

New accounting qualifications help job seekers

Staff report

As globalization deepens, major changes in corporate accounting rules are in the pipeline worldwide, having a substantial impact on corporate management and strategy.

The ongoing shift in international accounting rules will dramatically boost demand for professionals and personnel well versed in new book-keeping rules, predicts Toyoaki Miwa, founder and president of Abitus, Inc., a Tokyo-based leading education and training service company specializing in U.S. and European professional qualifications.

The primary focus of attention among financial regulators and corporate managers in charge of financing and accounting is the accelerated adoption of International Financial Reporting Standards, or IFRS.

Originally drafted and adopted in the European Union in 1995, IFRS are becoming a de facto global standard with more than 100 countries around the world, including all of Europe, currently requiring or permitting IFRS reporting for publicly listed companies.

The U.S. Securities and Exchange Commission is expected to make a final decision in 2011, which many experts in Japan, including Miwa, believe could lead to the use of IFRS starting in 2014 or 2015. Japan is following suit. The Financial Services Agency is likely to come out with its decision in 2012 on whether to make the adoption of IFRS mandatory for listed companies in 2015.

Ahead of the planned mandatory introduction, some Japanese corporations are starting to adopt international accounting standards, which will help overseas investors better understand their financial standings.

What kind of impact will the shift in accounting practices have on each company's management strategy?

Miwa uses the case of Honda Motor Co. as a good exam-



Test provider: Toyoaki Miwa, founder and president of Abitus, Inc., an education and training company, works at the company's head office in Tokyo. ABITUS

ple. In the business year that ended in March 2009, Honda's net profit stood at some ¥130 billion under Japan's generally accepted accounting rules. If IFRS rules are applied, Honda ended up with a net loss of approximately ¥400 billion. This results chiefly from the difference in the treatment of exchange losses between IFRS and Japan's current accounting rules, according to Miwa.

Aside from exchange gains or losses, companies are required under the IFRS rules to disclose what is called comprehensive profit, which reflect fluctuations in the value of shareholdings as well as overseas assets.

"In sum, the fundamental measurement to value the financial standing of a company is going to change," he warns.

What should Japanese corporations do to prepare for the adoption of IFRS?

Miwa offers some advice:

- educate and train personnel.
- launch an in-house project to implement the change-over by allocating necessary staff and budget.
- prepare for the introduction of an information-processing system adjusted to IFRS.

"Necessary preparations differ from company to company and from industry to in-

dustry, but the adoption of IFRS is to involve personnel at the accounting or financing division, at the IT section and more than anything else, the top management," he notes.

In anticipation of a growing corporate requirement for qualified personnel, Abitus launched a study course for IFRS in November 2008, the first such educational service in Japan.

The standard course features 50 hours of study in three months and costs a student about ¥230,000.

Since the launch of the IFRS study course, the enrollment has exceeded 1,000 students, or at least 500 students a year, according to Abitus. "A majority of our students are businesspeople belonging to the accounting or financing divisions of publicly listed corporations. The number of our students is to leap substantially in the years ahead," Miwa forecasts.

Government statistics show that there exist nearly 4,000 publicly listed companies in Japan. If their subsidiaries subject to consolidated accounting are included, the number jumps to 100,000.

"Each of these companies needs at least one member of the personnel well-versed in IFRS," he says, suggesting that prospective students of Abitus' IFRS course would come to a grand total of 200,000

to 300,000, at least in theory.

In addition to the personnel at business firms, professional accountants are the natural targets for the new service. Last year, Abitus was entrusted by one of Japan's "Big Four" audit corporations with the task of rearming its more than 2,000 Japanese accountants with the knowledge of IFRS, according to Miwa.

With the IFRS boom, Abitus concluded an agreement with the Institute of Chartered Accountants in England and Wales (ICAEW), one of Britain's six largest associations of professional accounts, to launch the ICAEW's test in Japanese for qualifications to obtain the IFRS certificate, with Abitus as its sole operator in Japan. The British Council supervises the operation of the test.

Anyone is able to take the British organization's computer-based test for IFRS certification at any place and round-the-clock at the cost of €230. But the test is conducted in English.

In the Abitus-organized test, applicants are required to sit for two hours and fill in a paper test of some 60 multiple-choice questions. Test fee is ¥35,700.

The first test was conducted Dec. 13 in Tokyo and Osaka with 193 people sitting for the exam. Of them, 72, or 37.3 percent, succeeded in obtaining the certificate. The rate of successful test-takers among the students of Abitus' IFRS course was 47.2 percent, according to the firm.

Two tests were conducted in March and June, and two more tests are slated for this year, in September and December.

"Needless to say, the IFRS certificate does not qualify its holder to serve as a certified accountant. But the acquisition of the knowledge and practical skills related to the new international accounting rules will have large merits in one's future career development," Miwa says.

For further information, visit Abitus' IFRS Web site: www.ifrs-kentei.com