*Kansai University Review of Business and Commerce*
No. 9 (March 2007), pp. 19–47

# A comparative study of Japanese and US accounting for M & A — On the occasion of stock transfer of Daiichi Sankyo Company, Limited. —

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The subject of this study is to analyze a case to find what sort of effects reorganizations such as a merger, business transfer, company spin-off, and stock transfer will have on the laws and regulations of that country (Company Law in Japan, Securities and Exchange Law, tax law and accounting) and those of other relevant countries (SEC, IRC and FASB) for the controlling company (surviving company) & the controlled company (extinguishing company) themselves and their shareholders (corporations and individuals). We used an organizational act similar to a merger by means of the creation of the complete relationship of a parent and its subsidiary by a stock exchange of Daiichi Sankyo, as a material for this purpose[1]. I studied Joint Share Transfer of Shares of Daiichi Pharmaceutical Co., Ltd. and Sankyo Company, Limited for shares of Daiichi Sankyo Company, Limited, 2000. This paper is the fruit of the study.. Daiichi Pharmaceutical and Sankyo merged in the pooling of interest method in September 2005. However, because the foreign ownership of Daiichi Sankyo Company, Limited is high at 32.7%, it was necessary to submit Form 4 to SEC in June 2005[2]. We carried out a comparative study of accounting in Japan and the USA centering on the difference between the pooling of interest method and the purchase method, using this as the material for the study.

Keywords: Merger, business transfer, company spin-off, stock transfer, internationalization, purchase method, pooling of interest method, US accounting standards, Japanese accounting standards, provisional accounting, and goodwill

## 1. Precedent studies

Multinational companies are required to prepare two kinds of financial statements in many cases.

As precedent studies of comparative studies of Japanese and the US accounting, there are studies on the difference and analysis of its effect[3] 3 on 25 Japanese corporations which announce consolidated results at SEC.

| (The number of companies) | Mar. 1996 | Mar. 1997 |
|---|---|---|
| Consolidated PBT based on SEC standards is greater than Consolidated PBT based on Japanese accounting standards: | 22 | 24 |
| Consolidated PBT based on SEC standards is smaller than Consolidated PBT based on Japanese accounting standards: | 1 | 1 |
| Impossible to decide due to different contents being inadequate: | 2 | 0 |
| | Mar. 1996 | Mar. 1997 |
| Consolidated PBT on SEC standards | (23 cos) 2,008,811 mil. Yen | (25 cos) 3,038,424 mil. Yen |
| Consolidated PBT on Japanese accounting standards | 1,830,726 | 2,744,209 |
| PBT on non-consolidated basis (individual co) | 1,168,294 | 1,431,632 |
| Con/non-con ratio: Con PBT on SEC standards | 1.72x | 2.12x |
| Con PBT on Japanese accounting standard | 1.57 | 1.92 |

Enterprise tax is a charge on profit, but at the time of this analysis it was accounted for as general administrative expenses under the old Japanese standards. The above results were on this basis. If the figures are amended on the basis of the Japanese standards currently in force where enterprise tax is included in corporation tax, etc., consolidated profit before tax under the Japanese accounting standards for the year ending March 1997 will be 3,063,906 million yen, and the con/non-con ratio will increase from 1.92x to 2.14x, which is greater than 1.12x of the con/non-con ratio under the SEC accounting standards. It will therefore be reversed. The major differences between the Japanese standards and the US standards as at this time were translation of items of financial statements of overseas subsidiaries under the Japanese standards (modified temporal method), non-adoption of the transaction method of lease accounting, retirement money pension liabilities and pension expenses being not accounted for, deferred assets of test and research expenses, accounting for the impairment of long-term assets not being applied, non-adoption of tax effect accounting, and non-adoption of the actual result standards of the provision for doubtful accounts.

## 2. The difference between the Japanese standards and the US standards in the business combinations accounting

### (1) Purchase method and pooling of interest method

1) Grounds for the adoption of purchase method

In the USA, a business combination occurs, when an entity acquires the equity interests of another or more than one entity or acquires net assets comprising the business, and acquires the control of these other entities[4]. We have therefore decided that all business combinations made in accordance with the requirements of FAS141 should be accounted for in the purchase method[5].

The first stage to apply the purchase method is the decision by the acquiring entity as the enterprise which will issue equity interests in the business combination which will have an effect through the exchange of the equity interests. The acquiring entity is the combining business which will pay a premium which is the excess of the market value of the equity interests of another combining business or entity during the period of the exchange of the controlling interests[6]. Then, goodwill will occur.

