

Japan gaap essay



Date: November 2nd 2011 Subject: Japanese accounting practices JAPANESE GAAP Japan in the year 2010 had a GDP of 4.31 trillion dollars making them the 4th largest in the world. With this being said it is important that other countries doing business in the nation have a strong knowledge of their accounting practices. Japanese accounting practices have been going through some major changes over the past 10 years. In 2001 Financial Accounting Standards Foundation (FASF) was formed as well as the Accounting Standards Board of Japan (ASBJ) was created under the FASF to create an accounting standards in Japan.

With the ASBJ and the FASF being in place this gave Japan an accounting standard within the country as well as guidance and how to deal with practical accounting issues. IFRS Issues In 2005 Japan announced that it would work with the IFRS in order to remove the differences between Japanese GAAP and the IFRS. Eventually in July of the following year a plan was mapped out in which Japan would remove the 26 differences between their GAAP and the IFRS by June of 2011. This plan was eventually never carried out in which the Japanese blame on unforeseen events of the tsunami.

Many companies didn't want to implement the new IFRS standard due to the fact that it would cost them more money because of the earthquake/tsunami disaster, also the language of the IFRS is English which many accountants would have to learn to speak the language before applying IFRS. The IFRS wouldn't be implemented in Japan till roughly 2015-2016. Development and honesty Every nation develops their own rules and regulations when it comes to their GAAP, this is all because every country has its own reasons of

doing things whether it is to protect domestic companies or even to allow more investors into your country.

Regardless of all this Japan changed around its GAAP in order to meet the requirements of the Securities Exchange Law, Commercial Code and Corporate Income Tax Law. Currently “ the financial statements that are prepared in compliance with Japan’s accounting standards are accepted in EU markets” 4. But in 2002 the EU stated that Japan must eventually make the change into the IFRS otherwise some of the 250+ security exchange listed in the EU could possibly be removed. Growth and expansion

As Japan continues to stay in the top 5 countries with the largest their GAAP is going to need to make changes into the IFRS as they are currently in the process of doing so. The country has been known to be a reputable and honest when it comes to their GAAP and will continue doing so as long as they mutual acceptance with the EU and other major countries around the world. 1. “ Accounting Standards | JICPA The Japanese Institute of Certified Public Accountants. ” [Http://www. hp. jicpa. or. jp/english/index. html](http://www.hp.jicpa.or.jp/english/index.html). Japanese Institute of Certified Public Accountants. Web. 04 Nov. 2011. . 2. “ CIA – The World Factbook. ” Welcome to the CIA Web Site — Central Intelligence Agency. Web. 02 Nov. 2011. . 3. “ KPMG – April 2011 – Frontiers in Finance: IFRS News. ” Frontiers in Finance. Web. 03 Nov. 2011. . 4. “ Report on the Internationalization of Business Accounting in Japan. ” Deloitte — IASPlus. Deloitte, 30 Mar. 2004. Web. 04 Nov. 2011. .