

# *ASBJ Newsletter*



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## 1. Development of the ASBJ Standards, etc. (released between August 8, 2009 and September 30, 2009)

(1) [DP] Release of [Discussion Paper on Provisions](#) (September 8, 2009)

(The comment deadline was November 9, 2009)

(2) [DP] Release of [Discussion Paper on Revenue Recognition](#) (September 8, 2009)

(The comment deadline was November 9, 2009)

### [Legend]

DP: Issue Paper, Discussion Paper

EP: Exposure Draft

Final: Statement/Guidance, etc. (final version)

## 2. Overview of ASBJ Meetings (182<sup>nd</sup> Meeting – 185<sup>th</sup> Meeting)

(1) 182<sup>nd</sup> Meeting (held on August 4, 2009)

- a. Discussion Paper (Draft) on Fair Value Measurement and its Disclosure (Resolution for public release)
- b. Progress of Studies Conducted by Technical Committee for Financial Instruments
- c. Progress of Studies Conducted by Technical Committee for Provisions
- d. Progress of Studies Conducted by Technical Committee for Revenue Recognition
- e. Progress of Studies Conducted by Technical Committee for Retrospective Application
- f. Progress of Studies Conducted by Retirement Benefits Accounting Technical Committee

a. The Board approved the public release of the Discussion Paper on Fair Value Measurement and its Disclosure.

The issues addressed by the Discussion Paper include definition of fair value, measurement methods and disclosure.

Regarding the measurement of fair value, international accounting standards employ a three-level hierarchy, with respect to the inputs used when measuring fair value. In principle, it should be maximized the use of relevant observable inputs and minimized the use of unobservable inputs. Furthermore, disclosure is required in a hierarchical manner. The Discussion Paper discusses the possibility of introducing them in Japan.

b. The staff explained the overview of the IASB Exposure Draft “Financial Instruments: Classification and Measurement,” and the Board discussed draft comments on the Exposure Draft.

c. The staff explained the differences between the treatment of repairs and maintenance cost under IFRS and the treatment under J-GAAP.

The IFRS does not permit the recognizing of provisions for repairs that are currently allowed in Japan. Therefore extensive changes of accounting practices in Japan might

be required if the same treatments are expected to be achieved.

d. The Board discussed the draft text of Discussion Paper.

The items discussed included the percentage of completion method, treatment of multi-element contracts, and treatment of revenue recognition upon shipping, and the choice of revenue recognition basis (actual cash collection or expected cash collection) in installment sales.

e. The Board discussed the draft text of the accounting standard on retrospective application in response to comments received on the exposure draft.

An additional proposal was provided to allow certain types of notes to be omitted from non-consolidated financial statements in cases where both consolidated and non-consolidated financial statements are disclosed.

f. Of the various issues relating to retirement benefits, the Board discussed the question of whether only methods conforming to the benefits formula should be permitted with respect to the attribution of retirement benefits, or whether the choice of straight-line basis over entire service period should be permitted.

(2) 183rd Meeting (held on August 20, 2009)

- a. Progress of Studies Conducted by Technical Committee for Provisions
- b. Progress of Studies Conducted by Technical Committee for Revenue Recognition
- c. Progress of Studies Conducted by Intangible Assets Technical Committee
- d. Progress of Studies Conducted by Technical Committee for Financial Instruments

a. The Board undertook final discussion on the draft text of the Discussion Paper on Provisions, before submitting it for approval by the Board at the next Meeting.

b. The Board undertook final discussion on the draft text of the Discussion Paper on Revenue Recognition, before submitting it for approval by the Board at the next Meeting.

c. The Board discussed focusing on definitions and recognition criteria. It was pointed out that the relationship between the definitions and the criteria was vague, and the Board decided that further discussion was needed.

d. The staff presented the comments on the Discussion Paper on the Possible Improvements of the Accounting for Financial Instruments.

