

# ASBJ Newsletter



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## 1. New ASBJ Pronouncements (released between February 1, 2012 and March 31, 2012)

(1) [ED] [Release of Exposure Drafts of Tax Expense for Quarterly Financial Reporting in the fiscal years after Tax Reform 2011](#) (February 3, 2012)

(The exposure draft is open for comment until March 5, 2012)

(2) [Final] [Release of Tax Expense for Quarterly Financial Reporting in the fiscal years after Tax Reform 2011](#) (March 16, 2012)

[Legend]

ED: Exposure Draft

Final: Statement/Guidance etc. (final version)

## 2. Overview of ASBJ Meetings (237th Meeting – 240th Meeting)

(1) 237th Meeting (held on February 2, 2012)

- a. Exposure Draft PITF *Tax Expense for Quarterly Financial Reporting in the fiscal years after Tax Reform 2011* [approval for release]
- b. Progress on Retirement Benefits Accounting (Step 1)
- c. Progress of the Technical Committee for Revenue Recognition
- d. Treatment of Presentation of Comprehensive Income
- e. Progress of the Technical Committee for SPEs and Consolidation

a. Due to the enactment of the amended *Corporation Tax Act* and the *Financial Resource for Restoration Act*, more than one tax rate will coexist. The Board voted to approve the release of an exposure draft of the PITF to address this issue.

b. The Board discussed the effective date of Retirement Benefits Accounting (Step 1).

In June 2011, the Board agreed to defer the effective date for one year. However, as some time has passed since the previous discussion, the Board discussed whether to defer the effective date for another one year.

c. The Board discussed draft comments on the IASB Exposure Draft *Revenue with Contracts with Customer*.

d. The Board resumed its discussion on Presentation of Comprehensive Income in non-consolidated financial statements.

Presentation of comprehensive income has become mandatory for consolidated financial statements, following the release of *Accounting Standard for Presentation of Comprehensive*

*Income* in June 2010. At that time, it was noted that whether to apply to non-consolidated statements would be determined approximately one year after the release.

At this point, no consensus among the market constitutes has been reached on presentation of comprehensive income in non-consolidated financial statements. Accordingly, the Board discussed the related issues arising when comprehensive income is not presented in the non-consolidated statements, (1) whether to permit voluntary presentation, and (2) whether to require note disclosure.

Many Board members did not support requiring the note disclosure, partly because the information can be substituted by the information disclosed in the statement of shareholders' equity, even though acknowledging the user needs.

- e. The Board discussed draft comments on the IASB Exposure Draft on transition guidance in IFRS 10.

(2) 238th Meeting (held on February 17, 2012)

- a. Progress on Retirement Benefits Accounting (Step 1)
- b. Progress of the Technical Committee for Revenue Recognition

- a. The Board discussed (1) whether to permit the full recognition of actuarial gains or losses and past service cost in non-consolidated financial statements, (2) what type of additional disclosures should be required in non-consolidated financial statements.

With regard to issue (1), the staff suggested not to permit voluntary recognition, in the light of potential effects on other related systems and a lack of consensus.

With regard to issue (2), the Board considered requiring only disclosure of the fact of the different treatment from consolidated financial statements.

- b. The Board discussed draft comments, in line with the questions provided in the IASB Exposure Draft *Revenue with Contracts with Customer*.

(3) 239th Meeting (held on March 2, 2012)

- a. Progress on Retirement Benefits Accounting (Step 1)
- b. Progress on Presentation of Comprehensive Income
- c. Progress of the Technical Committee for Revenue Recognition

- a. The Board discussed the effective date and the draft text of the amendments.

At the 237<sup>th</sup> meeting, the Board discussed the effective date, and it was pointed out some entities might face practical difficulty, relating to the determination of retirement benefit obligations and

current service costs. The Board further discussed the issue at this meeting.

Further deferring the effective date would result in a longer period of earlier application, giving rise to a comparability problem. The Board therefore was generally in favor of the staff proposal that “if an entity has practical difficulties in applying the amendments from the effective date, it may apply them from the beginning of annual periods beginning on or after April 1, 2015, provided that certain information is disclosed.”

- b. The Board discussed (1) whether to permit a voluntary presentation of comprehensive income in non-consolidated financial statements, (2) whether to require note disclosure of the information relating to comprehensive income, (3) treatment for the entities that do not prepare consolidated financial statements, and (4) whether to amend the title of the statement of comprehensive income.

With regard to issues (1) and (2), many Board members considered that neither permitting a voluntary presentation nor requiring note disclosure would be necessary.

On issue (3), while there was a view that those entities should prepare their financial statements in a manner consistent with consolidated financial statements, the Board decided that it would be difficult to address this issue within a short time, given that it involves institutional matters.

