

ASBJ Newsletter



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1. Overview of ASBJ Meetings (252nd Meeting – 255th Meeting)

(1) 252nd Meeting (held on October 4, 2012)

- a. Discussion on Business Combinations (Step 2)
- b. Discussion on Accounting Standard for Intangible Assets
- c. Progress of Research Projects
- d. Overview of FASB and EFRAG discussion papers on Disclosure Framework

- a. Staff recommended the following plan in relation to the business combinations project. (1) For non-controlling interests, acquisition-related costs and provisional accounting treatment, the Board should continue discussions towards the forthcoming exposure draft, from the viewpoint of improvements of financial reporting. (2) For loss of control, the Board should postpone its discussion until the next phase of the project, because it would take considerable time to complete, given that this topic is a cross-cutting issue affecting other standards, including Accounting Standard for Business Divestitures and Accounting Standard for Financial Instruments.
- b. The Board discussed how to address issues on ‘identification of intangible assets acquired in business combinations’ and ‘separately acquired in-progress research and development.’ The Board decided to hear from market constituents on current practices and to compare and analyze disclosures under IFRS, US GAAP and Japanese GAAP.
- c. An outline of planned research projects was presented.
- d. An outline of the FASB’s discussion paper as well as the EFRAG’s discussion paper on the Disclosure Framework was presented.

Both of the discussion papers aim to explore improving effectiveness of the notes to financial statements.

(2) 253rd Meeting (held on October 18, 2012)

- a. Discussion on responses to FASB and EFRAG discussion papers on Disclosure Framework
- b. Progress of the Technical Committee for Revenue Recognition
- c. Progress of the Technical Committee for Financial Instruments

- a. The Board discussed its responses, by looking at a list of questions asked in the discussion papers. The Board considered to what extent presumptive information, including sensitivity analysis and pro forma information, should be included in the notes and whether management’s policy and strategy should be included.
- b. Staff provided an overview of the issues discussed at the IASB-FASB Meeting, mainly focusing on the Boards’ tentative decisions.

- c. Staff provided an overview of the developments in the IASB's project on Hedge Accounting.

(3) 254th Meeting (held on November 6, 2012)

- a. Discussion on Business Combinations (Step 2)
- b. Discussion on responses to FASB and EFRAG discussion papers on Disclosure Framework
- c. Draft Educational Material on IFRS 13 *Fair Value Measurement*

- a. The Board discussed transition requirements. Staff recommended not to require retrospective application, considering the difficulty of obtaining necessary information about business combinations in previous years.

The Board also discussed the effective date. Staff recommended that mandatory application should start from April 1, 2015.

- b. The Board discussed its responses to FASB's invitation to comment.
- c. Staff presented the background of the IFRS Foundation's draft educational material on IFRS 13 fair value measurement on unquoted equity instruments.

(4) 255th Meeting (held on November 22, 2012)

- a. Deliberation themes proposal by the Standards Advisory Council
- b. Discussion on Disclosure Framework discussion papers by FASB and EFRAG
- c. Discussion on Business Combinations (Step 2)

- a. The Standards Advisory Council proposed an agenda item 'scheme of granting a company's shares to its employees through a trust,' to the ASBJ for consideration.
- b. The Board had a final discussion of its comments on the FASB's Discussion Paper on the Disclosure Framework.
- c. The Board discussed retrospective application and the effective date.

At the 254th Meeting, the Board considered the recommendation not to require retrospective application. However, at this meeting, the Board considered the recommendation to require retrospective application in principle, while allowing prospective application on the condition that the fact of not applying the amendments retrospectively should be disclosed.

Regarding the effective date, the Board was generally in favor of starting mandatory application from April 1, 2015. However, some Board members noted it could be earlier, considering the nature of the amendments.

2. ASBJ's Comment Submission to the IASB and the FASB (October 1, 2012 – November 30, 2012)

- (1) ASBJ submitted its [Comment on the Invitation to Comment Disclosure Framework](#) (November 30, 2012)

3. [The 16th Regular Meeting with IASB held in London](#)

Representatives of the International Accounting Standards Board (IASB) and the Accounting Standards Board of Japan (ASBJ) met on 29 and 30 October 2012 in London. This meeting was the sixteenth in a series of discussions between the IASB and the ASBJ.

During the meeting, representatives of the IASB and the ASBJ discussed the following projects currently under deliberation by the IASB and the US Financial Accounting Standards Board (FASB):

- Financial instruments: classification and measurement (including the recent tentative decisions by the IASB and the FASB)
- Financial instruments: impairment (including the recent tentative decisions by the IASB and the FASB)
- Revenue recognition (including the redeliberation items)
- Leases (including the recent deliberations that will lead to the re-exposure draft to be issued in the first quarter of 2013)

In addition, the IASB and the ASBJ discussed several research topics related to the IASB's future agenda.

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

The next joint meeting is planned in the first half of 2013 in Tokyo.

4. [The 12th China-Japan-Korea Meeting held in Seoul](#)

The Korea Accounting Standards Board (KASB) held the 2012 Three Countries Accounting Standards Setters' Meeting – China, Japan, Korea in Seoul, Korea on October 10, 2012. Since the first meeting held in 2001, the meeting has grown to be a premier forum of discussion for accounting issues among not only the three countries of China, Japan and Korea but also the entire Asia-Oceania region, and is highly expected to play an even greater role in the future on the international stage.

