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FOR IMMEDIATE RELEASE

IMA Launches New China Costing Research Study

Montvale, N.J., August 25, 2008 – The Institute of Management Accountants (IMA®) is pleased to announce the launch of its latest contribution to the management accounting body of knowledge: *“Costing Methodologies and Cost Management Practices in the People’s Republic of China (PRC).”* The study is available for download on IMA’s website at http://www.imanet.org/research_costing_practice.asp.

The official launch of the new costing study took place at a seminar in Beijing last month where IMA joined the Chinese Ministry of Finance (MOF) and the Ministry of Commerce (MOC). The event was also attended by the State-owned Assets Supervision and Administration Commission of the State Council, the Chinese Institute of Certified Public Accountants, and members of leading universities, and enterprises.

“IMA has been working on this study for more than two years in order to build a platform for foreign accounting research institutes, experts, and scholars to better understand the development of Chinese accounting standards and accounting systems,” said Dr. Raef Lawson, CMA®, CPA, IMA director of research and principal investigator for this project. “The costing study also reveals essential information about cost accounting system and cost management practices of Chinese enterprises.”

The study involved field trips to examine the costing practices of a variety of Chinese enterprises, as well as a survey of more than 200 Chinese state-owned enterprises, listed companies, and privately-owned companies. Among the study’s conclusions:

- The adoption of 2006 Accounting System for Business Enterprises (ASBE) by PRC has created substantial convergence of Chinese accounting standards with International Financial Reporting Standards (IFRS)
- While companies are largely following Chinese accounting regulations, there is still diversity in practice
- It cannot be concluded that differences in costing practices lead to “product dumping”
- Cost management systems of many PRC companies reflect planning and control systems previously used under the planned economy
- As PRC companies grow and face the complexities associated with more diverse products and customers and increasing organizational size, they will face the need for more complex cost management systems

“This research comes at an important time when Chinese cost management practices are in a period of transition and the international business arena needs a better understanding of cost accounting data of Chinese enterprises,” said Dr. Lawson. “Research of this type can strengthen cooperation in the trade and accounting fields between Chinese organizations and the rest of the world.”

The new Chinese Costing Study Report Summary (in English and Simplified Chinese) and the full study (in English only) are available for download at IMA’s website at http://www.imanet.org/research_costing_practice.asp.

Dr. Raef Lawson is available to conduct executive briefings to present the China costing study and its findings. To request a briefing, please contact Steve Weiss, IMA vice president, membership and global development at saweiss@imanet.org.

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