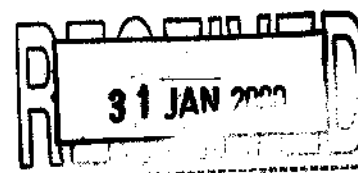


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I have gotten the copies of the Exposure E65 through the Japanese Certified Public Accountant Association at the beginning of this year. Though we have not so much time to investigate in detail in accordance with our Japanese practises and customs, for the time being, I want to take part in the comment to IASC' Proposal, as follows:

Comment to the "Proposed International Accounting Standard, AGRICULTURE, Exposure Draft E65" Issued for comment by 31 January 2000.

Question 1. Scope: further processing after harvest.

As to be explained on the scope no.4 and no.5, the processing of grapes into wine by a vinter who has grown the grapes is not included within the definition of agricultural activity in this standard. However, vines within a vineyard is included as the biological assets, as showing on the table in no.6.

Then, how to be classified both these activities? So, I can not agree that the standards should not address the further processing.

By the way, furthermore, natural increase of wine in storage is eminent.
 How can we explain these examples?

Question 2. Biological Assets: measure at fair value.

I want to select the (b) or (c) in crops, in short term plants.

The cost is accumulated for the growing plants in area unit in the accounting period. Usually, these small crops do not exist market value, in Japan. So the value of crops in early days are valued by only direct cost, that is usually acknowledged by Income Tax Administration, though indirect cost is difficult to distribute it accurately.

Next, biological assets include non-current assets, for example, Trees within a plantation, Bushes within a plantation, and Vines within a vineyard as shown on the table 6. and also, fruits trees within a orchard etc. These plants are different from timbers which are planted for sales themselves, and are planted for the production of their latex, leaf, grape and any fruits etc. as well as machine in the factory. Especially, these plants can not replant and move to another land, so there is no market for these trees belonging to non-current assets, and also there is no market value absolutely in Japan.

In Japan, how to value these plants are to accumulate costs into these plants year by year by each unit, that is cost basis. In practice, the Ministry of Agriculture & Forestry makes an investigation for the valuation of these plants by species, by age, by area or region, and every year, and the results of the investigation is published as the standard value of these plants every year. Income tax authorities of the Finance Ministry acknowledges also these methods, and then, these plants are depreciated according to the tables of standard use of life and no scrap value.

Then, I do not agree with the opinion of (a) entirely.

Question 3. Reliability of fair value measurement.

I can not agree (a) and (b), at least in biological assets of plants. Because plants are not able to move or replant except nursery stocks, so we can not measure fair value of these plants in which there is no market, in Japan, as I already insist on the former question.2

In addition, as prices of rice in Japan also are not always guaranteed by the government like as before, harvesting is not always decided for fair market value, though special treatment of rice is done on the Income tax Law and their detail rules.

Even if this opinion is not accepted, I can try to insist on the following

question.

Question 4. Fair value change in net profit or loss.

I want to select (b), because if that amount is transferred to profit and loss account, it might be distributed to stockholders, though Cash Flow Statement can show the results and funds is needed for the distribution.

Question 5. Definition of fair value.

If market price is the most reliable measure of the fair value of the asset, the price is usually up and down each by day. In these cases, we have to average them in week or month in accordance with the nature of assets.

Question 6. Agricultural land: follow IAS 16.

I agree with (d), however, positions, areas, and grade of agricultural land should be exhibited by each plants, pastures or other uses separately.

Question 7. Government grants.

I agree with (a). And (b) is for the income tax management in Japan.

Question 8. Components of biological assets .

I agree with (c), and also quantity and grade should be added at the same time.

Question 9. Components of change in fair value.

I select the opinion (b).

Question 10. Guidance on components of change in fair value.

It is reasonable guidance (a), excepting a cycle of one year or less.

Question 11. Analysis of expenses.

I agree with (b).

Question 12. Disclosure in general.

Disclosures are about right. (a)

Question 13. Present value sensitivity disclosure.

The discount rate and number of years are the important index, but how to select

these rates or number of years are to be explained.

CL 15

Question 14. Transition: Follow IAS 8.

I have no comment.

Question 15. Matters not covered by a specific question.

In this proposal of the Accounting Standards, AGRICULTURE is defined in a narrow sense, that includes crops, trees and animal husbandry (domestic animals).

Then, it seems to me that the standards do not include fishery industry. So, how about fish breeding farming is treated? Is it included by this Accounting Standards or not? Probably not. In Japan, the quasi-accounting standard for Fishery Industry was published on October 1952.

That is all.