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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 eighth meeting in London to accelerate convergence between 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 two-day meeting was held on 8 and 9 September 2008.

As part of this meeting, representatives of the IASB provided an update on plans to complete the Memorandum of Understanding (MOU) agreed in 2006 between the IASB and US Financial Accounting Standards Board (FASB), and the progress of the projects including medium- and long-term items.

Representatives of the ASBJ explained the progress of the items listed in its project plan of December 2007 based on the Tokyo Agreement. Those present confirmed 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) by the end of 2008 is progressing in line with the project plan. In addition, the representatives of the ASBJ described its continuous effort towards convergence in the light of the IASB's work plan.

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

- Conceptual framework
- Financial instruments (replacement of existing standards)
- Liability and equity
- Post-employment benefits (including pensions)

The representatives of the ASBJ also explained that the ASBJ will address convergence of accounting standards actively through the publication of discussion papers on the topics described in the MOU, such as financial instruments and post-retirement benefits, which will be developed on the basis of the IASB's discussion papers.

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, including an increase in the ASBJ staff seconded to the IASB in order to continue to participate actively in the IASB's standard-setting.

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

I believe that continuous exchange of views between the ASBJ and the IASB on important items including the topics described in the MOU will contribute to develop high quality accounting standards. Enhancing the good progress to be jointly made through the meetings and with close co-operation of staff from both boards including an increase in the number of ASBJ staff seconded to the IASB, the ASBJ will continue to make progress on the convergence towards 2011 in the light of the IASB's new work plan.

Sir David Tweedie, Chairman of the IASB, said:

Co-operation between the IASB and the ASBJ has strengthened over the past few years, particularly following the Tokyo Agreement. We welcome these regular opportunities to discuss with the ASBJ projects of critical importance to the programme outlined in the Memorandum of Understanding between the IASB and the FASB. These discussions undoubtedly help the IASB in ensuring that high quality standards will be produced.

The next joint meeting is scheduled for March 2009 in Tokyo, Japan.

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.

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 (12 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.