

3. Activities related to IASB

a) Comments on Discussion Paper *Measurement Bases for Financial Reporting - Measurement on Initial Recognition*

The International Accounting Standards Board (IASB) published a discussion paper *Measurement Bases for Financial Reporting - Measurement on Initial Recognition* on 17 November 2005. The Discussion Paper analyzes possible bases for measuring assets and liabilities on initial recognition, including the relevance of fair value measurement.

The LIAJ submitted its comment on the paper on 19 May 2006, in connection with the relevance of bases for measuring assets and liabilities, and the initial recognition of assets and liabilities.

Please refer to **<Appendix> II-a** (page 49) for the LIAJ comments.

b) Comments on the Proposed Amendments to IAS 1 *Presentation of Financial Statements*

The IASB published an Exposure Draft of Proposed Amendments to IAS 1 *Presentation of Financial Statements* on 16 March 2006.

The Exposure Draft proposes to introduce “recognized income and expense” and to change “titles of financial statements”, although the IASB does not propose that an entity be required to use the proposed titles.

The Exposure Draft proposes that the titles of financial statements should be as follows:

- (1) Statement of financial position (previously “balance sheet”)
- (2) Statement of recognized income and expense
- (3) Statement of changes in equity
- (4) Statement of cash flows (previously “cash flow statement”)

The LIAJ submitted its comment on 14 July 2006. The outline is as follows:

In our view, the reclassification (recycling) of components of “recognized income and expense” is indispensable to the correct understanding of profits information. With regard to the titles of financial statements, we do not agree to the proposal. Unlike the titles of accounting items, titles of financial statements are intended to be used and understood not only by specialists, but also by the general public. We do not believe that the reasoning for the amendment remains convincing when considered from the perspective of non-accountants and non-specialists.

Please refer to **<Appendix> II-b** (page 51) for the LIAJ comments.