With regard to the revision of classification, regarding the suggestions concerning the possibility of reducing or eliminating the “available-for-sale financial assets” (other securities) category, there were many comments that the current approach should be maintained.

(3) 184th Meeting (held on September 1, 2009)

- a. Discussion Paper (Draft) on Provisions (Resolution for public release)
- b. Discussion paper (Draft) on Revenue Recognition (Resolution for public release)
- c. Updating of the Project Plan
- d. Progress of Studies Conducted by Technical Committee for Financial Instruments
- e. Progress of Studies Conducted by Technical Committee for Retrospective Application

- a. The Board approved the public release of the Discussion Paper on Provisions.  
(The comment deadline was November 9, 2009.)
- b. The Board approved the public release of the Discussion Paper on Revenue Recognition.  
The IASB and FASB are currently reviewing the accounting standards relating to revenue recognition. However, as it is likely that the development of revenue recognition standards could have a pronounced impact on accounting practices in Japan, it is important that this issue be widely publicized, to which end the Discussion Paper has been developed and its public release approved.  
In broad terms, the content of the Discussion Paper includes: (1) A summary of the IASB/FASB Discussion Paper; (2) The key issues relating to the adoption in Japan of the approach proposed in the IASB/FASB Discussion Paper.  
(The comment deadline was November 9, 2009.)
- c. The Board discussed the updating of its Project Plan for the development of accounting standards by ASBJ in the period until 2011.  
The Project Plan have been reorganized in three categories: (1) Items related to the remaining differences between existing Japanese GAAP and IFRSs; (2) Items related to projects addressed in the MoU between the IASB and the FASB; (3) Items related to IASB review of items other than the IASB/FASB MoU items. The public release of the updated Project Plan took place on September 2, 2009.
- d. The Board discussed the comments on the IASB Exposure Draft.  
The IASB Exposure Draft “Financial Instruments: Classification and Measurement” includes a reduction in the number of methods of measuring financial instruments from four to two – fair value and amortized cost – and the recognition in other comprehensive income (OCI) of subsequent changes in the fair value of investments and dividends in equity instruments that are not held for trading. There would be no recycling of these amounts from OCI to net income. The Board’s discussion focused on the importance of the relationship between gains and losses recognized in OCI and recycling, and on the recognition of dividends received in net income.
- e. The staff presented the comments received on the Exposure Draft on Retrospective Application, and the Board discussed issues relating to quantitative and qualitative significance.

(4) 185th Meeting (held on September 17, 2009)

- a. Progress of Studies Conducted by Intangible Assets Technical Committee
- b. Progress of Studies Conducted by Technical Committee for SPEs
- c. Progress of Studies Conducted by Retirement Benefits Accounting Technical Committee

- a. The Board discussed the draft text of Discussion Paper on Intangible Assets. Following the review undertaken at the previous meeting, the Board discussed the issues of definition and recognition criteria.
- b. Based on the comments received on the Discussion Paper, the Board discussed the general direction of future consideration of issues relating to the scope of consolidated accounting for SPEs.
- c. The Board discussed draft comments on the IASB Exposure Draft “Discount Rate for Employee Benefits.”  
Given that the issues that the IASB Exposure Draft was intended to address do not apply to the calculation of the discount rate for retirement benefit obligations in Japan, and that the IASB plans to undertake a comprehensive review, including the discount rate, the Board decided that no comment should be made at this time.

