

ASBJ Newsletter



Contents

- 1. New ASBJ Pronouncements (released between February 1 and March 31, 2014)*
- 2. Overview of ASBJ Meetings (281st – 284th Meeting)*
- 3. The Accounting Standards Advisory Forum (ASAF) Meeting held in London*
- 4. ASBJ attended the Meeting of the International Forum of Accounting Standard Setters (IFASS)*
- 5. Release of Guideline for Accounting of SMEs (2013)*
- 6. Yukio Ono appointed as Chairman of the ASBJ*
- 7. Appointment of Members of the Operation Supporting Committee*
- 8. The 20th Standards Advisory Council Meeting*
- 9. ASBJ Open Seminar “Hearing from IASB Chairman Hans Hoogervorst”*

1. New ASBJ Pronouncements (released between February 1 and March 31, 2014)

(1) [ED] Release of Exposure Draft of [Proposed Amendments to ASBJ Statement No.12 Accounting Standard for Quarterly Financial Reporting \(Exposure Draft of Statement No.56\) and ASBJ Guidance No.14 Guidance on Accounting Standard for Quarterly Financial Reporting \(Exposure Draft of Guidance No.51\)](#) (February 25, 2014)

(2) [ED] Release of Exposure Draft of [PITF No.40 Practical Solution on Accounting for Leases by lessees under the New Measures to Promote Investment in Facilities Using Lease Methods](#) (March 7, 2014)

[Legend]

ED: Exposure Draft

Final: Statement/Guidance etc. (final version)

2. Overview of ASBJ Meetings (281st – 284th Meeting)

(1) 281st Meeting (held on February 7, 2014)

- a. Updates on the IASB's progress on its Leases project
- b. Progress of the Working Group for Endorsement of IFRSs
- c. Amendments to Accounting Standard for Quarterly Financial Reporting in relation to Revised Accounting Standard for Business Combinations

- a. The Board reviewed alternative approaches discussed by the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) at their joint board meeting held in January 2014. The Board then discussed what views to express on those approaches, referring to the ASBJ's previous comment letter to the IASB and the FASB.
- b. The Board continued to review the progress made by the Working Group for Endorsement of IFRSs (Working Group) on detailed analyses in the selection of 'possible items for consideration', as well as grouping of the issues for further consideration in light of the detailed analyses.
- c. The Board discussed planned amendments to Accounting Standard for Quarterly Financial Reporting and related guidance in relation to the amendments to the provisional accounting treatment in Revised Accounting Standard for Business Combinations, issued on September 13, 2013.

(2) 282nd Meeting (held on February 24, 2014)

- a. Planned responses to the March 2014 meeting of the ASAF
- b. Release of Exposure Draft of *Practical Solution on Accounting for Leases by lessees under the*

New Measures to Promote Investment in Facilities Using Lease Methods [approval for release]

- c. Release of Exposure Draft of *Proposed Amendments to Accounting Standard for Quarterly Financial Reporting and Guidance on Accounting Standard for Quarterly Financial Reporting* [approval for release]
- d. Progress of the Technical Committee for Deferred Tax Accounting
- e. Overview of the IASB's Request for Information on Post-implementation Review of IFRS 3 *Business Combinations*

- a. The Board discussed what views to express at the March 2014 meeting of the Accounting Standards Advisory Forum (ASAF), after being presented with an outline of agenda papers for the meeting on conceptual framework, leases, and disclosure initiative.
- b. The Board voted on and approved the issuance of the Exposure Draft of *Practical Solution on Accounting for Leases by lessees under the New Measures to Promote Investment in Facilities Using Lease Methods*.
- c. The Board voted on approved the issuance of the Exposure Draft of *Proposed Amendments to Accounting Standard for Quarterly Financial Reporting and Guidance on Accounting Standard for Quarterly Financial Reporting*.
- d. The Board discussed how the ASBJ should take over practical guidelines on accounting for deferred taxes developed by the Japanese Institute of Certified Public Accountants (JICPA), based on discussions by the Technical Committee for Deferred Tax Accounting
- d. The Board discussed how to respond to the IASB's Request for Information (RFI) on Post-implementation Review: IFRS 3 *Business Combinations*, issued on January 30, 2014, after being presented with its outline.

(3) 283th Meeting (held on March 12, 2014)

- a. Administrative matters (closed session)
- c. Report on the March 2014 meeting of the ASAF
- c. Progress of the Working Group for Endorsement of IFRSs

- a. The Board discussed the ASBJ's operating plan and budget for the coming fiscal year.
- b. An outline of the discussions at the ASAF meeting held in London on March 3 and 4, 2014 was presented.
- c. The Board reviewed a summary of arguments about non-amortization of goodwill. It also deliberated the items that warranted further considerations, based on the discussions by the Working Group.