The following points are the reason why the pooling of interest method does not provide information provided by the purchase method and no superior information to the purchase method is provided in any situation.

Firstly, in the pooling of interest method all assets and liabilities of the merged company by a merger are not fair values as at the merger date, but are recognized at the pre-merger book values. Users of the financial statements of the enterprise after the merger cannot reasonably evaluate the nature of future cash flow expected to arise from the amalgamated company and an increase in the value of profits as a result of the merger.

Secondly, the accounting treatment in the purchase method is under general principles that fair values shall be applied to items that will be exchanged for merger transactions. On the other hand, operators will be unable to be responsible for their accountability concerning the investment that they made and the results after that with the information provided by application of the pooling of interest method[7].

2) Grounds for the adoption of the pooling of interest method

There are three requirements concerning the combination of interests under the business combination accounting standards in Japan, and the pooling of interest method may be adopted by fulfilling them. The stock transfer in this case satisfies all these requirements. Firstly, as a requirement for the consideration, all considerations paid on the business combination must be equities with voting rights in principle.

Secondly, as a requirement for the ratio of voting rights, the ratio of the voting rights of the corporation after the combination which will be owned by the shareholders of each party company as corresponding voting rights must be the same as before, and it must be within the scope of 45% to 55%.

Thirdly, no fact which indicates a relationship of control other than the ratio of the voting rights must exist[8].

Also in the USA, the pooling of interest method has assumed business combinations where the shareholders of combining companies will become shareholders of combined companies. The essence of the pooling of interest method is not that the shareholders of the combining companies will withdraw assets or will make investment, but that they will exchange stocks at the same ratio at which they owned the combining companies.

**(3) Examination of the rules of the purchase method by FAS**

1) Exchange of stocks as capital combination (stock combination)

In accordance with the US accounting standards, a business combination will occur when more than two entities are combined into one entity, and there are two types, one of which is asset combination and the other of which is capital combination (stock combination).

An asset combination is a result where one company acquires assets of more than two other companies, or a result where it is formed by one company acquiring assets of more than two existing companies.

In an asset combination, a purpose company will cease to exist as an entity, and will become either a liquidation company or an investment company. Acquisition of a capital combination (stock combination) will occur when one company acquires 50% of more of the stocks with voting rights in issue of one or more than one purpose companies, or when a new company will acquire a controlling interest of the stocks with voting rights in issue of more than one purpose company.

2) Decision process of the acquiring entity

For the purpose of the application of FAS141, a business combination will occur when an entity acquires the shareholders' equity interest or net assets comprising the business of one or more than one entities, and acquires the control over these other entities[9].

Business combinations will take a number of different forms, as FAS141 may be applied to combinations which include mergers or non-mergers.

An entity or a number of entities will merge or become subsidiaries in a business combination. Otherwise, an entity will transfer its interest or its holders will transfer their interests. Furthermore, all entities will transfer its net assets or the holders of these entities will transfer their interests in shareholders equities to the newly formed interests[10].

All business combinations to be made in accordance with FAS141 should be accounted for under the purchase method[11].

The first stage where the purchase method is applied is to decide the acquiring entity. All appropriate facts and environments have factors for consideration when deciding the acquiring entity[12].

(a) The acquiring entity will have voting rights corresponding to those of the combined companies after the combination. It is a company where the holders will remain or a company which will receive a greater part of the voting rights.
(b) The acquiring entity will have a major minority interest with voting rights, when other holders or an organized group of holders have an important interest of voting rights.
(c) The acquiring entity is a combining company where the holders or the controlling body has the ability to control and/or govern the majority of the voting rights of the controlling body of the combined business.
(d) The acquiring entity is a combined company where senior managers execute controlling power on that combined company.
(e) The acquiring entity is a combining company which will pay a premium over the market value of the equity interests of other combining companies or entities.

**(4) Examination of goodwill**

1) When does goodwill occur?

Acquired assets will be recorded at a fair market value. The premium of the acquired price, which is the fair market value of acquired assets less an amount of succeeded liabilities will be recorded as goodwill. Accounting of the goodwill thus recorded will be treated in accordance with FAS-142 (Goodwill and Intangible Assets). The total of the assets acquired at market value higher than the cost and the market value allotted for the succeeded liabilities may exceed the consideration of the acquired company. The amount of the excess obtained, where the total of (a) financial assets excluding investment treated under the equity method, (b) disposal by sale, (c) deferred income tax, (d) prepaid assets relating to pensions and other retirement pension plans, (e) other current assets, and others is reduced to zero, will be recognized as abnormal profits. These abnormal profits are generally recognized for the period while the business combination is completed.