Issue (4) arose from the IASB’s amendment to the title of the statement of comprehensive income. The Board members have diverse views and did not reach a decision.

- c. The Board discussed draft comments on the IASB Exposure Draft *Revenue with Contracts with Customer*.

(4) 240th Meeting (held on March 15, 2012)

- a. PITF *Tax Expense for Quarterly Financial Reporting in the fiscal years after Tax Reform 2011*  
[approval for release]
- b. Discussion on Retirement Benefits Accounting (Step 1)
- c. Discussion on Presentation of Comprehensive Income
- d. Discussion on Business Combinations (Step 2)
- e. Progress of the Technical Committee for SPEs and Consolidation

- a. Only one comment letter was received on the exposure draft. The Board members had no objections to the proposed PITF and voted to approve the release.
- b. The Board mainly discussed whether to require separate disclosure about Retirement Benefits Trusts.

The exposure draft proposed enhanced disclosure, including that about Retirement Benefits Trusts. The Board discussed this issue, in response to a suggestion from the Retirement Benefits

Accounting Technical Committee that requiring separate disclosure about Retirement Benefits Trusts would be unnecessary.

In terms of the difference in risks between Retirement Benefits Trust Assets and other Plan Assets, as well as from the viewpoint of due process, some Board members argued for retaining the separate disclosure.

- c. The Board discussed whether to amend the title of the statement. The Board members' views were divided between retaining the existing title and aligning with IFRS. The Board members expressed their viewpoints, but no decision has been reached.
- d. Regarding issues other than the treatment of amortization of goodwill in Business Combinations (Step 2), the Board previously agreed to discuss these issues separately from the treatment of amortization of goodwill. Taking account of the passage of time and changes in the Board members since the previous discussion, a summary of individual issues and the progress of discussions was given at this meeting.
- e. The Board discussed draft comments on the IASB Exposure Draft on transition guidance in IFRS 10.

### 3. ASBJ's Comment Submission to the IASB

- (1) ASBJ submitted a comment letter to the IASB's Exposure Draft [Revenue with Contracts with Customer](#), (March 13, 2012)
- (2) ASBJ submitted a comment letter to the IASB's Exposure Draft [Transitional Guidance \(Proposed amendments to IFRS10\)](#), (March 21, 2012).

### 4. ASBJ Chairman Ikuo Nishikawa Attended the 6<sup>th</sup> IFRS Regional Policy Forum

The 6th IFRS Regional Policy Forum was held on March 26 and 27, 2012, in Kuala Lumpur, Malaysia. This year, the forum was themed on "Convergence and Beyond, Navigating Change." Representatives from accounting standards setters, regulators, auditors and others exchanged their views on the issues.

The forum was hosted by the Malaysian Accounting Standards Board (MASB), and attended by approximately 140 participants from 22 jurisdictions. Attendants included IASB Chairman Hans Hoogervorst, IASB Vice Chairman Ian Mackintosh, and three other Board Members, Takatsugu Ochi, Prabhakar Kalavacherla, and Zhang Wei-Guo, together with IFRS Foundation Trustee Jeffrey Lucy. From Japan, Mr. Kazuo Yuasa (General Manager, IFRS Office, Fujitsu Limited) and Mr. Makoto Sonoda (Deputy Director, Corporate Accounting and Disclosure Division, the Financial

Services Agency (FSA)), along with ASBJ Chairman Ikuo Nishikawa, Vice Chairman Atsushi Kato and one staff member.

The meeting began with the speeches by Chairman Kevin Stevenson of the Asian-Oceania Standard-Setters Group (AOSSG) and Chairman Tan Sri Zarinah Anwar of the Securities Commission Malaysia. Representatives from the IFRS Foundation and the IASB then discussed the strategy of the IFRS Foundation and the IASB's developments of individual standards.

Several panel discussions were then conducted, followed by questions and answers and the exchanges of views with the forum participants. Those panel discussions included:

- “Work towards IFRS with the International Regulators” (Moderator: Prabhakar Kalavacherla, IASB Board Member, Panelists: the International Organization of Securities Commissions (Makoto Sonoda of the FSA), the Financial Stability Board, the Australian Financial Reporting Council)

- “Consistent application and enforcement of IFRS” (Moderator: Takatsugu Ochi, IASB Board Member, Panelists: the IFRS Interpretations Committee, the China Securities Regulatory Commission, E&Y, PwC)

- “Relevance of IFRS as globally accepted accounting standards” (Moderator: Jeffrey Lucy, IFRS Foundation Trustee, Panelists: UEM Group (Malaysia), Kazou Yuasa (of Fujitsu Limited), the Hong Kong Institute of Certified Public Accountants)

