

Response to the IFAC Part 2, SMO Self-Assessment Questionnaire

Member Name: Japanese Institute of Certified Public Accountants

Country: Japan

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Number	Question Title/Text/Help text	Answer	Comments
	IFAC Part 2 SMO Self-Assessment		
1.	SMO 1		
1.1.	Quality Assurance Program		
1.1.1.	<i>Quality Assurance Review Program</i> In your jurisdiction is there a mandatory quality assurance review program in place for members of your organization performing audits of financial statements of listed companies?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.2.	Responsibility for Quality Assurance - Overview		
1.2.1.	<i>Responsibility for Quality Assurance</i> Within your jurisdiction, is your organization responsible for monitoring the quality of the work of your members performing audits of financial statements? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Yes - for all audits of financial statements	For all statutory audits including audits of listed and other entities' financial statements with some exceptions. (For clarification of "other entities", please see comments in 1.2.6)

Number	Question Title/Text/Help text	Answer	Comments
		<p>2○ Yes - for all audits except those of listed entities</p> <p>3○ Our organization shares responsibility for the quality assurance program with another body</p> <p>4○ No, responsibility for quality assurance for all audits rests with another body</p> <p>5○ Other (please describe)</p> <p>6○ Not applicable - no members of our organization perform audits of listed entities</p>	
1.2.6.	<p><i>Quality Assurance (Member Body) All Audits - Scope</i></p> <p>What types of engagements are included in the scope of the quality assurance review program? Select all the answer options that are appropriate.</p>	<p>1☑ Financial statement audit - listed entities (minimum requirement)</p> <p>2☑ Financial statement audit -</p>	<p>Audits of other than listed entities include:</p> <ul style="list-style-type: none"> - Non-listed entities subject to the Securities and Exchange Law - Entities subject to audits pursuant to the Commercial Code with either capital of Y10 billion (in Japanese Yen) or more, or liabilities of Y100 billion or more - Others

Number	Question Title/Text/Help text	Answer	Comments
		audit of other than listed entities 3 <input type="checkbox"/> Other services (e.g., review, compilation) 4 <input type="checkbox"/> Insolvency 5 <input type="checkbox"/> Other (please specify)	
1.4.	Member - Benchmarking		
1.4.1.	Quality Control Standards and Guidance		
1.4.1.1.	<i>Quality Control Standards</i> Has your organization established and published quality control standards requiring firms to implement a system of quality control in accordance with International Standard on Quality Control 1?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.4.1.3.	<i>Quality Control Standards - Name</i> State the name of the relevant quality control standards.	1. "Standards on Quality Control for Audits" issued by Business Accounting Council (BAC) in Financial Service Agency (FSA) 2. "Quality Control for Firms that Perform Audits" issued by JICPA	
1.4.1.4.	<i>Other Quality Control Guidance</i> Has your organization established and published other quality control guidance to assist your members to understand the objectives of quality control and to implement and maintain appropriate systems	1 <input checked="" type="radio"/> Yes	

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	of quality control?	2○ No	
1.4.1.5.	<i>Other Quality Control Guidance - Name</i> State the name of the other quality control guidance.	1. "Standards for Quality Control Review" 2. "Procedures for Quality Control Review"	The International Standard on Quality Control 1 is not incorporated in this guidance because the quality control standard incorporating ISQC 1 has just been issued.
1.4.2.	Design of the Quality Assurance Review Program		
1.4.2.1.	<i>Subject of the QA Review Program</i> Who is the subject of the quality assurance review program?	1☑ Audit firm 2□ Partner	
1.4.2.2.	<i>Audit Firm</i> As the audit firm is the subject of the quality assurance review program, the quality assurance program should be designed, as required by SMO 1, to obtain reasonable assurance that: - The firm has an adequate system of quality control relating to audits of financial statements of listed entities (and of other entities or engagements that are also included in the scope of the review). - The firm complies with that system.	1⊙ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	<p>- The firm and engagement teams have adhered to professional standards and regulatory and legal requirements in performing audits of financial statements selected for review.</p> <p>Does the quality assurance program contain all three of these elements?</p>	2○ No	
1.4.2.5.	<p><i>Publication of Scope</i></p> <p>Does your organization publish a description of the scope and design of its quality assurance review program?</p>	1⊙ Yes	
		2○ No	
1.4.2.7.	<p><i>Name of Documents</i></p> <p>Please name the published document(s) that describe the scope and design of the quality assurance review program.</p>	<p>1. "Standards for Quality Control Review"</p> <p>2. "Procedures for Quality Control Review"</p>	
1.4.2.8.	<p><i>Location of Documents</i></p> <p>Please indicate where the document(s) that include details on the scope and design of the quality assurance program can be located (e.g., provide internet address or indicate that documents are available from your</p>	Documentation is available from our organization, but only in Japanese.	

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	organization).		
1.4.3.	Review Cycle		
1.4.3.1.	<i>Selection Approach</i> Please select the approach used to select subjects for quality assurance review. Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Cycle approach 2 <input type="checkbox"/> Risk-based approach	
1.4.3.2.	<i>Cycle Approach - Firm</i> As the audit firm is the subject of the review, please indicate the maximum number of years in the review cycle:	1 <input type="radio"/> 1 year 2 <input type="radio"/> 2 years 3 <input checked="" type="radio"/> 3 years 4 <input type="radio"/> 4 years 5 <input type="radio"/> 5 years 6 <input type="radio"/> 6 or more years	2 years for audit firms which audit 100 or more listed entities. 3 years for audit firms engaged with a listed company. 5 years for other audit firms.
1.4.4.	Implementation of the Quality Assurance Program		
1.4.4.1.	<i>Date of Implementation</i> On what date did the quality assurance review program commence? (provide month/year)	4/1/1999	

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1.4.4.2.	<i>Number of Reviews - 2005</i> How many quality assurance reviews were completed during the year ended December 31, 2005 (or other 12 month period ending in 2005)?	94	For the year ended March 31, 2005
1.4.4.3.	<i>Number of Reviews - 2004</i> How many quality assurance reviews were completed during the year ended December 31, 2004 (or other 12 month period ending in 2004)?	87	For the year ended March 31, 2004
1.4.4.4.	<i>Number of Reviews - 2003</i> How many quality assurance reviews were completed during the year ended December 31, 2003 (or other 12 month period ending in 2003)?	119	For the year ended March 31, 2003
1.4.5.	Quality Assurance Review Team Procedures		
1.4.5.1.	<i>Publication of Review Guidelines</i> Does your organization publish guidelines for procedures to be followed by quality assurance review teams?	1⊙ Yes 2○ No	
1.4.5.2.	<i>Name of Guidelines</i> State the name of the published document(s) that include the procedures required to be	"Procedures for Quality Control Review"	

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	followed by quality assurance review teams.		
1.4.5.4.	<p><i>Location of Guidelines</i></p> <p>How can the document(s) that include the procedures required to be followed by quality assurance review teams be located (e.g., provide internet address or indicate that documents are available from your organization)?</p>	Documentation is available from our organization, but only in Japanese.	
1.4.5.5.	<p><i>Content of Guidelines</i></p> <p>SMO 1 requires that the procedures to be performed during the quality assurance review include:</p> <p>a. An assessment of the system of quality control relating to audits of financial statements of listed entities (minimum requirement)</p> <p>b. Sufficient review of the quality control policies and procedures and reviews of engagement working papers to evaluate:</p> <ul style="list-style-type: none"> - The functioning of that system of quality control, and compliance with it; and - The compliance with professional standards and regulatory and legal requirements in respect of audits of financial statements <p>c. Review of engagement working papers</p> <p>d. Specific requirements regarding</p>	1 ☉ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	documentation of the review Does your quality assurance review program include requirements for all of these procedures?	2○ No	
1.4.5.7.	<p><i>Review of Engagement Working Papers</i> SMO 1 requires procedures to be performed for the review of engagement working papers, including the evaluation of:</p> <ul style="list-style-type: none"> - The existence and effectiveness of the system of quality control implemented by the subject of the review; - Compliance with professional standards and regulatory and legal requirements in performing the engagement; - The sufficiency and appropriateness of evidence documented in the working papers; and - Whether the auditor's reports are appropriate in the circumstances. <p>Does your quality assurance review program include requirements for all of these procedures?</p>	1⊙ Yes	
		2○ No	
1.4.5.9.	<p><i>Documentation</i> Do the procedures to be performed by the quality assurance review team require</p>	1⊙ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	<p>documentation:</p> <ul style="list-style-type: none"> - of evidence supporting the quality assurance review report; and - that establishes that the quality assurance review was carried out in accordance with the established guidelines. <p>Are both of these requirements included in the quality assurance review program?</p>	2○ No	
1.4.6.	The Quality Assurance Review Team		
1.4.6.1.	<p><i>Skills and Competence</i></p> <p>Members of the quality assurance review team should have the necessary competencies to perform expected work. As required by SMO 1, these competencies should include:</p> <ul style="list-style-type: none"> - Appropriate professional education - Relevant professional experience - Specific training on performing quality assurance reviews <p>Does the quality assurance review program require members of the quality assurance review team to have all three of these competencies?</p>	1⊙ Yes	
		2○ No	
1.4.6.3.	<i>Certification/Credentials</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Are members of the quality assurance review team required to possess certification or credentials issued by your organization to be eligible to serve as team members?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.4.6.5.	<i>Quality Assurance Review Team Leader</i> Where more than one reviewer is used to conduct a review, is a quality assurance review team leader assigned for each quality assurance review assignment?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.4.6.7.	<i>QA Review Team Leader - Responsibilities</i> As required by SMO 1, the responsibilities of the quality assurance review team leader should include: - Supervision of the quality assurance review. - Communication of the quality assurance review team's conclusions to the subject of the review. - Preparation of the quality assurance review report. Does the quality assurance program place all these responsibilities on the review team leader?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.4.6.9.	<i>Size of Quality Assurance Review Team</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Please estimate the average number of reviewers included on a review team.	3	2 for a small audit firm - 15 for a large audit firm
1.4.7.	Quality Assurance Confidentiality - QA Review Team		
1.4.7.1.	<i>Exemption for QA Reviewers</i> Does your organization exempt members from professional client confidentiality requirements concerning audit engagement working papers for the purpose of quality assurance reviews?	1⊙ Yes 2○ No	
1.4.7.3.	<i>Confidentiality Requirements</i> Is the quality assurance review team required to follow professional confidentiality requirements similar to those established for professional accountants performing audits of financial statements?	1⊙ Yes 2○ No	
1.4.8.	Ethical Requirements and QA Review Team		
1.4.8.1.	<i>Fundamental Principles</i> Are the fundamental principles set out in the IFAC Code of Ethics (relevant national ethical requirements) considered in relation to the quality assurance review team's conduct of a review?	1⊙ Yes 2○ No	
1.4.8.3.	<i>Consideration of Independence</i>		

Number	Question Title/Text/Help text	Answer	Comments
	<p>Quality assurance review team members are expected to be independent of the member (i.e., the accountant or firm being reviewed) and the member's clients selected for review.</p> <p>Do those who select and approve a review team determine whether the independence of the quality assurance review team leader and each member of the quality assurance review team has been reasonably assured?</p>	<p>1Ⓐ Yes</p> <p>2Ⓐ No</p>	
1.4.8.5.	<p><i>Reciprocal Reviews</i></p> <p>Where the review is performed by team members from a single firm (e.g., a "peer review"), please indicate whether firms are permitted to perform reciprocal quality assurance reviews.</p>	<p>1Ⓐ Yes, reciprocal reviews are permitted</p> <p>2Ⓐ No, reciprocal reviews are not permitted</p> <p>3Ⓐ Not applicable - peer review is not used</p>	
1.4.9.	Reporting		
1.4.9.1.	<p><i>Quality Assurance Review Report</i></p> <p>Is the quality assurance review team leader required to issue a written quality assurance review report to the reviewed firm or partner upon completion of each quality assurance review assignment?</p>	<p>1Ⓐ Yes</p> <p>2Ⓐ No</p>	<p>A quality assurance review report is issued after deliberations by Quality Control Committee.</p>
1.4.9.3.	<i>Contents of Report</i>		

Number	Question Title/Text/Help text	Answer	Comments
	<p>As required by SMO 1, the quality assurance review report should include the following elements:</p> <ul style="list-style-type: none"> - The review guidelines (referred to in Question 1.4.5.1) utilized by the quality assurance review team. - Recommendations for areas of improvement at both firm wide and engagement level. <p>Does the quality assurance program require both of these elements to be included in the report?</p>	<p>1Ⓐ Yes</p> <p>2Ⓐ No</p>	
1.4.9.5.	<p><i>Contents of Report - Firm</i></p> <p>As required by SMO 1, the quality assurance review report should include the following conclusions:</p> <ul style="list-style-type: none"> - Whether the firm's system of quality control has been designed to meet the requirements of the applicable quality control standards; - Whether the firm has complied with its system of quality control during the period under review; and - Reasons for reaching negative conclusions on either or both of the above. 	1Ⓐ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	Does the quality assurance program require all of these elements to be included in the report?	2○ No	
1.4.9.8.	<i>Response to Reporting</i> Is the subject of the review required to provide a timely written response to the recommendations and conclusions of the quality assurance review report, including planned actions and expected time of completion or implementation?	1⊙ Yes 2○ No	
1.4.9.10.	<i>Reporting to the Public</i> Does your organization prepare and make available to the public (and upon request from regulatory authorities) an annual report summarizing the results of the quality assurance review program?	1⊙ Yes 2○ No	
1.4.10.	Corrective and Disciplinary Actions		
1.4.10.1.	<i>Corrective Actions Required</i> Does your organization require each of its members to make appropriate corrections to its system of quality control, or in its compliance with policies and procedures?	1⊙ Yes 2○ No	
1.4.10.3.	<i>Disciplinary Actions</i> If one of your members subsequently fails to demonstrate compliance with professional	1⊙ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	standards and regulatory and legal requirements, do you take appropriate disciplinary action?	2○ No	
1.4.10.5.	<i>Linkage with Disciplinary Actions</i> Does your organization clearly establish a link between less than satisfactory results of quality assurance reviews and the initiation of corrective and disciplinary actions under its disciplinary system?	1⊙ Yes 2○ No	
2.	SMO 2		
2.1.	<i>MB Membership Requirements</i> Which of the following are required for individuals to be admitted as members in your organization? Select all the options that are appropriate.	1☑ Complete a program of professional accountancy education 2☑ Complete a practical experience requirement 3☑ Complete a final assessment of the individual's professional capabilities and competencies 4□ None of the above	
2.2.	<i>Continuous Professional Development</i> Is there a requirement for your members to develop and maintain competence through continuous professional development	1⊙ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	(CPD)?	2○ No	
2.3.	Professional Accountancy Education		
2.3.1.	<p><i>Professional Accountancy Education Program</i></p> <p>Who delivers the professional accountancy education program for your members? Select all the answer options that are appropriate.</p>	<p>1☑ Our organization</p> <p>2☐ Another IFAC member body</p> <p>3☐ Universities</p> <p>4☐ Approved training institutions</p> <p>5☐ Government bodies</p> <p>6☐ Other organizations</p>	<p>All candidates who have passed government-managed CPA examination for entering into a program to become a CPA are required to take three-year long professional accountancy education program provided by JICPA after success in the examination. There is no exemption of any subjects in the professional accountancy education program regardless of successful candidates' educational background.</p>
2.7.	IES 1 Entry Requirements		
2.7.1.	<p><i>Entry Requirements and Equivalency</i></p> <p>Section 2.7 deals with the entry requirements to the professional accountancy education program delivered by</p>	<p>1○ Entry requirements are at least equivalent to that for admission into a recognized</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>your organization.</p> <p>Are the entry requirements to the program equivalent to admissions requirements for a recognized university degree program (or its equivalent)?</p>	<p>university degree program (or its equivalent)</p> <p>2⊙ Entry requirements are not equivalent to that for admissions into a recognized university degree program (or its equivalent)</p>	
2.7.2.	<p><i>Entry Requirements Follow Up</i></p> <p>Please describe in general terms the experience and / or knowledge required to enter into the professional accountancy education program. For example, whether the individual must have secondary education (e.g. high school diploma) or the type and number of years of work experience that is recognized.</p>	<p>In Japan, the entry requirement is to pass the government-managed national CPA examination stipulated in the Certified Public Accountants Law (CPA Law). (This exam must be passed for entering into a program to become a CPA.)</p> <p>Therefore, we are unable to be involved in matters concerning this examination. In order to attract individuals with a wider background, an admission into a university is not required to take the government-managed examination. However, the academic level required to pass the examination is</p>	

Number	Question Title/Text/Help text	Answer	Comments
		much higher than university graduate level in the subjects examined. Also, most of the successful candidates are graduates or students who have completed university liberal arts courses.	
2.8.	IES 2 Content of Professional Accounting Education Program		
2.8.1.	<p><i>Gaining Accountancy Knowledge</i></p> <p>Section 2.8 deals with the general content of the professional accountancy education program delivered by your organization.</p> <p>What forms of pre-qualification, professional accountancy knowledge are recognized by your organization? Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> Post-secondary accounting degree</p> <p>2<input checked="" type="checkbox"/> Post-secondary business or finance degree</p> <p>3<input checked="" type="checkbox"/> Post-secondary degree in another subject matter</p> <p>4<input type="checkbox"/> Qualification offered by another IFAC member body</p> <p>5<input type="checkbox"/> Relevant work experience</p> <p>6<input type="checkbox"/> Other</p>	
2.8.2.	<p><i>Describe Other Degree</i></p> <p>Describe in general terms the other degrees</p>	Auditing and laws and regulations	

Number	Question Title/Text/Help text	Answer	Comments
	and specializations recognized by your organization.	related to CPA practices	
2.8.6.	<p><i>Pre-Qualification for Professional Knowledge</i></p> <p>What is the length of the professional accountancy knowledge component of pre-qualification education? Select the answer option that is the most appropriate.</p>	<p>1○ Two years of full-time study or part-time equivalent</p> <p>2○ Less than two years of full-time study or part-time equivalent</p> <p>3⊙ More than two years of full-time study or part-time equivalent study</p>	
2.8.7.	<p><i>Length Follow Up</i></p> <p>Please describe the extent of professional accountancy knowledge that is required as part of the pre-qualification education component. Include in your description factors that were relevant in selecting the extent of knowledge required.</p>	3 years, part-time study.	
2.8.8.	Pre-Qualification Content		
2.8.8.1.	<p><i>Accounting and Finance</i></p> <p>Section 2.8.8.1 deals with the specific content of the professional accountancy education program delivered by your organization.</p>	1☑ Financial accounting and reporting	

Number	Question Title/Text/Help text	Answer	Comments
	Which of the following accounting, finance, and related knowledge subject areas are required prior to qualification? Select all the answer options that are appropriate.	<p>2<input checked="" type="checkbox"/> Management accounting and control</p> <p>3<input checked="" type="checkbox"/> Control</p> <p>4<input checked="" type="checkbox"/> Taxation</p> <p>5<input checked="" type="checkbox"/> Business and commercial law</p> <p>6<input checked="" type="checkbox"/> Audit and assurance</p> <p>7<input checked="" type="checkbox"/> Finance and financial management</p> <p>8<input checked="" type="checkbox"/> Professional values and ethics</p> <p>9<input type="checkbox"/> None of the above</p>	
2.8.8.3.	<p><i>Organizational and Business Knowledge</i></p> <p>Which of the following organizational and business knowledge subject areas are required prior to qualification? Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> Economics</p> <p>2<input checked="" type="checkbox"/> Business environment</p> <p>3<input checked="" type="checkbox"/> Corporate governance</p> <p>4<input checked="" type="checkbox"/> Business ethics</p> <p>5<input checked="" type="checkbox"/> Financial markets</p> <p>6<input checked="" type="checkbox"/> Quantitative methods</p> <p>7<input checked="" type="checkbox"/> Organizational behavior</p> <p>8<input checked="" type="checkbox"/> Management and strategic decision making</p> <p>9<input checked="" type="checkbox"/> Marketing</p> <p>10<input checked="" type="checkbox"/> International business and globalization</p>	

Number	Question Title/Text/Help text	Answer	Comments
		11 <input type="checkbox"/> None of the above	
2.8.8.5.	<i>Information Technology</i> Which of the following information technology (IT) subject areas and competences are required prior to qualification? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> General knowledge of IT 2 <input checked="" type="checkbox"/> IT control knowledge 3 <input checked="" type="checkbox"/> IT control competences 4 <input checked="" type="checkbox"/> IT user competences 5 <input type="checkbox"/> One of, or a mixture of, the competences of, the roles of manager, evaluator or designer of information systems 6 <input type="checkbox"/> None of the above	
2.8.8.6.	<i>Information Technology Follow Up</i> For the information technology subjects in question 2.8.8.6 that are not required by your organization, please explain the special conditions or reasons why they are not required.	We consider that knowledge of this subject, "One of, or a mixture of, the competences of, the roles of manager, evaluator or designer of information systems", is not essential for all CPAs.	
2.8.8.7.	<i>Additional Content by Requirement</i> Are there additional content requirements specified by law or regulation, or your organization?	1 <input type="checkbox"/> Yes, as required by law or regulation	

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		2 <input type="checkbox"/> Yes, as determined to be necessary by our organization 3 <input checked="" type="checkbox"/> No	
2.9.	IES 3 Professional Skills		
2.9.1.	<p><i>Development of Intellectual Skills</i></p> <p>Section 2.9 deals with the professional skills required by the professional accountancy education program delivered by your organization.</p> <p>At what points in the professional accountancy education program are intellectual skills developed? Select all the answer options that are appropriate. In responding to this question refer to IES 3 paragraphs 13 and 14.</p>	<p>1 <input checked="" type="checkbox"/> As part of general education and / or as part of the professional accountancy education program entry requirements</p> <p>2 <input checked="" type="checkbox"/> Through specific professional accountancy education course content</p> <p>3 <input checked="" type="checkbox"/> Through practical experience requirement</p> <p>4 <input type="checkbox"/> Other (please describe)</p>	
2.9.2.	<p><i>Intellectual Skills</i></p> <p>Describe the specific intellectual skills candidates are required to have at the point of qualification and how these skills are assessed.</p>	Intellectual skills described in the paragraph 14 of IES 3 are required.	
2.9.3.	<i>Development of Technical and Functional</i>		

Number	Question Title/Text/Help text	Answer	Comments
	<p><i>Skills</i></p> <p>At what points in the professional accountancy education program are technical and functional skills developed? Select all the answer options that are appropriate. In responding to this question refer to IES 3 paragraphs 13 and 15.</p>	<p>1 <input checked="" type="checkbox"/> As part of general education and / or as part of the professional accountancy education program entry requirements</p> <p>2 <input checked="" type="checkbox"/> Through specific professional accountancy education course content</p> <p>3 <input checked="" type="checkbox"/> Through practical experience requirement</p> <p>4 <input type="checkbox"/> Other (please describe)</p>	
2.9.4.	<p><i>Technical and Functional Skills</i></p> <p>Describe the specific technical and functional skills candidates are required to have at the point of qualification and how these skills are assessed.</p>	Intellectual skills described in the paragraph 15 of IES 3 are required	
2.9.5.	<p><i>Development of Personal Skills</i></p> <p>At what points in the professional accountancy education program are personal skills developed? Select all the answer options that are appropriate. In responding to this question IES 3 paragraphs 13 and 16.</p>	<p>1 <input checked="" type="checkbox"/> As part of general education and / or as part of the professional accountancy education program entry requirements</p> <p>2 <input checked="" type="checkbox"/> Through specific professional accountancy education course content</p> <p>3 <input checked="" type="checkbox"/> Through practical experience requirement</p>	