2) Examination of reasonability of impairment loss and write-off of goodwill

In business combination accounting, when a parent company acquires the stocks of its subsidiary and the acquiring cost of the stocks of the subsidiary of the parent company is greater than the net assets (book value) of the subsidiary, the amount of the difference can be explained in the form of land revaluation profit or goodwill. This means that goodwill occurs only in the purchase method. Next, where the acquiring cost of stocks of the subsidiary is smaller than the interest of the parent company in the net assets (book value) of the subsidiary, revaluation of assets does not normally occur. In this case, a negative goodwill occurs. However, if the goodwill is a negative amount, a profit will occur when it is written off every term, but no write-off is made in accordance with the FASB.

3) Impairment loss of the goodwill

Where the amount of the cost of the acquired company exceeds an amount allotted for the acquired assets and the succeeded liabilities, the excess will be recognized as the goodwill. Such a recorded goodwill will be treated in accordance with FAS-142 (Goodwill and Other Intangible Assets) in the USA.

Writing off goodwill is not allowed in FAS-142. A test of goodwill impairment loss must therefore be carried out. When the following impairment loss occurs, an impairment loss must be accounted for.

Firstly, goodwill is not written off, but a test will be carried out for the reported level which has been referred to as the reporting unit[13].

Secondly, the reporting unit is an operating segment as defined in FAS131 (Disclosures about Segments of an Enterprise and Related Information)[14] .

Thirdly, an impairment loss occurs, when a remarkable decline in market share of the reporting unit is expected as a result of an introduction of new products, new technology or new service by competitors, or when a downward revision much lower than its estimated sales and profits in the reporting unit caused by factors of change in technology, loss due to a large fall in customers, intensification of competition, etc., or a recovery is impossible as a result of a downward revision much lower than its estimated profits or

declines in cash flow due to an unexpected increase in costs.
In addition, goodwill is not allowed to be written off also in IASB. Instead, an impairment loss test must be carried out where there is an indication of an impairment loss because of a phenomenon or a change in the situation every year in accordance with IAS36.

Next, we set out below our counterarguments against impairment of goodwill.

Firstly, the effect accompanied by the occurrence of goodwill comes not only from the merged company, and should therefore be measured by the synergy effect by the efforts made by the party companies of the merger. In reality, goodwill created by themselves after the merger has occurred. It is therefore difficult to recognize the goodwill created by the synergy in the state of the going concern.

Secondly, despite that, if the accounting treatment of goodwill in the state of the going concern is only the treatment of impairment loss, and if the merger continues to succeed, the goodwill which occurs at the time of the merger will not be subject to the treatment of impairment loss, but will continue to be shown as an asset in the balance sheet. In reality, it is reasonable to understand that impairment loss is not treated so that new self-created goodwill may not occur, after the actualization of the latent profit at the time of the merger.

Thirdly, in more detail, goodwill which occurs at the time of the merger will usually deteriorate because of the obsolescence of technological innovation, managerial knowhow and business system. Unless it is written off on a regular basis, it will be in the state where obsolete intangible fixed assets are owned as in the state where obsolete inventories are owned.

4) Write-off of goodwill in Japan

In the case of Japan, where the acquired cost exceeds the net amount allotted to the acquired assets and the succeeded liabilities, the amount of that excess will be accounted for under assets as goodwill, and where it is lower, the amount of the shortfall will be accounted for under liabilities as a negative goodwill. In this case, a negative goodwill will also be accounted for. Goodwill is written off on a regular basis in a straight line method for a period of 20 years or less in which it is effective, or any other reasonable method. On the other hand, if a negative goodwill is written off, it is possible to account for a profit. An environment to manipulate profits can therefore be created.

## 3. Stock transfer – Daiichi Sankyo Company, Limited. –

### (1) Summary of stock transfer under the Japanese standards

This is a procedure to establish a relationship between a parent company and its wholly owned subsidiaries by the shareholders of the existing companies (two companies, i.e., Sankyo Company, Limited and Daiichi Pharmaceutical Co., Ltd.) transferring stocks to Daiichi Sankyo Company, Limited. (the holding company) which was established on September 28, 2005. The wholly owning parent company (Daiichi Sankyo Company, Limited) issue, in place of acquiring stocks of Sankyo Company, Limited and Daiichi Pharmaceutical Co., Ltd., new stocks corresponding to them and deliver them to the shareholders of the two original companies. As a result, Sankyo Company, Limited and Daiichi Pharmaceutical Co., Ltd. will become wholly owned subsidiaries of Daiichi Sankyo Company, Limited.