3. ASBJ’s Comments on Documents Issued by the IASB and the FASB (issued between August 1, 2009 and September 30, 2009)

- (1) The ASBJ submitted its [Comments on the Discussion Paper "Credit Risk in Liability Measurement"](#) (September 1, 2009)  
(Click [here](#) for the IASB DP)
- (2) The ASBJ submitted its [Comments on the Exposure Draft "Classification of Rights Issues"](#) (September 7, 2009)  
(Click [here](#) for the IASB ED)
- (3) The ASBJ submitted its [Comments on the Exposure Draft "Financial Instruments: Classification and Measurement"](#) (September 14, 2009)  
(Click [here](#) for the IASB ED; click [here](#) for the revisions to the relevant standard; click [here](#) for the basis for conclusions)
- (4) The ASBJ submitted its [Comments on the Exposure Draft "Fair Value Measurement"](#) (September 25, 2009)  
(Click [here](#) for the IASB ED; click [here](#) for the basis for conclusions; click [here](#) for the illustrative examples)

#### 4. [Updating of the ASBJ Project Plan](#)

On September 2, 2009, the Accounting Standards Board of Japan (ASBJ) announced the updated ASBJ Project Plan through to 2011, which set out timeline for each project by ASBJ.

The updated Project Plan was drawn up in response to the proposals contained in regarding ” [Opinion on the Application of International Financial Reporting Standards \(IFRS\) in Japan \(Interim Report\)](#)”, issued by the Business Accounting Council in June 2009, with regard to the strategy for International Financial Reporting Standards (IFRS) adoption in Japan and the need for a continued and accelerated convergence process, and with reference to the [Work Plan](#) announced by the IASB in August 2009, covering the period up to 2011.

#### 5. [The 10<sup>th</sup> Joint Meeting with the IASB](#)

The ASBJ and the International Accounting Standards Board (IASB) held their 10<sup>th</sup> Joint Meeting in London over two days – Monday September 7, and Tuesday September 8, 2009. ASBJ’s representatives at the Meeting included ASBJ Chairman Ikuo Nishikawa, two ASBJ Board Members, and several ASBJ staff members; the IASB’s representatives included IASB Chairman Sir David Tweedie, two IASB Board Members, and several IASB staff members. The Meeting schedule and the issues discussed are shown in the table below.

Time and Date	Issues
Morning, Sept. 7 (open session)	Liabilities measurement; Financial instruments (classification and measurement); Other comprehensive income and recycling/non-recycling
Afternoon, Sept. 7 (open session)	Other comprehensive income and recycling/ non-recycling (continued)
Afternoon, Sept. 7	Adoption of IFRS in Japan
Morning, Sept. 8	Update on IASB activities Update on ASBJ activities

Regarding liabilities measurement, the ASBJ and IASB representatives discussed cross-cutting issues relating to the measurement of liabilities. With regard to financial instruments, the Meeting participants discussed issues, including the idea underlying proposed classification models, reclassification, fair value measurement for unlisted equity securities with reference to the draft ASBJ’s comments on the IASB Exposure Draft “Financial Instruments: Classification and Measurement,” which was issued by the IASB in July 2009. With regards to other comprehensive income and



recycling/non-recycling, they exchanged their views on the concept of profit and profit presentation in financial reporting; in addition, they exchanged their views on the concrete idea on presentation of statement of comprehensive income given by an IASB Board Member.

During the session in which Japan's adoption of IFRS, they discussed the issues, included the future handling of issues relating to IFRS adoption and communication with the IASB following the publication in June 2009 of the Business Accounting Council's "Opinion on the Application of IFRS in Japan." During this discussion, the IASB expressed its support for constituents in Japan and for the ASBJ.

The update on IASB activities was based on the IASB Work Plan announced in August 2009. The update covered recent IASB activities and major projects, and they exchanged views focused on consolidation, financial statement presentation, and lease accounting. The update on ASBJ activities covered the contents of the new ASBJ Project Plan issued in early September and the ASBJ initiatives relating to IFRS adoption; they also discussed the relationship between IFRS adoption and convergence, and the IFRS for Small and Medium-sized Entities (SMEs).

The next joint meeting with the IASB is scheduled to be held in April 2010 in Tokyo.

