



**The Japanese Institute of
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Technical Manager

International Accounting Education Standards Board

International Federation of Accountants

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USA

**Comments on the Exposure Draft “Explanatory Memorandum on IAESB Drafting
Conventions”**

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on the “Explanatory Memorandum on IAESB Drafting Conventions”, as follows:

Request for General Comments

23. The IAESB welcomes comments on all matters addressed by these drafting conventions. Comments are most helpful when they i) refer to specific paragraphs, ii) include the reason for the comments, and iii) where appropriate, make specific suggestions for any proposed changes to wording, accompanied by an explanation of the proposed change that allows the IAESB to fully appreciate the respondent’s position. Where a respondent agrees with the proposals in the explanatory memorandum, expressing this agreement would be helpful for the IAESB.

We have no comments.

Request for Specific Comments

The IAESB would like comments that respond to the following specific questions below:

1.

Question 1: Do you agree with the proposed structure for the Standards (*Introduction, Objectives, Requirements and Explanatory Materials*)? If you do not agree, what changes would you suggest and why?

We agree with the proposed structure.

2.

Question 2: Do you agree with the proposed categories of *requirements* and *presumptive requirements*, and the related obligations they would impose on member bodies? Please state the reasons that support your response.

We agree with the proposed categories.

3.

Question 3: The following terms have been proposed in this explanatory memorandum:

- "shall"
- "should"
- "consider"
- "evaluate" and
- "determine"

Do you agree that these terms (as explained) are understandable? If you disagree, please indicate what alternatives would you propose and why?

As we assume that the readers of the IES are basically the same as the readers of standards set by other boards (the IAASB and the IESBA), the Board needs to make the meaning, and the use of these terms, consistent with that applied by other boards.

(1) "Shall" and "Should"

On paragraph 3, it states that "Drafting conventions will ensure consistency among IAESB educational pronouncements and, whenever possible, consistency with other board's use of drafting conventions." However, the proposed use of "shall" by the IAESB differs from that of the IAASB or the IESBA which allows exceptions. For example, it seems that, in exceptional circumstance where an auditor judges it necessary to depart from a requirement in an ISA, the IAASB permits an auditor to perform alternative audit procedures to achieve the aim of that requirement in an ISA. Also, the IAESB proposes that "should" is to be used when applying presumptive requirements; however, the IAASB or the IESBA does not define "should," and it seems "should" has never been used in ISA or in the code of ethics.

To help the readers sufficiently understand the level of requirements of various standards of IFAC, the meaning and the use of "shall" and "should" in the IAESB need to be aligned to that applied by the IAASB and the IESBA.

(2) “Consider”, “Evaluate”, “Determine”

The Board’s definitions of the terms “consider,” “evaluate,” and “determine” differ from those of the IESBA. To avoid misunderstandings, it is desirable for the Board to make them consistent with the meaning and the use of these terms by the IESBA. In the same way as in the IESBA, it is also intelligible if the Board adds examples of how these terms are used in the text. The IAASB has a definition of "Evaluate," and it is also desirable for the Board to consider consistency of the use of these terms with those of the IAASB.

4.

Question 4: Do you agree with the proposed implementation approach? If you disagree, please indicate what changes you would make and why?

We agree with the proposed implementation approach.

5.

Question 5: Do you agree that these proposals will help the IAESB to achieve its objective of improving clarity in its pronouncements? If you disagree, please indicate what changes you would make and why?

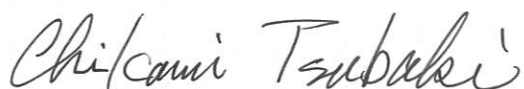
We agree with this.

6.

Question 6: Are there any additional steps or actions that IAESB could take to make their pronouncements easier to i) translate into other languages, ii) understand, or iii) implement?

We have no comments.

Yours sincerely,



Chikami Tsubaki

Executive Board Member

The Japanese Institute of Certified Public Accountants