Firstly, the class of the stocks issued by the wholly owning parent company at the time of stock transfer is common stocks of 771,498,064. This is calculated on the basis of the number of shares in issue by these two wholly owned subsidiaries as at March 31, 2005 (on the number of share calculation base date). Regarding the ratios of stock transfer, 1 share of Sankyo Co., Ltd. was exchanged for 1 share of Daiichi Sankyo Company, Limited, and 1 share of Daiichi Pharmaceutical Co., Ltd. was exchanged for 1.159 shares of Daiichi Sankyo Company, Limited. Accordingly, the total was 735,011,343 shares comprising 439,498,765 shares, which is the number of shares in issue of Sankyo as at the number of share calculation base date, times 1 and 286,453,235 shares, which is the number of shares in issue of Daiichi Pharmaceutical Co., Ltd. times 1.159[15].

Secondly, the paid-in capital of the wholly owning parent company is the paid-in capital of 50,000 million yen approved at the general shareholders' meeting. The price of the stocks of the subsidiaries will equal to the total amount of the net assets of the two wholly-owned subsidiaries.

Thirdly, the capital reserve of the newly formed wholly owning parent company is the amount obtained by subtracting the total amount of the paid-in capital and stock purchase grant from the total amount of net assets of the wholly owned subsidiaries as at the stock transfer day. However there are different theories concerning an amount of net assets of a wholly owned subsidiary. They are that "the confirmation of net assets existing at the company which will become a wholly owned subsidiary on the stock exchange date shall depend not only on the confirmation of the amount of properties succeeded from the extinguishing company in cases of a merger but also on the development of fair accounting practice"[16] and that "at the time of the stock exchange where a company with liabilities exceeding assets will be made a wholly-owned subsidiary, revaluation of the assets of companies which will become two wholly-owned subsidiaries is allowed. If the state of liabilities exceeding assets is resolved as a result, stock exchange may take place".[17] According to the fair accounting practice of the former, the net assets will be stated at book values, and in the latter case, they will be stated at market value. In this case, capital reserves will be an amount obtained by subtracting the total amount of the paid-in capital and the stock purchase grant from the total amount of net assets of the two wholly owned subsidiaries as at the stock transfer date. The amount is calculated to be 1,083,349 million yen, adopting the former theory[18].

**(2) Exchange ratio**

The stocks of Sankyo Company, Limited owned by the shareholders of Sankyo Company, Limited will be transferred to a wholly-owning parent company (Daiichi Sankyo Company, Limited.), and the shareholders of the company which will become its wholly-owned subsidiary (Sankyo Company, Limited) will become shareholders of the wholly-owning parent company (Daiichi Sankyo Company, Limited) by receiving allotment of stocks issued by the wholly-owning parent company (the Daiichi Sankyo Company, Limited.) at the time of its stock transfer. The stock exchange ratio is 1 common stock of Sankyo Company, Limited for 1 common stock of Daiichi Sankyo Company, Limited and 1 common stock of Daiichi Pharmaceutical Co., Ltd. for 1.159 common stocks of Daiichi Sankyo Company, Limited. We will examine its reasonability.

In this case, following are the grounds (Daiichi Sankyo Company, Limited.) for the SEC merger ratio:-

1) Comparison of the market capitalization of the stocks

The market capitalization of the stocks (Sankyo Company, Limited) (High @2,505 yen and low 1,957yen during Jan. to July 2004, the number of shares in issue being 439,498 thousand)

The market capitalization of the stocks (Daiichi Pharmaceutical Co., Ltd.) (High @2,110 yen and low 1.734 yen during Jan to July 2004, the number of shares in issue being 286,453 thousand)

**(3) Disposal of own stocks**

To comply with the Commercial Code of Japan, Daiichi Pharmaceutical Co., Ltd. and Sankyo are required to dispose the stocks of Daiichi Sankyo Company, Limited. which they receive as stock transfer as the holders of stocks of the other party within a scope of a reasonable period after the stock transfer. As at March 31, 2005, Daiichi Pharmaceutical Co., Ltd. has 2,602,000 common stocks of Sankyo and Sankyo has 2,864,000 common stocks of Daiichi Pharmaceutical Co., Ltd.. Daiichi Pharmaceutical Co., Ltd. owns approximately 0.3% of the common stocks of Daiichi Sankyo and Sankyo owns approximately 0.4% in accordance with the stock transfer immediately, on the assumption of non-conversion of such stock holding at the agreed conversion ratio. Because these stocks are re-acquired through a re-purchase of non-market stocks or through a method allowed by other law, they will be disposed as market transactions through the Tokyo Stock Exchange on which Daiichi Sankyo Company, Limited. is listed. Even if Daiichi Pharmaceutical and Sankyo recommend to dispose of their interests in Daiichi Sankyo, the stock disposal will affect the general market price of the Daiichi Sankyo stocks.