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		4 <input type="checkbox"/> Other (please describe)	
2.9.6.	<i>Personal Skills</i> Describe the specific personal skills candidates are required to have at the point of qualification and how these skills are assessed.	Intellectual skills described in the paragraph 16 of IES 3 are required	
2.9.7.	<i>Dev of Interpersonal and Communication Skills</i> At what points in the professional accountancy education program are interpersonal and communication skills developed? Select all the answer options that are appropriate. In responding to this question refer to IES 3 paragraphs 13 and 17.	1 <input checked="" type="checkbox"/> As part of general education and / or as part of the professional accountancy education program entry requirements 2 <input checked="" type="checkbox"/> Through specific professional accountancy education course content 3 <input checked="" type="checkbox"/> Through practical experience requirement 4 <input type="checkbox"/> Other (please describe)	
2.9.8.	<i>Interpersonal and Communication Skills</i> Describe the specific interpersonal and communication skills candidates are required to have at the point of qualification and how these skills are assessed.	Intellectual skills described in the paragraph 17 of IES 3 are required	
2.9.9.	<i>Dev of Organizational and Business Mngt Skills</i>		

Number	Question Title/Text/Help text	Answer	Comments
	At what points in the professional accountancy education program are organizational and business management skills developed? Select all the answer options that are appropriate. In responding to this question refer to IES 3 paragraphs 13 and 18.	<p>1 <input checked="" type="checkbox"/> As part of general education and / or as part of the professional accountancy education program entry requirements</p> <p>2 <input checked="" type="checkbox"/> Through specific professional accountancy education course content</p> <p>3 <input checked="" type="checkbox"/> Through practical experience requirement</p> <p>4 <input type="checkbox"/> Other (please describe)</p>	
2.9.10.	<p><i>Organizational and Business Management Skills</i></p> <p>Describe the specific organizational and business management skills candidates are required to have at the point of qualification and how these skills are assessed.</p>	Intellectual skills described in the paragraph 18 of IES 3 are required	
2.10.	IES 4 Professional Values, Ethics and Attitudes		
2.10.1.	<p><i>Content for Values, Ethics and Attitudes</i></p> <p>Section 2.10 deals with professional ethics, values, and attitude content and requirements of the professional accountancy education program delivered by your organization.</p> <p>Does the professional accountancy</p>	1 <input checked="" type="radio"/> Yes	

Number	Question Title/Text/Help text	Answer	Comments
	education program include coverage of values, ethics and attitudes?	2○ No	
2.10.2.	Values, Ethics and Attitudes in Content		
2.10.2.1.	<p><i>Program Content for Values, Ethics and Attitudes</i></p> <p>Which of the following are included in the program content? Select all the answer options that are appropriate.</p>	<p>1☑ The nature of ethics</p> <p>2☑ Differences of detailed rules-based and framework approaches to ethics, their advantages and drawbacks</p> <p>3☑ Compliance with the fundamental ethical principles of integrity, objectivity, commitment to professional competence and due care, and confidentiality</p> <p>4☑ Professional behavior and compliance with technical standards</p> <p>5☑ Concepts of independence, skepticism, accountability and public expectations</p> <p>6☑ Ethics and the profession: social responsibility</p> <p>7☑ Ethics and law, including the relationship between laws, regulations and the public</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>interest</p> <p>8 <input checked="" type="checkbox"/> Consequences of unethical behavior to the individual, to the profession and to society at large</p> <p>9 <input checked="" type="checkbox"/> Ethics in relation to business and good governance</p> <p>10 <input checked="" type="checkbox"/> Ethics and the individual professional accountant: whistle blowing, conflicts of interest, ethical dilemmas and their resolution.</p> <p>11 <input type="checkbox"/> None of the above</p>	
2.10.2.3.	<p><i>IFAC Code of Ethics</i></p> <p>Is the program content based on the relevant sections of the IFAC Code of Ethics?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	<p>Part A: General Application of the Code and Part B: Professional Accountants in Public Practice are incorporated in the program.</p>
2.10.2.4.	<p><i>Workplace Learning Development</i></p> <p>At what points in the professional accountancy education program are values, ethics, attitudes and adherence to them developed? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> As part of general education and / or as part of the program entry requirements</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<input checked="" type="checkbox"/> 2 Through specific program course content <input checked="" type="checkbox"/> 3 Through practical experience requirement <input type="checkbox"/> 4 Other (please describe)	
2.11.	IES 5 Practical Experience Requirement		
2.11.1.	<i>Approved Provider</i> Section 2.11 deals with the practical experience requirement established by your organization. Does the practical experience requirement have to be obtained with approved providers or employers?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
2.11.2.	<i>Provider Characteristics</i> Please describe the characteristics set by your organization for recognizing approved providers.	The practical experience requirements have to be obtained with approved employers only, not with providers.	
2.11.4.	<i>Length of Practical Experience</i> What is the required length of pre-qualification practical experience? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Three years 2 <input type="radio"/> Less than three years 3 <input type="radio"/> More than three years	
2.11.6.	Practical Application SMO 2		
2.11.6.1.	<i>Practical Application</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Where relevant graduate (beyond under-graduate, e.g., masters) professional education has a strong element of practical accounting application, may any portion of the professional education be contributed to the practical experience requirement?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
2.11.7.	Timing of Experience		
2.11.7.1.	<i>Pre or Post Qualification Experience</i> The practical experience for accountants may be obtained (select all the answer options that are appropriate):	1 <input checked="" type="checkbox"/> Before the professional accountancy education program of study 2 <input checked="" type="checkbox"/> At the same time as the professional accountancy education program of study 3 <input type="checkbox"/> After the professional accountancy education program of study	
2.11.7.2.	<i>Describe Pre or Post Experience</i> Describe the length of practical experience that may be obtained pre-qualification and / or post-qualification.	Three years (pre-qualification only)	
2.12.	IES 5 Monitoring of Practical Experience Requirement		
2.12.1.	<i>Monitoring of Practical Experience</i> Is the period of practical experience monitored?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
2.12.3.	<i>Monitoring Practical Experience</i>		

Number	Question Title/Text/Help text	Answer	Comments
	How is the practical experience requirement (or practical application) monitored and assessed? Select all the answer options that are appropriate.	<p>1 <input type="checkbox"/> Mentoring system</p> <p>2 <input checked="" type="checkbox"/> Approved training employers and organizations</p> <p>3 <input type="checkbox"/> Self-declaration required from the candidate</p> <p>4 <input checked="" type="checkbox"/> Record of the practical experience is kept and submitted to the member body when applying for membership</p> <p>5 <input checked="" type="checkbox"/> An assessment is made by the mentor or employer</p> <p>6 <input type="checkbox"/> Other (please describe)</p>	
2.13.	IES 6 Assessment of Prof Capabilities and Competence		
2.13.1.	<p><i>Assessment by IFAC Body or Other</i></p> <p>Section 2.13 deals with the final assessment requirements established by your organization.</p> <p>Select all the organizations involved in conducting the final assessment.</p> <p>If the final assessment is conducted jointly between various organizations, select all those that have some responsibility for conducting the final assessment and in the</p>	<p>1 <input checked="" type="checkbox"/> Our organization (including training entities that are affiliated with our organization or a subsidiary of our organization).</p>	

Number	Question Title/Text/Help text	Answer	Comments
	Comment Box, describe the nature of their respective roles and responsibilities.	<input type="checkbox"/> Another IFAC member body <input type="checkbox"/> Government or regulatory body <input type="checkbox"/> Other	
2.13.4.	<i>Characteristics of Assessment</i> Which of the following characteristics are applicable to the final assessment process? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> Uniform for all students <input type="checkbox"/> Given simultaneously where it is being held in more than once location in the country <input type="checkbox"/> Assessment is set and assessed only by qualified or approved individuals <input type="checkbox"/> None of the above	
2.13.5.	<i>Qualifying for Final Assessment</i> What requirements must the candidate satisfy to take the final assessment? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> Specified pre-qualification requirements relating to professional knowledge, professional skills, and professional values, ethics, and attitudes <input checked="" type="checkbox"/> Specified practical experience requirements <input type="checkbox"/> Other (please describe) <input type="checkbox"/> None of the above	
2.13.6.	<i>Timing Considerations for Final Assessment</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Is there a requirement or restriction for completing the final assessment? For example, some organization may require the candidate to take the final examination within a specified number of years of meeting the pre-assessment requirements.	1○ Yes 2⊙ No	
2.13.8.	<i>Assess Professional Knowledge</i> Describe in general terms how required professional knowledge (e.g. technical knowledge about accounting, finance, audit, financial reporting, legislative requirements, information technology etc) is assessed during the final assessment.	Required technical knowledge is assessed in writing by answering to technical questions.	
2.13.9.	<i>Assess Professional Skills</i> Describe in general terms how required professional skills (e.g. ability to solve problems, make decisions, exercise judgment, personal skills, interpersonal and communication skills, organizational and business management skills etc) are assessed during the final assessment.	Required professional skill is assessed in writing by answering to questions.	
2.13.10.	<i>Assess Professional Values, Ethics, Attitudes</i> Describe in general terms how required professional values, ethics, and attitudes are assessed during the final assessment.	Required technical values, ethics, and attitudes are assessed in writing by answering to technical questions.	

Number	Question Title/Text/Help text	Answer	Comments
2.13.11.	<i>Recorded or Oral Format</i> Is the final assessment conducted through:	1 <input checked="" type="radio"/> Recorded format with recorded (e.g. written) response required 2 <input type="radio"/> Oral format with oral responses 3 <input type="radio"/> Both recorded and oral response formats	
2.13.13.	<i>Assessment Formats</i> What formats are used in conducting the final assessment (select all the answer options that are appropriate)?	1 <input type="checkbox"/> Multiple choice questions 2 <input checked="" type="checkbox"/> Case studies 3 <input checked="" type="checkbox"/> Technical questions 4 <input checked="" type="checkbox"/> Thesis 5 <input type="checkbox"/> Other (please describe) 6 <input type="checkbox"/> None of the above	
2.13.14.	<i>Reliability and Validity</i> Describe in general terms the procedures in place to ensure the final assessments are reliable and valid. Include a description of how the assessment questions are set and by whom and also how reviewers / assessors are selected.	JICPA organizes the committee which administers the final assessments. The powers of the committee include the appointment and dismissal of assessors, who also set the assessment questions.	
2.13.15.	<i>Frequency of Final Assessments</i> How many times in a year is the final assessment offered? Select the answer option that is the most appropriate.	1 <input checked="" type="radio"/> Yearly (or once a year)	

Number	Question Title/Text/Help text	Answer	Comments
		<input type="radio"/> 2 Half yearly (or twice a year) <input type="radio"/> 3 Three sessions a year <input type="radio"/> 4 Four sessions a year <input type="radio"/> 5 Five sessions a year <input type="radio"/> 6 Other (please describe the frequency of the examinations)	
2.14.	IES 7 Continuing Professional Development - CPD		
2.14.1.	<p><i>Responsibility for CPD Requirements</i> Section 2.14 deals with the continuous professional development requirements established by your organization.</p> <p>Who establishes the continuous professional development requirements applicable to your members? Select all the answer options that are appropriate.</p>	<input checked="" type="checkbox"/> 1 Our organization <input type="checkbox"/> 2 Another organization (state the name of the organization including whether it is an IFAC member body) <input type="checkbox"/> 3 Law and / or regulation (state the name of the law / regulation) <input type="checkbox"/> 4 Other (please describe)	
2.14.2.	<p><i>CPD and Professional Accountants</i> Which membership categories are required to maintain professional competence through continuous professional</p>	<input checked="" type="checkbox"/> 1 All our qualified members	

Number	Question Title/Text/Help text	Answer	Comments
	development? Select all the answer options that are appropriate.	<p>2 <input type="checkbox"/> Qualified members who perform audits of listed entities</p> <p>3 <input type="checkbox"/> Qualified members who perform audits of entities other than listed entities</p> <p>4 <input type="checkbox"/> Qualified members who provide services (other than audit) to the public</p> <p>5 <input type="checkbox"/> Qualified members who are employed in business</p> <p>6 <input type="checkbox"/> Other (please describe)</p>	
2.14.3.	Requirement - CPD		
2.14.3.1.	<p><i>Type of CPD Requirement</i></p> <p>Which of the following answer options describes the way the continuous professional development is structured? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Members must satisfy a number of hours of continuous professional development a year or over a number of years</p> <p>2 <input checked="" type="checkbox"/> All members are to satisfy specified content requirements (e.g. specified courses or knowledge content)</p> <p>3 <input type="checkbox"/> Members working in specialist areas or areas of high risk to the public are to satisfy specified content</p>	

Number	Question Title/Text/Help text	Answer	Comments
		requirements (e.g. specified courses or knowledge content)	
		4 <input type="checkbox"/> Other	
2.14.3.3.	<i>Hours of Continuous Professional Development</i> Which one of the following answer options best describes the continuous professional development hours required?	1 <input type="radio"/> Members have to complete a minimum of 120 hours or equivalent learning units of relevant professional development activity over a three-year rolling period. 2 <input type="radio"/> Members have to complete a minimum of 20 hours or equivalent learning units in each year 3 <input checked="" type="radio"/> Other	
2.14.3.4.	<i>Other Hours Follow Up</i> Describe the continuous development hours required by members.	Members have to complete a minimum of 40 hours or equivalent learning units in each year.	
2.14.3.5.	<i>Describe Content Requirement</i> Describe the content requirement applicable to all members.	Ethics	
2.14.3.8.	<i>Monitoring of CPD</i> Is there a process to monitor whether your	1 <input checked="" type="radio"/> Yes, there is a monitoring	

Number	Question Title/Text/Help text	Answer	Comments
	members who are qualified as professional accountants meet the continuous professional development requirements?	process for CPD requirements 2○ No, there is no monitoring process for CPD requirements	
2.14.4.	Monitoring of CPD Requirement		
2.14.4.1.	<i>Monitoring Process SMO 2</i> Which of the following elements does the monitoring process include? Select all the answer options that are appropriate.	1☑ Professional accountants are required to submit a declaration 2□ Professional accountants are required to submit evidence 3☑ Our organization audits a sample of professional accountants to check compliance 4□ Compliance is monitored through firm quality control standards 5☑ Compliance is monitored through a quality assurance review program 6□ Other (please describe) 7□ None of the above	
2.14.4.2.	<i>Declaration and CPD SMO 2</i> Describe the matters addressed in the declaration (select all that apply):	1□ Professional accountant's obligation to meet ethical obligations 2☑ Professional accountant's obligation to maintain	

Number	Question Title/Text/Help text	Answer	Comments
		<p>knowledge</p> <p>3 <input checked="" type="checkbox"/> Professional accountant's obligation to maintain skills to perform competently</p> <p>4 <input checked="" type="checkbox"/> Compliance with CPD requirement</p> <p>5 <input type="checkbox"/> Other (please describe)</p>	
2.14.4.3.	<p><i>Sanctions SMO 2</i></p> <p>Where a professional accountant does not satisfy the CPD requirements (within a reasonable period of encouraging the professional accountant to meet the requirements), are sanctions or other non-compliance actions, such as expulsion or denial of the right to practice, imposed?</p>	<p>1 <input checked="" type="radio"/> Yes, sanctions or actions for non-compliance are imposed</p> <p>2 <input type="radio"/> No, sanctions or other non-compliance actions are not imposed</p>	
2.14.4.4.	<p><i>Sanction Types and CPD</i></p> <p>Describe the nature and extent of the sanction, expulsions or denial of the right to practice.</p>	Recommendations to withdraw audit engagements and/or publication of names of non-compliance	
2.15.	<p><i>Activities to Promote IESs SMO 2</i></p> <p>Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements issued by IFAC's International Accounting</p>	1. IESs and other pronouncements are considered by our education committees or education staff on a timely basis.	

Number	Question Title/Text/Help text	Answer	Comments
	Education Standards Board.	2. We regularly contribute to the IES standard-setting process by responding to invitations to comment on proposed (exposure drafts) IESs and other pronouncements issued by IFAC's IAESB.	
3.	SMO 3		
3.1.	<p><i>Auditing Standards in Law/Regulation</i></p> <p>Does law or regulation establish the set of auditing standards to be used in the audit of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the auditing standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 3.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the auditing standards, please respond "no". Section 3.2. of this module includes</p>	1 <input type="checkbox"/> Yes for audits of listed entities	

Number	Question Title/Text/Help text	Answer	Comments
	questions about the standard-setter and the auditing standards that are established.	<p>2 <input type="checkbox"/> Yes for audits of non-listed entities</p> <p>3 <input checked="" type="checkbox"/> No for audits of listed entities</p> <p>4 <input checked="" type="checkbox"/> No for audits of non-listed entities</p>	
3.2.	Responsibility for Private Sector Auditing Standards		
3.2.1.	<i>Auditing Standards - Private Sector</i> Is there only one set of auditing standards or are the auditing standards applicable to listed entities different from non-listed entities?	<p>1 <input checked="" type="radio"/> The auditing standards for listed entities and non-listed entities are the same set of standards</p> <p>2 <input type="radio"/> The auditing standards for listed entities and non-listed entities are not the same set of standards</p>	
3.2.6.	<i>Responsibility for Auditing Standards</i> Who has the authority for establishing the auditing standards for listed and non-listed entities?	1 <input type="radio"/> Our organization	<p>Please state the name of the other organization: Business Accounting Council in Financial Service Agency.</p> <p>Japanese GAAS consists of auditing standards established by BAC in FSA, and practical guidelines developed by JICPA.</p>

Number	Question Title/Text/Help text	Answer	Comments
		2○ Another IFAC member body 3⦿ Joint process between our organization and another IFAC member body or other organization 4○ Another organization	
3.3.	Member Body SMO 3		
3.3.1.	<i>MB Convergence Objective SMO 3</i> Has convergence with IAASB pronouncements been established as an objective?	1⦿ Yes 2○ No	In Japan, international convergence of auditing standards is implemented in Japanese GAAS which consists of auditing standards established by BAC in FSA, and practical guidelines developed by JICPA (although there is no document established as an official policy statement).
3.3.3.	<i>MB Convergence Implemented SMO 3</i> Has the convergence objective for auditing standards been implemented?	1⦿ Yes 2○ No	
3.6.	Incorporation of Auditing Standards		
3.6.1.	<i>Incorporation Approach SMO 3</i> Where your response indicates that convergence with IAASB pronouncements has been implemented, which of the	1○ IAASB pronouncements are adopted as drafted without amendments (refer Help	

Number	Question Title/Text/Help text	Answer	Comments
	<p>following best describes the approach is used to incorporate the IAASB pronouncements into national standards? Select the answer option that is most appropriate.</p> <p>Help text: Answer Option 1 and reference to "adopted without amendment" Select this option where IAASB pronouncements are adopted as drafted except for changes to: Rename the IAASB pronouncement to a national standard name; Translate the IAASB pronouncement into another language; Apply an effective date that differs from the IAASB pronouncement.</p> <p>Answer Option 2 and 3 reference to "Differences" In responding to this question, "differences" may include: Requirements in addition to those specified in the IAASB pronouncement or ISA; Deletion of a basic principle, essential procedure, and / or related guidance specified in the IAASB pronouncement or ISA; Modification of a requirement specified in the IAASB pronouncement or ISA (e.g. an</p>	<p>Text)</p> <p>2○ IAASB pronouncements are adopted as national standards and amended as necessary to address differences due to conflicts with legal or regulatory requirements (refer Help Text)</p>	

Number	Question Title/Text/Help text	Answer	Comments
	ISA requirement was not deleted in full because a similar requirement was included).	<p>3⊙ Existing national standards are compared with IAASB pronouncements to eliminate to the extent possible differences between the national standard and the IAASB pronouncement (refer Help Text)</p> <p>4○ Other</p>	
3.6.4.	National Standards and ISAs SMO 3		
3.6.4.1.	<p><i>National Pronouncements SMO 3</i></p> <p>Which of the following types of pronouncements does your organization establish? Select all that apply.</p>	<p>1☑ Standards on quality control</p> <p>2☑ Auditing standards setting out principles and essential procedures</p> <p>3☑ Guidance or other statements containing explanatory information related to auditing standards</p> <p>4☑ Standards for assurance</p>	<p>The JICPA issued the ED "Implementation Guidance for Assurance Engagements other than Audits of Financial Statements" ("Guidance") in July 2005, which has not been finalized yet.</p>

Number	Question Title/Text/Help text	Answer	Comments
		engagements other than for audits of historical financial information 5 <input type="checkbox"/> Standards on review engagements 6 <input type="checkbox"/> Standards on other services	
3.6.4.3.	<p><i>Information - National Standards SMO 3</i></p> <p>Is information publicly available describing or comparing differences between the IAASB pronouncements and national standards and other pronouncements including:</p> <p>The IAASB pronouncement in effect as at September 30, 2005 that have been compared with a similar or equivalent national standard or pronouncement; The effective date of the similar or equivalent national standard or pronouncement; The differences between the IAASB pronouncement and the similar or equivalent national standard and pronouncement; and The reasons for the differences?</p>	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p>	
3.6.4.4.	<p><i>Submit Information - National Standards SMO 3</i></p> <p>If information about the similar or</p>	<p>1 <input type="radio"/> The information is available</p>	See below for submitted

Number	Question Title/Text/Help text	Answer	Comments
	<p>equivalent national standards and pronouncements is publicly available and it is in English, please indicate this in your response and submit a copy to Compliance Staff.</p> <p>If this information is not available, complete the SMO 3: Comparison with IAASB Pronouncements report by clicking on the link and submit it in Word format to Compliance Staff.</p> <p>Indicate whether your organization will be submitting available information or the "SMO 3: Comparison with IAASB Pronouncements" report.</p>	<p>and in English and will be submitted to Compliance Staff</p> <p>2☉ The "SMO 3: Comparison with IAASB Pronouncements" report will be completed and submitted to Compliance Staff</p>	comparative information.
3.10.	Translation SMO 3		
3.10.1.	<p><i>Translation of IAASB Pronouncements</i></p> <p>Are the IAASB pronouncements translated into a national language?</p>	<p>1○ No as English is the national language or a widely spoken language</p> <p>2☉ Yes, the IAASB pronouncements are</p>	

Number	Question Title/Text/Help text	Answer	Comments
		translated 3○ No and English is not an official language or is not widely spoken	
3.10.2.	<i>IFAC Translation Policy SMO 3</i> Is the IFAC Translation Policy followed?	1⊙ Yes 2○ No	
3.10.3.	<i>Principal Translator SMO 3</i> Who is the principal translator? Select the answer option that is most appropriate.	1⊙ Our organization is the principal translator 2○ The government or another organization is the principal translator 3○ Our organization and the government or another organization are the principal translators	
3.10.4.	<i>Key Words SMO 3</i> Does the translation process include a list of key words?	1⊙ Yes 2○ No	
3.10.5.	<i>Faithful Translation SMO 3</i> What processes are in place to ensure a faithful translation of the IAASB pronouncements?	Outline of the JICPA translation process: (a) Creation of a draft translation by another translator who incorporates the translated list of key words in the translation (b) Review of the draft translation by the principal	

Number	Question Title/Text/Help text	Answer	Comments
		<p>translator and the translation group</p> <p>(c) Final confirmation of the translation by the principal translator</p> <p>(d) Approval of the translation by the translating body</p> <p>(e) Publication of the translation by the translating body</p>	
3.11.	<p><i>Activities to Promote IAASB Pronouncements</i></p> <p>Please describe the activities your organization undertakes to promote and assist in the implementation of IAASB pronouncements and other IAASB activities.</p>	<ol style="list-style-type: none"> 1. IAASB ISAs, IAPs and other pronouncements are communicated to our members on a timely basis. 2. We regularly contribute to the IAASB's standard setting process by responding to invitations to comment on proposed (exposure drafts) ISAs, other Engagement Standards and IAPs. 3. We participate in IAASB, its task forces and other activities. 4. The missions, objectives and work programs of the IAASB and IFAC are communicated to key stakeholders such as securities market regulators, banking regulators, insurance regulators and the government body responsible 	

Number	Question Title/Text/Help text	Answer	Comments
		for developing standards. 5. We have regular meetings to communicate IAASB activities and exposure drafts with key stakeholders such as regulators, audit clients and stock exchanges.	
4.	SMO 4		
4.1.	Responsibility and National Ethical Requirements		
4.1.1.	<p><i>IFAC MB and Ethical Requirements</i> Does your organization establish ethical requirements (e.g. code of ethics, code of conduct, ethics rules, member regulations, etc.) to be complied with by your members?</p> <p>Help text: In some countries, ethical requirements may be established on a regional, provincial, or state basis. Where this is the case in your country for the ethical requirements that apply to your members, please contact Compliance Staff for further instruction.</p>	<p>1Ⓐ Yes, our organization does establish ethical requirements</p> <p>2Ⓐ No, our organization does not establish ethical requirements</p>	
4.1.2.	<p><i>IFAC MB and Convergence with IFAC Code</i> Has your organization implemented convergence with the IFAC Code of Ethics as an objective?</p>	<p>1Ⓐ Yes</p> <p>2Ⓐ No</p>	
4.1.9.	<i>IFAC MB Approach to Ethics</i>		

