

PRESS RELEASE

IASC Standards

Sydney, Australia – 17 May, 2000

IOSCO is pleased to announce completion of its assessment of the accounting standards issued by the International Accounting Standards Committee (IASC). IOSCO has recommended that its members allow multinational issuers to use 30 IASC standards, as supplemented by reconciliation, disclosure and interpretation where necessary to address outstanding substantive issues at a national or regional level.

IOSCO believes its recommendation will facilitate cross-border offerings and listings by multinational enterprises and will promote the further development of internationally accepted accounting standards.

IOSCO's Technical Committee published a report summarizing its assessment work, noting outstanding issues that members expect to address through the supplemental treatments described above.

Michel Prada, who chaired the Technical Committee while the assessment work was undertaken, said: "This Resolution is the culmination of many years of cooperative efforts between IOSCO and the IASC. We are pleased to be able to approve this Resolution, as well as offer our thanks to the IASC for the hard work of its members and staff. Accounting standards, including those issued by the IASC, must continue to evolve to address existing and emerging issues. We look forward to working with the restructured IASC as it continues to develop standards to address the information needs of capital market participants."

Notes for Editors

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Resolution and List of IASC 2000 Standards

A. Resolution

Resolution Concerning the Use of IASC Standards for the Purpose of Facilitating Multinational Securities Offerings and Cross-border Listings

The following resolution was approved by the Presidents Committee of IOSCO:

In order to respond to the significant growth in cross-border capital flows, IOSCO has sought to facilitate cross-border offerings and listings. IOSCO believes that cross-border offerings and listings would be facilitated by high quality, internationally accepted accounting standards that could be used by incoming multinational issuers in cross-border offerings and listings. Therefore, IOSCO has worked with the International Accounting Standards Committee (IASC) as it sought to develop a reasonably complete set of accounting standards through the IASC core standards work program.

IOSCO has assessed 30 IASC standards, including their related interpretations ("the IASC 2000 standards"), considering their suitability for use in cross-border offerings and listings. IOSCO has identified outstanding substantive issues relating to the IASC 2000 standards in a report that includes an analysis of those issues and specifies supplemental treatments that may be required in a particular jurisdiction to address each of these concerns.

The Presidents Committee congratulates the IASC for its hard work and contribution to raising the quality of financial reporting worldwide. The IASC's work to date has succeeded in effecting significant improvements in the quality of the IASC standards. Accordingly, the Presidents Committee recommends that IOSCO members permit incoming multinational issuers to use the 30 IASC 2000 standards to prepare their financial statements for cross-border offerings and listings, as supplemented in the manner described below (the "supplemental treatments") where necessary to address outstanding substantive issues at a national or regional level.¹

Those supplemental treatments are:

- **reconciliation:** requiring reconciliation of certain items to show the effect of applying a different accounting method, in contrast with the method applied under IASC standards;

- **disclosure:** requiring additional disclosures, either in the presentation of the financial statements or in the footnotes; and
- **interpretation:** specifying use of a particular alternative provided in an IASC standard, or a particular interpretation in cases where the IASC standard is unclear or silent.

In addition, as part of national or regional specific requirements, waivers may be envisaged of particular aspects of an IASC standard, without requiring that the effect of the accounting method used be reconciled to the effect of applying the IASC method. The use of waivers should be restricted to exceptional circumstances such as issues identified by a domestic regulator when a specific IASC standard is contrary to domestic or regional regulation.

The concerns identified and the expected supplemental treatments are described in the Assessment Report.²

IOSCO notes that a body of accounting standards like the IASC standards must continue to evolve in order to address existing and emerging issues. IOSCO's recommendation assumes that IOSCO will continue to be involved in the IASC work and structure and that the IASC will continue to develop its body of standards. IOSCO strongly urges the IASC in its future work program to address the concerns identified in the Assessment Report, in particular, future projects.

IOSCO expects to survey its membership by the end of 2001 in order to determine the extent to which members have taken steps to permit incoming multinational issuers to use the IASC 2000 standards, subject to the supplemental treatments described above. At the same time IOSCO expects to continue to work with the IASC, and will determine the extent to which IOSCO's outstanding substantive issues, including proposals for future projects, have been addressed appropriately.

B. List of IASC 2000 Standards

IAS	SIC
IAS 1, Presentation of Financial Statements (revised 1997)	SIC-6, Costs of Modifying Existing Software SIC-8, First-time Application of IAS as the Primary Basis of Accounting SIC-18, Consistency – Alternative Methods
IAS 2, Inventories (revised 1993)	SIC-1, Consistency – Different Cost Formulas for Inventories

IAS 4, Depreciation Accounting (reformatted 1994)	
IAS 7, Cash Flow Statements (revised 1992)	
IAS 8, Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies (revised 1993)	
IAS 10, Events After the Balance Sheet Date (revised 1999)	
IAS 11, Construction Contracts (revised 1993)	
IAS 12, Income Taxes (revised 1996)	
IAS 14, Segment Reporting (revised 1997)	
IAS 16, Property, Plant and Equipment (revised 1998)	SIC-14, Property, Plant and Equipment - Compensation for the Loss of Items
IAS 17, Leases (revised 1997)	SIC-15, Operating Leases - Incentives
IAS 18, Revenue (revised 1993)	
IAS 19, Employee Benefits (revised 1998)	
IAS 20, Accounting for Government Grants and Disclosure of Government Assistance (reformatted 1994)	SIC-10, Government Assistance - No Specific Relation to Operating Activities
IAS 21, The Effects of Changes in Foreign Exchange Rates (revised 1993)	SIC-7, Introduction of the Euro SIC-11, Foreign Exchange - Capitalisation of Losses Resulting from Severe Currency Devaluations
IAS 22, Business Combinations (revised 1998)	SIC-9, Business Combinations - Classification as either Acquisitions or Unitings of Interests
IAS 23, Borrowing Costs (revised 1993)	SIC-2, Consistency – Capitalization of Borrowing Costs
IAS 24, Related Party Disclosures (reformatted	

1994)	
IAS 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries (reformatted 1994)	SIC-12, Consolidation - Special Purpose Entities
IAS 28, Accounting for Investments in Associates (revised 1998)	SIC-3, Elimination of Unrealised Profits and Losses on Transactions with Associates
IAS 29, Financial Reporting in Hyperinflationary Economies (reformatted 1994)	
IAS 31, Financial Reporting of Interests in Joint Ventures (revised 1998)	SIC-13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers
IAS 32, Financial Instruments: Disclosure and Presentation (revised 1998)	SIC-5, Classification of Financial Instruments - Contingent Settlement Provisions SIC-16, Share Capital - Reacquired Own Equity Instruments (Treasury Shares) SIC-17, Equity – Costs of an Equity Transaction
IAS 33, Earnings Per Share (1997)	
IAS 34, Interim Financial Reporting (1998)	
IAS 35, Discontinuing Operations (1998)	
IAS 36, Impairment of Assets (1998)	
IAS 37, Provisions, Contingent Liabilities and Contingent Assets (1998)	
IAS 38, Intangible Assets (1998)	
IAS 39, Financial Instruments: Recognition and Measurement (1998)	

Endnotes:

1. This recommendation is made without prejudice to the treatments or measures that would be adopted regionally as part of a specific legal framework and/or mutual recognition agreements.

2. Report to the Technical Committee by Working Party No. 1 Regarding the IASC Standards.