## 4. Difference between the accounting standards of Japan and the USA

We will examine the stock transfer of the business combination, assuming that it was carried out under the purchase method in accordance with the US accounting standards.

### (1) Daiichi Pharmaceutical Co., Ltd.

1) Consolidated income statement

When we examine the difference between the accounting standards of Japan and the USA in the case of Daiichi Pharmaceutical Co., Ltd., net income for the year ending March 2003 is 25.6bn yen under the US standards, which is 12.0bn yen greater than 13.5bn yen under the Japanese standards. Net income for the year ending March 2004 is 30.7bn yen under the US standards, which is 4.0bn yen greater than 26.6bn yen under the Japanese standards.

2) Consolidated balance sheet

When we examine the difference in the balance sheet of Daiichi

**Table 1 the difference in the accounting standards between Japan and the USA. (Daiichi Pharmaceutical Co., Ltd.)**

Daiichi P／L

| | U.S GAAP | |
|---|---|---|
| Income Statement Data(million of yen) | For the year Ended | March 31, |
| | 2003 | 2004 |
| Net Sales | 321,926 | 322,297 |
| Cost of sales | 106,955 | 106,475 |
| Selling,general and administrative expenses | 106,859 | 107,869 |
| Research and development expenses | 55,505 | 59,718 |
| Operating income | 52,607 | 48,915 |
| Other (expenses) income | –4,549 | 2,147 |
| Income before income taxes and minority interests | 48,058 | 51,962 |
| Net income | 25,601 | 30,736 |

Per shar Datae

| | | |
|---|---|---|
| Net income , basic | 92.25 | 112.79 |
| Net income , dutiied | 92.25 | 112.79 |
| Cash dividends per share | 30.00 | 30.00 |

| Income Statement Data(million of yen) | Japanese | GAAP |
|---|---|---|
| | For the year Ended | March 31, |
| | 2,003 | 2004 |
| Net Sales | 322,011 | 322,767 |
| Cost of sales | 106,904 | 103,474 |
| Selling,general and administrative expenses | 109,093 | 114,129 |
| Research and development expenses | 53,377 | 59,049 |
| Operating income | 52,637 | 46,115 |
| Other (expenses) income | -16,353 | 1,493 |
| Income before income taxes and minority interests innet income of consolidated subsidiaries | 36,284 | 47,608 |
| Net income | 13,567 | 26,662 |

Per shar Datae

| | | |
|---|---|---|
| Net income , basic | 48.15 | 97.25 |
| Net income , dutiied | | 97.23 |
| Cash dividends per share | 30.00 | 30.00 |

Pharmaceutical Co., Ltd. under the accounting standards of the USA and those of Japan, the minority interest for the year ending March 2003 amounts to 397.7bn yen under the US standards, which is smaller by 3.7bn yen than 401.4bn yen under the Japanese standards. The corresponding figure for the year ending March 2004 under the US standards amounts to 422.4bn yen, which is greater by 300million yen than 422.1bn yen under the Japanese standards.

**Table 2**

Daiichi B／S

| Balanse Sheet Data(million of yen) | U.S GAAP | |
|---|---|---|
| | For the year Ended | March 31, |
| | 2003 | 2004 |
| Current assets | 307,220 | 291,643 |
| Total assets | 540,251 | 550,569 |
| Current Liabilities | 83,036 | 79,153 |
| Total Liabilitis | 136,726 | 123,847 |
| Total shareholders' equity | 397,719 | 422,406 |

Number of shares as adjusted to reflect in capital

| | | |
|---|---|---|
| Authorized | 789,000,000 | 789,000,000 |
| Outstanding | 275,209,858 | 269,700,226 |
| Treasyry stock | 11,243,377 | 16,753,009 |

| Balanse Sheet Data(million of yen) | Japanese | GAAP |
|---|---|---|
| | For the year Ended | March 31, |
| | 2003 | 2004 |
| Current assets | 289,155 | 283,206 |
| Total assets | 512,384 | 521,809 |
| Current Liabilities | 75,358 | 71,536 |
| Total Liabilitis | 104,468 | 94,719 |
| Total shareholders' equity | 401,472 | 422,130 |