Number	Question Title/Text/Help text	Answer	Comments
	<p>Which of the following options best describes your organization's activities to incorporate the IFAC Code?</p> <p>For the purposes of the Part 2 SMO 4 module, modifications include: Deletion/omission of concepts, principles, or guidance that are established in the IFAC Code; Inclusion of concepts, principles, or guidance that are not in the IFAC Code; Other amendments that give rise to differences between your organization's ethical requirements and the IFAC Code.</p>	<p>1○ Our organization adopted the IFAC Code as issued without modifications</p> <p>2○ Our organization adopted the IFAC Code but with modifications</p> <p>3⊙ Our organization has developed our own ethical requirements with a process to eliminate differences between our ethical requirements and the IFAC Code</p> <p>4○ Our organization develops our own ethical requirements and uses another approach to incorporate the IFAC Code of Ethics</p>	

Number	Question Title/Text/Help text	Answer	Comments
4.1.10.	<i>IFAC MB and Code - Eliminate Differences</i> Describe the process used to adopt the IFAC Code or the process used to eliminate differences between your organization's ethical requirements and the IFAC Code.	We have established an Ethics Committee charged with developing our Code of Ethics. When amending the existing Code or developing new requirements, the Committee reviews the IFAC Code and incorporates the IFAC Code requirements where necessary.	
4.2.	MB and Version of IFAC Code		
4.2.1.	<i>Version of IFAC Code</i> Which version of the IFAC Code was adopted or used as the basis for your organization's ethical requirements?	1○ The IFAC Code currently in effect, revised and issued in June 2004	The version of IFAC Code which is converged with the current effective JICPA code is essentially the 2001 version. New JICPA Code of Ethics which incorporates IFAC's Code of Ethics issued in June 2005 including the section 8 independence requirements issued in 2004 is planned to be approved in December 2006, when the special General Assembly is due to convene. Implementation guidance for the Conceptual framework of

Number	Question Title/Text/Help text	Answer	Comments
		<p>2☉ A version issued prior to 2004</p> <p>3○ The revised IFAC Code issued and in effect June 30, 2006</p>	Independence for Professional accountants in public practice is also scheduled to be established by the end of 2006.
4.2.2.	<p><i>Version Pre 2004 Follow Up SMO 4</i></p> <p>Please explain why the IFAC Code that is currently in effect has not been adopted or incorporated. Provide information about special conditions, challenges, or impediments relevant to this matter.</p>	We are currently working on incorporating the IFAC Code of Ethics effective on June 30, 2006.	
4.2.3.	<p><i>MB and Revised Code</i></p> <p>Does your organization have plans to adopt the revised IFAC Code (effective June 30, 2006) or revise your ethical requirements to incorporate the revised IFAC Code? Select the option that is the most relevant.</p>	<p>1○ Our organization has already amended our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>2☉ Our organization is in the process of amending or has included a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>3○ Our organization currently</p>	

Number	Question Title/Text/Help text	Answer	Comments
		has not included in our work program a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)	
		4○ Other (please describe)	
4.2.5.	<i>MB and Revision Plans</i> Please describe the work program timetable.	Amendment of the Code of Ethics requires a resolution of our General Assembly. Amendment is planned when the special General Assembly convenes in December 2006.	
4.3.	<i>Ethical Requirements by Gov / Reg Bodies</i> In addition to the ethical requirements established by your organization, are there also laws or regulations that set out ethical requirements to be complied with by your members?	1⊙ Yes	
		2○ No	
4.4.	Gov / Reg Bodies and Ethical Requirements		
4.4.1.	<i>Gov/Reg Bodies - Ethical Requirements</i> Where ethical requirements applicable to your members are established in law or regulation, do they include any of the following types of laws and regulations? Select all the answer options that are	1□ There is a law / regulation (e.g. Audit Law, Accountants Law) that sets out ethical requirements to be complied with by all professional	

Number	Question Title/Text/Help text	Answer	Comments
	appropriate.	<p>accountants</p> <p>2<input checked="" type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit listed entities</p> <p>3<input checked="" type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit entities other than listed entities</p> <p>4<input type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who provide services to the public (other than as auditors of listed or other entities)</p> <p>5<input type="checkbox"/> There is a law / regulation that sets out ethical requirements for professional accountants employed in business</p> <p>6<input type="checkbox"/> None of the above</p>	
4.4.4.	<p><i>Describe Law / Reg - Audit</i></p> <p>Regarding your response to question 4.4.1</p>	Name:	

Number	Question Title/Text/Help text	Answer	Comments
	<p>and professional accountants who audit listed entities and / or other entities, please: State the law / regulation's name; Provide a general description of the law / regulation; Describe how the law / regulation sets out the scope of professional accountants that it applies to.</p>	<p>Certified Public Accountants Law (CPA Law); Cabinet Order of the CPA Law; Cabinet Office Ordinance on Independence of CPAs.</p> <p>Description: The CPA Law stipulates the registration, examination, duties and responsibilities, audit corporations, the professional accountancy body (our organization), penalties and other matters governing CPAs.</p> <p>Scope: The CPA Law stipulates the services rendered by CPAs, including audits, and sets out some requirements which apply to the CPAs who provide audits of financial statements. The Cabinet Order and Ordinance set out rules on circumstances which may threaten independence.</p>	
4.4.7.	<p><i>Gov/Reg and Convergence</i> Please explain whether your organization has undertaken any activities to promote the</p>	<p>1. The International Ethics Standards Board for Accountants'</p>	

Number	Question Title/Text/Help text	Answer	Comments
	IFAC Code of Ethics to the relevant government or regulatory body that sets ethical requirements. Include in your explanation descriptions of any specific activities and the outcome or the reasons why such activities have not been undertaken.	(IESBA) pronouncements and revisions to the IFAC Code are communicated to our members on a timely basis. 2. We regularly contribute to the IESBA's standard setting process by responding to invitations to comment on proposed requirements or revisions to the IFAC Code of Ethics. 3. We participate in IESBA.	
4.5.	<p><i>Comparison of Requirements SMO 4</i></p> <p>Does your organization have information that identifies any differences between the IFAC Code of Ethics currently in effect or the revised Code and the national ethical requirements? In responding to this question, differences include:</p> <p>Principles, concepts, and guidance in the IFAC Code that are not addressed in the national ethical requirements; Principles, concepts, and guidance in the IFAC Code that are not equivalent to the national ethical requirements; Principles, concepts, rules, regulations, laws, or other mandatory ethical requirements in national ethical requirements that are not</p>	1○ Yes, our organization has this information and it will be submitted	We have noted the differences between the IFAC Code of Ethics and our national ethical requirements. This information is available only in Japanese.

Number	Question Title/Text/Help text	Answer	Comments
	<p>addressed in the IFAC Code.</p> <p>The phrase "national ethical requirements" as used in this questionnaire refers to the totality of ethical requirements established by your organization and others including government and regulatory bodies that are applicable to your members.</p>	<p>2○ This information will be submitted by another IFAC member body</p> <p>3⊙ No, the information is not available</p>	
4.6.	Fundamental Principles - National		
4.6.1.	Integrity - Principle		
4.6.1.1.	<p><i>Integrity</i></p> <p>Do the national ethical requirements require professional accountants to comply with the fundamental principle "integrity" as described in the revised IFAC Code?</p>	<p>1⊙ Yes, professional accountants are required to comply with the same principle</p> <p>2○ Yes, professional accountants are required to comply with a similar or equivalent principle</p> <p>3○ The same or similar / equivalent principle has not been established</p>	
4.6.1.2.	<p><i>Integrity Requirement</i></p> <p>Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options</p>	<p>1☑ Our organization's ethical requirements</p>	CPA Law, Article 1-2

Number	Question Title/Text/Help text	Answer	Comments
	that are appropriate.	<p>2<input checked="" type="checkbox"/> Law that regulates professional accountants and / or auditors</p> <p>3<input type="checkbox"/> Securities regulation</p> <p>4<input type="checkbox"/> Other laws and / or regulation</p>	
4.6.2.	Objectivity - Principle		
4.6.2.1.	<p><i>Objectivity</i></p> <p>Do the national ethical requirements require professional accountants to comply with the fundamental principle "objectivity" as described in the revised IFAC Code?</p>	<p>1<input checked="" type="radio"/> Yes, professional accountants are required to comply with the same principle</p> <p>2<input type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle</p> <p>3<input type="radio"/> The same or similar / equivalent principle has not been established</p>	
4.6.2.2.	<p><i>Objectivity Requirement</i></p> <p>Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> Our organization's ethical requirements</p> <p>2<input checked="" type="checkbox"/> Law that regulates professional accountants and / or auditors</p> <p>3<input type="checkbox"/> Securities regulation</p> <p>4<input type="checkbox"/> Other laws and / or regulation</p>	CPA Law, Article 1-2
4.6.3.	Professional Competence / Due Care - Principle		

Number	Question Title/Text/Help text	Answer	Comments
4.6.3.1.	<i>Prof Competence / Due Care</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional competence and due care" as described in the revised IFAC Code?	<p>1 <input checked="" type="radio"/> Yes, professional accountants are required to comply with the same principle</p> <p>2 <input type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle</p> <p>3 <input type="radio"/> The same or similar / equivalent principle has not been established</p>	
4.6.3.2.	<i>Prof Competence / Due Care Req</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	<p>1 <input checked="" type="checkbox"/> Our organization's ethical requirements</p> <p>2 <input checked="" type="checkbox"/> Law that regulates professional accountants and / or auditors</p> <p>3 <input type="checkbox"/> Securities regulation</p> <p>4 <input type="checkbox"/> Other laws and / or regulation</p>	CPA Law, Article 1-2
4.6.4.	Confidentiality - Principle		
4.6.4.1.	<i>Confidentiality</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "confidentiality" as described in the revised IFAC Code?	<p>1 <input checked="" type="radio"/> Yes, professional accountants are required to comply with the same principle</p> <p>2 <input type="radio"/> Yes, professional accountants are required to comply with a</p>	

Number	Question Title/Text/Help text	Answer	Comments
		3○ similar or equivalent principle The same or similar / equivalent principle has not been established	
4.6.4.2.	<i>Confidentiality Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	1☑ Our organization's ethical requirements 2☑ Law that regulates professional accountants and / or auditors 3☐ Securities regulation 4☐ Other laws and / or regulation	CPA Law, Article 27
4.6.5.	Professional Behavior - Principle		
4.6.5.1.	<i>Professional Behavior</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional behavior" as described in the revised IFAC Code?	1☉ Yes, professional accountants are required to comply with the same principle 2○ Yes, professional accountants are required to comply with a similar or equivalent principle 3○ The same or similar / equivalent principle has not been established	
4.6.5.2.	<i>Professional Behavior Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and	1☑ Our organization's ethical requirements	CPA Law, Article 26

Number	Question Title/Text/Help text	Answer	Comments
	regulations? Select all the answer options that are appropriate.	<p>2 <input checked="" type="checkbox"/> Law that regulates professional accountants and / or auditors</p> <p>3 <input type="checkbox"/> Securities regulation</p> <p>4 <input type="checkbox"/> Other laws and / or regulation</p>	
4.7.	Threats and Safeguards - National		
4.7.1.	<p><i>Threats and Safeguards</i></p> <p>Do the national ethical requirements establish a framework or principle similar or equivalent to the threats and safeguards framework as described in the revised IFAC Code (effective June 30, 2006)? Select the answer option that is the most appropriate.</p>	<p>1 <input checked="" type="radio"/> Yes, our organization has a threats and safeguards framework or similar / equivalent framework in our ethical requirements</p> <p>2 <input type="radio"/> Yes, a threats and safeguards framework or similar / equivalent framework is in the ethical requirements established in law and / or regulation</p> <p>3 <input type="radio"/> No, a threats and safeguards framework, or similar / equivalent framework has not been established in the national ethical requirements</p>	
4.7.3.	<p><i>Threats and Safeguards - Other</i></p> <p>Please describe the threats and safeguards framework or similar requirement</p>	The threats and safeguards framework of the IFAC Code is	

Number	Question Title/Text/Help text	Answer	Comments
	established by your organization or law / regulation.	incorporated into our Code of Ethics.	
4.7.4.	<i>Application of Framework SMO 4</i> Which of the following does the threats and safeguards framework, or similar / equivalent requirement, apply to? Select the answer option that is the most appropriate.	<p>1○ All professional accountants</p> <p>2⊙ Only to independence requirements relating to professional accountants in public practice.</p> <p>3○ Other</p>	The threats and safeguards framework applies to independence requirements relating to professional accountants only in audit practice.
4.8.	Ethical Behavior Resolution		
4.8.1.	<i>Identifying and Resolving Unethical Behavior</i> Are there specific requirements and guidance provided to assist your members in identifying and resolving ethical matters? Select all of the answer option that are appropriate.	<p>1☑ Yes, our organization has developed requirements for identifying and resolving ethical matters</p> <p>2☐ Yes, government, regulatory, or oversight bodies have developed requirements for identifying and resolving</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>ethical matters</p> <p>3 <input type="checkbox"/> No, there is no such requirements or guidance</p>	
4.8.2.	<p><i>MB and Ethical Conflict Resolution</i></p> <p>Are the ethical conflict resolution requirements and guidance adopted from the IFAC Code or similar / equivalent to the guidance in the Code? Select the answer option that is the most appropriate.</p>	<p>1 <input type="radio"/> Yes, the requirements and guidance are adopted from the IFAC Code</p> <p>2 <input checked="" type="radio"/> Yes, the IFAC Code was used as a model in developing the requirements</p> <p>3 <input type="radio"/> Yes, the requirements are similar / equivalent to the IFAC Code</p> <p>4 <input type="radio"/> No, the requirements differ from the IFAC Code</p>	
4.9.	Independence and Threats So Significant		
4.9.1.	<p><i>Provisions and Threats to Independence</i></p> <p>The "SMO 4: Provisions Relating to Threats to Independence" report refers to specific provisions of Section 290 of the revised IFAC Code of Ethics that are currently in effect. Section 290 requires members of assurance teams, firms, and when applicable, network firms be independent of assurance clients and describes specific circumstances that may give rise to threats to independence.</p>	<p>1 <input checked="" type="radio"/> Our organization will complete the "SMO 4: Provisions Relating to Threats to Independence" report</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>Where Section 290 is applicable to your members, the SMO 4 Comparison of Threats to Independence.doc>SMO 4: Provisions Relating to Threats to Independence report should be completed and submitted to Compliance Staff. Alternatively, where this information is available in another format it can be submitted instead of the report. Select the option below to confirm the information to be submitted.</p> <p>Help text: Section 290 of the revised Code of Ethics is currently in effect. Section 290 describes specific provisions that may give rise to threats to independence that are so significant, no safeguards are available to reduce the threat to an acceptable level. For some provisions the Code describes the actions that are available to address the threat.</p>	<p>2○ Our members provide assurance services; however, another IFAC member body will complete the "SMO 4; Provisions Relating to Threats to Independence" report or provide the relevant information to Compliance Staff.</p> <p>3○ Our members do not provide assurance services; therefore, Section 290 and the Provisions Relating to Threats to Independence is not applicable to our organization.</p>	
4.10.	National Ethical Requirements - Other		

Number	Question Title/Text/Help text	Answer	Comments
4.10.1.	National - Prof Accountants		
4.10.1.1.	<i>National Additional - Prof Accountants</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that your members must comply with but are not addressed in the revised IFAC Code (effective June 30, 2006)?	1○ Yes 2● No	
4.10.1.2.	<i>National Conflicts - Prof Accountants</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your requirements?	1○ Yes 2● No	
4.10.2.	National - Public Practice		
4.10.2.1.	<i>National Additional - Public Practice</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that are applicable to your members who are professional accountants in public practice that are not addressed in the revised IFAC Code (effective June 30, 2006)?	1○ Not applicable as our members do not operate as professional accountants in public practice 2○ Yes 3● No	
4.10.2.2.	<i>National Conflicts - Public Practice</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants in public practice?	<p>1○ Not applicable as our members do not operate as professional accountants in public practice</p> <p>2○ Yes</p> <p>3● No</p>	
4.10.3.	National - Business		
4.10.3.1.	<p><i>National Additional - Business</i></p> <p>Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that are applicable to your members who are professional accountants in business that are not addressed in the revised IFAC Code (effective June 30, 2006)?</p>	<p>1○ Not applicable as our members do not operate as professional accountants employed in business</p> <p>2○ Yes</p> <p>3● No</p>	JICPA is currently in the process of revising the original Code of Ethics. The provisions related to public accountants in business will be incorporated in the revision.
4.10.3.2.	<p><i>National Conflicts - Business</i></p> <p>Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants employed in business?</p>	<p>1○ Not applicable as our members do not operate as professional accountants employed in business</p> <p>2○ Yes</p>	JICPA is currently in the process of revising the original Code of Ethics. The provisions related to public accountants in business will be incorporated in the revision.

Number	Question Title/Text/Help text	Answer	Comments
		3⊙ No	
4.11.	<p><i>Translation of IFAC Code</i></p> <p>Has your organization or others (e.g. government or regulatory body) translated the IFAC Code (in effect) or earlier versions of the Code? Select all the answer options that are appropriate.</p>	<p>1❑ No, as English is an official language or widely spoken language</p> <p>2☑ Yes, our organization has translated the IFAC Code</p> <p>3❑ Yes, a government, regulatory, or other body has translated the IFAC Code</p> <p>4❑ No, the IFAC Code has not been translated and English is not an official language or widely spoken language</p>	
4.14.	IFAC Code Translated SMO 4		
4.14.1.	<p><i>IFAC Translation Policy SMO 4</i></p> <p>Was the IFAC Translation Policy followed?</p>	<p>1⊙ Yes</p> <p>2○ No</p> <p>3○ It was translated by a government or regulatory body and the information is not available</p>	
4.14.2.	<p><i>Principal Translator SMO 4</i></p> <p>Who was the principal translator? Select the answer option that is the most appropriate.</p>	<p>1⊙ Our organization is the principal translator</p> <p>2○ The government or another organization is the principal translator</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>3○ Our organization and the government or another organization are the principal translators</p> <p>4○ It was translated by a government or regulatory body and the information is not available</p>	
4.14.3.	<p><i>Key Words SMO 4</i></p> <p>Does the translation process include a list of key words including terms defined within the IFAC Code?</p>	<p>1⊙ Yes</p> <p>2○ No</p> <p>3○ It was translated by a government or regulatory body and the information is not available</p>	
4.14.4.	<p><i>Faithful Translation SMO 4</i></p> <p>What processes are in place to ensure a faithful translation of the IFAC Code? If it was translated by a government or regulatory body and the information is not available, please state this in the response.</p>	Our Ethics Committee reviews draft translations of the IFAC Code to ensure faithful translations.	
4.15.	<p><i>Activities to Promote IFAC Code of Ethics</i></p> <p>Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements (e.g. IFAC Code of Ethics) and work of IFAC's International Ethics Standards Board</p>	1. The International Ethics Standards Board for Accountants (IESBA) pronouncements and revisions to the IFAC Code are communicated to our members on a	

Number	Question Title/Text/Help text	Answer	Comments
	for Accountants.	timely basis. 2. We regularly contribute to the IESBA's standard setting process by responding to invitations to comment on proposed requirements or revisions to the IFAC Code of Ethics. 3. We participate in IESBA.	
5.	SMO 5		
5.1.	<i>Public Sector Accounting Standards - Objective</i> Has the federal government / national government established convergence with International Public Sector Accounting Standards (IPSASs) as an objective?	1○ Yes 2⊙ No 3○ Information is not available or not known	
5.2.	IPSASs Convergence Follow Up		
5.2.1.	<i>Public Sector Accounting Standards - Cash/Accrual</i> Do the national public sector accounting standards require financial statements to be prepared on a cash basis or accrual basis?	1⊙ Cash 2○ Accrual 3○ Both cash and accrual are permitted	Modified Cash basis
5.2.2.	<i>Convergence Plans Follow Up SMO 5</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Does the government have plans to converge national public sector accounting standards with IPSASs?	<p>1○ Yes</p> <p>2⊙ No</p> <p>3○ Information is not available or not known</p>	
5.4.	<p><i>Activities to Promote IPSASB Pronouncements</i></p> <p>Please describe the activities your organization undertakes to promote pronouncements issued by the International Public Sector Accounting Standards Board. Please provide an explanation where such activities have not been undertaken because they are not within the scope of your organization's objectives or work program.</p>	<p>1. We have translated all IPSASs and Study 14, as well as some other types of pronouncements such as research papers. The translated pronouncements, as well as the original pronouncements, are communicated to our members and other concerned parties on a timely basis through our website.</p> <p>2. We regularly contribute to the IPSASB's standard setting process by responding to invitations to comment on proposed (exposure drafts) IPSASs.</p> <p>3. We participate in IPSASB.</p> <p>4. We have regular consultative meetings with the Board of Audit of Japan and communicate IPSASB's objectives and work programs. In addition, our IPSASB member and TA meet regularly with the Public Sector Accounting</p>	

Number	Question Title/Text/Help text	Answer	Comments
		Office of Ministry of Finance to communicate IPSASB's objectives and work programs. 5. We held an IPSAS seminar in Tokyo in March 2006. The seminar was transmitted to 7 Asian countries.	
6.	SMO 6		
6.1.	<i>Investigation and Discipline Program</i> In your jurisdiction is there a program for investigating and disciplining members of your organization for misconduct, including breaches of professional standards and rules?	1☉ Yes 2○ No	
6.3.	Responsibility for Investigation and Discipline		
6.3.1.	<i>Body Responsible for Investigation and Discipline</i> Is your organization responsible for investigation and discipline of misconduct, including breaches of professional standards and rules by its individual members (and, if local laws and practices permit, by firms)? Select the answer option that is most appropriate.	1☉ Yes, our organization has this responsibility 2○ No, responsibility for	

Number	Question Title/Text/Help text	Answer	Comments
		investigation and discipline rests solely with an external body 3○ Our organization shares responsibility for investigation and discipline with an external body 4○ Other	
6.5.	SMO 6 - Detailed Assessment		
6.5.1.	Rules and Procedures for Investigation and Discipline		
6.5.1.1.	<i>Rules and Procedures</i> Does your organization establish in its constitution or rules the provisions and processes for the investigating and disciplining your members?	1⊙ Yes 2○ No	
6.5.1.3.	<i>Misconduct</i> In your jurisdiction, which of the following are considered "misconduct" as described in SMO 6 paragraph 4? Select all the answer options that are appropriate.	1☑ Criminal activity 2☑ Acts or omissions likely to bring the accountancy profession into disrepute 3☑ Breaches of professional standards 4☑ Breaches of ethical requirements 5☑ Gross professional negligence	

Number	Question Title/Text/Help text	Answer	Comments
		<input type="checkbox"/> 6 A number of less serious instances of professional negligence that, cumulatively, may indicate unfitness to exercise practicing rights <input checked="" type="checkbox"/> 7 Unsatisfactory work <input type="checkbox"/> 8 Other (please describe)	
6.5.2.	<i>Types of Sanctions</i> Which of the following actions can be imposed by those who judge such issues: Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> 1 Reprimand <input checked="" type="checkbox"/> 2 Loss or restriction of practice rights <input type="checkbox"/> 3 Fine/payment of costs <input type="checkbox"/> 4 Loss of professional title (designation) <input checked="" type="checkbox"/> 5 Exclusion from membership <input type="checkbox"/> 6 Other (please describe)	
6.5.3.	Provision of Information and Guidance to Members		
6.5.3.1.	<i>Information and Guidance</i> Does your organization make each member fully aware of: - All provisions of the ethical code and other applicable professional standards, rules and requirements (and any amendments), whether issued by IFAC or at the national level by the member body and	<input checked="" type="radio"/> 1 Yes	