(4) 284th Meeting (held on March 27, 2014)

- a. Report from the Standards Advisory Council
- b. Updates on the IASB's progress on its Leases project
- c. Progress of the Working Group for Endorsement of IFRSs
- d. Response to tax reform
- e. Progress of the Technical Committee for Deferred Tax Accounting

- a. The Standards Advisory Council recommended the ASBJ to conduct a limited review of hedge accounting as its new agenda item.
- b. The Board was presented with an outline of the development of the IASB and FASB's lease projects during their joint board meeting held in March 2014.
- c. The Board reviewed the items that warranted further considerations, based on the discussions by the Working Group. It also reviewed the application of IFRS in other countries.
- d. The Board discussed clarification of the effects of 2014 tax reform on determination of effective tax rates.
- e. The Board discussed issues related to the existing JICPA's practical guidelines identified by members of the Technical Committee for Deferred Tax Accounting, as well as an overall picture of how the ASBJ should take over the guidelines.

3. The Accounting Standards Advisory Forum (ASAF) Meeting held in London

The Accounting Standards Advisory Forum (ASAF) Meeting was held in London on March 3 and 4, 2014. The ASAF was established in April 2013 to provide technical advice to the IASB, and it consists of twelve organizations, including the ASBJ. The meeting was attended by representative of these twelve organizations, as well as IASB Chairman Hans Hoogervorst, Vice Chairman Ian Mackintosh, and a number of IASB Board Members and Staff members. The ASBJ was represented by former Chairman Ikuo Nishikawa.

During the meeting, active discussions were conducted on the following topics:

- Conceptual Framework (A Revised Model for Presentation in the Statement(s) of Financial Performance)
- Conceptual Framework (Development of the Exposure Draft for the Conceptual Framework)
- Conceptual Framework (Complexity)
- Leases
- Disclosure Initiative
- Insurance Contracts

- Rate-regulated Activities
- Others

The next meeting is scheduled for June 2 and 3, 2014 in London.

4. ASBJ 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 3 and 7, 2014 in New Delhi, India. The meeting was attended by 73 representatives from 40 national accounting standard setters and regional groups, including from the United Kingdom, the United States, Canada, France, Germany, Australia, Korea, India, and Singapore. The ASBJ was represented by former Chairman Ikuo Nishikawa, Vice Chairman Atsushi Kogasaka, Board Member Tomo Sekiguchi and Technical Manager Misa Ota.

The purpose of the forum is to discuss research projects undertaken by national standard setters and to provide input into, and support for the development of IASB standards. The meeting is held twice a year (in Spring and in Fall).

The following topics were discussed at the meeting:

	Agenda	Speaker
March 6, 2014		
1	IASB Work Plan and IFRS Foundation recent developments	
	(1) General discussion of the status of projects	IASB, Canada
	(2) Interpretation and implementation guidance, Report on criteria for including issues in annual improvements process	Germany, IASB
2	Reports on projects from members	
	(1) Role of the business model in financial reporting	EFRAG, France, UK
	(2) Goodwill impairment and amortization project	EFRAG, Japan, India, Italy
3	Update from the International Public Sector Accounting Standards Board	IPSASB
4	Conceptual Framework	
	(1) Role of conceptual framework	New Zealand
	(2) Presentation in the statement of financial performance and its relation to measurement	FASB
	(3) Insight into measurement section	IASB

5	Update of the Statement of Best Practice	IFASS Chairman
	(1) Relationship of the IASB and the other accounting standard-setters	
	(2) IFASS Charter	
March 7, 2014		
6	IASB updates on major agenda projects	IASB
	(1) Leases	
	(2) Financial Instruments	
	(3) Disclosure Initiative	
7	Topical issues	
	(1) Discount rate	Germany
	(2) Application issues related IFRS 11 <i>Joint Arrangements</i>	Italy
	(3) Macro Hedging	Australia
	(4) Separation of embedded derivatives under international competitive bidding	India
	(5) Equity method: a measurement basis or one-line consolidation?	EFRAG
8	Reports from regional groups <ul style="list-style-type: none"> ● AOSSG ● EFRAG ● GLASS ● PAFA 	Regional Groups
9	New projects by members	
	(1) Statement of cash flows	UK
	(2) Complexity of the annual report	EFRAG
	(3) Use of financial information by capital providers	EFRAG
10	The contribution of accounting standards to social and economic development: opportunities and threats	Sierra Leone
11	IFASS administrative matters	IFASS Chairman

5. Release of Guideline for Accounting of SMEs (2013)

The Committee for Development of Guidelines for Accounting of Small and Medium-sized Entities (hereafter “the Committee”), established under the joint initiative of the Japanese Institute of Certified Public Accountants (JICPA), the Japan Federation of Certified Public Tax Accountants’ Associations (JFCPTAA), the Japan Chamber of Commerce and Industry (JCCI) and the Accounting Standards Board of Japan (ASBJ), had reviewed the “Guidelines for Accounting of Small and

Medium-sized Entities (hereafter “the Guideline for accounting of SMEs”). Following the approval of the release of the revised guidelines at the Committee meeting held on January 29, 2014, the “Guidelines for Accounting of SMEs (2013)” was issued, dated February 3, 2014.

