

ASBJ Newsletter



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1. New ASBJ Pronouncements (released between April 1 and May 31, 2014)

- (1) [Final] Release of [ASBJ Statement No.12 Accounting Standard for Quarterly Financial Reporting \(revised in 2014\) and ASBJ Guidance No.14 Guidance on Accounting Standard for Quarterly Financial Reporting \(revised in 2014\)](#) (May 16, 2014)

[Legend]

ED: Exposure Draft

Final: Statement/Guidance etc. (final version)

2. Overview of ASBJ Meetings (285th – 288th Meeting)

(1) 285th Meeting (held on April 14, 2014)

- a. Administrative matters (closed session)
- b. Updates on the IASB's progress on its Insurance Contracts project
- c. Progress of the Working Group for Endorsement of IFRSs
- d. Responses to agenda item recommendations from the Standards Advisory Council

- a. Following the appointment of Chairman Ono, the Board agreed that Mr Arai and Mr Kogasaka would continue to assume their duties as Vice Chairmen.
- b. The Board reviewed the International Accounting Standards Board (IASB)'s developments on its Exposure Draft *Insurance Contracts*, issued on June 20, 2013, as well as the Financial Accounting Standards Board (FASB)'s developments on its Exposure Draft *Insurance Contract (Topic 834)*, issued on June 27, 2013, after being presented with an outline of the redeliberations by the IASB and the FASB after they received comments on their Exposure Drafts. The Board also reviewed the discussions on those developments by the Insurance Contracts Technical Committee of the ASBJ.
- c. The Board deliberated the issues of 'non-amortization of goodwill,' 'other comprehensive income (OCI) option for equity instruments,' 'remeasurements of the net defined benefit liability,' and 'own credit risk of financial liabilities designated under the fair value option,' based on the discussions by the Working Group for Endorsement of IFRSs (Working Group).
- d. The Board discussed how to address the agenda recommendation received from the Accounting Advisory Council at the 284 Meeting. The Board decided to take up the 'limited review of hedge accounting' as its agenda and to ask Financial Instruments Technical Committee to discuss the related technical issues.

(2) 286th Meeting (held on April 30, 2014)

- a. Progress of the Technical Committee for ASAF

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| <ul style="list-style-type: none">b. Amendments to Accounting Standard for Quarterly Financial Reporting in relation to Revised Accounting Standard for Business Combinationsc. Progress of the Technical Committee for Deferred Tax Accounting |
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- a. The Board reviewed the development of the IASB's Conceptual Framework project. The Board also discussed how to respond to the IASB's Exposure Draft, *Disclosure Initiative (Proposed amendments to IAS 1)*, issued on March 25, 2014. In addition, the Board reviewed the IASB's deliberation during the March 2014 IASB Board Meeting on 'changes in debt' under its Disclosure Initiative project.
- b. The Board reviewed comments received on its Exposure Drafts *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)*. The Board also discussed planned responses to those comments.
- c. The Board discussed how to proceed with deliberations to address problems in the existing practical guidelines, based on the discussions by the Technical Committee for Deferred Tax Accounting. The Board also discussed some of the issues grouped into class in the light of that policy of deliberations.

(3) 287th Meeting (held on May 15, 2014)

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| <ul style="list-style-type: none">a. Planned responses to the June 2014 meeting of the ASAFb. Release of Short Paper on other comprehensive incomec. Progress of the Working Group for Endorsement of IFRSsd. Release of <i>Revised Accounting Standard for Quarterly Financial Reporting</i> and <i>Revised Guidance on Accounting Standard for Quarterly Financial Reporting</i>e. Practical Solution on Accounting for Leases by lessees under the New Measures to Promote Investment in Facilities Using Lease Methods |
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- a. The Board was presented with an outline of a topic on the equity method of accounting, which is one of the agendas for the June 2014 meeting of the ASAF.
- b. The Board reviewed and approved the release of the ASBJ's Short Paper on other comprehensive income.
- c. The Board reviewed an outline of the discussions so far and the papers in developing its exposure draft.
- d. The Board voted on and approved the issuance of *Revised Accounting Standard for Quarterly Financial Reporting* and *Revised Guidance on Accounting Standard for Quarterly Financial Reporting*.

- e. The Board reviewed a draft of the final practical solution for leases under the new measures to promote investment in facilities using lease methods, based on discussions by the Lease Accounting Technical Committee.

