



International Accounting Standards Board®

Press Release

FOR IMMEDIATE RELEASE

17 November 2005

IASB publishes Canadian Discussion Paper on Measurement Bases for Financial Accounting

The International Accounting Standards Board (IASB) today published for public comment a Discussion Paper *Measurement Bases for Financial Reporting — Measurement on Initial Recognition*.

The Discussion Paper, prepared by staff of the Canadian Accounting Standards Board (AcSB), analyses possible bases for measuring assets and liabilities on initial recognition. These include historical cost, current cost, fair value, net realisable value and value in use. The Paper also considers deprival value, which combines several measurement bases in a single model. The Paper evaluates the possible bases against criteria derived from the IASB *Framework for the Preparation and Presentation of Financial Statements*, as well as developments in finance theory, the application of present value and statistical probability principles and measurement practices.

Introducing the Paper, Sir David Tweedie, IASB Chairman, commented:

The Board thanks the authors of the Discussion Paper for this contribution to the question of the initial measurement of assets and liabilities. The analysis and readers' reactions to it will be valuable to the Board in our joint project with the US Financial Accounting Standards Board on the conceptual framework, as well as in future projects to improve the measurement requirements of financial reporting.

The IASB invites comments on the Discussion Paper by 19 May 2006.

The Discussion Paper has not been debated by the IASB or the AcSB and does not necessarily reflect their views. Comments received will be analysed by staff of the AcSB. The analysis and copies of responses will be provided to the IASB so that they may be taken

into account in its Concepts project when the IASB proceeds to debate the issues and form its preliminary views.

The primary means of publishing Discussion Papers is by electronic format through the IASB's subscriber Website. Subscribers are able to access today's publication through 'online services'. Those wishing to subscribe should contact:

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Printed copies of a condensed version of the Discussion Paper *Measurement Bases for Financial Accounting — Measurement on Initial Recognition* (ISBN 1-904230-96-2) are available, at £10.00 each, from IASCF Publications Department. The main Discussion Paper is available in electronic form only.

From 28 November, the text of the main Discussion Paper and the condensed version will be available freely from the IASB's Website.

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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.