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**Comments on DISCUSSION PAPER “Preliminary Views on
Accounting Standards for Small and Medium-sized Entities”**

Dear Sirs:

We, The Japanese Institute of Certified Public Accountants, are pleased to provide comments on the discussion paper entitled, “Preliminary Views on Accounting Standards for Small and Medium-sized Entities” (the “Standards for SMEs”). We support the Board’s view that no modifications will be made to the recognition and measurement principles in IFRSs, except for certain modifications due to the justification of user needs or cost-benefit analyses in developing the Standards for SMEs. We have outlined below our specific concerns and recommendations with respect to this discussion paper.

(1) We believe that the Standards for SMEs should be developed by starting with full IFRSs and modifying them after considering the users’ needs or cost-benefit analyses. Thus, an SME should be permitted to revert to the corresponding IFRS if its treatment in the Standards for SMEs differs from that in the particular IFRS on which the development of the treatment in the Standards for SMEs is based. In this case, we support a reversion to the IFRS on a standard-by-standard basis -- including recognition, measurement and disclosures required by the IFRS, with consistent application. Our reason for permitting reversion to the recognition and measurement requirements in an IFRS is that the recognition and measurement principles in each IFRS are interrelated and were established as a package. In addition, since the disclosures required by an IFRS are integral to the amount recognized and measured under the IFRS, we believe that the full disclosure requirements under the IFRS should also be met if the SME intends to revert to the IFRS with respect to specific transactions.

(2) With respect to Preliminary View 3.4, we disagree with the view that an entity which qualifies as an adopter of the Standards for SMEs requires the assent of all owners of the entity to the adoption of the Standards for SMEs. The decision as to which standards are adopted by such a qualifying entity should be determined by the applicable laws of each country or by an appropriate decision-making body such as the entity's shareholders, but this should not be stipulated in the Standards for SMEs.

(3) With respect to Preliminary View 8.1, we believe that the Standards for SMEs should be published in a separate printed volume. We further suggest that each standard make reference to the corresponding IFRS for the users' convenience.

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We would be pleased to discuss any aspect of this letter with the IASB or its staff at your convenience.

Very truly yours,

Michiyoshi Sakamoto

Chairman

Technical Committee for IASB