## 6. Participation by ASBJ Full-time Board Member Kato in the National Standard-Setters (NSS) Meeting

The 8<sup>th</sup> National Standard-Setters (NSS) Meeting was held on September 8 – 9, 2009 in Frankfurt, Germany. There were approximately 50 participants, including representatives of 22 national accounting standard-setters (including that of the host, Germany), the European Financial Reporting Advisory Group (EFRAG), the IASB,. ASBJ was represented at the Meeting by Full-time Board Member Atsushi Kato and Senior Technical Manager Toyoda.

The discussion focused on the issues which national accounting standard setters are facing as the progress of international convergence of accounting standards, and on the research projects being undertaken by national standard setters. The purpose of the Meeting was to provide input into, and support for, the IASB's projects and work plan. The following topics were discussed at the Meeting:

Issue	Presentation Given By
September 8 (Tuesday)	
1. Global Financial Crisis: Accounting Developments and Implications	U.K.
2. IASB Work Plan	U.K.
3. Conceptual Framework (Measurement)	IASB and U.S.
4. Raising of Issues for the IFRIC	IASB and Germany
September 9 (Wednesday)	
5. Intangible Assets	Australia and Japan
6. Effects Analysis of Accounting Standards	U.K.
7. The Financial Reporting of Pensions	U.K.
8. Retirement Benefit Plans: Implications of Withdrawing IAS26	New Zealand
9. Foreign Currency Transaction Accounting for Open Economies	South Korea
10. IFRS2 'Share-based Payment' Review Project	France
11. A Framework for Disclosures	EFRAG and Canada
12. Operations and Procedures of the Group	U.K.

ASBJ gave a presentation on intangible assets. Regarding the issues on capitalization of development costs encountered in the development of Japanese standard on intangible assets, the ASBJ Intangible Assets Technical Committee undertook a case study analysis into implementation of the IAS38 that require capitalization of development costs. Based on the analysis, the ASBJ representative asked the participants whether useful information was provided in accordance with the intent of the standard and he also stressed that the enhancement of implementation of standards at the international level must also be an important issue for the Meeting.

The next NSS Meeting is scheduled to be held in Seoul, South Korea in April 2010.

## 7. Participation by ASBJ Chairman Nishikawa in the World Standard-Setters (WSS) Meeting

A World Standard-Setters (WSS) Meeting was held in London on September 10 – 11 (Thursday – Friday), 2009. The WSS Meeting is held once a year in the autumn to facilitate the exchange of views between the IASB and the national standard setters around the world.

The 2009 WSS Meeting – which was chaired by IASB Board Member Tatsumi Yamada – was attended by nearly 100 people from around 50 countries. The Japanese delegation included ASBJ Chairman Ikuo Nishikawa, Full-time Board Member Atsushi Kato,



Senior Technical Manager Toyoda, and Technical Manager Itabashi.

The Meeting program focused on the IASB's response to the global financial crisis. It included an explanation of the IASB's project planning and of recent key issues; the Meeting also included project updates of the IASB and small group discussions. The programme was as follows:

[September 10]

- Welcome speech by IASB Chairman Sir David Tweedie
- IASB Planning and Priorities
- Accounting and the Financial Crisis: Consolidation and Derecognition
  - ✧ Consolidation project update
  - ✧ Derecognition project update
  - ✧ Breakout discussions
  - ✧ Group feedback
- Other Projects: Revenue Recognition
- Breakout Discussions
  - ✧ IFRS for SMEs
- Other projects (financial instruments with characteristics of equity, leases, and measurement)

[September 11]

- Accounting and the Financial Crisis: Financial Instruments (recognition and measurement)
  - ✧ IASB project update
  - ✧ FASB project update
  - ✧ Breakout discussions
  - ✧ Group feedback
- Breakout Discussions
  - ✧ Technical update
  - ✧ Other projects (financial instruments with characteristics of equity, leases, income taxes and measurement)
- IFRS Implementation Activities Update

Full-time Board Member Atsushi Kato chaired one of the breakout discussion groups during the second day's session on Accounting and the Financial Crisis: Financial Instruments (recognition and measurement). The participants of the breakout discussion groups lively discussed the IASB Exposure Draft "Financial Instruments: Classification and Measurement," which was issued in July 2009. The valuable feedback resulting from this discussion was presented to the IASB (in the plenary session of the Meeting) by Mr. Kato.

