



International Accounting Standards Board®

Press Release

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ASBJ and IASB meet to review progress in achieving convergence in accounting standards

The Accounting Standards Board of Japan (ASBJ) and the International Accounting Standards Board (IASB) have held their ninth meeting to accelerate convergence of Japanese generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Led by Ikuo Nishikawa, Chairman of the ASBJ, and Sir David Tweedie, Chairman of the IASB, the meeting was held in Tokyo on 11 and 12 March 2009.

As part of this meeting, representatives of the IASB provided an update on the progress of projects described by the Memorandum of Understanding (MOU) agreed in 2006 by the IASB and the US Financial Accounting Standards Board (FASB) and updated in 2008.

Representatives of the ASBJ explained that the convergence project to eliminate major differences between Japanese GAAP and IFRSs in use (as defined by the July 2005 CESR assessment of equivalence) was completed on schedule at the end of 2008, and continuous efforts towards convergence of IFRSs and Japanese GAAP as described by the Tokyo Agreement are progressing well. In addition, the representatives of the ASBJ provided an overview of the Draft Interim Report *Application of International Financial Reporting Standards in Japan* issued in February 2009 by the Planning and Coordination Committee of the Business Accounting Council regarding potential use of IFRSs by listed companies in Japan.

Representatives of the boards exchanged views on the following important items, which are the subject of recent discussion papers or exposure drafts published by the IASB.

- Financial instruments
- Revenue recognition
- Consolidation (including special purpose entities)
- Financial statement presentation

Representatives of the boards believe that their discussions will contribute to the future development of high quality accounting standards on the significant items to be improved in the medium and long term. They also reaffirmed that it is essential for the boards to continue to co-operate closely, and for the ASBJ to continue to participate actively in the IASB's standard-setting process.

Commenting on the meeting, Ikuo Nishikawa, Chairman of the ASBJ, said:

In Japan, the potential use of IFRSs by Japanese companies has been discussed since last year. From those discussions, it is clear that constituents wish us to accelerate our convergence project so as to complete it by the end of June 2011, as set out in the Tokyo Agreement. The ASBJ will therefore continue to work with the IASB towards convergence of high quality global accounting standards in order to ensure transparency in the Japanese financial and capital markets and to enhance international comparability among companies.

Sir David Tweedie, Chairman of the IASB, said:

The meeting of G20 leaders held in Washington at the end of 2008 called on standard-setters to work intensively towards the goal of creating a single high quality global accounting language. The publication of the Draft Interim Report by the Japanese FSA is an important step towards achieving that goal. I welcome the FSA's proposal to seek Japanese adoption of IFRSs and applaud the ASBJ's continued support and co-operation as we move towards achieving the G20 leaders' objective.

The next meeting of the boards is scheduled for September 2009 in London, United Kingdom.

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NOTES TO EDITORS

The Tokyo Agreement

The ‘Tokyo Agreement’, a joint declaration announced by the ASBJ and the IASB on 8 August 2007, sets out an initiative to accelerate a convergence programme for IFRSs and Japanese GAAP first announced in March 2005. The aim of the initiative is to eliminate major differences between Japanese GAAP and current IFRSs in use (as defined by the July 2005 CESR assessment of equivalence) by 2008, with the remaining differences that the boards identified being removed on or before June 2011. Whilst the target date of 2011 does not apply to any major new IFRSs now being developed that will become effective after 2011, both boards will work closely to ensure the acceptance of the international approach in Japan when new standards become effective.

The Draft Interim Report “Application of International Financial Reporting Standards in Japan”

The Draft Interim Report “Application of International Financial Reporting Standards in Japan” was issued on 4 February 2009 by the Planning and Coordination Committee of the Business Accounting Council, an advisory body to the Commissioner of the Japanese Financial Services Agency (FSA). The key points of the Draft Interim Report are:

- Subject to certain considerations being met, proposed optional use of IFRSs for fiscal years ending March 2010 for consolidated financial statements prepared by listed companies whose financial activities are conducted internationally or by large-scale listed companies who are well recognised in the market. In both cases, such companies are required to be sufficiently prepared for reporting under IFRSs.
- A decision on mandatory adoption of IFRSs for consolidated financial statements prepared by listed companies being taken in or around 2012, and subject to achievement of the milestones contained in the Draft Interim Report and other developments.

The FSA invites the comments by 6 April 2009. A provisional English translation of the Draft Interim Report is available at the Financial Services Agency website at www.fsa.go.jp/en/news/2009/20090213-3.html

About the ASBJ

The Accounting Standards Board of Japan (ASBJ) was established in July 2001 as a private sector organisation. Accounting standards developed by the ASBJ are to be authorised by the Financial Services Agency as part of generally accepted accounting principles (GAAP). The ASBJ develops accounting standards and implementation guidance that appropriately reflect the environment in which business enterprises operate. The ASBJ also communicates with corresponding organisations abroad and contributes to the development of global accounting standards. For more information about the ASBJ, visit the Website at www.asb.or.jp/index_e.php.

About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. Its 14 members (13 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. They are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.