(4) 288th Meeting (held on May 29, 2014)

- a. Planned responses to the June 2014 meeting of the ASAF
- b. Planned responses to EFRAG's Research Paper on business model
- c. Progress of the Working Group for Endorsement of IFRSs
- d. Practical Solution on Accounting for Leases by lessees under the New Measures to Promote Investment in Facilities Using Lease Methods
- e. Progress of the Technical Committee for Deferred Tax Accounting

- a. The Board discussed what views to express at the June 2014 meeting of the ASAF, after being presented with agendas for the meeting as well as an outline of agenda papers on conceptual framework and disclosure initiative etc.
- b. The Board discussed how to respond to the European Financial Reporting Advisory Group (EFRAG)'s Research Paper *The role of the business model in financial statements*, issued in December 2013, after being presented with its outline.
- c. The Board reviewed the papers in developing the exposure draft based on the discussions by the Working Group.
- d. The Board considered comments received on its Exposure Drafts *Practical Solution on Accounting for Leases by lessees under the New Measures to Promote Investment in Facilities Using Lease Method*, as well as planned responses to those comments..
- e. The Board discussed the issues as to whether to recognize deferred tax liabilities where taxable income is not expected, and the treatment of changes in the applicable tax rate, based on the discussions by the Technical Committee for Deferred Tax Accounting.

3. ASBJ's Comment Submissions to the IASB (April 1 – May 31, 2014)

- (1) The ASBJ submitted its [comments on the Request for Information *Post-implementation Review:IFRS 3 Business Combinations*](#) to the IASB (May 30, 2014)

4. [The 16th Regular Meeting with FASB held in Norwalk](#)

Representatives of the Financial Accounting Standards Board (FASB) and the Accounting Standards Board of Japan (ASBJ) met during the first week of April 2014 in Norwalk, US, to provide updates

on their respective activities, and exchange views on the technical topics in which both boards have interests. This meeting was the sixteenth in a series of biannual meetings between the FASB and the ASBJ to further their cooperative efforts to develop high-quality global accounting standards.

At their recent meeting, the FASB and the ASBJ discussed the conceptual framework, leases and rate-regulated activities, which the IASB is currently deliberating, as well as financial instruments, goodwill, and the disclosure framework, which the FASB is currently deliberating. The FASB and the ASBJ also discussed the endorsement procedures of IFRS in Japan, which the ASBJ is currently deliberating.

The FASB and the ASBJ agreed that they would continue to exchange views on issues faced and potential future concerns. The next meeting is planned in the second half of 2014 in Tokyo.

5. Changes in members of the FASF Board of Directors

Dated March 31, 2014, a Director retired from the Financial Accounting Standards Foundation (FASF) Board of Directors:

(Retired Director)

- Mr. Koshi Wada (Vice Chairman & Senior Executive Director, Japanese Bankers Association)
(Retired March 31, 2014)

At the FASF Councillors Meeting held on May 14, 2014, the appointment of a new Director was approved.

(Appointed Director)

- Mr. Shin Takagi (Vice Chairman & Senior Executive Director, Japanese Bankers Association)
(Effective May 15, 2014)

6. Appointment of Members of the Operation Supporting Committee

As the terms of the members of the Operation Supporting Committee was to expire on June 11, 2014, the appointment of new chair and members were approved at the Board of Directors Meeting held on May 27, 2014, as follows:

- **Operation Supporting Committee**

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

7. FASF Seminar on the “Guide to the Preparation of Securities Reports” (for the fiscal year ending March 31, 2014)

The FASF seminars on the “Guide to the Preparation of Securities Reports” (for the fiscal year ending March 31, 2014) were held, starting April 1, 2014. Eleven sessions were held in nine cities as follows: Tokyo (3 sessions), Osaka, Nagoya, Fukuoka, Hiroshima, Takamatsu, Kanazawa, Sendai, and Sapporo. The seminar also covered recent developments around disclosure requirements, presented by the Corporate Accounting and Disclosure Division, Planning and Coordination Bureau, of the Financial Services Agency.

Judging from the total number of seminar attendees (approximately 3,000 attendees) and the keen interest displayed by the attendees, the seminar was a resounding success.



8. ASBJ Open Seminar on “the IASB’s new Standards”

The FASF routinely hosts the ASBJ Open Seminar series in major cities in Japan with the objective of providing up-to-date information about the developments in accounting standards.

The most recent seminar, held on June 5, 2014, focused on the IASB’s developments in IFRS, specifically on its new Standard on Revenue Recognition, issued jointly by the IASB and the FASB on May 28, 2014, as well as on the forthcoming Standard on Financial Instruments (‘Classification and Measurement’ and ‘Impairment of financial assets’). Revenue recognition was presented by

Mr Henry Rees, IASB Technical Director, and Financial Instruments by Ms Sue Lloyd, IASB Member, respectively.

Both of them have been directly involved in the respective projects and the seminar gave a valuable opportunity to hear directly from persons in charge of drafting the Standards.



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