

The Adoption of IFRS/IAS in German Companies and the Task for Japan

Sonoko Mihara

Kwanto Gakuin University

In this paper I will aim at the solution of the problem, that Japanese companies must choose either convergence to the new International Financial Report Standards (IFRS)/International Accounting Standards (IAS) or adaptation of this one, as IFRS/IAS has, with certain adaptation, been expanded to the Non-EU companies listed in the European Union on January 1, 2007.

I compare 'a fair accounting practice' in Article 32 (2) of the former Japanese Commercial Code (Article 431 (1) of the existing Company Law etc.) not only with GoB (Grundsätze ordnungsmässiger Buchführungen) of the German Commercial Code, an Original of Japanese Commercial Code, but also with 'true and fair view' of the UK Companies Act and US-GAAP in the U.S.A..

Additionally, I will also analyse the system of DRSC (German Accounting Standards Committee), a private standards setter, which was established in Germany in 1998, and deliberate the difference between the ASBJ (Accounting Standards Board of Japan), which was founded in July 2001, and the ASC (Ac-

counting Standards Committee), which was established in 1949 and is now a consultive organ in the Financial Services Agency (FSA).

Further, analysing the data of a survey by questionnaire from late 2005 to early 2006, which was conducted on German companies, whose stocks are listed on the German Stock Exchange, I compare the advantage and problems of adoption of IFRS/IAS with those one of US-GAAP and evaluate how they consider the role of DRSC.

IFRS/IAS has on January 1, 2005 covered compulsory German Companies listed in the German Stock Exchange. Given the situation, this paper analyzes the data: the time and expenditure required, furthermore the details of those.

In addition, I clarify the reason why almost all companies, which have replied to the survey, prefer as their own standard in the future the IFRS/IAS rather than US-GAAP. Finally I wish I could make arrangements for Japanese selection among international accounting standards. (December 12, 2006)