## 8. IASB/FASB Roundtable Meeting in Tokyo to Discuss the Exposure Draft “Financial Instruments: Classification and Measurement”

The IASB and the U.S. Financial Accounting Standards Board (FASB) held a roundtable meeting in Tokyo on September 3, 2009 to discuss the IASB’s Exposure Draft “Financial Instruments: Classification and Measurement.” ASBJ also participated in the meeting as joint coordinator. The roundtable meeting was held with the aim of gathering opinions in the Asia region; similar roundtable meetings were subsequently held in London (September 10) and in Norwalk, Connecticut (September 14).

The Tokyo roundtable meeting included two sessions on the same theme. The participants included: IASB Board Members Patrick Finnegan, John Smith and Tatsumi Yamada, along with IASB staff members; FASB Board Member Marc A. Siegel, along with FASB staff members; ASBJ Chairman Ikuo Nishikawa, and several Board Members of the ASBJ; market participants from Asia and Oceania (including representatives of national standard setters, auditing firms, financial institutions, and users of financial statements); representatives of the Financial Services Agency. The total number of participants was 43.

The IASB issued an Exposure Draft entitled “Financial Instruments: Classification and Measurement” on July 14, 2009, while the FASB’s Board made a tentative decision regarding the classification and measurement of financial instruments at a Board Meeting held on July 15, 2009. The discussion at the roundtable meeting regarding the IASB Exposure Draft and the FASB’s tentative decision was based on a staff paper that had been distributed to participants in advance. Over the course of the two sessions, the participants expressed many opinions.

The main themes addressed were as follows:

- (1) The proposed classification approach:
  - a. Whether the proposed classification of financial instruments into two categories is appropriate.
  - b. Whether the condition used in the demarcation of the two categories are appropriate.
- (2) The exemption to equity instruments:
  - a. Whether exemption should be permitted for equity instruments such as cross-shareholdings.
  - b. The relationship between exemption and recycling.
- (3) Fair value measurement for unlisted equity instruments:
  - a. Elimination of the current exemption that permit to measure at cost.
  - b. Reliability of the measured fair value.

(4) Other:

- a. Classification and measurement of financial instruments other than those measured at fair value through profit and loss.
- b. Treatment of securitized products.

The IASB and FASB are reviewing at their future meeting in light of the views expressed at the roundtable meeting.

At the end of the roundtable meeting, IASB Board Member John Smith thanked the participants for attending.

## 9. Informal Meeting to Exchange Views with FASB

Representatives of ASBJ and FASB held an informal meeting to exchange views on September 3, 2009. This was a brief meeting held to take advantage of the visit to Japan by FASB Board Member Marc A. Siegel, who was in Tokyo to attend the IASB/FASB roundtable meeting to discuss the Exposure Draft “Financial Instruments: Classification and Measurement,” which was held on the same day (September 3). The ASBJ representatives included ASBJ Chairman Ikuo Nishikawa, Board Members, and staff.

The meeting began with a presentation by FASB Board Member Marc A. Siegel on recent developments in joint projects with IASB relating to financial instruments. He summarized the discussions that have taken place within FASB regarding the classification and measurement of financial instruments, impairment of financial assets, and hedging activities, and explained the thinking underlying these discussions. The Q&A session that followed included lively discussion of issues such as the accounting treatment of “strategic investments.”

## 10. Meetings with the Securities Analysts Association of Japan (SAAJ) Financial Statements Users Group

In line with ASBJ’s objective of promoting communication with the users of financial statements, meetings were arranged with the Financial Statements Users Group of the Corporate Accounting Study Group established within the Securities Analysts Association of Japan (SAAJ).

