Ⅳ Summary of Articles

The Impact of IFRS on the Japanese Accounting System and Corporate Behavior

Akira USUI
WASEDA UNIVERSITY

This paper provides an overview of the impact of IFRS on the Japanese accounting system and corporate behavior since 2000 from a historical perspective, and explores the future of Japanese accounting. Since the end of World War II, Japan has been catching up with U.S. GAAP and elaborating on J GAAP; in the 21st century, Japan has been promoting convergence between J GAAP and IFRS. Accounting systems are increasingly designed from the perspective of a global economic system rather than a single national economic system. Hence, it is very important for Japan to contribute to global consensus building. Japanese academia and practice should collaborate to provide theoretical and empirical evidence for the design of global accounting systems. Furthermore, Japanese universities should develop human resources who can contribute to the design of global accounting systems.

Factor Analysis of the Change from Historical Cost Accounting to Fair Value Accounting in Japan

Kohei MIYAMOTO
KOBE GAKUIN UNIVERSITY

This paper considers the factors that have changed from historical cost accounting to fair value accounting due to the incorporation of IFRS into Japan's accounting system. In the consideration, "Comparative Institutional Analysis", which is an analysis tool of economics, is used.

As a result of model analysis based on the previous research of "Comparative Institutional Analysis", the mechanism of the decrease in the gain of the principal due to the existence of "information asymmetry" was clarified. And it has been shown that the display of fair value accounting information alleviates "information asymmetry" and enables accurate assessment of surplus fund management activities. Then, it is concluded that this is one factor in the introduction of IFRS.

And another model analysis showed that if the agent was "risk-neutral", the presence of "information asymmetry" did not reduce the principal's gain. In this regard, Japanese companies tend to be relatively "risk-averse" and are in a state of "bankruptcy restrictions" where they do not have abundant funds on hand. Therefore, it is considered that the existence of "information asymmetry" is a factor in reducing the gains of principals. Then, it is concluded that this is one factor in the introduction of IFRS.

Lessor Accounting Models of Accounting for Leases — Contemporary significance of revisiting Derecognition Approach —

Megumi SATO
CHIBA KEIZAI UNIVERSITY

The purpose of this paper is to discover lessor accounting issues that have been abandoned for cost-benefit reasons and to examine concepts that help solve more general lease accounting problems.

First, this paper gave an overview of the lessor accounting, which was examined in the process of developing the lessee's right-of-use model and extracted two issues. The first issue is the subsequent measurement of residual assets in the derecognition approach. The second issue is to determine the scope of the derecognition approach. In the second issues, it was pointed out that the application of the Dual Model based on the lessor's typical business models has neglected the a medium residual value "intermediate leases" that transfer or retain a part of the underlying asset.

Next, this paper examined the characteristics of applying the derecognition approach to intermediate leases. The characteristic is the description of two types of investment with different risks, "providing finance" and "providing flexibility". Applying the derecognition approach, the lessor recognizes the receivable and residual asset as assets. After that, the interest on the receivable and the interest on the residual asset are recognized as income. Therefore, this paper indicates that the derecognition approach is a proper accounting procedure for the financial representation of intermediate leases with both credit risk and asset risk.

Finally, this paper focused on the sharing economy as a change in the lessor's economic and social environment. It was pointed out that new business models that differ from the lessor's typical business models can be created, which can bring to light the modern significance of revisiting the financial representation of intermediate leases.

This paper believe that the conceptual understanding clarified will be useful in the future when it becomes necessary to restructure the lease accounting model beyond the dichotomy of transfer or retainment of underlying assets.

Measurement Objectives and Applicable Discount Rates in Retirement Benefit Accounting

Shun TAKAI
AOYAMA GAKUIN UNIVERSITY

Current accounting standards for retirement benefits require present value measurement using the rates of return on high-quality bonds as the discount rate. It is sometimes explained that this present value measurement is necessary to reflect the time value of money since a considerable between the date as employees render the services and the expected date of payment. However, the reflection of the time value of money is not essential in financial accounting, and the discount rate is having alternatives. This paper examines the applicable discount rate for retirement benefit accounting in relation to the selection of the discount rate for present value measurement and the measurement objectives. The rate of return on a high-quality bond, which is used as the discount rate in the current accounting standards for retirement benefits, is a discount rate that corresponds to the objective of valuing retirement benefit obligations at market value or reflecting only the time value of money. However, what is the meaning of the valuation of retirement benefit obligations and the recognized interest cost based on such measurement must be questioned, and it is necessary to examine it concerning the objective of accounting.