



International Accounting Standards Board®

# Press Release

FOR IMMEDIATE RELEASE

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## **Bold steps toward convergence of Chinese accounting standards and international standards**

Representatives of the China Accounting Standards Committee (CASC) of the People's Republic of China and the International Accounting Standards Board (IASB) met in Beijing for two days on 7 and 8 November 2005 to discuss a range of issues relating to the convergence of Chinese Accounting Standards (CASs) with International Financial Reporting Standards (IFRSs). That meeting followed a series of CASC-IASB staff meetings in Beijing in October.

At the conclusion of the meeting in November, the two delegations released a joint statement setting out key points of agreement, including the following

- China stated that convergence is a fundamental goal of its standard-setting programme.
- China affirmed its intention that an enterprise applying CASs should produce financial statements that are the same as those of an enterprise that applies IFRSs.
- The IASB delegation acknowledged that convergence to IFRSs will take time and how to converge with IFRSs is a matter for China to determine.
- During the past year, China has issued 21 Exposure Drafts. China is currently working to finalise these and develop implementation guidance. Two more Exposure Drafts are nearing completion. China has also begun a review of its 16 existing CASs. As a result, China's accounting standards system for business enterprises is being developed with a view to achieving convergence of those standards with the equivalent IFRSs.
- The IASB representatives applauded and expressed admiration for the enormous progress China has already made toward convergence with IFRSs.
- During the discussions, the two delegations identified specific ways each could help the other in the future. The CASC agreed to assist the IASB in researching and developing

recommendations on a number of accounting issues for which China, because of its unique circumstances and environment, has particular experience, including disclosure of related party transactions, fair value measurements, and business combinations of entities under common control. The IASB agreed to assist China by reviewing the revisions to the EDs and existing standards, and implementation guidance.

Commenting on the progress of China's accounting standards, the IASB Chairman Sir David Tweedie said:

I am impressed by China's commitment to adopting internationally accepted approaches to accounting, and the progress of China's accounting standards in the space of one year is remarkable. I am confident that China's convergence effort will pay enormous dividends for the growth and development of China's capital markets in the years ahead.

The IASB and the CASC representatives agreed to continue their periodic meetings and to strengthen liaison between their two bodies.

A copy of the joint statement accompanies this press release.

**END**

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***NOTES TO EDITORS***

**About the IASB**

The International Accounting Standards Board (IASB), based in London, began operations in 2001. Contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations fund the operations of the IASB. The 14 Board members (12 of whom are full-time) are drawn from nine countries and have wide international experience and a variety of functional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.

The IASB has embarked on active research, often in collaboration with others, with the intention that, when preparatory work is concluded, the project should be moved to the IASB's main agenda. The project on Measurement Bases for Financial Accounting is an active research project undertaken by staff of the Canadian Accounting Standards Board (AcSB) on behalf of the IASB.

A Deloitte & Touche study indicates that 99 countries either require or permit the use of IFRSs for publicly traded companies beginning in 2005. Some other jurisdictions, including Australia, New Zealand, the Philippines and Singapore, base their national practices on international standards. In September 2002 the IASB and the US standard-setter, the Financial Accounting Standards Board, reached an agreement to work towards the convergence of existing US and international practices and the joint development of future standards. In October 2004, the IASB and the Accounting Standards Board of Japan agreed to initiate discussions about a joint project to minimise differences between IFRSs and Japanese accounting standards towards a final goal of convergence of their standards. In January 2005 the two boards announced their agreement to launch a joint project to reduce differences between IFRSs and Japanese accounting standards, and in March the boards met to decide on the initial programme of work for the project. The AcSB has proposed that Canadian standards for public companies should converge with IFRSs over a five-year transitional period.