Number	Question Title/Text/Help text	Answer	Comments
	- Consequences of non-compliance?	20 No	
6.5.3.2.	<p><i>Information and Guidance Description</i></p> <p>Provide a brief description of how your organization meets this requirement of SMO 6.</p>	<p>1. As a result of a structural reform of investigative powers and the disciplinary process, JICPA has fulfilled the conditions required by the SMO 6.</p> <p>2. The investigative process is conducted by investigative task forces; the disciplinary process is conducted by a disciplinary committee. No member of either body should serve on both at the same time or in relation to the same case.</p> <p>3. The disciplinary committee consists of members of the JICPA and external experts who are not members, including legal professionals.</p> <p>4. The parties concerned are permitted to accompany certain persons acting as counsels in the investigative and disciplinary process, but are not allowed to appoint them as agents. The parties concerned are allowed to accompany a person who is a</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>member of the JICPA throughout the investigative and disciplinary process, whereas accompanying a lawyer is limited to disciplinary process.</p> <p>5. Other details are adequately addressed in the JICPA Constitution and are communicated to all members of JICPA.</p>	
6.5.4.	Obligations to Report to Outside Bodies		
6.5.4.1.	<p><i>Reporting to Outside Bodies</i></p> <p>Is your organization obligated under local laws to report possible involvement in serious crimes and offences by its individual members or member firms to the appropriate public authority and disclose related information to that authority?</p>	<p>1 ☉ Yes</p> <p>2 ○ No</p>	<p>Under the Certified Public Accountants Law, JICPA must report concrete, rather than simply possible, facts pertaining to false audit certification or violation of the CPA Law which a CPA or Audit Corporation is involved in to the Prime Minister. The circumstances requiring report by JICPA are specified in the CPA Law, which does not, however, cover all crimes and offenses.</p>
6.5.5.	<i>Approach to Proceedings</i>		

Number	Question Title/Text/Help text	Answer	Comments
	What type of approach does your organization use to initiate investigation and discipline proceedings? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Information-based 2 <input checked="" type="checkbox"/> Complaints-based 3 <input type="checkbox"/> Other (please describe) 4 <input type="checkbox"/> None of the above	
6.5.6.	Investigative Powers and Processes		
6.5.6.1.	<i>Powers</i> Does your organization have all required powers so that authorized personnel can carry out an effective investigation?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
6.5.6.3.	<i>Cooperation of Members</i> Do the powers to carry out an effective investigation include: Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> A requirement for members (and member firms) to co-operate in the investigation of complaints and to respond promptly to all communications from the member body 2 <input checked="" type="checkbox"/> Provision for sanctions in the event of failure to comply 3 <input type="checkbox"/> None of the above	
6.5.6.6.	<i>Expertise and Resource</i> Does your organization maintain appropriate expertise and adequate financial and other resources to enable timely investigative and	1 <input checked="" type="radio"/> Yes (please describe)	The JICPA's investigation and discipline structure is independent of the Chairman

Number	Question Title/Text/Help text	Answer	Comments
	disciplinary action?		and President, Deputy Presidents, the Executive Board and the Council. JICPA organizes investigative task forces on each case to investigate complaints and establishes disciplinary committees separately from the task forces to administer disciplinary actions. The task forces consist only of members of the JICPA, whereas the disciplinary committee comprises members and external experts who are not members, including legal professionals.
		2○ No	
6.5.6.8.	<i>Independence and Subject of Investigation</i> Does your organization in all cases, confirm at the start of the investigation that any individual chosen to assist in an investigation is independent from (a) the subject of the investigation, and (b) anyone connected with or interested in the matter investigated? Help text: If a conflict exists at the start of an	1⊙ Yes	
		2○ No	

Number	Question Title/Text/Help text	Answer	Comments
	investigation, or arises during the investigation, the chosen individual should immediately withdraw. Similar considerations apply equally to anyone else connected with the investigation and hearing of cases.		
6.5.6.10.	<i>Infrastructure</i> Which of the following best describes your organization's investigation and discipline infrastructure? Select all the answer options that are appropriate.	<p>1 <input checked="" type="radio"/> One committee/panel to investigate the complaint and a separate committee/tribunal to administer disciplinary action</p> <p>2 <input type="radio"/> A single committee/panel to conduct the investigation and administer disciplinary action.</p> <p>3 <input type="radio"/> Other</p>	
6.5.6.12.	<i>Independent Review</i> Has your organization established and does it maintain a process for the independent review of complaints by clients and others where it has been decided by the investigation committee that the matter will not be referred to a disciplinary hearing?	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
6.5.7.	The Disciplinary Process		
6.5.7.1.	<i>Composition of Tribunal</i> Does the tribunal responsible for the disciplinary hearing contain a balance of	1 <input checked="" type="radio"/> Yes (please describe)	Composed of seven members, and at least two must be

Number	Question Title/Text/Help text	Answer	Comments
	professional expertise and outside judgment (e.g., composed of accountants and non-accountants)?	2○ No	external experts who are not members of the JICPA, including legal professionals.
6.5.7.3.	<i>Conflicts</i> Are members of the investigation committee or the disciplinary tribunal permitted to serve on both at the same time, or in relation to the same case?	1○ Yes 2⊙ No	
6.5.7.5.	<i>Independence of Tribunal</i> Briefly describe how the disciplinary tribunal exhibits independence.	Under JICPA's constitution, the Chairman and President, Deputy Presidents, the Executive Board and the Council are not involved in investigative and disciplinary actions.	
6.5.7.6.	<i>Appeals Process</i> Does your organization's rules: Select all the answer options that are appropriate.	1☑ Permit a qualified lawyer or other person chosen by the defendant to accompany and represent the defendant at all disciplinary hearings and to advise him or her throughout the investigative and disciplinary process	

Number	Question Title/Text/Help text	Answer	Comments
		<p>2<input checked="" type="checkbox"/> Permit the defendant to appeal the conviction and any imposed sanction</p> <p>3<input checked="" type="checkbox"/> Permit any order made against the defendant to be suspended by the tribunal that convicted the defendant, pending the hearing of that appeal</p> <p>4<input checked="" type="checkbox"/> Prohibit the appeal tribunal from including a prosecutor or a member of the first tribunal, or any other individual who was concerned with the original conviction</p> <p>5<input checked="" type="checkbox"/> Require that the same procedures apply to the appeal process as apply to hearings before the disciplinary tribunal</p> <p>6<input type="checkbox"/> None of the above</p>	
6.5.8.	Administrative Processes		
6.5.8.1.	<p><i>Elements of Administrative Processes</i></p> <p>As a part of Investigation and Discipline administrative processes does your organization:</p> <p>Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> Establish time limits for disposal (completion) of all cases</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>2<input checked="" type="checkbox"/> Maintain and operate tracking mechanisms, to ensure that all investigations and prosecutions are promptly handled, and that all necessary action is taken at the appropriate stage</p> <p>3<input checked="" type="checkbox"/> Maintain a procedure requiring (a) notification to all persons employed or otherwise participating in the investigative and disciplinary processes (or having access to information concerning such processes) of the importance of maintaining confidentiality, and (b) a binding agreement to maintain that confidentiality</p> <p>4<input checked="" type="checkbox"/> Maintain secure and confidential facilities for the storage of case papers and other evidence</p> <p>5<input checked="" type="checkbox"/> Maintain records of all investigation and disciplinary proceedings</p> <p>6<input type="checkbox"/> None of the above</p>	
6.5.8.3.	Case Numbers		
6.5.8.3.1.	<p><i>2005 Heard Case Numbers</i></p> <p>Indicate the number of cases heard in 2005.</p>	20	

Number	Question Title/Text/Help text	Answer	Comments
6.5.8.3.2.	<i>2004 Heard Case Numbers</i> Indicate the number of cases heard in 2004.	22	
6.5.8.3.3.	<i>2003 Heard Case Numbers</i> Indicate the number of cases heard in 2003.	19	
6.5.8.3.4.	<i>2005 Completed Case Numbers</i> Indicate the number of cases completed in 2005.	8	
6.5.8.3.5.	<i>2004 Completed Case Numbers</i> Indicate the number of cases completed in 2004.	6	
6.5.8.3.6.	<i>2003 Completed Case Numbers</i> Indicate the number of cases completed in 2003.	3	
6.5.8.3.7.	<i>Average time required for disposal of cases</i> Indicate the average time (in months) required for the disposal (completion) of a case. This number should include both the time spent on (a) the investigation of the complaints and (b) the disciplinary proceedings.	2	An average of two years per case, but with some exceptions.
7.	SMO 7		
7.1.	<i>Accounting Standards in Law/Regulation</i> Does law or regulation establish the set of	1 <input type="checkbox"/> Yes, for financial statements	

Number	Question Title/Text/Help text	Answer	Comments
	<p>accounting standards to be used for preparation of financial statements of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the accounting standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 7.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the accounting standards, please respond "no". Section 7.2. of this module includes questions about the standard-setter and the accounting standards that are established.</p>	<p>of listed entities</p> <p>2 <input type="checkbox"/> Yes, for financial statements of non-listed entities</p> <p>3 <input checked="" type="checkbox"/> No, for financial statements of listed entities</p> <p>4 <input checked="" type="checkbox"/> No, for financial statements of non-listed entities</p>	
7.2.	Responsibility for Private Sector Accounting Standards		
7.2.1.	<i>Accounting Standards - Private Sector</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Is there only one group of accounting standards or are the accounting standards applicable to listed entities different from non-listed entities?	<p>1☉ The accounting standards for listed entities and non-listed entities are the same set of standards</p> <p>2○ The accounting standards for listed entities and non-listed entities are not the same set of standards</p>	
7.2.6.	<i>Responsibility for Accounting Standards</i> Who has the authority establishing the accounting standards for listed and non-listed entities?	<p>1○ Our organization</p> <p>2○ Another IFAC member body</p> <p>3○ Joint process between our organization and another IFAC member body</p> <p>4☉ Another organization</p>	
7.2.7.	<i>Responsibility - Other SMO 7</i> State the organization's name that is responsible for establishing accounting standards for listed and non-listed entities.	The Accounting Standards Board of Japan (ASBJ)	
7.7.	Other Organization Standard-Setter SMO 7		
7.7.1.	<i>Standard-Setter and Convergence SMO 7</i> Has the standard-setter established convergence of national accounting standards with IFRSs and other IASB pronouncements? Select the answer option that is most appropriate.	1○ Standard-setter's convergence objectives are not known	A way to describe the approach is that there are national standards with a process to eliminate differences with international

Number	Question Title/Text/Help text	Answer	Comments
		<p>2⊙ Standard-setter has established convergence as a formal objective</p> <p>3○ Standard-setter has not established convergence as a formal objective</p>	standards.
7.7.4.	Convergence Established - Standard-Setter SMO 7		
7.7.4.1.	<p><i>Standard-Setter Amendments SMO 7</i></p> <p>Has the standard-setter issued information that describes differences between the IFRSs, other IASB pronouncements and national standards including:</p> <p>IFRSs and other IASB pronouncements in effect as at September 30, 2005 that have been adopted or compared with a similar or equivalent national standard or pronouncement;</p> <p>The effective date of national standard or pronouncement where it differs from the IFRS or other IASB pronouncement;</p> <p>The differences between the IFRS or other IASB pronouncement and the similar or equivalent national standard and pronouncement; and</p> <p>The reasons for the differences?</p>	<p>1⊙ Yes</p> <p>2○ No</p>	<p>The information does not contain the effective date of the national standard or pronouncement. The effective date is provided by JICPA. Furthermore, the information was prepared based on the standards existing as of January 2005. Updated information is provided by JICPA.</p>
7.7.4.2.	<i>Submit Information - Standard-Setter SMO</i>		

Number	Question Title/Text/Help text	Answer	Comments
7	<p>If the standard-setter has issued information about differences between IFRSs and other IASB pronouncements and the national standards and it is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, refer to the SMO 7 Comparison with IASB Pronouncements.doc SMO 7: Comparison with IASB Pronouncements report by clicking on the link and complete it to the extent your organization is able to and submit it in Word format to Compliance Staff.</p> <p>Indicate whether your organization will be submitting available information or the "SMO 7: Comparison with IASB Pronouncements" report.</p>	<p>1 <input checked="" type="radio"/> Yes, information is available for standard-setter and in English and will be submitted to Compliance Staff</p> <p>2 <input type="radio"/> No, information is not available from standard-setter; however our organization or jointly with another IFAC member / associate will complete the "SMO 7: Comparison with IASB Pronouncements" and</p>	<p>The information does not contain the effective date of the national standard or pronouncement. The effective date is provided by JICPA. Furthermore, the information was prepared based on the standards existing as of January 2005. Updated information is provided by JICPA.</p>

Number	Question Title/Text/Help text	Answer	Comments
		submit it to Compliance Staff 3○ No, information is not available	
7.10.	Translation SMO 7		
7.10.1.	<i>Translation of IFRSs</i> Are the IFRSs and other IASB pronouncements translated into national language?	1○ No, as English is an official language or widely spoken language 2⊙ Yes, the IFRSs are translated 3○ No and English is not an official language or is not widely spoken	
7.10.4.	<i>Translation coordinator SMO 7</i> Who is the translation coordinator? Select the answer option that is most appropriate.	1○ Our organization is the translation coordinator 2⊙ The government or another organization is the translation coordinator 3○ Our organization and the government or another organization are the translation coordinators	ASBJ, the body that sets accounting standards, is the translation coordinator. Prior to the formation of ASBJ, our organization was the translation coordinator.
7.10.5.	<i>Key Terms SMO 7</i> Does the translation process include a list of key terms?	1⊙ Yes	

Number	Question Title/Text/Help text	Answer	Comments
		2○ No	
7.10.6.	<i>Faithful Translation SMO 7</i> What processes are in place to ensure a faithful translation of the IFRSs?	1. The Review Committee operates within the standard-setting body. 2. The first drafts of translations are prepared by an external translation service. Then audit firms including the Big 4 review the first drafts. 3. Finally, the Review Committee made up of staff of the standard-setting body makes the final review.	
7.11.	<i>Promotion Activities SMO 7</i> Please describe the activities your organization undertakes to promote and assist in the implementation of IFRSs and other IASB pronouncements and activities.	1. We regularly contribute to the IASB's standard setting process by responding to invitations to comment on proposed IFRSs and IFRICs. 2. We also participate in IASB committees, task forces and other activities.	
8.	Certification of Chief Executive		
8.1.	<i>Complete Certification</i> Once all required questions have been completed, the Certification of Chief Executive should be signed and submitted to	1 <input checked="" type="checkbox"/> Yes, the Certification of Chief Executive has been submitted	

Number	Question Title/Text/Help text	Answer	Comments
	Compliance Staff. Click here to download a copy of the Certification form.	2□	

Japanese Institute of Certified Public Accountants

SMO 3: Comparison with IAASB Pronouncements

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Glossary of Terms	Codification of the Audit Practical Guidelines (Auditing Standards Committee Statement (“ASCS”) No. 26) Effective date: December 6, 2004	None	None	
ISQC 1	International Standards on	Standards on Quality Control for Audits	● Matters relating to changes of auditors	● The national standards focus only on the audit of financial	

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Quality Control (ISQC) Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. Systems in compliance with ISQC 1 are required to be established by June 15, 2005	(Business Accounting Committee ("BAC")) Opinion concerning Revision of Auditing Standards and Semi-Annual Auditing Standards / Establishment of Standards on Quality Control) Effective for audits of financial statements for periods ending on or after March 31, 2007 Early application is permitted. Quality Control Standards Committee	<ul style="list-style-type: none"> ● Joint audit 	statements. <ul style="list-style-type: none"> ● The subject of the engagement partner rotation requirement is extended from the audits of financial statements of listed companies to audits of financial statements of certain non-listed companies. 	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		Statement ("QCSCS") No. 1 Quality Control for Firms that Perform Audits Effective for audits of financial statements for periods commencing on or after April 1, 2006			
	International Framework for Assurance Engagements (ISA Framework of International Standards on Auditing was withdrawn in	Framework for Assurance Engagements for Financial and other Information (BAC) Release date: November 29, 2004	None	<ul style="list-style-type: none"> ● The national Framework does not specifically refer to the national Code of Ethics. ● The national Framework does not describe engagements which need not be performed in accordance with the Framework. (paragraph 14) 	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	December 2004)			<ul style="list-style-type: none"> ● The national Framework does not address the case where there are no intended users other than the responsible party. (paragraph 16) ● The national Framework does not address the change in engagements. (paragraph 19) ● The national Framework does not describe the relationship between the responsible party and the intended users. (paragraph 22) 	
	International Standards on Auditing (ISAs)				
ISA 200	Objective and General Principles	Auditing Standards (BAC)	None	Accounting Principles generally accepted in Japan are the sole	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Governing an Audit of Financial Statements	Effective for audits of financial statements for periods ending on or after March 31, 2007 Auditor's Reporting (ASCS No. 24) Effective for audits of financial statements for periods ending on or after March 1, 2003		financial reporting framework applicable in Japan. Requirements for determining the acceptability of the financial reporting framework are not necessary and are omitted.	
ISA 210	Terms of Audit Engagements	Terms of Engagements for audit, review and related services. (Law and Regulation Committee Research Report No. 3) Release date:	None	A change in engagement addressed in ISA 210 does not ordinarily take place in national practices. Accordingly, the requirements described in ISA 210 are omitted in the national standards.	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		July 22, 2003 Revised on March 10, 2005			
ISA 220 (Revised)	Quality Control for Audits of Historical Financial Information Effective for audits of historical financial information for periods commencing on or after June 15, 2005	Standards on Quality Control for Audits (BAC) Effective for audits of financial statements for periods ending on or after March 31, 2007 Quality Control for Audit Engagements (ASCS No.32) Effective for audits of financial statements for periods	<ul style="list-style-type: none"> ● In relation to engagement performance, the engagement partner shall be satisfied that audit documentation is properly prepared through review. ● In relation to engagement quality control reviews, evaluation of the appropriateness of the audit planning is also required. ● Other additional requirements <ul style="list-style-type: none"> ✓ Requirements for a predecessor auditor and an incoming auditor 	<ul style="list-style-type: none"> ● Para 36 Requirements for engagement quality control review are modified to be applicable for both listed and non-listed entities to comply with national requirements. 	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		commencing on or after April 1, 2006	✓ Requirements for a joint audit engagement		
ISA 230	Documentation	Audit Working Papers (ASCS No. 16) Effective for audits of financial statements for periods ending on or after March 1, 2003	None	None	In the process of modifying this statement to reflect the revision of ISA 230
ISA 240	The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements Effective for audits	Auditor's Responses to Fraud in an Audit of Financial Statements (Exposure Draft)	None	None	An ED which reflects the content of ISA 240 was issued. There is no difference between ISA240 and the ED.

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	of financial statements for periods beginning on or after December 15, 2004				
ISA 250	Consideration of Laws and Regulations in an Audit of Financial Statements	Illegal Acts (ASCS No. 11) Effective for audits of financial statements for periods ending on or after March 1, 2004	None	None	
ISA 260	Communications of Audit Matters With Those Charged With Governance Effective for audits of financial	Auditor's Communication with the Corporate Statutory Auditor, the Board of Corporate Statutory Auditors or the Audit Committee	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	statements for periods ending on or after December 31, 2000	(ASCS No. 25) Effective for audits of financial statements for periods ending on or after March 1, 2004			
ISA 300	Planning an Audit of Financial Statements Effective for audits of financial statements for periods beginning on or after December 15, 2004	Audit Planning (ASCS No. 27) Effective for audits of financial statements for periods commencing on or after April 1, 2006	None	None	
ISA 315	Understanding the Entity and Its Environment and Assessing the Risks	Understanding the Entity and Its Environment and Assessing the Risks	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	of Material Misstatement Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 310 Knowledge of the Business was withdrawn in December 2004)	of Material Misstatement (ASCS No. 29) Effective for audits of financial statements for periods commencing on or after April 1, 2006			
ISA 320	Audit Materiality	Audit Materiality (ASCS No.5) Effective for audits of financial statements for periods commencing on or after April 1, 2006	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
ISA 330	The Auditor's Procedures in Response to Assessed Risks Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 400 Risk Assessments and ISA 401 Internal Control and Auditing in a Computer Information Systems Environment were	The Auditor's Procedures in Response to Assessed Risks (ASCS No. 30) Effective for audits of financial statements for periods commencing on or after April 1, 2006	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	withdrawn in December 2004)				
ISA 402	Audit Considerations Relating to Entities Using Service Organizations	Assessing Control Risk for Entities Using Service Organizations (ASCS No. 18) Effective for audits of financial statements for periods ending on or after March 1, 2004	None	None	
ISA 500	Audit Evidence Effective for audits of financial statements for periods beginning on or after	Audit Evidence (ASCS No. 31) Effective for audits of financial statements for periods commencing on or	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	December 15, 2004	after April 1, 2006			
ISA 501	Audit Evidence— Additional Considerations for Specific Items	<p>Inspection (Audit Committee ("AC") Statement No. 8) Release date: October 11, 1965</p> <p>Practical Guideline on Audit for Segment Information (AC No. 53) Effective for audits of financial statements for periods commencing on or after April 1, 1993</p> <p>Practical Guideline on Assessment of Risk Management</p>	None	<ul style="list-style-type: none"> ● Attendance at physical inventory counting The auditor's responses to the circumstances where the auditor is unable to attend the physical inventory count on the date planned or attendance is impracticable are not addressed specifically in the national standards. ● Procedures regarding litigation and claims ISA requires seeking communication with the entity's legal counsel; the national standards requirements are limited to confirmation with the attorney. In the case that auditors are unable to obtain 	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		System Relating to Lawsuit and Confirmation with Attorney (AC No. 73) Effective for audits of financial statements for periods commencing on or after April 1, 2002		confirmation from attorneys, the national standards do not specifically address the management's refusal. ● The national standards do not address the valuation and disclosure of long-term investments.	
ISA 505	External Confirmations Effective for audits of financial statements for periods ending on or after December 31, 2001	Confirmation Procedures (ASCS No. 19) Effective for audits of financial statements for periods ending on or after March 1, 2003	None	None	
ISA 510	Initial	Practical Guideline	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Engagements—Opening Balances	on Preparation of Auditor's Report (AC No. 75) Effective for audits of financial statements for periods ending on or after March 31, 2005			
ISA 520	Analytical Procedures	Analytical Procedures (ASCS No. 1) Effective for audits of financial statements for periods ending on or after March 1, 2003	None	None	
ISA 530	Audit Sampling and Other Selective Testing Procedures	Sampling (ASCS No. 9) Effective for audits of	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Effective for audits of financial statements for periods ending on or after July 1, 1999	financial statements for periods ending on or after March 1, 2003			
ISA 540	Audit of Accounting Estimates	Audit of Accounting Estimates (ASCS No. 13) Effective for audits of financial statements for periods ending on or after March 1, 2003	None	None	
ISA 545	Auditing Fair Value Measurements and Disclosures Effective for audits of financial	-			There are no auditing standards or guidelines addressing audits on fair value measurement and

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	statements for periods ending on or after December 31, 2003				disclosure. JICPA considers that ISA545 should be changed to IAPS. Measurement of fair value is specified in detail in accounting standards and guidelines on financial instruments. The auditing standard of accounting estimate covers the auditing aspect of measurement of fair value.
ISA 550	Related Parties	Related Parties (ASCS No. 34) Effective for audits of	None	The definition of "related parties" which refers to IAS is omitted because it is prescribed in the national regulation.	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		financial statements for periods commencing on or after April 1, 2006			
ISA 560	Subsequent Events	Audit Treatment of Subsequent Events (AC No. 76) Effective for audits of financial statements for periods ending on or after March 1, 2003	None	None	
ISA 570	Going Concern Effective for audits of financial statements for periods ending on or after December 31, 2000	Auditor's Consideration of the Going Concern Assumption (ASCS No. 22) Effective for audits of financial statements	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		for periods ending on or after March 1, 2004			
ISA 580	Management Representations	Management Representation Letter (ASCS No. 3) Effective for audits of financial statements for periods ending on or after March 1, 2004	None	None	
ISA 600	Using the Work of Another Auditor	Using the Work of Other Auditors (ASCS No. 8) Effective for audits of financial statements for periods commencing on or after April 1, 2002	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
ISA 610	Considering the Work of Internal Auditing	<p>Understanding the Functions and Activities of Internal Auditing; Using Internal Auditing for the Purposes of External Audit (ASCS. 15)</p> <p>Effective for audits of financial statements for periods ending on or after March 1, 2003</p>	None	None	
ISA 620	Using the Work of an Expert	<p>Using the Work of an Expert (ASCS No. 14)</p> <p>Effective for audits of financial statements</p>	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		for periods ending on or after March 1, 2003			
ISA 700	The Auditor's Report on Financial Statements Effective for audits of financial statements for periods ending on or after September 30, 2002	Auditor's Reporting (ASCS No. 24) Effective for audits of financial statements for periods ending on or after March 1, 2003	None	The requirement for the auditor's address and signature have been modified to comply with legal requirements, as follows: The auditor's address is not required in the auditor's report. The report shall be signed in the name of the personal name of the auditor.	JICPA is currently working to issue an ED which reflects the content of ISA 700.
ISA 710	Comparatives Effective for reports issued or reissued on or after July 1, 1997	-			The concept of comparative financial statements is not adopted in the national financial reporting framework. Therefore, the auditing standards do

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
					not address an audit of comparative financial statements.
ISA 720	Other Information in Documents Containing Audited Financial Statements	Auditing Standards (BAC) Effective for audits of financial statements for periods ending on or after March 31, 2007 Practical Guideline on Preparation of Auditor's Report (AC No. 75) Effective for audits of financial statements for periods ending on or after March 31, 2005		Auditors are required to read other information in documents containing audited financial statements and to add an emphasis of matter paragraph in the case of a material inconsistency between the information and the audited financial statements. However, the procedures and other details are not specified.	