In the past, ASBJ was able to hear the views of financial statements users regarding development of accounting standards on an individual basis via those members of ASBJ and its technical committees who are financial statements users. However, ASBJ became aware that closer communication with financial statements users was needed in order to address the items related to the MoU between IASB and FASB in an appropriate manner, and to bring about accounting standards convergence. To this end, ASBJ collaborated with SAAJ to arrange these meetings.

The meetings were arranged in concert with the review of ASBJ's development of standards, with the main aims of providing an opportunity to explain the current status of the development of accounting standards, and of facilitating the exchange of views.

At the first meeting, which was held on August 3, they exchanged views on the contents of the Discussion Papers on Financial Statement Presentation and on Accounting for Business Combinations issued by the ASBJ in July, and on international trends in accounting for financial instruments. During the second meeting, held on August 28, they exchanged views on ASBJ's future policy with respect to development of accounting standards, and on the relationship between other comprehensive income and recycling (based on a discussion of current net income concepts).

With regards to communication with preparers, ASBJ has for some time been holding similar meetings with representatives of the Sub-committee on Accounting, Nippon Keidanren (Japan Business Federation).

#### **11. Meeting of the 7th Standards Advisory Council**

The Financial Accounting Standards Foundation (FASF) held the 7<sup>th</sup> Standards Advisory Council Meeting on August 4, 2009. The Meeting began with a report on ASBJ's recent activities, with an exchange of views regarding ASBJ Chairman Nishikawa's letter to the Chairman of the IASB concerning retirement benefits accounting and classification of financial instruments, and regarding the timetable for accounting standards convergence and the review of accounting for provisions.

Following an explanation of the IASB Exposure Draft "Financial Instruments: Classification and Measurement," the members exchanged their views on the IASB's proposal, the FASF's tentative decision, and ASBJ's response.

The meeting also included a report on the questionnaire survey regarding ASBJ activities that was implemented in August 2008, as well as ASBJ's major response to it, and an explanation regarding the establishment of the IFRS Council, which has been set up to promote awareness of the roadmap for IFRS adoption among the general public.

## 12. FASF Seminar on the “Guide to the Preparation of Quarterly Reports” (for the Second Quarter Ending September 30, 2009)

Starting on September 7, 2009, 11 sessions of the FASF Seminar on the “Guide to the Preparation of Quarterly Reports” (for the Second Quarter Ending September 30, 2009) were held at 9 different locations throughout Japan: Tokyo (three sessions), Nagoya, Osaka, Sapporo, Kanazawa, Hiroshima, Fukuoka, Takamatsu, and Sendai. As of April 1, 2009, two years had elapsed since the quarterly reporting system was first introduced. This Second Quarter is the first time that companies have been required to provide information for the current consolidated accounting period, the previous consolidated accounting period, the current consolidated accounting period (cumulative), and the previous consolidated accounting period (cumulative); in other words, this is the first time that companies have been required to provide “full disclosure.”

In addition, the Corporate Accounting and Disclosure Division, Planning and Coordination Bureau, Financial Services Agency gave a lecture on “Recent Issues Relating to Disclosure”, and ASBJ gave a lecture on “The Roadmap for IFRS Adoption and ASBJ’s Initiatives,” which included a summary of the contents of the Opinion on the Application of



International Financial Reporting Standards (IFRS) in Japan (Interim Report), and an explanation of the updating of ASBJ’s Project Plan.

A total of 3,531 people attended the Seminar sessions, reflecting the high level of interest among constituents.

## 13. FASF Managing Director Endo Visits Constituents in Europe

Over the period from September 3 to September 9, 2009, FASF Managing Director Hiroshi Endo visited a number of constituents in Europe, to explain developments in Japan regarding IFRS adoption, the establishment of the IFRS Council, and also to listen to explanations regarding the latest developments in Europe and exchange views. An outline of the meetings is given below:

- Mr. Patrice Marteau, Chairman of ACTEO (and Vice Chairman of the SAC):

Items discussed included an overview of ACTEO, the role and future of non-consolidated financial statements in France, Mr. Marteau’s views on the first five years of IFRS implementation, major issues currently being discussed in economic and business circles in France, how to express views to the IASB, and IASCF governance.