Number of shares as adjusted to reflect in capital

| | | |
|---|---|---|
| Authorized | 789,000,000 | 789,000,000 |
| Issued | 286,453,235 | 286,453,235 |
| Treasyry stock | 11,243,377 | 16,753,009 |

## (2) Sankyo

1) Consolidated income statement

When we examine the difference between the accounting standards of Japan and the USA in the case of Sankyo, net income for the year ending March 2003 is 34.9bn yen under the US standards, which is 1.0bn yen greater than 33.8bn yen under the Japanese standards. Net income for the year ending March 2004 is 38.2bn yen under the US standards, which is smaller by 5.2bn yen than 43.4bn yen under the Japanese standards.

2) Consolidated balance sheet

When we examine the difference in the balance sheet of Sankyo under the accounting standards of the USA and those of Japan, the minority interest for the year ending March 2003 amounts to 646.2bn yen under the US standards, which is smaller by 12.4bn yen than 658.7bn yen under the Japanese standards. The corresponding figure for the year ending March 2004 under the US standards amounts to 666.0bn yen, which is smaller by 16.5bn yen than 682.6bn yen under the Japanese standards.

**Table 3 the difference in the accounting standards between Japan and the USA. (Sankyo)**

sankyo P／L

| Income Statement Data(million of yen) | U.S GAAP For the year Ended 2003 | March 31, 2004 |
|---|---|---|
| Net Revenue | 576,270 | 601,273 |
| Cost of sales | 233,067 | 228,839 |
| Selling,general and administrative expenses | 178,432 | 194,004 |
| Research and development expenses | 84,453 | 93,597 |
| Gain on sale of property ,Plant and equipment,net | | |
| Operating income | 80,318 | 84,833 |
| Other (expenses) income | -2,510 | 488 |
| Income before income taxes and minority interests | 77,808 | 85,321 |
| Income from cotinuing operations | 34,941 | 44,410 |
| Loss (gain)from discontinued operations | 90 | 6,199 |
| Net income | 34,851 | 38,211 |

Per shar Datae

| | | |
|---|---|---|
| Bsaic Net income ,per common share | 78.97 | 87.43 |
| Dutied Net incomeper shared | 78.97 | 87.42 |
| Cash dividends declared | 25.00 | 30.00 |

| Income Statement Data(million of yen) | Japanese For the year Ended 2,003 | GAAP March 31, 2004 |
|---|---|---|
| Net Sales | 569,927 | 596,345 |
| Cost of sales | 228,754 | 221,653 |
| Selling,general and administrative expenses | 174,673 | 192,417 |
| Research and development expenses | 86,662 | 86,720 |
| | | |
| Operating income | 79,838 | 95,555 |
| Other (expenses) income | -7,483 | -12,962 |
| Income before income taxes and minority interests | 72,354 | 82,592 |
| | | |
| | | |
| Net income | 33,845 | 43411 |

Per shar Datae

| | | |
|---|---|---|
| Bsaic Net income ,per common share | 75.85 | 98.57 |
| Dutied Net incomeper shared | | 98.56 |
| Cash dividends applicable to year | 25.00 | 30.00 |

**Table 4**

sankyo B／S

| Balanse Sheet Data(million of yen) | U.S GAAP | |
|---|---|---|
| | For the year Ended | March 31, |
| | 2003 | 2004 |
| Current assets | 556,910 | 546,449 |
| Total assets | 933,350 | 940,004 |
| Current Liabilities | 173,335 | 173,637 |
| Total Liabilitis | 276,394 | 262,960 |
| Total shareholders' equity | 646,234 | 666,027 |

Number of shares as adjusted to reflect in capital

| | | |
|---|---|---|
| Authorized | 1,178,099,000 | 1,168,099,000 |
| Outstanding | 439,326,264 | 429,542,651 |
| Treasyry stock | 10,172,501 | 9,956,114 |

| Balanse Sheet Data(million of yen) | Japanese GAAP | |
|---|---|---|
| | For the year Ended | March 31, |
| | 2003 | 2004 |
| Current assets | 546,039 | 535,816 |
| Total assets | 915,792 | 927,244 |
| Current Liabilities | 154,985 | 154,758 |
| Total Liabilitis | 248,703 | 235,806 |
| Total shareholders' equity | 658,707 | 682,594 |