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ISA 800	The Auditor's Report on Special Purpose Audit Engagements	-			No comprehensive standards or guidelines, but there are specific guidelines which address the auditor's report on each particular engagement.
	-	Change of Auditors (ASCS No. 33) Effective for audits of financial statements for periods commencing on or after April 1, 2006	These national standards provide guidance on necessary communications between predecessor and successor auditors when a change of auditors is in process or has taken place.		See also the additional requirements described in ISQC 1.
	International Auditing Practice				

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	Statements (IAPSs)				
IAPS 1000	Inter-Bank Confirmation Procedures	N/A			
IAPS 1004	The Relationship Between Bank Supervisors and Banks' External Auditors	Industry Audit Practice Committee Report No. 18 Guidelines for the Relationship Between External Auditors and Financial Inspections Issued on July 27, 2000	None	The national standard "Industry Audit Practice Committee Report No. 18" does not address the following matters: <ul style="list-style-type: none"> ● The responsibility of the bank's board of directors and management ● Additional requests for the external auditor to contribute to the supervisory process ● The need for a continuing dialogue between banking supervisors and the accountancy profession 	<ul style="list-style-type: none"> ● The national standard "Industry Audit Practice Committee Report No. 18" focuses on the specific matters to be communicated with the bank supervisors such as self-assessment of loans. ● Normally, the banking

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					<p>supervisors do not request additional procedures from the external auditor.</p> <ul style="list-style-type: none"> ● The continuing dialogue between banking supervisors and the accounting profession is not mandatory.
IAPS 1005	The Special Considerations in the Audit of Small Entities	N/A			
IAPS 1006	Audits of the	General Guidelines	None	The national standards do not	With regard to the

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	Financial Statements of Banks	<p>for an Audit of the Financial Statements of Banks Revised on March 27, 1990</p> <p>Report of Special Committee for an Audit of Banks No. 1 Practical Guidelines for Audits of Bank's Branches Overseas Issued on July 25, 1996</p> <p>Report of Special Committee for an Audit of Banks No. 2 Practical Guidelines for the Assessment of Effectiveness of</p>		<p>address:</p> <ul style="list-style-type: none"> Agreeing the terms of the engagement 	<p>hierarchy of the auditing practices statement of banking institutions, while IAPS1006 deals with audits of the financial statements of banks on a comprehensive basis, the national standards (written in the left column) focus on specific areas such as internal control (i.e., Report of Special Committee for an Audit of Banks No. 2) or assessment of loans (i.e., Report of Special Committee</p>

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		<p>Internal Control of Financial Institution Including Banks Issued on January 17, 1997</p> <p>Report of Special Committee for an Audit of Banks No. 3 Practical Guidelines for Audit Procedures on Derivative Transactions Conducted by Financial Institutions Including Banks Issued on January 17, 1997</p> <p>Report of Special Committee for an</p>			for an Audit of Banks No. 4).

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		<p>Audit of Banks No. 4 Practical Guidelines for Assessment of Internal Control over the Self-Assessment of Assets of Financial Institutions Including Banks and an Audits of Write-Down and Allowance of Doubtful Accounts Revised on April 30, 1999</p> <p>Report of Special Committee for an Audit of Banks No. 5 Practical Guidelines for Quality Control of Audits of Financial Institutions Including</p>			

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		Banks Effective on April 1, 1998			
IAPS 1010	The Consideration of Environmental Matters in the Audit of Financial Statements	N/A			
IAPS 1012	Auditing Derivative Financial Instruments	General Guidelines for an Audit of the Financial Statements of Banks Revised on March 27, 1990 Report of Special Committee for an Audit of Banks No. 2 Practical Guidelines for the Assessment of Effectiveness of	None	The national standards do not specifically address: <ul style="list-style-type: none"> ● The responsibility of management and those charged with governance ● Management representations ● Communications with management and those charged with governance 	<ul style="list-style-type: none"> ● With regard to the hierarchy of the auditing practices statement of derivative instruments, while IAPS1012 deals with this on a comprehensive basis, the national

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		<p>Internal Control of Financial Institution Including Banks Issued on January 17, 1997</p> <p>Report of Special Committee for an Audit of Banks No. 3 Practical Guidelines for Audit Procedures on Derivative Transactions Conducted by Financial Institutions Including Banks Issued on January 17, 1997</p>			<p>standards (written in the left column) focus on internal control and substantive procedures.</p> <ul style="list-style-type: none"> Also, IAPS1012 addresses auditing derivatives held by any end user, whereas the national standard (Report of Special Committee for an Audit of Banks No. 2)

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
					addresses only if held by financial institutions.
IAPS 1013	Electronic Commerce—Effect on the Audit of Financial Statements	IT Committee Research Report No. 22 Issues Arising from Electronic Commerce and Auditor's Responses Issued on September 3, 2001	None	The national standards focus on the transactions between enterprises under e-commerce, whereas the scope of IAPS 1013 is not limited to transactions between enterprises.	
IAPS 1014	Reporting by Auditors on Compliance With International Financial Reporting	N/A			

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Standards Approved in March 2003 for publication on June 1, 2003				
	International Standards on Review Engagements (ISREs)				
ISRE 2400	Engagements to Review Financial Statements (Previously ISA 910)	N/A			This pronouncement has been included in the work program.
	International Standards on Assurance Engagements (ISAEs)				
ISAE 3000	Assurance Engagements Other	N/A			This pronouncement has been included in

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	Than Audits or Reviews of Historical Financial Information Effective for assurance reports dated on or after January 1, 2005				the work program.
ISAE 3400	The Examination of Prospective Financial Information (Previously ISA 810)	N/A			
	International Standards on Related Services (ISRSs)				
ISRS 4400	Engagements to Perform Agreed-upon Procedures	See the right column.			Our pronouncement focuses on a comfort letter issued by an

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Regarding Financial Information (Previously ISA 920)				auditor to the manager.
ISRS 4410	Engagements to Compile Financial Information (Previously ISA 930)	N/A			

IAASB Pronouncements Issued but Not in Effect as of September 30, 2005

The following IAASB pronouncements have been issued but are not in effect as of September 30, 2005.

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	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
ISA 230 (Revised)	Audit Documentation Effective for audits of historical financial information for periods beginning on or after June 15, 2006	No		This pronouncement has been included in the work program.	
ISA 700 (Revised)	The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements Effective for auditors’ reports’ dated on or after December 31, 2006	No		This pronouncement has been included in the work program.	
ISA 701	Modifications to the Independent Auditor’s Report	No		This pronouncement has been included in the work program.	

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	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
	Effective for auditors’ reports’ dated on or after December 31, 2006				
ISRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity Effective for engagements to review the interim financial information of an audit client for periods beginning on or after December 15, 2006	No		This pronouncement has been included in the work program.	
ISA 200	ISA 200 Amended as a	No		This pronouncement has not	

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	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
(Amended)	Result of ISA 700 (Revised)—Effective for Audits of Financial Statements for Periods Beginning On or After December 15, 2005			been included in the work program yet.	
ISA 210 (Amended)	ISA 210 Amended as a Result of ISA 700 (Revised)—Effective for Audits of Financial Statements for Periods Beginning on or after December 15, 2005	No		This pronouncement has not been included in the work program yet.	
ISA 560 (Amended)	Conforming Amendments to ISA 560 as a Result of ISA 700 (Revised) - Effective for Auditor’s Reports Dated On or After December 31, 2006	No		This pronouncement has not been included in the work program yet.	

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	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
ISA 800 (Amended)	Conforming Amendments to ISA 800 as a Result of ISA 700 (Revised)—Effective for Auditor’s Reports Dated On or After December 31, 2006	No		This pronouncement has not been included in the work program yet.	

IAASB Pronouncements that Have Been Withdrawn

The following IAASB pronouncements have been withdrawn and are no longer in effect as of September 30, 2005.

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	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information
IAPS 1001	IT Environments— Stand-alone Personal Computers – Withdrawn December 2004	Yes			
IAPS 1002	IT Environments— On-line Computer Systems – Withdrawn December 2004	Yes			
IAPS 1003	IT Environments— Database Systems – Withdrawn December 2004	Yes			
IAPS 1007	Communications With Management— Withdrawn	Yes			
IAPS 1008	Risk Assessments and Internal Control—	Yes			

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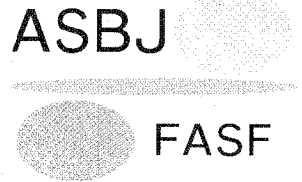
	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information
	CIS Characteristics and Considerations – Withdrawn December 2004				
IAPS 1009	Computer-assisted Audit Techniques – Withdrawn December 2004	Yes			
IAPS 1011	Implications for Management and Auditors of the Year 2000 Issue— Withdrawn	Yes			

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

Accounting Standards Board of Japan (ASBJ)
Financial Accounting Standards Foundation (FASF)

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January 18, 2005

Committee of European Securities Regulators
11-13 Avenue de Friedland
75008 Paris
France

Dear Messrs. Tiner and Koster:

Our Reply to your Questionnaire on Equivalence of Third Country GAAP

We would like to reply to your questionnaire within your letter dated November 23.

We are currently working on the Appendix 3 "Detailed Comparison between IAS/IFRS and Japanese GAAP," to supplement our reply to the questionnaire, and will submit it to you shortly.

Sincerely yours,

A handwritten signature in black ink, which appears to read "Shizuki Saito".

Shizuki Saito
Chairman, Accounting Standards Board of Japan

Appendices :

1. Reply to your Questionnaire on Equivalence
2. Comparison between IAS/IFRS and Japanese GAAP
4. Organization of the ASBJ (as of December 2004)
5. Medium-Term Operation Policy of the Accounting Standards Board of Japan

Questionnaire on equivalence of third country GAAP
Section 1 – Generally Accepted Accounting Principles
a. Please describe the financial reporting standards that are legally enforceable in your jurisdiction as of January 2005, and which are covering the list of topics mentioned in Annex 2?
<p>The Japanese financial reporting standards legally enforceable to public companies, as of January 2005 consist of the following:</p> <ul style="list-style-type: none">■ Securities and Exchange Law (the “SEL”), and its related regulations■ Accounting Standards (issued by the Business Accounting Council (the “BAC”), an independent body within the Financial Services Agency organised for accounting and auditing issues; and had been an accounting setter until the Accounting Standards Board of Japan (the “ASBJ”) was established in July 2001.)■ Accounting standards, Guidance on Accounting Standards, and Reports of Practical Issues Task Force (issued by the ASBJ, an independent private accounting setter)■ Practical Guidelines on Accounting Standards (issued by the Japanese Institute of Certified Public Accountant (the “JICPA”), a statutory organisation of auditing practitioners, and had prepared guidelines for Accounting Standards announced by the BAC, until the ASBJ was established in July 2001.) <p>These financial reporting standards are organised in Appendix 2 to be correspondent with each standard under IAS/IFRS, and if clearly corresponding standard for each IAS/IFRS is not applicable under Japanese GAAP, reasons are provided under “Remarks” column in the appendix, together with the brief comparison between IAS/IFRS and Japanese GAAP. The detailed comparison between IAS/IFRS and Japanese GAAP are summarised in Appendix 3.</p> <p>The Commercial Code and its related accounting regulations govern all joint-stock companies in Japan. The Commercial Code requires all joint-stock companies (including public companies) to prepare non-consolidated financial statements based on the Commercial Code, and disclose consolidated financial statements prepared under the SEL; whereas the SEL requires public companies to prepare both consolidated and non-consolidated financial statements, and recognizes consolidated</p>

financial statements as primary financial statements, and non-consolidated financial statements as secondary financial statements. In addition, Accounting Standards for Consolidated Financial Statements and Regulations for Presentation and Disclosure of Consolidated Financial Statements require that consolidated financial statements shall be prepared based on the non-consolidated financial statements. Therefore, in the process of preparing non-consolidated financial statements, the regulations under the SEL and the Commercial Code co-relate each other.

b. Where relevant, please also describe any other principles/guidance which are not mandatory applicable but are relevant for this project.

There are several research reports issued by the JICPA which discuss accounting treatments for spin-offs and exchange of shares. These research reports are widely referred in current practice, although they are not mandatory. However, they will be replaced, when new accounting statements (i.e. Accounting Standards for Spin-offs, and Guidance of Accounting Standards for Business Combinations and Spin-offs, which are currently under discussion) are developed by the ASBJ.

c. Could you please include a description of the formal hierarchy of your standards? In particular, indicate whether the financial reporting standards referred to above are e.g. accounting standards, company law provisions, and corporate governance standards. Please also state whether provisions referred to are standards or interpretation (where necessary, please mention the basis for the enforceability).

The following illustrates our formal hierarchies of accounting standards, and related governing laws.

I. Generally accepted accounting principles in Japan (Japanese GAAP)

Japanese GAAP are categorized by the following hierarchy.

- 1 Accounting Standards (issued by the BAC or the ASBJ)
- 2 Guidance on Accounting Standards and Reports of Practical Issues Task Force (issued by the ASBJ)
- 3 Practical Guidelines on Accounting Standards and Q&As (issued by the JICPA)
- 4 Generally accepted accounting practices

Accounting Standards are standards, and others are their interpretations.

II. Applicable law and regulations for public companies

The following laws and regulations primarily govern the financial reporting of public companies.

- The SEL
- Regulations for Presentation and Disclosure of Consolidated Financial Statements, Financial Statements, Semi-Annual Consolidated Financial Statements, and Semi-Annual Financial Statements (collectively referred as “Regulations for presentation and disclosure of financial statements”)

The Financial Services Agency (“FSA”) is responsible for these laws, regulations, and rules. In addition, the Commercial Code and its related provisions (i.e. the Commercial Code, and its related laws and detailed regulations) are applied to preparation of non-consolidated financial statements, and the Ministry of Justice is responsible for the Commercial Code and its related provisions.

Accounting standards are enforceable under the SEL, since it is explicitly stated under the Regulations for presentation and disclosure of financial statements that in preparing consolidated and non-consolidated financial statements, generally accepted accounting principles shall be followed. In addition, there is a provision under the Commercial Code that fair accounting practices should be considered for the interpretation of provisions in preparing non-consolidated financial statements.

Accounting standards issued by the BAC are treated as generally accepted accounting principles under the Regulations for presentation and disclosure of financial statements.

The FSA issues notices for accounting standards issued by the ASBJ that these standards shall be treated as part of generally accepted accounting principles. In addition, the Accounting Standards, Guidance on Accounting Standards, and Reports of Practical Issues Task Force pronounced by the ASBJ were confirmed to be part of GAAP by the following nine foundations parties (i.e. Japan Business Federation, the JICPA, the National Conference of Stock Exchanges, Japan Securities Dealers Association, Japanese Bankers Association, the Life Insurance Association of Japan, the General Insurance Association of Japan, the Japan Chamber of Commerce and Industry, and the Security Analysts Association of Japan).

d. Please indicate whether there are any additional or different enforceable final standards whose date of application would be after 1st January 2005.

Following standards have been already approved and published by the BAC, and shall be effective after January 2005.

- Accounting Standards for Impairment of Assets (published in August 2002, and shall be effective for the fiscal periods beginning on or after April 2005. Early adoption is permitted, and these standards have been already widely applied by many listed companies.)
- Accounting Standards for Business Combinations (published in October 2003, and shall be effective for the fiscal periods beginning on or after April 2006)

e. Do you anticipate other significant changes in your GAAP to take place before 1st January 2007 (date upon which all third country issuers in Europe will have to present financial statements prepared under IAS/IFRS or equivalent GAAP, for reporting under Transparency and Prospectus EU Directive)?

Accounting Standards for Share-based Payments and Accounting Standards for Spin-offs are currently under deliberation by the ASBJ, and the Exposure Draft on Accounting Standards for Share-based Payments was published in December 2004. In addition, change in Accounting Standards for Leases is currently under deliberation.

Further, several topics, which will be in the scope of the first phase of the joint project between the ASBJ and the IASB (please see section 7 for detail) are expected to be developed or revised by the end of 2006, if deliberations proceed smoothly.

Section 2- Description of differences

a. Please describe any differences between your financial reporting standards and the IAS/IFRS listed in Appendix 2 (please indicate which of your national financial reporting standards correspond to each IAS/IFRS mentioned).

Differences should be mentioned with regard to the following types of provisions:

- Scope
- Presentation/measurement
- Recognition
- Disclosure

Please find Appendix 2 and 3 for reference of comparison between Japanese GAAP and IAS/IFRS. In order to make tables more understandable, the overview is provided under Appendix 2, and detailed analysis are provided under Appendix 3.

b. When information is provided to investors through other means than in the financial statements; is this information subject to audit requirements identical to those applicable for financial statements?

Information other than financial statements that are included in legal disclosure documents is not subject to audit requirements, applicable for financial statements. However, in practices, independent auditors read these information as part of professional due care, noting any significant inconsistencies between the financial statements and other information. If any significant differences are noted, these differences shall be stated in the explanatory paragraph of the independent auditors' reports, as required by auditing standards and its implementation guidance.

From April 2004, quarterly financial information requirements have been introduced to listed companies of the first and the second section at Tokyo Stock Exchange ("TSE"), and the disclosure of quarterly financial statements will be mandatory beginning April 2007 at TSE, and the review of such quarterly financial statements by independent auditors is performed on discretionary basis.

Furthermore, the requirements for disclosure of quarterly financial information under the SEL, and also the need for assurance of quarterly financial statements are under deliberation at the Disclosure Working Group of Financial System Council, an independent body established for disclosure issues within the FSA.

In addition, accounting-related descriptions in the Business Reports under the Commercial Code

which are to be distributed to shareholders shall be audited, and therefore audit opinions are given to such accounting-related descriptions in the Business Reports together with the financial statements.

Section 3 – Standard Setting Process

a. What is(are) the name of the body(ies) entrusted with the standard setting process in your jurisdiction? Please detail structure, functions and responsibilities of these bodies.

The ASBJ, which was established in July 2001 as a private-sector organisation in the Financial Accounting Standards Foundation (FASF), is responsible for setting Japanese accounting standards and contributing to the development of international accounting standards, and all Japanese accounting standards whose deliberations started after its foundation in July 2001 have been developed by the ASBJ.

The ASBJ consists of thirteen board members (two of them work full-time) and twenty technical staff (all full-time). The Board members consist of market participants such as investors, preparers, auditors, and analysts, as well as academics. In addition, the Board sets up Technical Committees (“TC”) for respective major agendas and entrusts the TC for research and deliberation of technical matters. The TC consist of some board members, market participants, academics, and the ASBJ’s technical staffs.

The ASBJ has been developing accounting standards under the fundamental philosophies of “fairness,” “transparency” and “independence,” considering international accounting standards as an important external factor. These principles are stated in the Medium-Term Operating Policy of the ASBJ formulated in July 2004 as a basic principle for the development of accounting standards.

(Note)

Please see Appendix 4 “Organisation chart of the ASBJ” and Appendix 5 “Medium-term operating policy of the ASBJ.”

b. Please include a brief description of the standard setting process (of the standards referred to above).

The following summarizes brief descriptions of the standard setting process in Japan.

- The Board determines subjects to be deliberated, considering the proposals by the Theme Advisory Council within the FASF.
- The Board, in principle, sets up TC for each agenda. The Board and TC discuss each agenda with its discussion open to public observation, and the TC draft up Issue Papers (if necessary) and Exposure Drafts, in order to consider opinions from public including market participants. These papers and drafts need to be approved by the Board before they are issued, and public comments on them are invited for more than one month.
- Drafts of Accounting Standards, Guidance on Accounting Standards and Reports of Practical Issues Task Force are revised as final draft by the TC after they analyse the comments received, and are finalised by the Board through further deliberations. These finalised versions are made to public immediately after the resolution by the Board.
- Resolution by the Board should be made with votes of three-fifth of the members or more.
- The FSA issues notices that these Accounting Standards shall be treated as a part of generally accepted accounting principles.

c. Are the standards referred to above easily accessible in English?

Following are available for our accounting standards as easily accessible resources in English.

- “FASF Japanese Accounting Standards” (issued by the FASF)
The contents of this resource are Accounting Standards developed or revised from 1993 to 2000, which includes Accounting Standards for Consolidated Financial Statements, Consolidated Statement of Cash Flows, Foreign Exchange Transactions, Leases, Semi-annual Consolidated Financial Statements, Research and Development Costs, Retirement Benefits, Income Taxes, and Financial Instruments), and their related Practical Guidelines issued by the JICPA. This resource is available by CD-Rom.
- “Corporate Disclosure in Japan – Accounting” (issued by the JICPA)
This was prepared for the purpose of presenting Japanese accounting standards as of 1999, and

Business Enterprise Accounting Standards was included.

(Note) Most of our current major accounting standards are included in the resource above, although Accounting Standards developed after 2000 (Accounting Standards for Impairment of Assets, Business Combinations, Treasury Stock, and Earnings Per Share) are not covered by them.

Section 4 – Conceptual framework

a. Do you have general financial reporting principles identical to the ones set out in the IAS/IFRS framework? Please describe any difference.

The ASBJ released a discussion paper “Conceptual Framework of Financial Reporting” in September 2004. This was the result of a study by a working group commissioned by the Board, and was released in the name of the ASBJ. This is not a final statement but summarises the basic philosophies underlying current Japanese accounting standards, and therefore we consider it useful for understanding current Japanese accounting standards.

The discussion paper consists of “Objectives of Financial Reporting”, “Qualitative Characteristics of Accounting Information”, “Elements of Financial Statements”, and “Recognition and Measurement in Financial Statements.” In the “Objectives of Financial Reporting” section of the discussion paper, the primary objective of financial reporting is defined to provide investors with information that is useful for investors’ decision-making, which is consistent with the IAS/IFRS Framework.

In addition, in “Elements of Financial Statements” section, “comprehensive income” which is derived from the concept of assets and liabilities is defined as an element, and “net income” which is a component of items of comprehensive income, and similar to “earnings” stated in FASB Statement of Concepts No.5, is defined as an element, as well.

b. Are your enforceable financial reporting standards taking into account the four characteristics as described in the concept paper released by CESR? Where not the case, please explain the differences.

The four characteristics described in the concept paper released by CESR (i.e. Relevance, Reliability, Comparability, and Understandability) have been taken into account in development and improvement of financial accounting standards in Japan.

