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International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

**Comments on the Discussion Paper of *Preliminary Views on an Improved  
Conceptual Framework for Financial Reporting***

To the Board Members:

The Japanese Institute of Certified Public Accountants appreciates the continued efforts of the International Accounting Standard Board (IASB) on the conceptual framework project and welcomes the opportunity to comment on the discussion paper of *Preliminary Views on an Improved Conceptual Framework for Financial Reporting*.

The following is our response to the items in 'invitation to comment' with which we disagree or have questions or concerns.

**Question 2**

Do you agree that the conceptual framework should broadly describe (rather than precisely define) a reporting entity as a circumscribed area of business activity of interest to present and potential equity investors, lenders and other capital providers? If not, why? For example, do you believe that the conceptual framework should establish a precise definition of a reporting entity? If so, how would you define the term? Do you disagree with including reference to equity investors, lenders and other capital providers in the description (or definition) of a reporting entity? If so, why?

**Comment:**

We agree with the broad description approach.

In addition, we believe that “equity investors, lenders and other capital providers” should be included in the description or definition of a reporting entity to indicate how it relates to financial reporting.

**Question 7**

Do you agree that the common control model should be used in some circumstances only? If not, why? For example, would you limit the composition of a group reporting entity to the controlling entity model only? Or would you widen the use of the common control model?

If you support the use of the common control model, at least in some circumstances, do you regard it as an exception to (or substitute for) the controlling entity model in those circumstances, or is it a distinct approach in its own right? Please provide reasons for your responses.

**Comment:**

We believe that the common control model is an exceptional treatment. Therefore, the model should not be addressed in a conceptual framework, but should rather be addressed at the level of individual accounting standards, as described in Paragraph 80 and thereafter.

A conceptual framework should be sound, comprehensive and consistent one, as stated in the IASB Exposure Draft, *Improved Conceptual Framework for Financial Reporting*. Therefore, we believe that a conceptual level pronouncement should not accommodate exceptional provisions.

**Question 8**

Do you agree that consolidated financial statements should be presented from the perspective of the group reporting entity, not from the perspective of the parent company’s shareholders? If not, why?

**Comment:**

We neither agree nor disagree.

Please refer to our comment on IASB Exposure Draft, *Improved Conceptual Framework for Financial Reporting*, Question 1.

**Question 11 (b)**

With regard to the concept of control, in the context of one entity having control over another, do you agree that:

(b) the concept of control should include situations in which control exists but might be temporary? If not, why?

**Comment:**

We agree that the concept of control should include such situations. We also believe that conceptually, situations in which control is temporary and might be lost in the future should also be included.

**Question 12**

Should any of the above control issues be addressed at the standards level rather than at the concepts level? If so, which issues and why?

**Comment:**

We believe that the control issues listed in the Discussion Paper may be addressed at the concepts level. More detailed items, such as temporary control and potential voting rights, should be addressed at the individual standard level.

Yours faithfully,

Kiyoshi Ichimura  
Executive Board Member - Accounting Standards  
The Japanese Institute of Certified Public Accountants