- “Transition to IFRS” (Moderator: Tricia O'Malley, Senior Advisor, the Canadian Accounting Standards Board, Panelists: the IFRS Foundation, Kookmin University (Korea), KB Financial Group (Korea), Hong Leong Bank Berhad (Malaysia))

- “Reporting tiers” (Moderator: Mohammand Faiz Azmi, Chairman of the MASB, Panelists: External Reporting Board (XRB) of New Zealand, Financial Reporting Standards Committee of Hong Kong, Indonesian Accounting Standards Board)

In addition, there were small sessions on “Transition to XBRL” and “Implication of IFRS development on auditing.” The forum shared information about the efforts towards consistent application at an international level or at a regional level, and acknowledged the need for cooperation/collaboration among interested parties.

The next meeting will be held in Hong Kong in 2013.

## 5. ASBJ Chairman Ikuo Nishikawa Attended the Meeting of the International Forum of Accounting Standard Setters (IFASS)

The International Forum of Accounting Standard Setters (IFASS) Meeting was held on March 29 and 30, 2012, in Kuala Lumpur, Malaysia. The meeting was attended by 61 representatives of 29

national accounting standard setters, including those of the United Kingdom, the United States, Canada, France, Germany, Australia, China, Korea, India, and Singapore, as well as international organizations such as the European Financial Reporting Advisory Group (EFRAG) and the IASB. The attendants from the ASBJ were Ikuo Nishikawa (Chairman), Atsushi Kato (Vice Chairman), , Atsushi Kogasaka (Technical Director), Kuniko Isaka (Senior Project Manager) and Toru Yoshioka (Technical Staff).

The purpose of the forum was to discuss research projects undertaken by national standard setters and to provide input into, and support for the IASB’s standards development. The meeting is held twice a year (in spring and in fall). The meeting was formerly known as the National Standard Setters (NSS) Meeting. However, starting from this event, it is now called the IFASS.



The following topics were discussed at the meeting:

	<b>Agenda</b>	<b>Speaker</b>
<b>1</b>	IASB and IFRS Foundation developments	Canada
<b>2</b>	Reports from regional groups	AOSSG EFRAG GLASS PAFA
<b>3</b>	IASB Agenda Consultation	IASB
<b>4</b>	Model for national standard setters	Australia
<b>5</b>	Report on US developments regarding IFRS	FASB
<b>6</b>	Topical issues in member countries	—
	(1) Income taxes	EFRAG
	(2) Business combinations under common control	EFRAG
	(3) Development costs	ASBJ
<b>7</b>	Operation of IFASS Meeting	Australia
<b>8</b>	Statement of Best Practice	France IASB
<b>9</b>	IASB Post-implementation review	IASB

10	Effect analysis	EFRAG
11	Public sector conceptual framework	IPSASB
12	Unit of account	Canada
13	Topical issues	—

## 6. [The 15<sup>th</sup> Joint Meeting with the IASB Held in Tokyo](#)

Representatives of the International Accounting Standards Board (IASB) and the Accounting Standards Board of Japan (ASBJ) met on 2 April 2012 in Tokyo. This meeting was the fifteenth in a series of discussions between the IASB and the ASBJ.

During the meeting, representatives of the boards discussed:

- the work of the IASB and the US Financial Accounting Standards Board (FASB) to complete the remaining elements of their convergence programme;
- the IASB's consultation on its future agenda, including feedback received from Japanese stakeholders;
- the ongoing review of the IFRS Interpretation Committee, being conducted by the Trustees;
- opportunities for closer co-operation between the IASB and national accounting standard-setters, including the future relationship between the IASB and the ASBJ.

Representatives of the IASB and the ASBJ reaffirmed their commitment to continue their close co-operation in pursuit of the goal of high quality global accounting standards.

The next joint meeting is planned in the second half of 2012 in London.

## 7. Release of the "Report by the Panel on Accounting for Small and Medium-sized Entities"

"The Panel on Accounting for Small and Medium-sized Entities," established mainly of constituents from small and medium-sized entities, released the "Basic Accounting Guide for Small and Medium-sized Entities" (the Guide) on February 1, 2012. The Panel was considering action plans to ensure the Guide was widely used. The Panel has now released the final report, the "Report by the Panel on Accounting for Small and Medium-sized Entities," which contains the action plans for the Guide to be widely used. (The Small and Medium Enterprise Agency and the Financial Services Agency serve as co-secretariats.)

It is expected that collaborative efforts among constituents from small and medium-sized entities (SMEs) and from financial institutions, as well as accounting professions, aiming at the wide usage



and utilization of the Guide, would encourage the SMEs follow the Guide for their accounting treatments, resulting in enhanced management and funding ability.