Our discussion paper “Conceptual Framework of Financial Reporting” takes these four characteristics into consideration, and, as a result of organizing these discussions, Relevance and Reliability are placed at the highest level. Comparability (i.e. the concept that comparability among different entities and different time-series can be accomplished if similar facts are converted into similar information) is considered to be under the concept of Representational Faithfulness (i.e. the concept that different accounting treatment shall be applied to different facts, and consistent accounting treatments shall be applied to same facts), which is the lower-level characteristics that support Reliability. While Understandability is also considered to be important, it is explained as a self-evident characteristic in describing the premise in our discussion paper that financial reporting is considered to be provided for sophisticated investors in certain level.

c. Do financial statements prepared under the basis of your GAAP pursue the same objectives as financial statements prepared under IAS/IFRS?

The purpose of the SEL is to accomplish the fairness in issuance, trading and other transactions of securities related transactions, in order to protect investors. For that purpose, public companies are required to disclose financial reporting mainly on consolidated basis.

Therefore, the primary objective of financial reporting which is a measure to accomplish the ultimate objective above is to provide investors with information that is useful in anticipating future cash flows of entities, in other words, information useful in expecting performance of entities, and estimating values of entities. This objective of financial reporting is consistent with that under IAS/IFRS framework which defines the objective of financial statements to provide information about the financial position, performance and changes in financial position of entities that is useful to a wide range of users in making economic decisions.

Accordingly, financial statements prepared under the basis of Japanese GAAP pursue the same objective with financial statements prepared under IAS/IFRS.

This discussion is explicitly stated under “Objectives of Financial Reporting” in the discussion paper above.

Section 5 -Published comparison
<p>Have you conducted and published any exercise comparing and describing differences between IAS/IFRS and your country GAAP? If so, please provide us with a copy.</p> <p>Please also mention any other similar analysis that would have been made by a separate reliable body</p>
<p>The ASBJ is preparing the materials showing comparison between Japanese GAAP and IAS/IFRS to use for the joint project with the IASB (please see Section 7), which is almost similar to Appendix 3.</p> <p>Following materials were published to discuss the comparison between IAS/IFRS and Japanese GAAP by reliable bodies.</p> <ul style="list-style-type: none">■ “Evolving Japanese GAAP – High quality accounting standards” (issued by the FSA, April 2004)■ “Report on the Internationalization of Business Accounting in Japan” (issued by Study Group on the Internationalization of Business Accounting under Ministry of Economy, Trade and Industry, June 2004)
Section 6 -Standards not covered by IAS/IFRS
<p>Are there standards/principles covered by your GAAP that are not covered by IAS/IFRS? If so, (i) do they comply with IAS/IFRS basic principles contained in the IAS Framework and IAS 1 and (ii) are they compatible with all other IAS/IFRS endorsed for use in the EU?</p>
<p>There are several detailed accounting rules in accordance with Japanese legal system. For example, there is an accounting standard for employees’ pension fund plans based on the Welfare Pension Insurance Law, which is not specifically covered by IAS/IFRS. However, it seems that this standard does not contradict with basic principles of IAS/IFRS, and is compatible with all other IAS/IFRS endorsed for use in the EU.</p>
Section 7 Convergence projects
<p>Is it intended that there will be any convergence project of your country’s national standards with IAS/IFRS or with another framework -? If so, please describe the project.</p>
<p>In October 2004, the ASBJ and the IASB started talks about a joint project to reduce differences between Japanese GAAP and IAS/IFRS towards a final goal of convergence of their standards. In the joint project, both boards will identify and assess differences in their existing standards on the basis of their respective conceptual frameworks or basic philosophies, and adopt a phased approach.</p>

The ASBJ will propose the topics for the scope of the first phase shortly. An initial meeting between representatives of the two Boards will take place in Tokyo in early spring of 2005.

Since deliberations of some topics within the scope of the first phase are expected to be completed by the end of 2006 if the deliberations proceed smoothly, we hope that CESR would take them into consideration in the technical assessment.

Section 8 Other issues

In understanding this exercise at this stage, do you identify any other particular issue that might be relevant for your national issuers in EU?

N/A

Comparison between IAS/IFRS and Japanese GAAP

	IAS and IFRS Issued	List of Japanese GAAP	Scope	Presentation/Measurement	Recognition	Disclosure	Remarks
IFRS 1	First-time Adoption of International Financial Reporting Standards	N/A					There is no need for this standard under Japanese GAAP, since this standard only addresses the first year application of IFRS.
IFRS 2	Share-based Payment	Reports of Practical Issue Task Force on Accounting for New Share Reservation Rights and Corporate Bonds with New Share Reservation Rights		Please see Appendix 3 for detail	Please see Appendix 3 for detail	Please see Appendix 3 for detail	Under Japanese GAAP, accounting standards for share-based payment is currently under deliberation, and the exposure draft which requires fair value measurement of share-based payments at grant date, was issued by ASBJ in December 2004.
IFRS 3	Business Combinations	Accounting Standards for Business Combinations		Please see Appendix 3 for detail	Under Japanese GAAP, the purchase method shall be applied to accounting for business combinations in principle; while the pooling-of-interest method shall be applied in exceptionally limited cases. Also, goodwill shall be amortised with impairment. Please see Appendix 3 for more details.		Under Japanese GAAP, the pooling-of-interest method shall be applied for the business combination in exceptionally limited cases where no party obtains control over the other upon business combinations and thus shareholders' interests in entities are not discontinued thereon, and it is expected that this will be applied only in exceptional cases. Under Japanese GAAP, goodwill shall be amortised with regular impairment tests.
IFRS 4	Insurance Contracts	Insurance Business Law JICPA Guidelines for Tentative Treatments of Accounting and Audit for "Debt Securities Earmarked for Policy Reserve" in Insurance Companies			Please see Appendix 3 for detail		
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Accounting Standards for Impairment of Assets		Please see Appendix 3 for detail		Please see Appendix 3 for detail	
IAS 1	Presentation of Financial Statements	Business Enterprise Accounting Standards Regulations for Presentation and Disclosure of Consolidated Financial Statements		Please see Appendix 3 for detail		Please see Appendix 3 for detail	
IAS 2	Inventories	Business Enterprise Accounting Standards		Please see Appendix 3 for detail			
IAS 7	Cash Flow Statements	Accounting Standards for Preparing Consolidated Statements of Cash Flows					
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Accounting Standards for Consolidated Financial Statements Regulations for Presentation and Disclosure of Consolidated Financial Statements		IAS requires changes in accounting policies be reflected retrospectively, while Japanese GAAP requires them to be applied prospectively. Please see Appendix 3 for more detail.			Since the resulting effect from change in accounting policies shall be disclosed in the footnote under Japanese GAAP, the comparability is maintained.
IAS 10	Events After the Balance Sheet Date	Accounting Standards for Consolidated Financial Statements Regulations for Presentation and Disclosure of Consolidated Financial Statements					
IAS 11	Construction Contracts	Business Enterprise Accounting Standards			Please see Appendix 3 for detail		
IAS 12	Income Taxes	Accounting Standards for Income Taxes		Please see Appendix 3 for detail			
IAS 14	Segment Reporting	Disclosure Standards for Segment Information Regulations for Presentation and Disclosure of Consolidated Financial Statements				Please see Appendix 3 for detail	

Comparison between IAS/IFRS and Japanese GAAP

	IAS and IFRS Issued	List of Japanese GAAP	Scope	Presentation/Measurement	Recognition	Disclosure	Remarks
IAS 16	Property, Plant and Equipment	Business Enterprise Accounting Standards JICPA Guidelines for Treatments for Property, Plant and Equipment Regulations for Presentation and Disclosure of Consolidated Financial Statements		Please see Appendix 3 for detail			
IAS 17	Leases	Accounting Standards for Leases		Under Japanese GAAP, finance lease transactions without title transfer shall be capitalised by lessee in principle. In addition, they may be accounted for in the same manner under operating leases, if capitalised information is provided in the notes of consolidated financial statements. Please see Appendix 3 for more detail.			Even when finance leases without title transfers are accounted for in the same manner under operating leases, capitalised information is provided in the notes of consolidated financial statements. Change in Accounting Standards for Leases is currently under deliberation.
IAS 18	Revenue	Business Enterprise Accounting Standards			Please see Appendix 3 for detail		
IAS 19	Employee Benefits	Accounting Standards for Retirement Benefits		Under IAS, the corridor approach shall be applied to amortisation of unrecognised actuarial gains and losses, while actuarial gains and losses are strictly amortised under Japanese GAAP. Please see Appendix 3 for more details.	Please see Appendix 3 for detail		
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Business Enterprise Accounting Standards JICPA Guideline for Gains on Exchange Transaction and Government Grants when They Directly Reduce Carrying Amounts of Fixed Assets		Please see Appendix 3 for detail	Please see Appendix 3 for detail		
IAS 21	The Effects of Changes in Foreign Exchange Rates	Accounting Standards for Foreign Exchange Transactions		Please see Appendix 3 for detail		Please see Appendix 3 for detail	
IAS 23	Borrowing Costs	JICPA Guideline for Capitalization of Interest Expenses for Real Estate Developers					
IAS 24	Related Party Disclosures	JICPA Guideline for Treatment for Disclosure of Information of Related Party Transaction Regulations for Presentation and Disclosure of Consolidated Financial Statements	Please see Appendix 3 for detail			Please see Appendix 3 for detail	
IAS 26	Accounting and Reporting by Retirement Benefit Plans	N/A					IAS 26 is not applicable to business enterprises.
IAS 27	Consolidated and Separate Financial Statements	Accounting Standards for Consolidated Financial Statements	Please see Appendix 3 for detail	Minority interest shall be presented in equity under IAS, while Japanese GAAP requires it to be presented as under an independent caption between liabilities and equity. Please see Appendix 3 for more details.	Please see Appendix 3 for detail		Minority interest is presented under the caption between liability and equity in accordance with Japanese GAAP, since minority interest is not considered as parent company's interest. Presentation of minority interest under Japanese GAAP is consistent with the current practical treatment in the US.
IAS 28	Investments in Associates	Accounting Standards for Consolidated Financial Statements					
IAS 29	Financial Reporting in Hyperinflationary Economies	N/A					Considering current economic situations of companies using Japanese accounting standard, there is no urgent need for adding this issue to our standard.
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	Banking Law					Banking Law requires extensive disclosure for banking industry including disclosure requirements.

Comparison between IAS/IFRS and Japanese GAAP

	IAS and IFRS Issued	List of Japanese GAAP	Scope	Presentation/Measurement	Recognition	Disclosure	Remarks
IAS 31	Interests in Joint Ventures	Accounting Standards for Consolidated Financial Statements Accounting Standards for Business Combinations		Please see Appendix 3 for detail			Proportional consolidation may be applied for interests in joint ventures as an alternative for equity method under IAS 31, while Japanese GAAP mandate equity method in all the case.
IAS 32	Financial Instruments: Disclosure and Presentation	Accounting Standards for Financial Instruments		Please see Appendix 3 for detail		Please see Appendix 3 for detail	
IAS 33	Earnings per Share	Accounting Standards for Computation of Earnings Per Share					
IAS 34	Interim Financial Reporting	Accounting Standards for Semi-annual Consolidated Financial Statements. Regulations for Presentation and Disclosure of Semi-annual Consolidated Financial Statements					
IAS 36	Impairment of Assets	Accounting Standards for Impairment of Assets		Please see Appendix 3 for detail	Under IAS, impairments shall be recognised when the carrying value of assets exceeds its recoverable amount, while Japanese GAAP requires assets to be impaired when the carrying value of assets exceeds its assessment of undiscounted cash flows. In addition, reversal of impairment loss shall be required under IAS, although such a reversal is prohibited under Japanese GAAP. Please see Appendix 3 for more details.		Under Japanese GAAP, measurement of fair value of long-term assets are required for impairment when undiscounted cash flows from long-term assets exceed their carrying amounts. This accounting treatment is consistent with US GAAP.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Business Enterprise Accounting Standards Regulations for Presentation and Disclosure of Consolidated Financial Statements		Please see Appendix 3 for detail.	Please see Appendix 3 for detail.		
IAS 38	Intangible Assets	Business Enterprise Accounting Standards Accounting Standards for Research and Development Costs		Please see Appendix 3 for detail	Under IAS, expenditure under development phase shall be capitalised if certain criteria are met, while such costs shall be expensed when incurred all the time under Japanese GAAP. Please see Appendix 3 for more details.		Under Japanese GAAP, costs for research and development activities shall be expensed when incurred, since there is normally a high degree of uncertainty about the future benefits in the research and development stage. This accounting treatment is consistent with US GAAP.
IAS 39	Financial Instruments: Recognition and Measurement	Accounting Standards for Financial Instruments		Please see Appendix 3 for detail	Under IAS, financial assets shall be derecognised mainly based on risks and rewards approach, while such assets shall be derecognised based on financial component approach under Japanese GAAP. Please see Appendix 3 for more details.		Derecognition of financial instruments is thoroughly based on financial component approach under Japanese GAAP. This accounting treatment is consistent with US GAAP.
IAS 40	Investment Property	Accounting Standards for Impairment of Assets	Please see Appendix 3 for detail	Under IAS, investment property shall either be carried at cost or remeasured at fair value regularly, while lands and buildings shall be carried at cost, regardless of their form and nature under Japanese GAAP. Please see Appendix 3 for more detail.		Please see Appendix 3 for detail	Investment property shall not be revaluated under Japanese GAAP, mainly because it is practically difficult to obtain reliable fair value for lands and buildings, and the purpose of holding investment properties varies and is not clear in practice. This accounting treatment is consistent with US GAAP.
IAS 41	Agriculture	N/A					Very few companies using Japanese accounting standards are engaged in agricultural business, since agriculture is commonly engaged by individual farmers. Therefore, there seems no urgent needs for adding this issue to our standard.

Note:

Accounting Standards for Business Combinations shall be effective from the fiscal year beginning April 2006.

Accounting Standards for Impairment of Assets shall be formally effective from the fiscal year beginning April 2005; however, early adoption is permitted, and this has been already widely adopted by many companies.

Comparison between IAS/IFRS and Japanese GAAP

	Interpretations Issued	List of Japanese GAAP	Scope	Presentation/ Measurement	Recognition	Disclosure	Remarks
SIC 7	Introduction of the Euro	Accounting Standards for Foreign Exchange Transactions					This SIC only emphasises the strict application of IAS21 at introduction of Euro since it is considered significant issue in Europe. This issue has been dealt by general standards for foreign exchange transactions under Japanese GAAP.
SIC 10	Government Assistance – No Specific Relation to Operating Activities	Please see remarks for reference.					This SIC reconfirms the consistent application of IAS20 which prohibit government grants to be recognized directly in equity, even for government assistance which are aimed are provided to entities. Although specific provision is not provided for this issue under Japanese GAAP; this is commonly treated in the same manner of IFRS.
SIC 12	Consolidation – Special Purpose Entities	Accounting Standards for Consolidated Financial Statements					This SIC clarifies that SPEs shall be consolidated when these SPEs are under control, and illustrates the examples of relationship where control exits. Under Japanese GAAP, SPEs need to be consolidated if under control as well.
SIC 13	Jointly Controlled Entities – Non-Monetary Contributions by Ventures	Accounting Standards for Business Combinations					This SIC addresses recognition of gains and losses from contributions of non-monetary assets to jointly controlled entities, and etc, if the exceptions described in the SIC do not apply. Under Japanese GAAP, no gain or loss shall be recognised upon such transactions, since it is considered that interests in assets are continued even upon such transactions.
SIC 15	Operating Leases – Incentives	Please see remarks for reference.					This SIC requires that all incentives of operating leases (i.e. reimbursement of relocation cost, and etc.) shall be recognised as an integral part of the net consideration agreed, and thus be recognised over the lease term. Under Japanese GAAP, accounting treatments for such incentives are not clearly state in the standard, and matching principle covers this issue.
SIC 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets	N/A					This SIC handles income tax treatments when fair value of revaluated non-depreciable assets recovered; however, revaluation of non-depreciable assets is not permitted under Japanese GAAP, and thus applicable guidance was not provided. This is consistent with US GAAP.
SIC 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders	Please see remarks for reference.					This SIC addresses that a change in tax status, in general, shall be recognised in profits or losses. This accounting treatment is generally consistent with that under Japanese GAAP.
SIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease	Please see remarks for reference.					This SIC confirms that a series of transactions that involve the legal form of a lease shall be accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole. Under Japanese GAAP, there is no specific guidance which specifically deals with this issue; however these transactions, such as sales and lease-back transactions are accounted for in the similar manner, and thus the resulting consequence will not differ significantly.
SIC 29	Disclosure – Service Concession Arrangements	Please see remarks for reference.					Under Japanese GAAP, there is no specific guidance which specifically deals with this issue; however, service concession arrangements are not frequently used by Japanese listed companies.
SIC 31	Revenue – Barter Transactions Involving Advertising Services	Please see remarks for reference.					This SIC specifically discusses revenue recognition issue for barter transactions involving advertising; however, under Japanese GAAP, comprehensive standard for revenue recognition is provided by Business Enterprise Accounting Standards.
SIC 32	Intangible Assets – Website Costs	Accounting Standards for Research and Development Costs and Software JICPA Practical Guidelines on Accounting Standards for Research, Development and Software Costs					This SIC specifically addresses internally developed website costs and reconfirms the application of IAS38 for this issue. Although specific application guidance of this issue is not provided under Japanese GAAP; general standard of software accounting is applied.
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	Please see remarks for reference.					This Interpretation specifically addresses the accounting treatments for events which cause changes in existing decommissioning, restoration and similar liabilities. Please see IAS16 under Appendix 3 for detail.

Detailed Comparison between IAS/IFRS and Japanese GAAP

IAS/IFRS (Title)	Classifi cation	Item	IAS/IFRS	Japanese GAAP	Remarks
IFRS2 Share-based Payment	P R D	Measurement of compensation costs for share- based payments at grant date	Compensation costs for share- based payments shall be measured at fair value at grant date.	Compensation costs for share- based payments are measured at an amount equal to consideration received at grant date if any, and therefore, no expense are usually recognised at a time when stock options are granted to employees.	A draft standard dealing with this issue was exposed to the public in December 2004. Under the exposure draft, share-based payments shall be measured at fair value at grant date.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
IFRS3 Business Combinations	R	Accounting treatments for business combination (except for JVs and transactions under common control j	Application of the purchase method is required in all situations.	<p>Application of the purchase method is required, in principle; however, the pooling-of-interest method shall be required as an exception, only when continuity of shareholders' interests in merging entities is assumed by the following all three principle criteria:</p> <p>a) Consideration paid shall be formed by stock with voting rights,</p> <p>b) Voting rights of each merging entities' shareholders in a merged entity will be almost equal (i.e. approximately 50:50 in the case that two companies merge into one company), and</p> <p>c) No fact or provision indicates that the merged entity is controlled other than by voting rights</p> <p>(criteria for b) and c) are commonly referred as "mergers of equals")</p>	<p>Under Japanese GAAP, application of the pooling-of-interest method is required under such exceptionally limited situations, since purchase method shall be used for the business combinations where one entity acquires interest in other entities and controls them, which most frequently occur. However, there have been limited situations where no party obtains control over the other upon business combinations and thus shareholders' interests in entities are not discontinued thereon. In such a case, it is considered that the pooling-of-interest method more reflects the economic substances and avoids an arbitrary treatment to determine which entity acquires the others. In addition, in order to avoid the possibility that the pooling-of-interest method could be used with intent of abuse, clear criteria have been set up by which continuity of shareholders' interests in merging entities can be assumed, with detail guidance. With these strict criteria, it is expected that, the pooling-of-interest method will only be applied in exceptional cases.</p> <p>(Please see Note 3 in final page for reference.)</p>

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P	Accounting treatments for goodwill subsequent to initial recognition	Goodwill is tested for impairment at least annually, with additional requirements where changes in circumstances indicate that it might be impaired.	Goodwill is amortised on a straight line basis within 20 years. In addition, goodwill is tested for impairment, where changes in circumstances indicate that it might be impaired.	<p>Under Japanese GAAP, acquired goodwill by business combination is subject to amortization and impairment test because of the following reasons;</p> <p>a) Considering the nature of goodwill, which generates future economic benefit and will be realized by passage of time, it is considered that this should be amortised under the matching principle,</p> <p>b) Unless amortised, acquired goodwill might be replaced with internally generated goodwill; that cannot be recognised as an asset, under both IFRS and Japanese GAAP,</p> <p>c) Even if the useful life of acquired goodwill may not be predicted or the pattern in which goodwill diminishes may not be known, it is considered that systematic amortization over certain period will achieve representation faithfulness, rather than non-amortization approach, to reflect depreciation in value of acquired goodwill through business competition,</p> <p>d) Although there is an argument that it would better reflect the economic substances, if acquired goodwill are divided into two portions (i.e. the portion whose value will be depreciated by passage of time, and that will not be depreciated) and these are accounted for differently; however, identifying these two parts in exact manner is considered to be quite difficult, and therefore it seems more appropriate to amortize the whole portion of acquired goodwill, since such goodwill is, at least, to be measured as a residual values.</p> <p>e) Please see Note 3 for reference.)</p>

Appendix 3

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P R	Accounting for negative goodwill	Excess of acquires' interests in the net fair values of acquirees' identifiable assets, liabilities, and contingent considerations over costs ("negative goodwill") is recognised immediately in profit.	Negative goodwill is recognised as a liability and amortised on a straight line basis within 20 years.	Under Japanese GAAP, negative goodwill shall be amortised within 20 years using a straight line method based on economic substances of each acquisition, since it is difficult to assume that negative goodwill has been generated in a consequence of inappropriate valuation of non-current assets (with no observable fair values), nor as a result of bargain purchase of the acquired entity. Rather, it'd be more appropriate to consider that the negative goodwill arises as a result of adjustment of consideration paid for acquired entity as a whole. As such, under Japanese GAAP, amortization is required for both positive and negative goodwill equally. (Please see Note 3 for reference.)
	P	Valuation of assets and liabilities of the acquiree at acquisition date	Assets and liabilities of the acquirees, except for non-current assets classified, as held-for sale shall be measured at fair value at acquisition date.	Fair value measurement for all assets and liabilities of the acquirees or proportional fair value measurement for parent entities' interest in acquirees shall be required. Under proportional fair value measurement approach, assets and liabilities attributable to minority interest shall be measured at carrying amount of acquired entities.	The use of proportional fair value measurement under Japanese GAAP is consistent with that under current US GAAP.

Appendix 3

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
IFRS4 Insurance Contracts	R	Recognition as a liability for catastrophe provisions	Catastrophe provisions are not permitted to be recognised as liabilities.	Catastrophe provisions are required to be recognised as liabilities under Insurance Business Law.	In Japan, catastrophe provisions are required to be maintained as liabilities from a prudential viewpoint by insurance companies to fund the payment accruing from the risks not covered by normal technical provisions.
	R	Valuation of certain debt securities held by insurance companies for proper matching of assets and liabilities	N/A	Debt securities earmarked for policy reserve as a category of asset backed insurance liabilities are allowed to be reported at amortised cost on certain conditions.	In order to appropriately adjust a mismatch in valuation method of insurance liabilities and their related assets, this category has been introduced for insurance companies in Japan; however, the application of this valuation method is subject to strict conditions.
IFRS5 Non-current assets Held for Sale and Discontinued Operations	P	Whether to classify non-current assets as held for sale	Non-current assets shall be classified as held for sale if their carrying amounts will be recovered principally through sale transactions rather than through continuing uses.	Non-current assets are not classified as a category of held for sale even if management intends to sell them.	Please see remarks of "Measurement of non-current assets classified as held for sale".
	P	Measurement of non-current assets classified as held for sale	Non-current assets classified as held for sale shall be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets shall be ceased, when classified as held for sale.	Impairment test is required for non-current assets to be sold; however, it is measured at fair value less costs to sell, if its value is declined. Depreciation will be continued, regardless of plans to sell.	Under Japanese GAAP, non-current assets to be sold need to be tested for impairment, although it is not required to measure such non-current assets at the lower of carrying amount and fair value less costs to sell. Therefore, the resulting consequence will not significantly differ. (Please see Note 3 for reference.)

