

Strategies and Actions towards IFRS Implementation in Japan

Takashi Hashimoto

Aoyama Gakuin University

Substance of the paper

IFRS will be a key issue in accounting education and practice in Japan during the next several years.

As for IFRS education, a key challenge in teaching IFRS will be development of course materials and textbooks. Especially, as IFRS is said to be the principles-based standards, the exercise of more judgment is required in IFRS rather than in the rule-based standards like Japanese GAAP. Also, we need to introduce the Framework-based teaching to relate the concepts in the IASB's Conceptual Framework for Financial Reporting to the particular IFRS requirements being taught.

As for IFRS practice, IFRS implementation process should be treated like any other major business project. A robust

project plan from the outset is invariably a prerequisite for a successful transition to IFRS. Also, a dedicated project manager needs to be given the appropriate authority to undertake the work. Systems may well need to be upgraded. It is important to train all staff affected by the adoption of IFRS. This is not limited to finance and accounting teams. The board of directors should be engaged from the start of the process. IFRS adoption has the potential to significantly affect earnings and net assets, and senior management needs to be aware of this early on. The company's auditors should also be consulted early on in the process, where key judgments and estimations will be required, to ensure that no last-minute revisions of the financial statements will be necessary.