

ASBJ Statement No.14

Partial Amendments to Accounting Standard for Retirement Benefits (Part2)

May 15, 2007

Accounting Standards Board of Japan

Remarks on the Release

The Accounting Standards Board of Japan (ASBJ) has been deliberating to amend the requirements of disclosures in the case of applying the treatments in note 12 of Interpretive Notes to Accounting Standard for Retirement Benefits (Exceptional treatment), as a part of discussing about retirement benefits accounting, since the issue of the “Law of amendments to a part of National Pension Act, etc”. On May 10, 2007, at the 128th meeting, the ASBJ approved ASBJ Statement No. 14 (hereinafter, the Accounting Standard) for public release.

Exposure draft of the Accounting Standard was released on March 9, 2007, and comments were widely sought. The ASBJ reviewed the comments received and revised the exposure draft.

Outline of the Accounting Standard

Objective

The objective of the Accounting Standard is to amend the treatment of “Corporate pensions under multi-employer pension plans” in note 12 of Interpretive Notes to Accounting Standard for Retirement Benefits, which was published by the Business Accounting Council on June 16, 1998.

Amendments

(Before amendments)

Interpretive Notes to Accounting Standard for Retirement Benefits

(Note 12)

Corporate pensions under multi-employer pension plans

If the amount of pension assets proportionate to the contributions made by a company cannot be calculated in a reasonable manner, as in cases where a combined-type welfare pension fund is adopted, the required contributions to the pension fund may be accounted for as retirement benefit costs. In such cases, the amount of pension assets calculated based on, for example, the ratio of the company’s contributions to total contributions, shall be disclosed in notes to the financial statements.

(After amendments)

Interpretive Notes to Accounting Standard for Retirement Benefits

(Note 12)

Corporate pensions under multi-employer pension plans

If the amount of pension assets proportionate to the contributions made by a company cannot be calculated in a reasonable manner when corporate pension plans established by more than one employer are adopted, the required contributions to the pension plans may be accounted for as retirement benefit costs. In such cases, the most recent funded status of the pension plans (the amount of pension assets, benefit obligations under pension funding programs and difference between them), the ratio of the company to the entire plans, for example, the ratio of the company’s contributions to total contributions to the plans, and the supplementary description shall be disclosed in notes to the financial statements, unless they are insignificant.

Effective Date

- (1) An Entity shall apply the Accounting Standard for the fiscal year beginning on or after April 1, 2007.
- (2) An Entity is permitted to apply the Accounting Standard to the fiscal year beginning on or before March 31, 2007.

When an entity prepares consolidated financial statements, notes about retirement benefits are not required in its non-consolidated financial statements, as provided by Article 8-13-2 of “Regulations for the Terms, Formats and Creation of Financial

Statements”. In such cases, the notes based on this Accounting Standard are required in consolidated financial statements from the fiscal year when the entity apply this standard for the first-time.