Number of shares as adjusted to reflect in capital

| | | |
|---|---|---|
| Authorized | 1,178,099,000 | 1,168,099,000 |
| Issued | 449,498,765 | 439,498,765 |
| Treasyry stock | 10,172,501 | 9,956,114 |

## 5. Provisional accounting with revaluation

### (1) Decision of costs under the US accounting standards

1) Basic matters

Decision of acquiring costs by the acquiring entity is the same as that of individual costs of acquired individual assets. Cash payment is used by measuring the costs of the acquired entity. Similarly, valuation at market value is decided to be used for the purpose of using the fair value of assets and the fair value of succeeded liabilities allotted as a consideration[19] to measure the costs of the acquired entity. If the allotted market price is not equal to the market value of the interest securities, and even if measuring a fair value of succeeded net assets is directly impossible, the consideration which should be received will be evaluated. The amounts in which both net assets received including goodwill and the allotted market value of stocks in issue are recorded must be carefully decided. Independent valuation is useful as valuation at the market value as it is used to help one decide market value of securities[20] which will be issued.

2) Examination of acquired assets and succeeded liabilities[21]

Allotment of the estimated purchase price is recorded to reflect differences between the book values and market values. In addition, the occurrence of the cost amounting to 2,000 million yen of the estimated transaction of Sankyo is recorded. The following adjustment will be made to record the allotment of the estimated purchase price to reflect differences between the book values and market values of acquired assets and succeeded liabilities. [Reference: the provisional adjustment symbol of the provisional combined balance sheet and income statement.

a. Inventory (raw materials): an increase of 10,000 million yen of inventories at recent re-procured prices.

Final products and merchandise will be revalued by estimated sale prices less costs at which they are disposed of and reasonable profit allotment, and work in process will be revaluated by estimated sale prices less costs at completion, costs at which they are disposed of and reasonable profit margin.

b. Tangible fixed assets: an increase of 33,000 million yen

Real estate to be used will be revalued at a recent re-procured price, and the real estate for sale is at market value less cost for sale. For example, land, natural resources and non-market securities will be revalued at estimated values.

c. Intangible fixed assets:

As a result of the allotment of the estimated purchase price, other intangible assets were recorded at 338.0bn yen. They comprised mainly completed technologies of 297.0bn yen and patents of 41.0bn yen.

9.7 years, which is the estimated useful life of these various completed technologies related to the estimated value of other intangible assets, 5.3 years, which is the estimated useful life of patents, and their respective depreciation costs of 19,000 million yen and 38,000 million yen will be recorded at the end of the six months period ending on September 30, 2004 and at the end of the business year on March 31, 2004.

If an intangible fixed asset occurs as a result of a contractual or any other legal right, it will be separated from goodwill and recognized as an asset. If this condition is not agreed, the intangible fixed asset is recognized as an asset, if it can be separated (For example, if it is possible to sell, transfer, give a license, rent or exchange). Incorporated labor cannot be recognized, separated from goodwill.

d. Research and development expenses: it was an increase of 89,000 million yen, and was accounted for under the debit as retained profit.

e. Tax effect: The tax effect of allotment of the purchase price and the deprecation costs of other intangible assets are recognized as an increase of deferred tax liabilities by 156,210 million yen which are included in other long-term liabilities.

f. Retirement pension and retirement money cost: an increase of 18,161 million yen.

18,161 million yen of unrecognized items of Daiichi Pharmaceutical Co., Ltd. comprises the actual unrecognized loss of 18,148 million yen, unrecognized previous service cost of -1,060 million yen, unrecognized transition liabilities of 373 million yen, in accordance with the accounting for FAS141 Business combinations. Where a defined benefit pension plan of a single employee is acquired as part of a business combination, the excess of a projected benefit obligation under the system, which is an excess of the pension asset, is recognized as a liability, and the excess of a pension asset, which is an excess of the projected benefit obligation under the system, is recognized as an asset. As a result, (a) existing unrecognized net profit or loss, (b) unrecognized previous service cost, and (c) elimination of unrecognized net obligation or net asset, existing on the first application date of FAS87 will take place. For the following period, the difference between the net pension cost of the acquisitor and the premiums will reduce net liabilities or net assets recognized on the

day on which the business combination took place to the extent that the previously unrecognized net profit or loss, unrecognized previous service cost or unrecognized benefit obligation will be considered to decide an amount of the premiums of the pension. In addition, the acquisitor will calculate the effect of an expected termination or a reduction of the pension to calculate an amount of a projected benefit obligation under a system on the day on which the business combination takes place[22].
The requirements for retirement monies and retirement benefits other than pensions prescribed in FAS106 (Employer's Accounting for Postretirement Benefits other than pensions) are the same.

