

September 29, 2006

The ASBJ and the IASB hold fourth meeting on joint project towards convergence

On September 28 and 29 in London, the Accounting Standards Board of Japan (ASBJ) and the international Accounting Standards Board (IASB) held their fourth joint meeting toward the final goal of achieving convergence between Japanese GAAP and International Financial Reporting Standards (IFRSs). Two ASBJ members, Professor Shizuki Saito, Chairman, and Mr. Ikuo Nishikawa, Vice Chairman, and staff on behalf of the ASBJ and three Board members including Sir David Tweedie, Chairman, and staff on behalf of the IASB attended the meeting.

At this latest in their series of joint meetings, the ASBJ and IASB representatives discussed the following items:

- The progress that has been made on the short term issues included in the “whole picture approach” adopted in March 2006
- The ASBJ’s recently issued *Practical Solution on Unification of accounting policies applied to foreign subsidiaries for consolidated financial statements** and agreed that they would consider these topics as part of their convergence project
- The exposure draft on liabilities (IAS 37) currently being redeliberated by the IASB
- The progress being made in the ASBJ’s research projects on intangibles and retrospective application
- The latest developments in the IASB’s joint projects with the US Financial Accounting Standards Board (FASB) on revenue recognition and financial statement presentation
- The ASBJ’s plan to finalise its conceptual framework shortly.

Both Boards believe that these discussions are useful in promoting mutual understanding that will contribute to subsequent deliberations at the respective Boards.

In addition, the Boards confirmed their plans to continue their joint work and reviewed their respective project plans. The next meeting will be held in Tokyo in March 2007. The Boards also concluded that the technical sessions of their future convergence meetings should be open to public observation.

* This document identifies several items that must be adjusted in consolidating IFRS or US GAAP subsidiaries with Japanese GAAP parents if they lead to significant differences.