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November 18, 2009

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Comments on the Exposure Draft *Improvements to IFRSs*

To the Board Members:

The Japanese Institute of Certified Public Accountants appreciates the continued efforts of the International Accounting Standard Board (IASB) on the annual improvement project of amendments to IFRSs, and welcomes the opportunity to comment on the exposure draft *Improvements to IFRSs*.

The following is our response to the items in 'invitation to comment' with which we disagree or have questions or concerns.

General questions (applicable to all proposed amendments)

Question 1

Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

Proposed amendment to IAS 40 *Investment Property*

Comment:

1. Paragraph 58A of proposed amendment

We agree with applying IAS 40 for an investment property that an entity decides to dispose but does not meet the criteria to be classified as held for sale, however, disagree with requiring the disclosures under paragraphs 38 and 40-42 of IFRS 5 to such investment property, because it is too onerous to require the same level of disclosure as for an asset classified as held for sale.

2. Paragraph 60

We note that paragraph 60 is not being amended, but we do have a comment for your consideration.

Paragraph 60 states "For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with IAS 16 or IAS 2 …"

In our view, references to 'inventories and IAS 2' should be deleted, because investment property is not transferred to inventory as a result of deletion of paragraph 57 (b) of IAS 40.

3. Paragraph 5 (d) of current IFRS 5

We believe that sub-paragraph 5 (d) of the current IFRS 5 for non-current assets that are accounted for in accordance with IAS 40 *Investment Property* should be deleted, because ED proposes in the paragraph 58A to apply IFRS 5 to the investment property that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified for sale).

Question 2

Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

Proposed amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*

Comment:
We do not agree with the proposal to permit the revision on deemed cost (paragraph D8) for existing IFRS users as well as first time adopters. We believe that the following sentence in paragraph 39B should be deleted:

"…If an entity had first applied IFRSs in an earlier period, the entity is permitted to apply the amendment to paragraph D8 in the first annual period after the amendment is effective as if it had been available in that earlier period…"

We understand IFRS 1 is intended to reduce first-time adopters' burden, and we do not see any need to allow IFRS 1 exemptions for existing IFRS preparers. While we assume the proposal was drafted to be fair, between entities adopting IFRS before the revision and those adopting IFRS after that time, it is inconsistent with other revisions made to IFRS 1 which did not permit exemptions to existing preparers.

Yours faithfully,

Kiyoshi Ichimura
Executive Board Member－Accounting Standards
The Japanese Institute of Certified Public Accountants