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P D	Presentation and disclosure of the gains and losses from discontinued operation	Assets classified as held for sale shall be presented separately in the balance sheet, and the results of operations are separately presented as discontinued operations in the income statement with comparative prior years' numbers restated in consistent with current year's reclassification.	Gains and losses on disposal of non-current assets are ordinarily recognised as separate line items of extraordinary gains or losses, and prior years' numbers are not to be changed.	It is under discussion by ASBJ whether to set up disclosure requirements of profit or loss of businesses disposed of in the notes of consolidated financial statements in the current fiscal year.
IAS1 Presentation of Financial Statements	P	Reclassification of comparative amounts, where presentations or classifications will be changed, subsequently	Comparative amounts in prior years' financial statements shall be reclassified, according to current year's presentation or classification.	Comparative amounts in prior years' consolidated financial statements are not reclassified, and presentations or classifications are changed prospectively. Instead, the nature, resulting effect, and reason of any reclassification are disclosed in the notes of the consolidated financial statements.	Under Japanese GAAP, the nature, resulting effect, and reason of any reclassification shall be disclosed to maintain the comparability of consolidated financial information.
	P	Whether to classify deferred tax assets and liabilities as current or non-current	All deferred tax assets and liabilities shall be classified as non-current.	Deferred tax assets and liabilities shall be classified as current or non-current based on the classification of the related assets or liabilities for financial reporting.	Deferred tax assets and liabilities are to be realized when related temporary differences are realized by future reversals of such temporary differences. In this consequence, temporary differences arising from current assets and liabilities are expected to be realized within a year, and thus related deferred tax assets and liabilities are presented as current. In addition, this treatment of Japanese GAAP is consistent with that under US GAAP.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P	Profits or losses attributable to minority interest	Profits or losses attributable to minority interest shall be presented in the income statement as an allocation of profit or loss for the period.	Profits or losses attributable to minority interest shall be presented in the consolidated income statement as a component of profit or loss.	Under Japanese GAAP, profits or losses attributable to minority interest are disclosed in a different manner from those under IAS; however, the same information is provided under both standards.
	P	Extraordinary items in the income statement	Income statements have no caption of extraordinary items, and therefore, no extraordinary information shall be presented or disclosed.	Following items shall be presented as extraordinary items in the consolidated income statements: a) infrequent gains or losses b) prior periods' adjustments	Under Japanese GAAP, in addition to profit or loss that is presented under IAS, ordinary profit or loss (i.e. profit before extraordinary items) is presented in the consolidated income statement as well.
	P	Statement of changes in equity	Following items shall be presented in the statement of changes in equity; a) Profit or loss for the period, b) Items to be recognised directly in equity, c) Total recognised income and expense for the period (i.e. sum of a) and b)), and d) Any effect of changes in accounting policies and corrections of errors.	Statement of changes in equity is not prepared under Japanese GAAP. However, instead of this, statement of changes in capital surplus and retained earnings, where most information of changes in equity during the period is shown, is presented.	Statement of changes in equity under IAS and statement of changes in capital surplus and retained earnings under Japanese GAAP are different only in presentation of changes in share capital, which is commonly provided by supplementary schedule to be audited in Japanese companies' annual reports. In addition, it is expected that statement of changes in equity will be introduced to Japanese GAAP in the upcoming future.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P	Directors' bonuses	Directors' bonuses shall be charged to expenses in the income statements.	Directors' bonuses shall be charged to expenses in the consolidated income statement in principle. However it is permitted to be directly deducted from retained earnings as an appropriation in the statement of changes in capital surplus and retained earnings.	Under Japanese GAAP, there exist alternative treatments for directors' bonuses; however, the new accounting standard, where such bonuses will be charged to expenses only in consolidated income statements, is expected to be introduced in the near future.
	D	Dividends declared subsequent to the balance sheet date	Dividends declared subsequent to the balance sheet date but before the authorization of financial statements for issue are not recognised as a liability on the balance sheet but disclosed in the notes of financial statements.	Dividends declared subsequent to the balance sheet date but before the authorization of financial statements for issue are not recognised as a liability on the consolidated balance sheet, but such dividends are presented as a deduction from retained earnings in the non-consolidated statement of changes in capital surplus and retained earnings.	<p>Under Japanese GAAP, as mentioned in "Statement of changes in equity", statement of changes in capital surplus and retained earnings is presented. This statement includes a presentation of dividends declared subsequent to the balance sheet date but before the authorization of financial statements for issue. Accordingly, same information as required under IAS is currently disclosed.</p> <p>Whether to set up this disclosure requirement is currently under consideration by ASBJ, during the course of deliberation to introduce statements of changes in equity (Please see remarks of "Statement of changes in equity" for reference).</p>

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
IAS2 Inventories	P	Cost formulas	The cost of ordinary inventories shall be assigned by using the first-in, first-out (FIFO) or weighted average cost formula; last-in, first-out (LIFO) formula is not permitted.	The cost of inventories will be assigned by using the formula that best reflect the economic substances, including FIFO, weighted average cost formula, and LIFO.	Under Japanese GAAP, few companies actually adopt LIFO, since this formula assumes that inventories purchased or produced last are sold first. LIFO is also allowed under US GAAP.
	P	Measurement of inventories	Inventories shall be measured at the lower of cost and net realizable value. In addition, the amount of the write-down shall be reversed, when there is a clear evidence of an increase in net realizable value because of change in economic circumstances.	Inventories shall be measured at cost or at the lower of cost and net realizable value. In addition, the amount of the write-down will or will not be reversed, even when there is a clear evidence of an increase in net realizable value. However, these policies need to be applied consistently.	Under Japanese GAAP, inventories shall be written down to net realizable value if the net realizable values of inventories fall significantly below costs, even under the cost method. Due to this requirement, the resulting consequence from the difference in these standards will not be significant. In addition, reversal of write-down is not common practice under Japanese GAAP.
IAS8 Accounting Policies, Changes in Accounting Estimates and Errors	P	Changes in accounting policies voluntarily	In principle, when an entity changes an accounting policy voluntarily, the opening balance of relevant equity items for the earliest prior period presented and the other comparative amounts disclosed for each prior period shall be presented as if the new accounting policy had always been applied (i.e. prior period financial statements are restated).	When an entity changes an accounting policy voluntarily, it is presented prospectively (i.e. prior years' consolidated financial statements are not to be restated), but rather the resulting effects by the changes in accounting policy shall be disclosed in the notes of consolidated financial statements.	Under Japanese GAAP, the resulting effect of the changes in accounting policy shall be disclosed in the notes to consolidated financial statements to maintain the comparability of financial information.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P	Material prior period errors	Material prior period errors, in general, are corrected retrospectively by restating the comparative financial statements.	Material prior period errors are corrected through profits or losses as separate line items of extraordinary gains or losses in current year's consolidated income statements.	The separate presentation for material prior period errors enables readers of financial statements to easily analyse such effects, and therefore comparability of consolidated financial statements is maintained. In addition, under the Securities and Exchange Law, consolidated financial statements are to be corrected and resubmitted when errors are considered to be so material that consolidated financial statements are deemed to be misleading.
IAS11 Construction Contracts	R	Recognition of contract revenue and expenses	When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage of completion method"), unless losses are expected in total construction contracts.	Contract revenue and costs associated with the short-term contracts are recognised when constructions are to be completed ("completed construction method"). Under the long-term contracts, both percentage of completion method and completed construction method are permitted.	It is recognised that percentage of completion method is broadly used for large-sized and long-term contracts by Japanese listed companies, and therefore the resulting consequences will not significantly differ.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
IAS12 Income Taxes	P	Tax treatments for inter-company transfers of assets	Deferred tax assets and liabilities related to inter-company profits or losses shall be measured or re-measured at purchasers' tax rates, and such deferred tax assets shall be reviewed for recoverability at each balance sheet date.	Deferred tax assets and liabilities related to inter-company profits or losses shall be initially measured at the sellers' tax rates, and deferred until transferred assets are sold to unrelated third parties, without any need for adjustment of tax rates and reassessment of recoverability in computing the deferred tax assets at the balance sheet date.	It is understood that income taxes for profits or losses on inter-company transactions are deferred until transferred assets will be sold to unrelated third parties, since income taxes have already been paid (or reduced) at seller's jurisdictions. This is consistent with the current US GAAP treatment.
IAS14 Segment Reporting	D	Disclosure of segment liabilities	Segment liabilities shall be disclosed for each reportable segment.	Segment liabilities are not required to be disclosed for each reportable segment.	This disclosure requirement under Japanese GAAP is consistent with US GAAP.
	D	Method of segment identification	Primary and secondary segment shall be identified by considering which business or geographical locations greater affects the entity's risks and returns, and segment reporting format differs by the categories.	Business and geographical segment information shall be provided by each format in any situation.	Both business segment and geographical segment are identified as reportable segment, both under IAS and Japanese GAAP. Accordingly, even though primary and secondary segment is not identified, almost the same information is to be provided in the segment reporting under Japanese GAAP.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	D	Determination of reportable business segments	<p>Business segments are distinguishable components of entities, which are engaged in providing individual products or services or a group of related products or services, and are subject to risks and returns individually.</p> <p>In determining reportable segments, two or more internally reported business segments, which are substantially similar, may be combined.</p>	Business segments shall be recognised based upon lines of products or services which entities provide. Management shall identify business segments, and determine reportable those by aggregating any lines of products or services so that diversities in business will be best reflected.	Under Japanese GAAP, organisational units for which information is internally reported to the management do not always have priority to determine reportable business segments. In this sense, the procedures of such determination are not identical; however, the underlying concepts of procedures under both GAAP are not significantly different.
IAS16 Property, Plant and Equipment	P	Elements of costs	Estimated costs for asset retirement obligation, such as dismantling and removing costs, and site restoration costs shall be capitalized as part of book values of property, plant and equipment, at initial recognition.	Such asset retirement obligation costs are not commonly capitalized at initial measurement.	Under Japanese GAAP, liabilities for asset retirement obligation are to be provided when it is probable that expense or loss will incur as a result of the obligation, and the amount of expense or loss can be reasonably estimated.
	P	Change in the depreciation method	Change in the depreciation method shall be accounted for as a change in accounting estimate.	Change in the depreciation method shall be accounted for as a change in accounting policy.	Since changes in an accounting policy are accounted for prospectively under Japanese GAAP, the resulting consequences of change in the depreciation method do not significantly differ.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P	Property, plant, and equipment acquired in exchange for non-monetary assets	Property, plant, and equipment acquired in exchange for non-monetary assets shall be measured based on the carrying amount of the relinquished non-monetary assets, if either of the following conditions apply: a) If the transaction lacks commercial substance, or b) If the fair value of neither the asset received or the asset given up is reliably measurable.	Property, plant, and equipment acquired in exchange for non-monetary assets shall be measured based on the carrying amounts of the relinquished assets, under the similar assets exchange transactions.	Under Japanese GAAP, property, plant, and equipment acquired in exchange for similar assets are considered as seamless investments, and as such any gains or losses will not be recognised as a result of transactions.
	P	Revaluation model	If fair values can be measured reliably when revaluation model is chosen, property, plant, and equipment shall be revaluated regularly.	Revaluation of such non-monetary assets is not permitted.	Under Japanese GAAP, revaluation of property, plant and equipment is not permitted, which is consistent with US GAAP.
IAS17 Leases	P	Lessees' accounting treatments; Finance leases without title transfer	Finance leases shall be capitalised by lessees, regardless of title transfers.	Finance leases without title transfers shall be capitalized in principle; however, such finance leases are permitted to be accounted for in the same manner under operating leases with required disclosure in the notes of consolidated financial statements.	Under Japanese GAAP, finance leases shall be classified into two categories; i.e. finance leases with title transfers and finance leases without title transfers, and finance leases with title transfers shall be capitalized in all cases. In addition, where finance leases without title transfers are accounted for in the same manner under operating leases, disclosure in the notes of consolidated balance sheets shall illustrate the alternative accounting results as if finance leases were capitalized on the consolidated balance sheets. Change in this standard is currently under deliberation.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P	Lessors' accounting treatments	<p>Finance leases shall generally be accounted for in the manner where assets held lease is presented as a receivable at an amount equal to the net investments in the lease.</p> <p>Finance leases by manufacture lessors shall recognise selling profit or loss in the period, and finance income is separated from selling profit or loss over the lease term.</p>	Finance leases, including manufacture lessors shall generally be accounted for in the manner where assets held is presented as a receivable at an amount equal to the net investments in the lease; however, such finance leases without title transfers are permitted to be accounted for in the same manner under operating leases with required disclosure in notes of consolidated financial statements.	The disclosure illustrates the alternative accounting results as if finance leases were accounted for under principle basis on the consolidated financial statements. Change in this standard is currently under deliberation.
IAS18 Revenue	R	Revenue recognition for instalment sales contracts	Revenue is recognised at the sales dates, under instalment sales contracts.	Revenue is recognised at sales dates, in principle. In addition, instalment method is permitted, where cash paid by buyers shall be apportioned into cost recovered and profit, so that revenue shall be recognised at each cash receipt (or by cash receipt schedule).	It is considered that under instalment sales contracts, cash receipts usually extend over relatively long period of time, and thus recoverability of receivables is uncertain in many cases, and therefore it is prudent to have the instalment method. This accounting treatment under Japanese GAAP is consistent with US GAAP.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
IAS19 Employee Benefits	P R	Defined benefits scheme	<p>Actuarial gains and losses shall be recognised as income or expense when incurred or on a systematic method, if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period are in excess of certain level (this method is commonly referred as “Corridor approach”). Past service costs shall be amortised on a straight-line method over the average period until rights to receive the benefits are vested. If the benefits are already vested, such costs shall be recognised immediately.</p> <p>In determining obligations and costs, benefits shall be attributed to periods of services under the plan’s benefit formula. However, if employees’ service in later years will lead to a materially higher level of benefit than in earlier years, the benefits should be attributed on a straight-line basis.</p> <p>The rate used to discount benefit obligations shall be determined by reference to market yields at the balance sheet date on high quality corporate bonds.</p>	<p>Actuarial gains and losses shall be amortised on a systematic method within the period of the average remaining working lives of the employees or may be expensed when incurred. Actuarial assumptions need not be revised, if changes in these assumptions are limited and impact is deemed to be insignificant. Past service costs shall also be amortised on a systematic method within the average remaining service periods (usually equals to within the period until rights to receive the benefits are vested). Such costs may be expensed when incurred.</p> <p>In determining the service cost, benefits shall be attributed on a straight-line basis. If this is unreasonable, benefits shall be attributed to periods of service under the plan’s benefit formula.</p> <p>The rate used to discount benefit obligations shall be determined by reference to market yields at the balance sheet date on high quality corporate bonds. Fluctuation of market yield during reasonable periods may be considered in this determination.</p>	<p>Under Japanese GAAP, the corridor approach is not permitted and actuarial gains or losses, and past service costs are strictly amortised. Instead, actuarial assumptions need not be revised, if changes in these assumptions are limited. This is because pension liability is computed based on various assumptions over a long period of time, and thus it is considered that slight and temporary change in each assumption need not be reflected in every computation. However, this materiality threshold is understood strictly, and these reviews are performed every year in practice by most listed companies</p> <p>Benefits are commonly attributed to periods of service under the plan’s benefit formula in Japan, since it is common practice for Japanese companies that employees’ services in later years will lead to higher level of benefits than in earlier years, and therefore the resulting accounting treatment under Japanese GAAP is consistent with IAS.</p> <p>The definition of rate used for computation of benefit obligation may differ slightly between both GAAP; however, the rates used are disclosed in the notes of consolidated financial statements under Japanese GAAP, which enables users of consolidated financial statements to easily analyze the effect of such assumptions.</p>

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
IAS20 Accounting for Government Grants and Disclosure of Government Assistance	P R	Recognition and presentation of grants related to assets	Government grants related to assets shall be recognised as income over the periods to match with the related costs and presented either by deferred income or deducting from carrying amounts of assets.	Government grants related to assets shall be recognised as income over the periods to match with related costs by deducting from carrying amounts of related assets at initial recognition, or recognised as income when received.	Under Japanese GAAP, government grants are not practically recognised as income when received, rather they are deducted from related assets so that these grants will be apportioned in consolidated income statements over the periods in consistent with related costs. Therefore accounting practice is not different from that under IAS.
IAS21 The Effects of Changes in Foreign Exchange Rates	P	Translation of goodwill	Goodwill shall be translated by using current rate at each balance sheet date.	Goodwill shall be translated by using the historical rate at the time of initial consolidation.	Under Japanese GAAP, goodwill is translated using the historical rate at the time of initial consolidation, since goodwill is thoroughly treated as a part of parent company's asset at consolidation, which leads to the use of historical rate.
	D	Reconciliation of translation adjustments during the fiscal period	Reconciliation of net exchange differences classified in a separate component of equity ("translation adjustments") during fiscal period shall be disclosed in the notes of financial statements.	Such disclosure of reconciliation is not required in the notes of consolidated financial statements.	Under Japanese GAAP, change in translation adjustments during fiscal period is not required; however, users of consolidated financial statements will recognise its net change during the fiscal period because it is presented as separate line items in consolidated financial statements.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P	Translations into presentation currency	<p>Transactions of foreign operations are recorded by the functional currency, which is primary currency under the entities' economic environments.</p> <p>Assets and liabilities of foreign entities shall be translated from the functional currency into the presentation currency at the closing rate of balance sheet date, and income and expenses shall be translated at exchange rates of the transaction dates, including translated at the average rates during the fiscal periods if appropriate.</p>	<p>Transactions of foreign entities are recorded by the currency, which is legally formal in each country; however, if it is considered reasonable that transactions are recorded by other currencies, which are most frequently used in the entities' operations, these currencies can be used, instead.</p> <p>Assets and liabilities of foreign entities shall be translated from the local currency into presentation currency (mostly JPY) at the closing rate of the balance sheet date, and income and expenses of such entities shall be translated at the average rates during the fiscal periods, or at the closing rate of the balance sheet dates.</p>	Although definition of functional currency is not clearly stated under Japanese GAAP, the concept of functional currency is implied under Japanese GAAP, and practical treatments of foreign currency translation will not be significantly different.
IAS24 Related Party Disclosures	D	Compensation for key management personnel	<p>Key management personnel compensation shall be disclosed in total, and by the following categories:</p> <p>a) short-term employee benefits b) post-employment benefits c) other long-term benefits d) termination benefits e) share-based payment</p>	Disclosure of key management personnel compensation is not required in the notes of consolidated financial statements.	Directors' compensation is commonly disclosed under the other section in annual reports by Japanese companies.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	S	Scope of related party transactions disclosure	Disclosure of related party transactions is required for transactions between any related parties, and not limited to the transactions between reporting enterprises and its related parties.	Disclosure of related party transactions is required for transactions between reporting entity and its related parties.	Change in scope of related party transactions is planned to be discussed.
IAS27 Consolidated and Separate Financial Statements	S	Scope of consolidation	Scope of consolidation is determined based on control, including special purpose entities (SPEs). In assessing the control, the existence and effect of potential voting rights are considered.	Scope of consolidation is determined based on control. In assessing the control, the existence and effect of potential voting rights are not considered. SPEs are also consolidated based on the control concept, except certain SPEs, established solely for the purpose of transfer of financial assets (i.e. securitizations and etc.), which are generally considered as pass-through entities.	Under Japanese GAAP, in assessing the control, whether decision making body is under control in its substance shall be assessed, and majority ownership of shareholders' voting rights are placed as one of the indication that such body is under control. In addition, even when majority voting rights are not owned, control-indicating factors such as the components of board of directors and important financing and operating contracts, shall be considered further, and thus entities are required to be consolidated when decision making body is under control, even without majority voting rights. However, anticipated effect of potential voting rights are not considered in assessing the control, since such potential rights do not legally affect decision making process and results, until they are actually exercised.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	R	Uniformity in accounting policies, especially for accounting standards applied to foreign subsidiaries	Uniform accounting policies are required for similar transactions and events under similar circumstances.	Uniform accounting policies are required for similar transactions and events under similar circumstances, in principle; however it is permitted to use financial statements prepared in accordance with local GAAP of foreign subsidiaries, unless the difference in accounting policies will lead unreasonable consequence.	Under Japanese GAAP, foreign subsidiaries' financial statements may be consolidated, whose accounting policies are not identical to that of the parent company; however, this is permitted only when the difference in accounting policies will not lead to reasonable consequence. Whether to require uniform accounting policies for foreign subsidiaries in all cases is planned to be discussed.
	P	Presentation of minority interest	Minority interest shall be presented within equity on the consolidated balance sheet.	Minority interest shall be presented between liabilities and shareholders' equity on the consolidated balance sheet.	Under Japanese GAAP minority interest is considered to be distinct from parent's interest, since parent's interest can control the interest of subsidiaries but minority interest cannot. Based upon the objective of consolidated financial statements that is to present the financial position and financial result of parent companies, the equity section shows parent's interest only and hence minority interest is not presented within equity section. In addition, considering the nature of a minority interest that does not have obligation to repay, it does not qualify as a definition of liabilities. Therefore, minority interest will be best presented between liabilities and shareholders' equity. The classification under Japanese GAAP is consistent with current practical treatment in the US.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
IAS31 Interests in Joint Ventures	P	Proportionate consolidation	Proportionate consolidation or equity method accounting shall be used for interests in joint ventures, in principle.	Proportionate consolidation is not permitted, as an accounting method for interests in joint ventures, and equity method is required in all situations.	Under Japanese GAAP, proportionate consolidation method is not permitted; however, equity method is also permitted in IAS. This accounting treatment that does not permit proportionate consolidation method is consistent with US GAAP. (Please see Note 3 for reference.)
IAS32 Financial Instruments: Disclosures and Presentation	P	Presentation of warrants	Warrants shall be presented in equity.	Warrants shall be presented in liabilities.	Under Japanese GAAP, warrants shall be presented separately if material in the consolidated financial statements or disclosed in the notes of consolidated financial statements. In addition, presentation of warrants as liabilities is currently being discussed by ASBJ.
	P	Issuers' accounting treatments for convertible bonds	Convertible bonds shall be separated into two parts (i.e. debt instrument and warrants), and therefore they shall be separately presented in the financial statements.	Convertible bonds shall either be separately presented by two parts or presented in aggregate.	Under Japanese GAAP, aggregate presentation is permitted, because debt instrument portions need to be converted into equity upon exercise of warrants, and therefore it is not possible that redemption of debt instrument and exercise of warrants occur simultaneously.
	P	Costs for issuing additional shares	Costs for issuing additional shares shall be deducted from equity.	Costs for issuing additional shares shall either be expensed immediately when incurred or amortised over relevant periods.	Costs for issuing additional shares are not usually large amounts, and therefore this difference will not be significant in its consequence.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P	Classification of preference shares	Issuers' financial instruments shall be classified as financial liabilities or equity in accordance with substances of contractual arrangements and their definitions.	Issuers' financial instruments are determined as liabilities or equities, in accordance with their legal forms, and therefore preference shares are usually included in equity section.	Under Japanese GAAP, mandatory redeemable shares could be classified as equity, while they shall be classified as liabilities under IFRS; however, these shares are not frequently issued in Japan, and therefore the resulting differences will not be significant in practice.
	D	Disclosure of fair value	Fair values of each class of financial assets and liabilities shall be disclosed in comparative with their carrying amounts, except for financial assets and liabilities which are measured at cost basis, and whose fair values of discretionary participation features are not reliable.	Fair values of derivatives and investments in securities shall be disclosed in comparative with their carrying amounts.	Although the scope of fair value requirements is not identical under IAS and Japanese GAAP, items to be disclosed will not differ in the consequence, since financial assets other than derivatives and investments in securities (i.e. loans, receivables, and etc.) are usually carried at cost basis, and as such, the fair value information will not be also disclosed under IAS.
IAS36 Impairment of Assets	R	Recognition and measurement of impairment loss	When the recoverable amounts of assets within the scope of the standard are less than carrying amounts, the difference between the carrying amounts and the recoverable amounts are recognised as impairment loss.	When amounts of undiscounted future cash flows of long-lived assets are less than their carrying amounts, the difference between the carrying amounts and the recoverable amounts are recognised as impairment losses.	Under Japanese GAAP, impairments are required when carrying amounts of investments in long-lived assets are not recoverable, and therefore the first step requires comparing undiscounted future cash flows of such assets with their carrying amount. This accounting treatment is consistent with that under US GAAP. (Please see Note 3 for reference.)

