Accounting Standards Board of Japan
Kowa Building No.9,
1-8-10, Akasaka, Minato-ku, Tokyo 107-0052
Japan

Tel: +81-3-5561-8449
Fax: +81-3-5561-9624

http://www.asb.or.jp

July 30, 2004

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

Dear Sirs,

Comments on the Exposure Draft of Proposed Amendments to IAS 19 *Employee Benefits* "Actuarial Gains and Losses, Group Plans and Disclosures"

Accounting Standards Board of Japan (ASBJ) is pleased to comment on the Exposure Draft of Proposed Amendments to IAS 19 *Employee Benefits* "Actuarial Gains and Losses, Group Plans and Disclosures". The views expressed in this letter are those of International Issues Standing Committee of ASBJ.

Question 1

We disagree with the proposed amendment to add to IAS 19 an alternative that allows entities to recognize actuarial gains and losses as they occur, outside profit or loss, in the statement of recognized income and expense. The reasons are as follows:

We consider it unnecessary to add the new alternative, because paragraph 93 of the current IAS 19 has already allowed entities to recognize actuarial gains and losses in profit or loss as they occur.

We believe that net income is an important indicator for forecasting future profits and that all items of income and expense should be recognized in profit or loss once at any period, to ensure the usefulness of net income. If the view that actuarial gains and losses are items of income or expense should be emphasized, as stated in BC12 of the proposed amendment, we think they should be recognized in profit or loss.

We would like to add a remark in connection with the "Comprehensive Income" project. IASB once reached the tentative conclusion to abolish the presentation of net income. However, as we stated in our comment letter as of July 12, 2002, we disagree with the tentative conclusion from the viewpoint that presentation of net income is absolutely necessary. We oppose the alternative that permanently excludes actuarial gains and losses from net income, from such standpoint. On the other hand, if the standpoint of IASB's tentative conclusion were taken, it would not matter whether actuarial gains and losses are recognized in net income or not as far as they are included in comprehensive income as they occur. Therefore, the proposed new alternative seems unnecessary from either standpoint.

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Question 2-4

We disagree with these proposals based on the addition of the alternative, because we disagree with the addition of the alternative itself.

Question 5

We disagree with the proposed amendment to allow entities to treat defined benefit plans for a group as multi-employer plans in the separate or individual financial statements for entities within a consolidated group if entities meet specific criteria. The reasons are as follows:

It is doubtful that there can be situations in which sufficient information for defined benefit accounting is not available, in case of defined benefit plans for a group under a common control. At least it is unthinkable that parent entities cannot obtain sufficient information for group plans in which only its group entities participate.

In addition, the proposed paragraph 34 (a)(i), which allows exemption even for a parent company, will result in significant discrepancy between the consolidated financial statements and the separate or individual financial statements, because defined benefit accounting is applied in the consolidated financial statements for parent entities.

We hope that our comments will contribute to the work of the IASB in arriving at its final decision.

Best Regards,

Ikuo Nishikawa
Chairman, International Issues Standing Committee
Vice-Chairman, Accounting Standards Board of Japan