The revised guidelines include the updated terminology, mainly to reflect ASBJ Statement No. 26 *Accounting Standard for Retirement Benefits*, among other accounting standards issued by the ASBJ.

The four organizations agreed to conduct an annual review of and revision to the Guideline for accounting of SMEs, in order to enhance rationality and reflect economies of transactions. It is anticipated that joint efforts by the constituents to foster a wider use of the guideline could contribute to improving the quality of accounting of SMEs, and thus to facilitating a sustainable economic growth and building an economic foundation.

6. Yukio Ono appointed as Chairman of the ASBJ

The Financial Accounting Standards Foundation (FASF) held the Board of Directors Meeting on March 14, 2014, and it approved the appointment of Yukio Ono as Chairman of the Accounting Standards Board of Japan (ASBJ), effective April 1, 2014, as prescribed in Article 57, paragraph 1 of the FASF Constitution. Mr. Ono succeeds former Chairman Ikuo Nishikawa. Mr. Ono’s term ends on March 31, 2016, as prescribed in Article 59, paragraph 2 of the FASF Constitution.

7. Appointment of Members of the Operation Supporting Committee

At the FASF Board of Directors Meeting held on March 13, 2014, appointment of a Member of the Operation Supporting Committee was approved, as prescribed in Article 65-2, paragraph 2 of the FASF Constitution. The composition of the Committee, beginning April 1, 2014, is as follows:

(New appointees are underlined)

● Operation Supporting Committee

Chair	Masaji Miyako	Managing Director of the Financial Accounting Standards Foundation
<u>Member</u>	<u>Yukio Ono</u>	<u>Chairman of the Accounting Standards Board of Japan</u>
Member	Takehiro Arai	Vice Chairman of the Accounting Standards Board of Japan
Member	Atsushi Kogasaka	Vice Chairman of the Accounting Standards Board of Japan

*Mr. Ikuo Nishikawa retired as member, dated March 31, 2014.

8. The 20th Standards Advisory Council Meeting

On March 18, 2014, the 20th Standards Advisory Council (the Council) Meeting was held.

At this meeting, the Council deliberated on its responses to possible agenda items which had been suggested at the previous meetings, and then decided to recommend the ASBJ for a limited review of Hedge Accounting. The Council had previously requested the Practical Solutions Standing Committee (the Committee) to assess the topic, and the Committee had concluded its assessment. The Committee observed that some items were worthy of consideration although it was expected to face some difficulties in the development.

The Council also received several new suggestions, namely “How a parent voluntarily applying the designated IFRSs should determine appropriate carrying amounts of assets acquired and liabilities assumed from its subsidiary which it merges” and “Accounting for Accelerated Share Repurchase (ASR Transaction)”. After discussion, the Council decided to request the Practical Solutions Standing Committee to assess these topics.

In addition, the ASBJ provided an update on its recent activities. The Council members then exchanged views on the report.

9. ASBJ Open Seminar “Hearing from IASB Chairman Hans Hoogervorst”

On February 5, 2014, the ASBJ held an open seminar, featuring a speech by IASB Chairman Hans Hoogervorst, who visited Japan to meet constituents. The seminar took place at the Iino Hall in Tokyo.

The seminar featured a speech by Chairman Hoogervorst, titled “Profit or Loss and OCI... can it be done?”, as well as the IASB’s updates on the development of pronouncements (including Revenue Recognition, Conceptual Framework, and Leases) by IASB Board Member Takatsugu Ochi.



“ASBJ Newsletter” (No. 38)

Issued on May 20, 2014

The views expressed in ASBJ Newsletter are not necessarily those of the ASBJ or the FASF. The Authors and Publishers accept no responsibility for any loss or damage resulting from reliance on the views expressed herein.

© Copyright, ASBJ/FASF All Rights Reserved

Website: https://www.asb.or.jp/asb/index_e.jsp

E-mail: planning@asb.or.jp

Accounting Standards Board of Japan / Financial Accounting Standards Foundation

Fukoku Seimei Building 20F, 2-2, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo, Japan (Zip Code: 100-0011)