

(Translation for reference purpose only)

31 July 2014

**Japan's Modified International Standards (JMIS): Accounting Standards
Comprising IFRSs and the ASBJ Modifications**

Exposure Draft

**Application of “Japan’s Modified International
Standards”**

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Accounting Standards Board of Japan

Objective

1. The objective of this Statement is to specify the requirements when an entity prepares consolidated financial statements in accordance with “Japan’s Modified International Standards (JMIS): Accounting Standards Comprising IFRSs and the ASBJ Modifications”.

Structure

2. JMIS comprise of:
 - (a) this Statement;
 - (b) Standards and Interpretations (collectively referred to as ‘Standards’) issued by the International Accounting Standards Board (‘IASB’) and adopted by the Accounting Standards Board of Japan (‘ASBJ’); and
 - (c) ASBJ Modification Accounting Standards.

Application

3. When an entity prepares consolidated financial statements in accordance with JMIS, an entity shall comply with the requirements of the Standards issued by the IASB and adopted by the ASBJ listed in Appendix 1, with ‘deletions or modifications’ specified by the ASBJ Modification Accounting Standards listed in Appendix 2.
4. The term “International Financial Reporting Standards (IFRSs)” used in the Standards issued by the IASB and adopted by the ASBJ shall be replaced by the term “Japan’s Modified International Standards (JMIS): Accounting Standards Comprising IFRSs and the ASBJ Modifications” when the

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term is used to refer to the set of accounting standards.

Effective Date

5. The effective date of JMIS is [to be determined].

(The effective date will be determined after JMIS are incorporated in the regulations prescribed by the Financial Services Agency of Japan.)

6. An entity shall apply the Standards listed in Appendix 1 in accordance with the effective dates and transitional provisions stated in those Standards unless stated in the following paragraph.
7. The effective date for the following Standard shall be as follows:
 - Paragraph 7.1.1 of IFRS 9 *Financial Instruments* (2010) shall be replaced by ‘An entity shall apply IFRS 9 (2010) for annual periods beginning on or after 1 January 2018. Earlier application is permitted. However, if an entity elects to apply IFRS 9 (2010) early, it must apply all of the requirements in IFRS 9 (2010) at the same time. If an entity applies IFRS 9 (2010) in its financial statements for a period beginning before 1 January 2018, it shall disclose that fact and at the same time apply Appendix C *Amendments to other IFRSs* of IFRS 9 (2010).’

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Appendix 1

Standards Issued by the IASB and Adopted by the ASBJ

The following table provides a list of Standards issued by the IASB and adopted by the ASBJ. Standards that are marked with ‘*’ denote that they have been adopted with ‘deletions or modifications’ specified by the ASBJ Modification Accounting Standards listed in Appendix 2.

Standards issued by the IASB and adopted by the ASBJ do not include documents that accompany, but are not part of, those Standards (for example, the basis for conclusions, implementation guidance and illustrative examples).

Standards Issued as at 31 December 2012

IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>
IFRS 2 <i>Share-based Payment</i>
*IFRS 3 <i>Business Combinations</i>
IFRS 4 <i>Insurance Contracts</i>
IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>
IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>
*IFRS 7 <i>Financial Instruments: Disclosures</i>
IFRS 8 <i>Operating Segments</i>
*IFRS 9 <i>Financial Instruments (2010)</i>
IFRS 10 <i>Consolidated Financial Statements</i>
IFRS 11 <i>Joint Arrangements</i>
IFRS 12 <i>Disclosure of Interests in Other Entities</i>
IFRS 13 <i>Fair Value Measurement</i>
*IAS 1 <i>Presentation of Financial Statements</i>
IAS 2 <i>Inventories</i>
IAS 7 <i>Statement of Cash Flows</i>
IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
IAS 10 <i>Events after the Reporting Period</i>
IAS 11 <i>Construction Contracts</i>
IAS 12 <i>Income Taxes</i>
IAS 16 <i>Property, Plant and Equipment</i>
IAS 17 <i>Leases</i>

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IAS 18 <i>Revenue</i>
*IAS 19 <i>Employee Benefits</i>
IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>
IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>
IAS 23 <i>Borrowing Costs</i>
IAS 24 <i>Related Party Disclosures</i>
IAS 26 <i>Accounting and Reporting by Retirement Benefit Plans</i>
IAS 27 <i>Separate Financial Statements</i>
*IAS 28 <i>Investments in Associates and Joint Ventures</i>
IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
IAS 32 <i>Financial Instruments: Presentation</i>
IAS 33 <i>Earnings per Share</i>
IAS 34 <i>Interim Financial Reporting</i>
IAS 36 <i>Impairment of Assets</i>
IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>
IAS 38 <i>Intangible Assets</i>
IAS 39 <i>Financial Instruments: Recognition and Measurement</i>
IAS 40 <i>Investment Property</i>
IAS 41 <i>Agriculture</i>

Interpretations issued as at 31 December 2012

IFRIC 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>
IFRIC 2 <i>Members' Shares in Cooperative Entities and Similar Instruments</i>
IFRIC 4 <i>Determining whether an Arrangement contains a Lease</i>
IFRIC 5 <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>
IFRIC 6 <i>Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</i>
IFRIC 7 <i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>
IFRIC 9 <i>Reassessment of Embedded Derivatives</i>
IFRIC 10 <i>Interim Financial Reporting and Impairment</i>
IFRIC 12 <i>Service Concession Arrangements</i>

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IFRIC 13 <i>Customer Loyalty Programmes</i>
IFRIC 14 <i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>
IFRIC 15 <i>Agreements for the Construction of Real Estate</i>
IFRIC 16 <i>Hedges of a Net Investment in a Foreign Operation</i>
IFRIC 17 <i>Distributions of Non-cash Assets to Owners</i>
IFRIC 18 <i>Transfers of Assets from Customers</i>
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>
IFRIC 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>
SIC-7 <i>Introduction of the Euro</i>
SIC-10 <i>Government Assistance—No Specific Relation to Operating Activities</i>
SIC-15 <i>Operating Leases—Incentives</i>
SIC-25 <i>Income Taxes—Changes in the Tax Status of an Entity or its Shareholders</i>
SIC-27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>
SIC-29 <i>Service Concession Arrangements: Disclosures</i>
SIC-31 <i>Revenue—Barter Transactions Involving Advertising Services</i>
SIC-32 <i>Intangible Assets—Web Site Costs</i>

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Appendix 2

ASBJ Modification Accounting Standards

The following table provides a list of the ASBJ Modification Accounting Standards:

Names of the ASBJ Modification Accounting Standard	Standards with 'deletions or modifications'
ASBJ Modification Accounting Standard No. X, <i>Accounting for Goodwill</i>	<ul style="list-style-type: none">• IFRS 3 <i>Business Combinations</i>• IAS 28 <i>Investments in Associates and Joint Ventures</i>
ASBJ Modification Accounting Standard No. X, <i>Accounting for Other Comprehensive Income</i>	<ul style="list-style-type: none">• IFRS 7 <i>Financial Instruments: Disclosures</i>• IFRS 9 <i>Financial Instruments</i> (2010)• IAS 1 <i>Presentation of Financial Statements</i>• IAS 19 <i>Employee Benefits</i>