

ASBJ Newsletter



Contents

- 1. Overview of ASBJ Meetings (262nd Meeting – 265th Meeting)*
- 2. ASBJ's Comment Submission to the IASB and the FASB (April 1, 2013 – May 31, 2013)*
- 3. ASBJ Chairman Ikuo Nishikawa Attended the 7th IFRS Regional Policy Forum*
- 4. Former ASBJ Vice Chairman Atsu Kato Attended the Meeting of the International Forum of Accounting Standard Setters (IFASS)*
- 5. Appointment of Members of the Standards Advisory Council*
- 6. Representatives of the IASB and ASBJ meet in Tokyo, confirm future relationship*
- 7. FASF Seminar on the “Guide to the Preparation of Quarterly Reports” (for the First Quarter ending June 30, 2013)*

1. Overview of ASBJ Meetings (262nd Meeting – 265th Meeting)

(1) 262nd Meeting (held on April 11, 2013)

Administrative matters

The 262nd ASBJ meeting was held in a closed session because its agenda contained only administrative matters.

Following the appointment of the ASBJ Board Members in April 2013, full-time Board Members Takehiro Arai and Atsushi Kogasaka were appointed as Vice Chairmen.

(2) 263th Meeting (held on April 25, 2013)

- a. Report on the Accounting Standards Advisory Forum (ASAF), and establishment of a Technical Committee for the ASAF
- b. Progress of the Technical Committee for Financial Instruments
- c. Responses to agenda item proposals from the Standards Advisory Council
- d. Discussion on Business Combinations (Step 2)
- e. Progress of the Practical Solutions Standing Committee

- a. An outline of the first meeting of the Accounting Standards Advisory Forum (ASAF), which took place in London in April 2013 and was attended by ASBJ Chairman Ikuo Nishikawa, was presented.
- b. The Board discussed its draft comments on the FASB's Exposure Drafts *Recognition and Measurement of Financial Assets and Financial Liabilities* and *Credit Losses*.
- c. The Board confirmed taking up accounting and presentation issues proposed by the Standards Advisory Council in its future meetings.
- d. Staff outlined comments received on the exposure draft of Business Combinations (Step 2).
- e. The Board was presented with the progress by the Practical Solutions Standing Committee, on 'scheme granting a company's own shares to its employees through a trust.' The Board then discussed how it would respond to the issues presented.

(3) 264th Meeting (held on May 16, 2013)

- a. Overview of the regular meeting with the IASB
- b. Discussion on draft comments to FASB Exposure Draft *Recognition and Measurement of*

Financial Assets and Financial Liabilities

c. Discussion on Accounting Standard for Intangible Assets

- a. An outline of the discussions at the regular meeting with the IASB, which took place in Tokyo during May 2013, was presented. The topics discussed at the meeting included the Conceptual Framework, insurance contracts, financial instruments (impairment), research on goodwill impairment and amortization.
- b. The Board undertook a final discussion of its comment on the FASB's exposure draft. .
- c. The Board has been discussing the issues relating to the 'identification of intangible assets acquired in business combinations' and 'separately acquired in-progress research and development projects.' However, given that Japanese constituents' views on the treatments are divergent, the Board is considering conducting its deliberations on those issues in the future, rather than setting a definite direction at this point.

In addition, with an aim to facilitate future discussions the Board agreed to publish a progress report which summarizes those views on intangible assets to date.

(4) 265th Meeting (held on May 29, 2013)

- a. Discussion on draft comments to FASB Exposure Draft *Credit Losses*
- b. Progress of the Practical Solutions Standing Committee
- c. Discussion on Business Combinations (Step 2)
- d. Discussion on Accounting Standard for Intangible Assets

- a. The Board discussed its draft comments on the FASB's Exposure Draft *Financial Instruments—Credit Losses* (Subtopic 825-15), issued on December 20, 2012 (comment period ended on May 31, 2013).
- b. The Board was presented with the progress to date by the Practical Solutions Standing Committee, on a 'scheme granting a company's own shares to its employees through a trust.' The Board then discussed a forthcoming exposure draft on PITF *Practical Solution on Transactions of Delivering the Company's Own Stock to Employees through Trusts*.
- c. The Board discussed its responses to comments received on its Exposure Draft *Accounting Standards for Business Combinations*. The issues discussed included (1) the treatment of negative capital surplus resulting from changes in a parent's interests in its subsidiary where a parent retains the control over its subsidiary, and (2) the treatment of income taxes resulting from a partial sale of the parent's shares in its subsidiary, and (3) the treatment of the equity method for non-consolidated subsidiaries and associates.
- d. The Board was presented with a draft paper "Progress Report on Deliberation on Intangible Assets

Project.” After reviewing the draft in a future meeting, the Board will be asked for approval to release the paper on the ASBJ website. The target for publication of the report is the end of June 2013.

