

Establishment of the IFRS Council, Private Sector Promotion Council to Address Japanese Roadmap towards IFRS Implementation

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IFRS Council

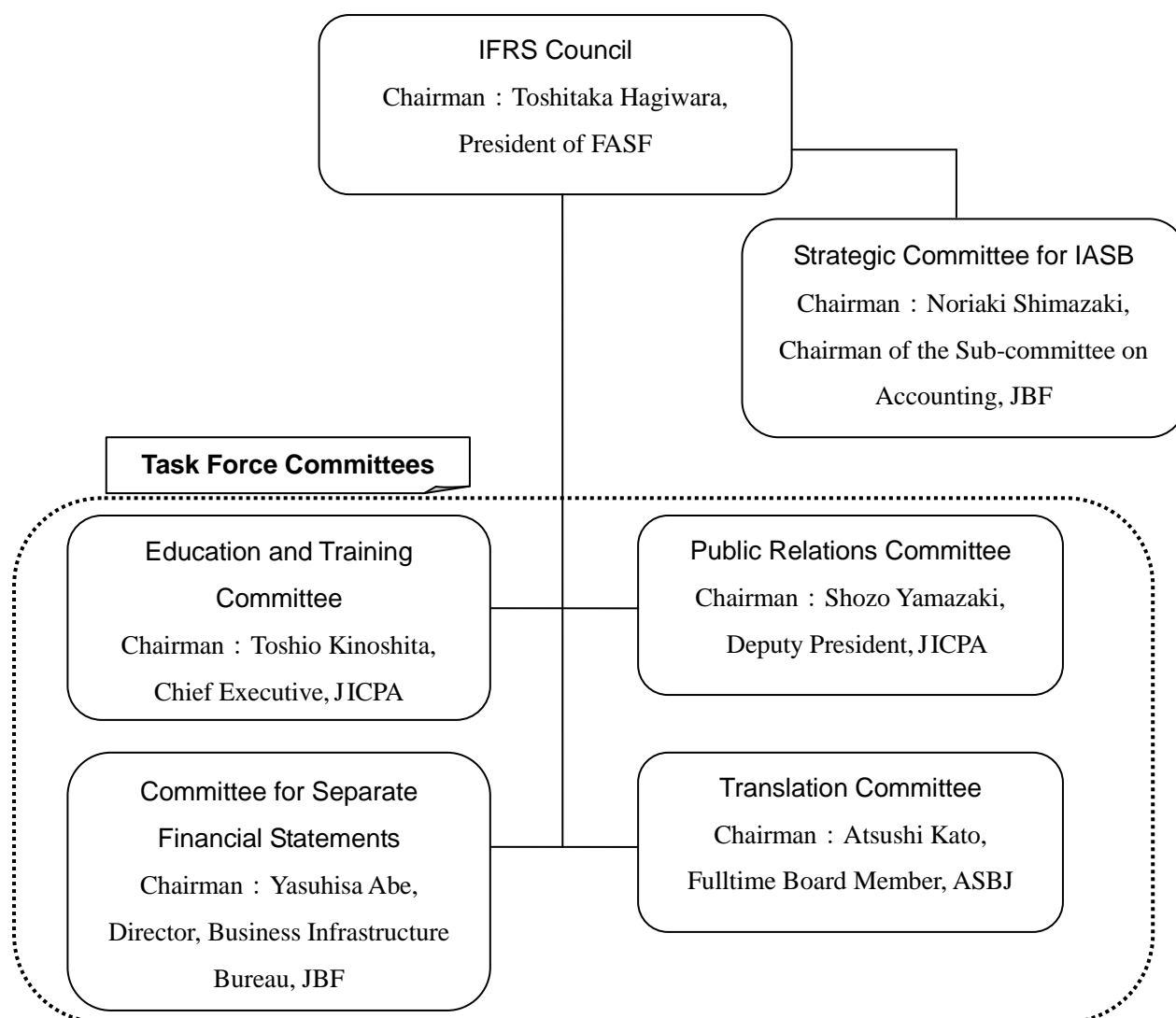
The Business Accounting Council (BAC), an advisory body to the Commissioner of the Financial Services Agency (FSA), published the “Interim Report: Application of International Financial Reporting Standards (IFRSs) in Japan” on June 30, 2009, which marked a key step forward for Japan moving towards adoption of IFRS. The report sets out a number of milestones before deciding the application of IFRS; many of which rests with the initiatives by a private sector.

In this vein and as agreed by market constituents and supported by the FSA, today we inaugurated our initiative aiming to address major issues.

Major objectives of the IFRS Council and its committees are as follows:

- IFRS Council : The Council identifies issues concerning implementation of IFRS, and establishes overall policies and strategies. Based upon the exercise, the council requests each task force committee to decide upon specific measures and calls for relevant organizations to take appropriate actions.
- Strategic Committee for IASB : Assuming that Japan moves towards IFRS adoption in the near future, this committee deliberates upon a strategy and specific actions as to how best to influence developments of major accounting standards.
- Education and Training Committee : This committee establishes an education and training system of IFRS mainly for accounting practitioners, and implements it immediately.
- Translation Committee : This committee establishes a system to promote an accurate Japanese translation of IFRS.

- Committee for Separate Financial Statements : This committee deliberates on how separate financial statements can be simplified, given the current focus on consolidated financial statements.
- Public Relations Committee : This committee undertakes PR activities to a wide range of stakeholders, including investors, company executives, analysts, and the media, in alliance with relevant organizations.



ASBJ: Accounting Standards Board of Japan

FASF: Financial Accounting Standards Foundation

JBF: Japan Business Federation, Nippon Keidanren

JICPA: The Japanese Institute of Certified Public Accountants

Please refer to the appendix “Initiative for Promoting IFRS Implementation” for the objectives and members of the Council and each committee.

Commenting on the establishment of the IFRS Council, Toshitaka Hagiwara, a chairman of the IFRS Council and the president of FASF, said:

“The rapid globalization in recent years has highlighted the need for a single set of high quality accounting standards, and consequently, has led the trend of the world accepting IFRS as a global accounting standard. As such, the roadmap marked a landmark decision for Japan to maintain its important position among global markets under the global trend by clarifying its stance of moving towards IFRS.

Considering that Japanese GAAP has already converged well with IFRS, the transition to IFRS itself would not be a major problem. However, there still remain various issues to be addressed and worked out in implementation of IFRS, including how to familiarize IFRS on a practical level, how to proceed with training and education of IFRS, and how to address difficulties in Japanese translation of IFRS. We also need to work with the International Accounting Standards Board (IASB), a standard setter of IFRS, to better reflect views from Japanese constituents during its standards setting process.

As most of issues seem to rest with the private sectors’ initiatives, we need to react them in a cooperative manner among key market constituents, and make progress in an effective and efficient way.

Receiving strong support from constituents, today we announce the inauguration of the IFRS Council and its committees. We will proceed our activities towards the potential mandatory use of IFRS which is as earliest as 2015. I respectfully request all of you for your support and cooperation”

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