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P	Units for goodwill impairment tests	Goodwill shall be allocated to cash-generating units (“CGUs”) or group of CGUs at acquisition. Such allocated goodwill shall be tested for impairment individually.	<p>Goodwill shall be allocated to reporting units in principle, the level at which performance of entities’ operations are reviewed internally. Such goodwill shall be tested for impairment at both the reporting unit level, and higher levels where grouping of such reporting units deemed appropriate.</p> <p>Goodwill may be allocated to CGU level, only when such allocation can be made rationally, and such allocated goodwill shall be tested for impairment at individual CGUs.</p>	The level of units to be tested for goodwill impairments are not identical under IAS and Japanese GAAP; however, goodwill shall be tested for impairments whenever there are indications that the units may be impaired under both standards, and the resulting consequence will not be significantly different.
	P R	Reversal of impairment loss	Reversal of impairment loss recognised in prior periods for assets other than goodwill is required; if there has been a change in the estimate of asset recoverable amounts due to the increase in service potential.	Reversal of impairment loss recognised in prior periods is prohibited.	Under Japanese GAAP, reversal of impairment loss is prohibited, since it is considered that impairment is recognised when situations indicate clear evidence of impairment. This accounting treatment is consistent with that under US GAAP. (Please see Note 3 for reference.)

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
IAS37 Provisions, Contingent Liabilities and Contingent Assets	R	Recognition and measurement of provisions	<p>A provision shall be recognised when,</p> <p>a) An entity has a present obligation (legal or constructive) as a result of a past event;</p> <p>b) It is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and</p> <p>c) A reliable estimate can be made of the amount of the obligation.</p> <p>In addition to the best estimate of the expenditure to settle the present obligation, there are measurement provisions in relation to the estimation using the liability's 'expected value' and expectation to be reimbursed by another party.</p>	<p>A provision shall be recognised when</p> <p>a) It is probable that expense or loss will be incurred as a result of past transactions or events, and</p> <p>b) A reliable estimate can be reasonably made.</p> <p>A provision shall be measured at best estimate of an amount that is attributable to the current period and probable that expense or loss will be incurred due to past transactions or events.</p>	Although the definition of provisions under IFRS and Japanese GAAP may differ, the resulting differences are normally not significant, in practice, since provisions are to be recognised mainly when losing economic benefit is probable and estimation can be reliably made, under both standards. Also provisions recognised under both standards are principally measured on a best estimate basis.
	P	Provision for restructuring	A provision for restructuring costs is recognised when an entity has detailed formal plan and raised a valid expectation to parties who will be affected.	There is no specific standard for restructuring provision; however, the provision is set up under the general recognition and measurement guidance, referred above.	There is no explicit guidance on provision for restructuring under Japanese GAAP; however, considering the common situation that reliable estimate for restructuring costs are usually made when formal plan is announced, the resulting consequence will not be significantly different from IAS.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
IAS38 Intangible Assets	R	Costs incurred under the development phase	Intangible assets arising from development phase shall be recognised when all the criteria under the standard are met.	Costs incurred under development phase shall be expensed when incurred.	Under Japanese GAAP, costs under development phase shall be expensed when incurred in any case, since there is normally a high degree of uncertainty about the future benefits in the research and development stage. This accounting treatment is consistent with US GAAP; however, since the criteria under IAS are strict, the resulting consequence will not be significantly different.
	P	Revaluation of intangible assets	Intangible assets shall be measured subsequent to the initial recognition, by either cost method or fair value method.	Intangible assets shall be measured subsequent to the initial recognition, at cost basis, and fair value method is prohibited.	Under Japanese GAAP, such regular revaluation is prohibited, which is consistent with that under US GAAP.
IAS39 Financial Instruments: Recognition and Measurement	P	Bifurcation of embedded derivatives	Embedded derivatives shall be separated from the host contracts and accounted for as derivatives, if a) The economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, b) Separated instruments would meet the definition of derivatives, and c) The hybrid instruments are not measured at fair value with changes in profits or losses.	Embedded derivatives, except for equity-linked derivatives (please refer to presentation of warrant under IAS32) shall be separated from the host contract and accounted for as a derivative, if a) Embedded derivatives may result in the loss of the principal amount of related financial assets or liabilities, b) Separated instruments would meet the definition of derivatives, and c) The hybrid instruments are not measured at fair value with changes in profits or losses.	Although the terms of condition for bifurcation are different in criteria a) between IFRS and Japanese GAAP, Japanese GAAP seems to be more prudent, and there is not significant difference in its consequence.

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	R	Derecognition of financial assets	Financial assets shall be derecognised mainly based on risk-and-reward approach, and financial component approach, where legal isolation is not always required.	Financial assets shall be derecognised based on financial component approach, where legal isolation is always required.	Under Japanese GAAP, financial assets shall be derecognised under financial component approach, which is conceptually consistent with US GAAP.
	R	Amortization method	<p>After initial recognition, certain loans and receivables, and held-to-maturity investments shall be measured at amortised cost using the effective interest method.</p> <p>All financial liabilities shall be measured at amortised cost using the effective interest method, in principle.</p>	<p>After initial recognition, certain loans and receivables, and held-to-maturity securities shall be measured at amortised cost using the effective interest method, in principle. The straight-line method is permitted, if applied consistently.</p> <p>Straight bonds issued with premium or discount shall be measured at amortised cost using the straight line method, and shall be presented at nominal amounts on the consolidated balance sheets, with separate presentation of amortised premiums or discounts.</p>	<p>Certain assets measured at amortised costs will not significantly differ between both standards, since interest rates have been relatively stable at low level in Japan, and such assets are not likely to be purchased with deep discounts or large premium at primary or secondary markets.</p> <p>Under Japanese GAAP, due to a constraint of legal requirement, straight bonds issued shall be measured and presented by issuers in a different manner than that under IAS; however, the resulting differences will not be significant, since it is not usual that corporate bonds are issued with deep discounts or large premiums.</p>

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	P R	Hedge accounting method	<p>Under fair value hedges, both hedged items and hedging instruments shall be measured at fair value with resulting gains and losses recognised in income statements.</p> <p>Under cash flow hedges, effective portion of hedging instruments shall be recognised directly in equity through the statement of changes in equity, and hedged items shall not be treated specifically.</p> <p>In either hedge, derivatives, except under portfolio hedges, shall be recognised individually in the financial statements.</p>	<p>Under both fair value hedges and cash flow hedges, hedging instruments shall be measured at fair value with resulting gains or losses recognised in the consolidated balance sheets, as assets or liabilities, in principle (commonly referred as “deferral method”). Ineffective portion of hedging instruments under this deferral method shall either be recognised in profits or losses, or deferred until as assets or liabilities as long as hedging relationship is considered as effective in aggregate.</p> <p>In either hedge, derivatives, except under portfolio hedges, shall be recognised individually in the consolidated financial statements, in principle; however, combining a hedged item and a hedging instrument as if it were a synthetic instrument (“synthetic instrument approach”) is permitted for interest rate derivatives and foreign-currency derivatives in a limited circumstance, where the situation indicates that there is almost perfect hedging relationship between such derivative instruments and hedged items.</p>	<p>Hedging accounting methods differ between IAS and Japanese GAAP technically; however the resulting gains or losses do not significantly differ, because under hedging accounting methods, ineffective portion of hedging instruments is limited, and needs to be recognised in profits or losses if hedging relationship is not considered highly effective.</p> <p>Under the synthetic instrument approach, the total sum of receipts and payments of hedging instruments are added or extracted from the receipts and payments of the related hedged items as if it were a single instrument, in order to reflect the substance. This synthetic instrument approach is used; however resulting consequences in net profit or loss will not significantly differ, since this accounting approach is only permitted where the hedging relationship is almost perfect.</p>

IAS/IFRS (Title)	Classification	Item	IAS/IFRS	Japanese GAAP	Remarks
	R	Fair value option	Any financial instruments, including financial liabilities are permitted to be measured at fair value on initial recognition, with changes in fair value recognised in profit or loss. To impose discipline on this categorisation, subsequent reclassification into or out of this category is precluded.	Financial assets for trading purpose are only to be measured at fair value with changes in fair value recognised in profits or losses, and available for sale of securities are measured at fair value with changes in fair value recognised as a part of equity in the consolidated balance sheets. Financial liabilities are not permitted to be measured at fair value, except for in the hedge accounting.	Under Japanese GAAP, fair value option is not permitted, because any financial assets and liabilities are strictly categorised by the nature of financial instruments and managements' intention so that the results of changes in fair values of such instruments could be reflected consistently in the consolidated financial statements, which ensures the comparability of consolidated financial statements. This treatment is consistent with US GAAP.
IAS40 Investment Property	S	Definition of an investment property	Investment property is defined as a property (land or a building) held to earn rentals or for capital appreciation or both, in principle.	Lands and buildings are not categorized into several categories, based on their form and nature.	Under Japanese GAAP, lands and buildings, which may be classified as investment properties under IAS40, shall be treated equally, and measured by the cost method, because the purpose of holding such properties is difficult to be identified, and therefore it is considered to be unrealistic that these assets shall be measure at a fair value based on their form and nature. This accounting treatment and disclosure requirement is consistent with US GAAP.
	P	Measurement subsequent to initial recognition	Investment property shall either be measured by cost model (i.e. initially recognised costs or depreciated costs) or fair value model (i.e. regularly obtained fair value) in the financial statements.	Lands and buildings shall be measured at costs with any necessary depreciation.	

IAS/IFRS (Title)	Classifi cation	Item	IAS/IFRS	Japanese GAAP	Remarks
	D	Disclosure of fair value	Fair value of investment properties shall be disclosed, when the cost model is applied.	Fair value of investment properties is not required to be disclosed.	

<Note1>

Following illustrates definitions of letters described under “Classification” column, which is consistent with those in Appendix 2.

S: Scope

P: Presentation / Measurement

R: Recognition

D: Disclosure

<Note2>

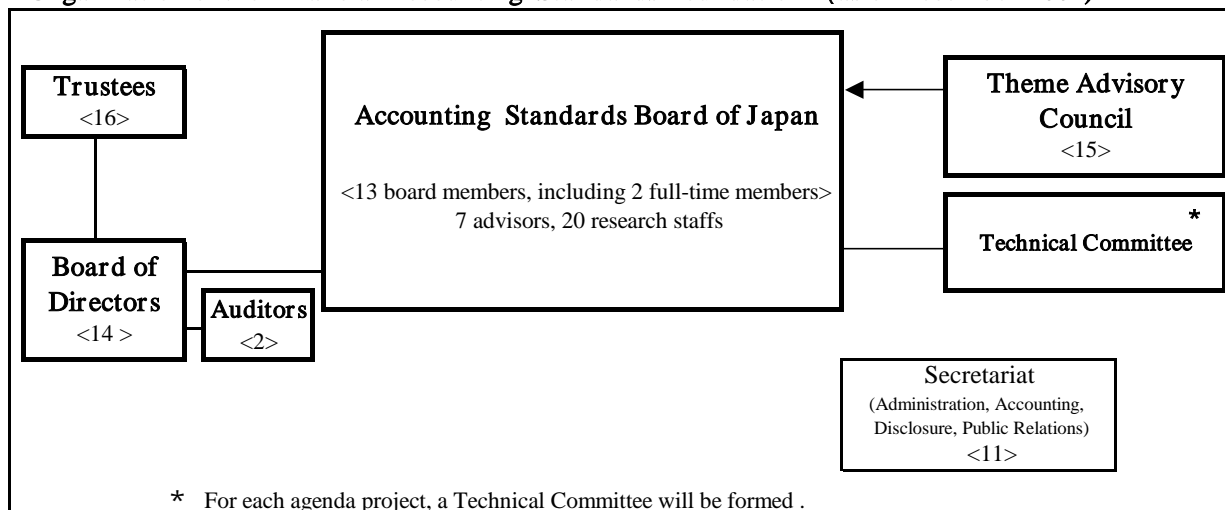
Following abbreviations are used in the table set out above.

Abbreviations	Descriptions
Japanese GAAP	Accounting principles and practices, generally accepted in Japan.
US GAAP	Accounting principles and practices, generally accepted in the United States.
ASBJ	Accounting Standards Board of Japan, a board of the Financial Accounting Standards Foundation (FASF), and independent private organization for setting up accounting standards and related guidelines for Japanese GAAP.

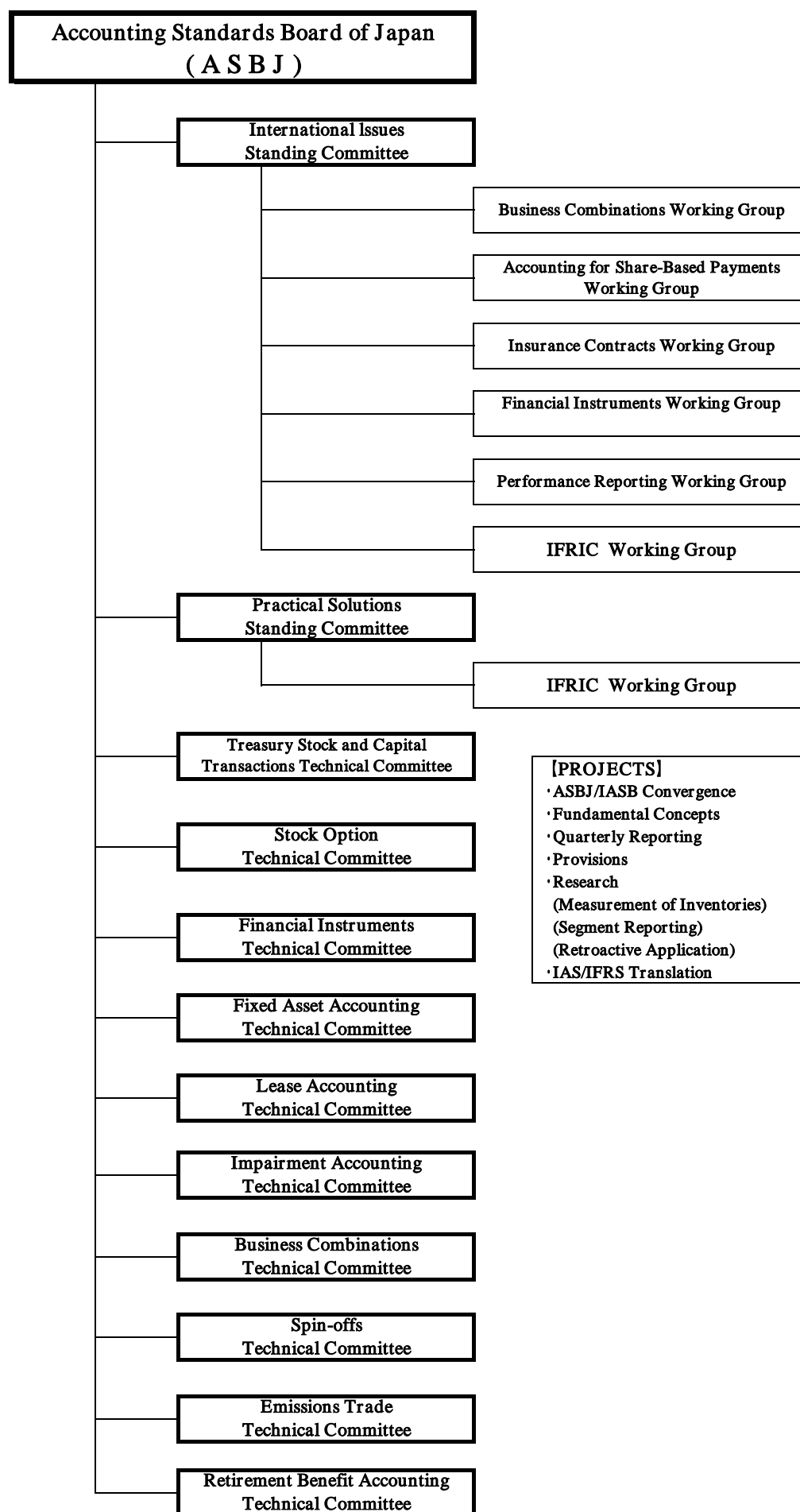
<Note3>

Japanese accounting standards relevant for business combinations (IFRS3) and interests in joint ventures (IAS31) are illustrated based on a standard pronounced in 2003 (“Accounting Standards for Business Combinations”), which will be effective from fiscal year beginning April 2006 (except for goodwill impairments). In addition, impairment of assets (IAS36) and goodwill impairments (IFRS3) are summarized based on a standard pronounced in 2002 (“Accounting Standards for Impairments of Assets”), which will be formally effective from fiscal year beginning April 2005; however, early application of this standard was explicitly encouraged, and in practice, it has already been widely used by many companies, as of December 31, 2004.

Organization of the Financial Accounting Standards Foundation (as of December 2004)



Organization of the ASBJ (as of December 2004)



Japanese Institute of Certified Public Accountants
Comparison between IAS/IFRS and Japanese GAAP as of September 30, 2005

	IAS and IFRS Issued	List of Japanese GAAP	Effective Date	Remarks
IFRS 1	First-time Adoption of International Financial Reporting Standards	N/A		
IFRS 2	Share-based Payment	Reports of Practical Issue Task Force on Accounting for New Share Reservation Rights and Corporate Bonds with New Share Reservation Rights	For the periods beginning on or after April 1, 2002	Accounting Standard for Share-Based Payment was issued in December 2005. This standard is expected to be effective on May 1, 2006 in line with the effective date of the amended Corporate Law. Under this new standard, fair value measurement of share-based payments at grant date is required.
IFRS 3	Business Combinations	Accounting Standards for Business Combinations	For the periods beginning on or after April 1, 2006	
IFRS 4	Insurance Contracts	Insurance Business Law	Effective on or after May 1, 2006	

	IAS and IFRS Issued	List of Japanese GAAP	Effective Date	Remarks
		JICPA Guidelines for Tentative Treatments of Accounting and Audit for "Debt Securities Earmarked for Policy Reserve" in Insurance Companies	For the periods ending on or after December 1, 2000	
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Accounting Standards for Impairment of Assets	For the periods beginning on or after April 1, 2005. Early adoption from the periods ending on March 31, 2004 or after is permitted.	Added to the agenda of IASB - ASBJ convergence project
IAS 1	Presentation of Financial Statements	Business Enterprise Accounting Standards	Revised on April 20, 1982	
		Regulations for Presentation and Disclosure of Consolidated Financial Statements	Effective on or after January 1, 2005	
IAS 2	Inventories	Business Enterprise Accounting Standards	Revised on April 20, 1982	Included in the agenda of IASB - ASBJ convergence project
IAS 7	Cash Flow Statements	Accounting Standards for Preparing Consolidated Statements of Cash Flows	For the periods beginning on or after April 1, 1999	

	IAS and IFRS Issued	List of Japanese GAAP	Effective Date	Remarks
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Accounting Standards for Consolidated Financial Statements	For the periods beginning on or after April 1, 1998	
		Regulations for Presentation and Disclosure of Consolidated Financial Statements	Effective on or after January 1, 2005	
IAS 10	Events After the Balance Sheet Date	Accounting Standards for Consolidated Financial Statements	For the periods beginning on or after April 1, 1998	
		Regulations for Presentation and Disclosure of Consolidated Financial Statements	Effective on or after January 1, 2005	
IAS 11	Construction Contracts	Business Enterprise Accounting Standards	Revised on April 20, 1982	
IAS 12	Income Taxes	Accounting Standards for Income Taxes	For the periods beginning on or after April 1, 1999	
IAS 14	Segment Reporting	Disclosure Standards for Segment Information	For the periods beginning on or after April 1, 1993	Included in the agenda of IASB - ASBJ convergence project
		Regulations for Presentation and Disclosure of Consolidated Financial Statements	Effective on or after January 1, 2005	

	IAS and IFRS Issued	List of Japanese GAAP	Effective Date	Remarks
IAS 16	Property, Plant and Equipment	Business Enterprise Accounting Standards	Revised on April 20, 1982	
		JICPA Guidelines for Treatments for Property, Plant and Equipment	Revised on March 27, 1984	
		Regulations for Presentation and Disclosure of Consolidated Financial Statements	Effective on or after January 1, 2005	
IAS 17	Leases	Accounting Standards for Leases	For the periods beginning on or after April 1, 1994	Included in the agenda of IASB - ASBJ convergence project
IAS 18	Revenue	Business Enterprise Accounting Standards	Revised on April 20, 1982	
IAS 19	Employee Benefits	Accounting Standards for Retirement Benefits	For the periods beginning on or after April 1, 2000	
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Business Enterprise Accounting Standards	Revised on April 20, 1982	
		JICPA Guideline for Gains on Exchange Transaction and Government Grants when They Directly Reduce Carrying Amounts of	Revised on March 29, 1983	

	IAS and IFRS Issued	List of Japanese GAAP	Effective Date	Remarks
		Fixed Assets		
IAS 21	The Effects of Changes in Foreign Exchange Rates	Accounting Standards for Foreign Exchange Transactions	For the periods beginning on or after April 1, 2000	
IAS 23	Borrowing Costs	JICPA Guideline for Capitalization of Interest Expenses for Real Estate Developers	Revised on August 20, 1974	
IAS 24	Related Party Disclosures	JICPA Guideline for Treatment for Disclosure of Information of Related Party Transaction	For the periods beginning on or after April 1, 1999	Included in the agenda of IASB - ASBJ convergence project
		Regulations for Presentation and Disclosure of Consolidated Financial Statements	Effective on or after January 1, 2005	
IAS 26	Accounting and Reporting by Retirement Benefit Plans	N/A		

	IAS and IFRS Issued	List of Japanese GAAP	Effective Date	Remarks
IAS 27	Consolidated and Separate Financial Statements	Accounting Standards for Consolidated Financial Statements	For the periods beginning on or after April 1, 1998	<Presentation of minority interest> A new standard which addresses the presentation of balance sheet requires that minority interest is presented as a component of net assets in the balance sheet. This standard is expected to be effective on May 1, 2006 in line with the effective date of the amended Corporate Law.
IAS 28	Investments in Associates	Accounting Standards for Consolidated Financial Statements	For the periods beginning on or after April 1, 1998	
IAS 29	Financial Reporting in Hyperinflationary Economies	N/A		
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	Banking Law	Effective on or after May 1, 2006	
IAS 31	Interests in Joint Ventures	Accounting Standards for Consolidated Financial Statements	For the periods beginning on or after April 1, 1998	
		Accounting Standards for Business Combinations	For the periods beginning on or after April 1, 2006	

	IAS and IFRS Issued	List of Japanese GAAP	Effective Date	Remarks
IAS 32	Financial Instruments: Disclosure and Presentation	Accounting Standards for Financial Instruments	For the periods beginning on or after April 1, 2000	
IAS 33	Earnings per Share	Accounting Standards for Computation of Earnings Per Share	For the periods ending on or after May 1, 2006	
IAS 34	Interim Financial Reporting	Accounting Standards for Semi-annual Consolidated Financial Statements.	For the periods beginning on or after April 1, 2000	
		Regulations for Presentation and Disclosure of Semi-annual Consolidated Financial Statements	Effective on or after January 1, 2005	
IAS 36	Impairment of Assets	Accounting Standards for Impairment of Assets	For the periods beginning on or after April 1, 2005. Early adoption from the periods ending on March 31, 2004 or after is permitted.	
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Business Enterprise Accounting Standards	Revised on April 20, 1982	
		Regulations for Presentation and Disclosure of Consolidated Financial	Effective on or after January 1, 2005	

	IAS and IFRS Issued	List of Japanese GAAP	Effective Date	Remarks
		Statements		
IAS 38	Intangible Assets	Business Enterprise Accounting Standards	Revised on April 20, 1982	
		Accounting Standards for Research and Development Costs	For the periods beginning on or after April 1, 1999	
IAS 39	Financial Instruments: Recognition and Measurement	Accounting Standards for Financial Instruments	For the periods beginning on or after April 1, 2000	
IAS 40	Investment Property	Accounting Standards for Impairment of Assets	For the periods beginning on or after April 1, 2005. Early adoption from the periods ending on March 31, 2004 or after is permitted.	
IAS 41	Agriculture	N/A		