more problematic than most. China asked for the standard to take account of situations where the state controls many or most companies. The staff has been slowly teasing out an exemption for state-controlled entities where transactions are at arms-length, only to hit a wall at the January meeting when it became clear that the state appoints its own nominees to the boards of these entities. By definition directors exert significant influence.

The Board also hit a last minute snag on its IAS32 amendment for puttable financial instruments. A change between the pre-ballot draft and the ballot draft would in John Smith's estimation leave considerable structuring opportunities. In an unscheduled session the Board decided to revert to the pre-ballot draft wording.

Staff reported to the Board on the Financial Instruments Working Party's reactions to its draft discussion paper on financial instruments. After some minor tweaking, the staff will distribute the pre-ballot draft to the Board.

Staff also presented a draft IASB Invitation to Comment that will be published with the FASB's discussion paper on liabilities and equity. This too had been reviewed by the Financial Instruments Working Group. Again publication should not be too many weeks away.

The Board discussed papers on Revenue Recognition, but that discussion paper still needs more work. They also covered sweep issues on the draft amendments to IAS 33 *Earnings per share*. The exposure draft is likely to feature a dissent by the Board's main analyst member.