Ms. Yang Min, Secretary-General of China Accounting Standards Committee (CASC), Mr. Ikuo Nishikawa, Chairman of Accounting Standards Board of Japan (ASBJ), Mr. Suk-Sig (Steve) Lim, Chair of KASB, and International Accounting Standards Board (IASB) members Mr. Wei-guo Zhang, Mr. Takatsugu Ochi and Mr. Chungwoo Suh joined the meeting, with guests from Hong Kong and Macau – Mr. Clement Chan, Chairman of Financial Reporting Standards Committee at Hong Kong Institute of Certified Public Accountants and Mr. Chi Chung Yung, Committee Member of Committee for the Registry of Auditors and Accountants of Macau – and twenty other delegates.

Delegates at the meeting had fruitful and constructive discussions with regard to various topics. The CASC updated on the latest work by the IASB Emerging Economies Group (IASB EEG), the KASB gave a presentation on Accounting Standards for Small and Medium sized Companies, and the ASBJ updated on the IFRS Foundation Asia-Oceania Office that was opened in Tokyo in October 2012. An in-depth discussion on Business Combinations Under Common Control was also held. The delegates at the meeting were updated on the progress of the IASB Agenda Consultation and IASB's Current Projects (Revenue Recognition, Leases, Financial Instruments and Insurance Contracts) by the IASB members and shared views on related issues.

The delegates at this meeting reached consensus to cooperate with each other to:

- 1) promote International Financial Reporting Standards (IFRSs) by improving mutual understanding through sharing domestic issues relating to IFRSs and discussing ways to resolve those issues in a coordinated manner,
- 2) share views on the current projects of the IASB in a manner that contributes to more constructive development and amendment of IFRSs, and
- 3) provide full support for the successful operation of the IFRS Foundation Asia-Oceania Office that was opened in Tokyo in October 2012.

The next meeting will be held in Japan in 2013.

5. The 4th AOSSG Annual Meeting held in Kathmandu

On November 28 and 29, 2012, the fourth annual meeting of the Asian-Oceanian Standard-Setters Group (AOSSG) was held in Kathmandu, Nepal. The meeting was attended by approximately 60 representatives from nineteen AOSSG members. The ASBJ was represented by Mr. Ikuo Nishikawa (Chairman), Mr. Atsushi Kato (Vice-Chairmen), Mr. Takehiro Arai (Vice-Chairman) and several staff members. The IASB was represented by Mr. Hans Hoogervorst (Chairman), Mr. Prabhakar Kalavacherla (PK) (Board Member), Mr. Zhang Wei-Guo (Board Member) and staff members, along with the Office Director of the IFRS Foundation Asia-Oceania Office, Mr. Mitsuhiro Takemura.

The IASB members provided an update on recent developments. The meeting included an exchange of views among the AOSSG members, together with the IASB members, on the IASB's four major projects (Revenue Recognition, Insurance Contracts, Financial Instruments, and Leases) as well as on Agriculture, Islamic Finance, and other implementation issues faced by the AOSSG members. In addition, several AOSSG members, including the ASBJ, presented their recent activities associated with the implementation of the IFRS.

The AOSSG Chair, Mr. Kevin Stevenson, proposed the launch of an IFRS support program for developing countries ('IFRS Centre of Excellence for a Developing Country') in Nepal. Members agreed to establish the Working Group to discuss specific plans.

6. Appointment of FASF Councillor

The Financial Accounting Standards Foundation (FASF) Councillors Meeting was held on November 21, 2012. The Councillors voted to appoint Mr. Kazuaki Kama (Chairman of the Board, IHI Corporation) as a new Councillor, pursuant to the Constitution of the FASF, Article 17, Paragraph 1. His term began on November 22, 2012.

On November 12, 2012, Mr. Hiroshi Hirose (President & CEO, East Nippon Expressway Company Limited) stepped down as a Councillor.

7. The 16th Standards Advisory Council Meeting

On November 8, 2012, the 16th Standards Advisory Council Meeting was held.

The Council discussed whether to propose an agenda to the ASBJ for consideration; 'scheme of granting a company's shares to its employees through a trust.' Based on the assessment by the Practical Solutions Standing Committee, the Committee decided to recommend the ASBJ consider taking up the topic.

The Council also discussed new potential agenda proposals (four standard-level topics and eight practical solutions-level topics) submitted by the Council members and the Practical Solutions Standing Committee members. The Council would further discuss these topics at the next meeting.

Furthermore, the ASBJ provided an update on its recent activities and an ongoing project, Business Combination Project (Step 2), followed by questions and answers and an exchange of views.

8. Opening of the IFRS Foundation Asia-Oceania Office and Opening Ceremony

The IFRS Foundation, the parent body of the IASB, opened its first international office (Asia-Oceania Office) in Tokyo on October 15, 2012. The Office is expected to support the entire Asia-Oceania region in the development, adoption and consistent application of the IFRSs.

On November 15, the opening ceremony of the Office took place at Keidanren Kaikan in Tokyo, co-hosted by the IFRS Foundation and the Financial Accounting Standards Foundation (FASF). International guests including Mr. Michel Prada, Chairman of the IFRS Foundation Trustees and Mr. Hans Hoogervorst, Chairman of the IASB joined the ceremony.

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