Concurrent announcements were made on the following organizations' website; the Japan Chamber of Commerce and Industry (<http://www.jcci.or.jp/>), the Small and Medium Enterprise Agency (<http://www.chusho.meti.go.jp/>), and the Financial Services Agency and Financial Services Agency (<http://www.fsa.go.jp/>).

## 8. Re-appointment of ASBJ Chairman Nishikawa, and Appointment of Additional Standards Advisory Council Member

The FASF held the Board of Directors Meeting on March 21, 2012. The Board voted on the re-appointment of ASBJ Chairman Ikuo Nishikawa, whose term ends on March 31, 2012, as follows:

- (1) Re-appointment as ASBJ Board Member, with two year-term (his second term, pursuant to a provision in Article 59-1 of the FASF Constitution)
- (2) Re-appointment as ASBJ Chairman

Chairman Nishikawa now serves on part-time basis, starting on April 1, 2012.

In addition, The Board voted to appoint Mr Yuichiro Kato (General Manager, Controller's Dept., Toray Industries, Inc.) as an additional member of the Standards Advisory Council, pursuant to a provision in Article 64-4 of the FASF Constitution. His term begins on March 21, 2012 and ends on March 31, 2013.

## 9. The 14th Meeting of Standards Advisory Council of FASF

On March 7, 2012, the 14th Standards Advisory Council Meeting was held.

A presentation on the ASBJ/FASF governance was given, and the Council members exchanged views on the Due Process Oversight Committee.

Then, a report on the ASBJ's recent activities was presented, and the members exchanged views on the progress of the development of standards and the response to the IASB's *Agenda Consultation 2011*.

## 10. ASBJ Open Seminar Series (6th-10th Sessions)

Since FY 2010, the ASBJ and FASF have hosted the ASBJ Open Seminar series. Through its work

the ASBJ is able to identify global trends in accounting in a timely manner. In the Open Seminar, the ASBJ provides up-to-date information about these trends to improve services to the members of the FASF.

During the second half of FY 2011, a series of the seminars took place at the following locations, with the help of local stock exchanges:

Session	Date	Location	Venue
6	March 6, 2012	Tokyo	Meruparuku Hall
7	March 7, 2012	Nagoya	Daiteku Sakae
8	March 9, 2012	Osaka	Osaka Bankers Association Hall
9	March 13, 2012	Sapporo	Sapporo Securities Exchange, Conference Room
10	March 16, 2012	Fukuoka	Fukuoka Tenjin Building

For the Tokyo session, IASB Board Member Takatsugu Ochi, whose term started in July 2011, presented “the IASB’s Next Decade, and Impact on Japanese Companies.” ASBJ Chairman Ikuo Nishikawa also presented recent developments surrounding accounting standards. Then, ASBJ Board Member Masaji Miyako presented an overview of the IASB’s revised Exposure Draft *Revenue from Contracts with Customer*, issued in November 2011.



## 11. ASBJ Open Seminar “Welcoming IASB Chairman Hans Hoogervorst”

On April 3, 2012, ASBJ held an open seminar, featuring a speech by IASB Chairman Hans Hoogervorst, who visited Japan to attend a biannual meeting with the ASBJ. The seminar took place at the Iino Hall in Tokyo.



Chairman Hoogervorst spoke about IASB’s recent activities and perspectives. IASB Board Member Stephen Cooper then gave a presentation on Work Plan, Agenda Consultation, Financial Instruments, Insurance Contracts, and Investment Entities, followed by another presentation by IASB Associate Director Henry Rees on Revenue Recognition and Leases.

The seminar took place during the morning hours, and yet nearly 500 audiences attended the seminar, nearly the full capacity of the hall.

## 12. FASF Seminar on the “Guide to the Preparation of Securities Reports” (for the fiscal year ending March 31, 2012)

The FASF seminars on the “Guide to the Preparation of Securities Reports” (for the fiscal year ending March 31, 2012) were held, starting on April 2, 2011, in 9 cities for 11 sessions across Japan: Tokyo (3 sessions), Osaka, Nagoya, Fukuoka, Sapporo, Sendai, Kanazawa, Hiroshima, and Takamatsu. The seminar was accompanied by a presentation on “Recent Trends in Disclosure Systems etc” by the Corporate Accounting and Disclosure Division, Planning and Coordination Bureau, of the Financial Services Agency.

Judging from the total number of seminar participants (approximately 4,000 participants) and the high level of interest displayed by the participants, the seminar was a resounding success.



**“ASBJ Newsletter” (No. 26)**

Issued on May 22, 2012

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