2. ASBJ's Comment Submission to the IASB and the FASB (April 1, 2013 – May 31, 2013)

- (1) ASBJ submitted its [Comments on the Exposure Draft "Novation of Derivatives and Continuation of Hedge Accounting \(Proposed amendments to IAS39 and IFRS9\)](#) (April 5, 2013)
- (2) ASBJ submitted its [Comments on the Proposed Accounting Standards Update Financial Instruments—Overall \(Subtopic 825-10\) Recognition and Measurement of Financial Assets and Financial Liabilities](#) (May 20, 2013)

3. ASBJ Chairman Ikuo Nishikawa Attended the 7th IFRS Regional Policy Forum

The 7th IFRS Regional Policy Forum was held on 5 and 6 June 2013, in Hong Kong. This year, the forum was themed on “A Journey to Better Financial Reporting.” Representatives from accounting standards setters, regulators, auditors and others exchanged their views on the issues.

The forum was hosted by the Hong Kong Institute of Certified Public Accountants (HKICPA), and attended by approximately 190 participants from 16 jurisdictions. Attendees included IASB Chairman Hans Hoogervorst, IASB Members Zhang Wei-Guo and Stephen Cooper, together with IFRS Foundation Asia-Oceania Office Director Mitsuhiro Takemura. From Japan, attendees included Toshitake Inoue, Director for International Accounting, the Financial Services Agency (FSA), representing the International Organization of Securities Commissions (IOSCO), along with ASBJ Chairman Ikuo Nishikawa, Vice Chairman Atsushi Kogasaka, Board Member Tomokazu Sekiguchi, and Director Takao Kamiya.

The meeting began with welcoming remarks by Susanna Chiu, President of HKICPA, and Clement Chan, Chairman of HKICPA Financial Reporting Standards Committee (FRSC), followed by keynote addresses by Kevin Stevenson, Chairman of the Asian-Oceanian Standard-Setters Group (AOSSG) and Professor K C Chan, Secretary for Financial Services and the Treasury, Hong Kong SAR Government.

IASB Chairman Hans Hoogervorst, IASB Member Zhang Wei-Guo and IFRS Foundation Director Mitsuhiro Takemura then presented IFRS topical issues and future challenges.

Several panel discussions were then conducted, followed by questions and answers and the exchange

of views with forum participants. Those panel discussions included:

- “Transition to IFRS – Convergence approach” (Moderator: PwC, Panelists: Malaysian Accounting Standards Board (MASB), IASB, Ministry of Finance of China)
- “Role of the region in influencing the standard setting debate” (Moderator: HKICPA FRSC, Panelists: Korea Accounting Standards Board (KASB), the International Forum of Accounting Standard Setters (IFASS))
- “Improving the usefulness and clarity of financial disclosures” (Moderator: IASB, Panelists: E&Y, Australian Accounting Standards Board (AASB), KPMG, Founder of Webb-site.com)
- “The role of the audit committee in enhancing financial reporting” (Moderator: KPMG, Panelists: CapitalLLimited, New Zealand External Reporting Board, Hong Kong Institute of Directors)
- “Valuation for financial reporting” (Moderator: Indonesian Institute of Accountants, Panelists: International Valuation Standards Council (IVSC), IASB, PwC, Sincere Group)
- “Challenges in strengthening the financial reporting regulatory framework for listed entities” (Moderator: IASB, Panelists: Financial Reporting Council of Hong Kong, FSA of Japan, Hong Kong Exchanges and Clearing)
- “Continuing the journey to *Better Financial Reporting*” (Moderator: HKICPA FRSC, Panelists: E&Y, Australian Accounting Standards Board (AASB))

The meeting closed with a speech by Clement Chan, Chairman of HKICPA FRSC.

