

PRESS RELEASE

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The ASBJ and the IASB hold initial meeting on joint project for convergence

On March 9 and 10, 2005 in Tokyo, the Accounting Standards Board of Japan (ASBJ) and the International Accounting Standards Board (IASB) held an initial meeting to discuss a joint project with the final goal of convergence of their standards. Five IASB members and senior staff including Sir David Tweedie, Chairman of the IASB, and four ASBJ members including Professor Shizuki Saito, Chairman of the ASBJ, and the ASBJ staff attended the meeting.

On the first day, the ASBJ made a presentation of the Discussion Paper “The Conceptual Frameworks of Financial Reporting” released in September 2004 for mutual understanding, and representatives of both boards exchanged views on the basic philosophies underlying Japanese accounting standards and the IASB’s *Framework*. On the second day, they considered differences between their respective standards. Then, topics to be addressed in the first phase of the project and those to be undertaken concurrently by the ASBJ in its efforts towards the convergence were discussed.

As a result of the discussion, the boards’ representatives agreed to continue deliberating the following five topics in the first phase from the viewpoint of addressing relatively easier subjects first to get the project on track. They also agreed to consider if there are additional topics that should be discussed in the first phase.

1. Measurement of inventories (IAS 2)
2. Segment Reporting (IAS14)
3. Related Party Disclosures (IAS24)
4. Unification of accounting policies applied to foreign subsidiaries (IAS27)
5. Investment Property (IAS40)

Topics concurrently undertaken by the ASBJ, such as the introduction of the statement of changes in equity and the accounting standard for share-based payment, were also recognized as contributing towards convergence.

Five topics for the first phase of the project will be deliberated in each board. How to proceed further will be announced when it becomes clearer.

The next meeting between representatives of the two boards is expected to take place in London in September this year.

Regarding the joint project, Professor Shizuki Saito, Chairman of the ASBJ, said:

“The meeting was a good start to the convergence project while we have much work ahead. I believe that we are beginning to see a way forward to reduce the difference between our respective standards through a mutual understanding. As this project gets on track, it might be possible that the convergence of the accounting standards will advance faster than expected.”

Sir David Tweedie, Chairman of the IASB, said:

“We welcome the opportunity to work with our Japanese colleagues as well as other standard-setters in pursuit of our common objective of a single set of accounting standards worldwide. The ASBJ is a good example of how a national board can contribute to this process. We look forward to future productive meetings.”