- Mr. Naoyuki Suzuki, Chief Representative, Bank of Japan Representative Office in Paris:  
Items discussed included how France expresses its views to the IASB, the French financial sector's concerns on the IASB Exposure Draft on Financial Instruments Accounting Standards, the attitude taken by the banking sector regulators in France regarding revision of the accounting standards for financial instruments, and French accounting standards for the preparation of non-consolidated financial statements.
- Mr. Oliver Sherer, Pricewaterhouse Coopers Paris Office:  
Items discussed included concerns regarding IASCF governance, Mr. Sherer's views on the first five years of IFRS implementation, how auditors are dealing with the adoption of IFRS consistently, and the French financial sector's concerns regarding the IASB Exposure Draft on Financial Instruments Accounting Standards.
- Mr. Vincent Papa of the CFA Institute (ARG Member):  
Items discussed included an overview of the CFA, methods of expressing views to the IASB, Mr. Papa's views on the first five years of IFRS implementation, and reasons for supporting the direct method for cash flow statement.
- Mr. Peter Elwin of the Corporate Reporting User Forum (ARG Member):  
Items discussed included the background to the establishment of the Corporate Reporting User Forum, concerns regarding the IASB and methods of expressing views to the IASB, Mr. Elwin's views on the first five years of IFRS implementation, and projects particularly concerned.
- Sir David Tweedie, Chairman of the IASB:  
Items discussed included political developments relating to accounting standards in Europe, developments in the U.S. relating to IFRS adoption, and the steps taken by the IASB with respect to constituents in the U.S.
- Mr. Tom Seidenstein, Chief Operating Officer of the IASCF:  
Items discussed included the current IASCF funding situation, the outlook for fund disbursement by the IASCF, satellite office establishment status, the preparations for the IASCF Roundtable regarding the review of the IASCF Constitution, political developments relating to accounting standards in Europe, and negotiations with the banking sector regulators regarding financial instruments accounting.
- Mr. Iain Selfridge and other staff members, Pricewaterhouse Coopers London Office:  
Items discussed included Mr. Selfridge's views on the first five years of IFRS implementation, and on the initiatives to promote IFRS adoption in Japan.

#### 14. Technical Manager Maruyama Takes Part in an IFRS-related Delegation to Australia

During the period September 15 – 18, 2009, an IFRS-related Delegation from the Japanese Institute of Certified Public Accountants (JICPA) and ASBJ/FASF, headed by Mr. Noriaki Shimazaki, Chairman of the Sub-committee on Accounting, Nippon Keidanren (Japan Business Federation), visited Australia. ASBJ Technical Manager Maruyama was a member of the Delegation.

The purpose of the Delegation was to hear constitutions' views on and exchange opinions regarding the impact of IFRS when it was first introduced in Australia and on the current situation in Australia regarding IFRS implementation, as well as to strengthen relations with accounting organizations in Australia. The Delegation visited 19 organizations, including the Treasury, the Financial Reporting Council (FRC), the Australian Shareholders' Association (ASA), the Australian Prudential Regulation Authority (APRA), the Australian Accounting Standards Board (AASB), and the Institute of Chartered Accountants in Australia (ICAA). The success of the Delegation was largely due to the efforts of Mr. Jeffrey Lucy, Chairman of the FRC and IASCF Trustee.