4. Former ASBJ Vice Chairman Atsu Kato Attended the Meeting of the International Forum of Accounting Standard Setters (IFASS)

The International Forum of Accounting Standard Setters (IFASS) Meeting was held on 17 and 18 April 2013, in Sao Paulo, Brazil. The meeting was attended by 56 representatives from 30 national accounting standard setters, including from the United Kingdom, the United States, Canada, France, Germany, Australia, China, Korea, India, and Singapore, as well as international organizations such as the IASB and the European Financial Reporting Advisory Group (EFRAG). The attendees from the ASBJ were former Vice Chairman Atsu Kato and Director Takao Kamiya.

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 following topics were discussed at the meeting:

	Agenda	Speaker
Wednesday, April 17, 2013		
1	Disclosure Framework	EFRAG FASB UK IASB
2	Relationships between the IASB and National Standard Setters/Regional Bodies	IFRS Foundation IASB
3	Update from the International Public Sector Accounting Standards Board	IPSASB
4	Topical issues in member countries	—
	Investment tax credits	South Africa
	Discount rate	Germany
	Accounting issues where controlling and controlled entities prepare financial statements under different framework	India
	Emissions Trading Schemes	EFRAG
Thursday, April 18, 2013		
5	IASB Work Plan	IASB
6	IFASS member projects	—
	(1) Surveys regarding goodwill amortization and impairment	Italy ASBJ
	(2) Measurement Framework	Canada
7	Reports from regional groups	AOSSG EFRAG GLASS PAFA
8	IFRS for SMEs	Republic of Sierra Leone
9	Topical issues in member countries	—
	(1) The role of the Business Model	EFRAG
	(2) Projects relating to Conceptual Framework	EFRAG
	(3) Research on the use of OCI	ASBJ

5. Appointment of Members of the Standards Advisory Council

The Financial Accounting Standards Foundation (FASF) held the Board of Directors Meeting on May 30, 2013. The appointment of two members to the Standards Advisory Council (SAC) was approved, pursuant to Article 64, paragraph 1 of the FASF Constitution.

- Mr. Hiroji Uchida (General Manager, Research Department, Japanese Bankers Association)
- Mr. Takumi Kitamura (Co-Deputy CFO, Nomura Holdings, Inc.)

(Appointment effective May 30, 2013)

Dated May 29, 2013, Ms. Junko Nakagawa (Senior Managing Directors, Nomura Holdings, Inc.) stepped down as an SAC member.

6. [Representatives of the IASB and ASBJ meet in Tokyo, confirm future relationship](#)

Representatives of the International Accounting Standards Board (IASB) and the Accounting Standards Board of Japan (ASBJ) met on 9 and 10 May 2013 in Tokyo.

This was the seventeenth in a series of meetings between the boards since March 2005. During the meeting, the boards discussed projects on the IASB's agenda, including financial instruments, insurance contracts and the work to revise the IASB's *Conceptual Framework for Financial Reporting*.

In response to the recommendation set out in the Trustees' Strategy Review 2011, the IFRS Foundation established the Accounting Standards Advisory Forum (ASAF), a technical advisory body to the IASB consisting of national accounting standard-setters and regional bodies associated with accounting standard-setting, on which the ASBJ is represented. The ASAF has been designed to replace multiple, bilateral agreements between the IASB and individual standard-setters with a single ASAF agreement.

The first meeting of the ASAF took place in April 2013. Accordingly, the meeting this time will be the last in the series of twice-yearly bilateral meetings between the IASB and the ASBJ. At the same time, the boards will continue to co-operate closely through regular communication between the respective organisations, the ASBJ providing secondees to the IASB and contributions from the ASBJ to the IASB's research projects.

7. FASF Seminar on the “Guide to the Preparation of Quarterly Reports” (for the First Quarter ending June 30, 2013)

The FASF seminars on the “Guide to the Preparation of Quarterly Reports” (for the first quarter ending June 30, 2013) were held, starting June 4, 2013. Eleven sessions were held in nine cities as follows: Tokyo (3 sessions), Osaka, Nagoya, Takamatsu, Hiroshima, Fukuoka, Kanazawa, Sendai, and Sapporo.

The seminar covered a variety of topics such as changes made from the first quarterly report for the previous fiscal year, illustrative examples on early application of ASBJ Statement No. 26 *Accounting Standard for Retirement Benefits and its Implementation Guidance*, as well as illustrative examples specific to second quarterly reports. In addition to the educational content provided by the FASF, the ASBJ also provided an update on its recent activities.



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