The main results achieved by the Delegation were as follows:

- Despite the differences in the overall environment, Australia's experience as an early adopter of IFRS can offer significant lessons for Japan with regard to IFRS adoption, for example as regards the problems experienced by Australia in terms of adoption costs, the attitude of auditing firms, etc., and the solutions adopted. It is anticipated that effective use can be made of this information in the IFRS adoption process in Japan in the future.
- The Delegation has contributed to the building of strong relationships with constituents in Australia. This strengthening of relationships with Australia should lead to a strengthening of relationships in the Asia/Oceania region in general, facilitating collaboration with these countries to help make Japan's voice heard in the future.



In the offices of the Treasury, Australia

## 15. Project Progress (As of October 30, 2009)

	2009	2009	2010	2010	2010	2010	2011
	Q3	Q4	Q1	Q2	Q3	Q4	
<b>Items related to the remaining differences between existing Japanese GAAP and IFRSs</b>							
Business Combinations(Step 2)	<i>DP</i>			ED			Final
Financial Statement Presentation	<i>DP</i>	ED	Final				
Intangibles		DP		ED			Final
Retrospective Restatement		Final					
<b>Items related to projects addressed in the MoU between the IASB and the FASB</b>							
1. Scope of Consolidations			ED				Final
2. Financial Statement Presentation – phase B	<i>DP</i>			Comment	DP		ED
3. Revenue Recognition	<i>DP</i>			Comment	DP		ED
4. Liabilities and equity distinction			Comment				
<b>5. Financial Instruments</b>							
- Reclassification		ED	Final				
- Classification and measurement	<i>Comment</i>					ED	Final
- Impairment		Comment				ED	Final
- Hedging		Comment				ED	Final
6. Fair Value Measurement and Disclosure	<i>DP</i> <i>Comment</i>		ED		Final		
<b>7. Post-employment Benefits</b>							
- Step 1			ED				Final
- Step 2		Comment					ED
8. Lease	<i>Comment</i>					Comment	DP ED
9. Derecognition	<i>Comment</i>		DP				ED Final
<b>Items related to the IASB projects other than those addressed in the MoU between the IASB and the FASB</b>							
Earnings per Share*						ED	Final
Provisions	<i>DP</i>				ED		Final
Insurance contracts			Comment				

\*: Temporary halt (restart depending on IASB's situation)

### [Legend]

- WG** Launch of Working Group
- TC** Launch of Technical Committee
- RR** Research Report
- Comment** Comment on the DP or ED of IASB to be prepared
- DP** Discussion Paper
- ED** Exposure Draft
- Final** Standards/Guidance (Final Version)

**Italicized legends indicate finished events.**



## 16. Notice

### (1) New Publications

Periodical – Accounting Standards and Disclosure Quarterly No. 26 (published on September 15, 2009)

[Main Contents]

- ✓ Feature Article 1: “Towards IFRS Adoption in Japan”
  - “Establishing the IFRS Council to Promote IFRS Adoption,” FASF President Toshitaka Hagiware et al.
  - “The Business Accounting Council’s Opinion and the Cabinet Office’s Revisions,” the Financial Services Agency
- ✓ Feature Article 2: “What Should the Financial Statements of the Future be Like?” Discussion Meeting on the Financial Statement Presentation Project
- ✓ Accounting Square: “Corporate Accounting and Corporate Auditors,” Katsutoshi Chikudate, Chairperson, Japan Corporate Auditors Association, and Standing Auditor, Tokyo Electric Power Company
- ✓ CFO Letter: “Through the Conversion of Accounting Standards,” Yasuyoshi Karasawa, Senior Executive Officer and Director, Mitsui Sumitomo Insurance Group Holdings, Inc.
- ✓ Chairman’s Voice: “Review of Accounting Standards for Financial Instruments,” Ikuo Nishikawa, Chairman, ASBJ

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### (2) [1<sup>st</sup> Asian-Oceanian Standard-Setters Group Meeting](#)

On 4 & 5 November 2009, the 1<sup>st</sup> meeting of the Asian-Oceanian Standard-Setters Group (AOSSG) was held in Kuala Lumpur, Malaysia. And it drew to a successfully close. Detail information will be provided in the next Newsletter.

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