3) Adjustment on profit and loss

a. Recognition of market value of bonus reserve on the basis of stocks.

Sankyo will calculate a bonus plan on the basis of the stocks under the recognition and measurement rules in accordance with APB25 (Accounting for Stock Issued to Employees). Sankyo will record bonus expenses for stock options which vary easily under the pension accounting. Daiichi Pharmaceutical Co., Ltd. will calculate concerning the bonus plan on the basis of stocks for directors and employees using the market value method prescribed in FAS123.

Where Daiichi Pharmaceutical Co., Ltd. applies the intrinsic value on the basis of the method of APB25, for the purpose of calculating the bonus on the basis of the stocks, the bonus expenses on the basis of the stocks for six months ending September 30, 2004 will become 7,790 million yen, and will decline by 85 million yen and 161 million yen without a tax effect at the period ending September 30, 2004 and at the period ending March 31, 2004 respectively.

b. Relevant write-offs including research and development expenses:

R&D expenses declined by 310 million yen and 620 million yen for the six months ending September 30, 2003 and for the year ending March 31, 2004 respectively.

c. Retirement money and retirement pension:

Concerning the amount expected to be deleted and recorded as unpaid pension service costs through the allotment of the purchase price, the cost of net pension for a definite period included in cost of goods sold is likely to fall by 502 million yen at the end of the six months period ending September 30, 2004 and by 903 million yen at the end of the year ending March 31, 2004 respectively. On the other hand, those, which are included in selling and general administrative expenses, will fall by 56 million yen and 100 million yen respectively.

d. Tax effect of adjustment of provisional results: an increase in deferred tax assets of 9,491 million yen as at September 30, 2004, and increases of 353 million yen and 662 million yen in corporation tax expenses at the end of the six months period ending September 30, 2004 and at the end of the year ending March 31, 2004 respectively.

e. Depreciation costs of other intangible assets: These are included in selling costs relating to completed technologies which Daiichi Pharmaceutical Co., Ltd. and Sankyo will use to produce profits.

f. Corporation tax: A fall in corporation tax by 7,790 million yen for the six months ending September 30, 2004 and by 15,580 million yen for the year ending March 31, 2004 respectively.

g. Cost of corporation tax effect: an increase of 148,806 million yen

Daiichi Pharmaceutical Co., Ltd. and Sankyo have developed a business plan to integrate the business of these to companies. 118.0bn yen of temporary integration costs will be expected for the year ending March 31, 2007, on the basis of these recent discussions. Approximately 80% of these costs are estimated to be, for example, payment for retirement on recommendation and other human related cost items such as transfer of people. It is expected that the parties concerned will recognize a substantial cost cut to reduce an annual cost of 50.0bn yen for the business year ending March 31, 2008 with respect to the increase of 57.0bn yen estimated for the year ending March 31, 2010.

These reductions are expected to reduce both human expenses in the domestic medical goods business and other operating expenses. Even if this recent plan reflects recent management expectations, it is impossible to assume that these expectations will guarantee their occurrence. The company's integration plan is still continuing to completely combine the existing medical good business of Daiichi

Pharmaceutical Co., Ltd. and Sankyo, and make them sophisticated and detailed integration procedures including the method of abolishing other businesses which have not yet been decided. These integration costs and expected saving are not therefore reflected in these unaudited provisional financial statements.

**(2) Stock transfer transactions**

1) Shareholders' interest in Daiichi Pharmaceutical Co., Ltd.

The book value balance of all the accounts (paid-in capital of common stocks of 45,247 million yen, capital reserve of 50,212 million yen, retained profit of 312,198 million yen (after the elimination of own stocks of 38,831 million yen, previously acquired goodwill and other intangible assets of 8,946 million yen), cumulative other comprehensive income of 14,448 million yen) of the shareholders' interests of Daiichi Pharmaceutical Co. Ltd. will be eliminated, and the purchase price of common stocks of Daiichi Pharmaceutical Co., Ltd. being 744,46;2 ;million yen will be recorded as the paid-in capital of common stocks being 50,000 million yen and the capital reserve of 694,462 million yen respectively.

2) Shareholders' interests in Sankyo

The book value balance of paid-in capital of common stocks of Sankyo (68,793 million yen) will be transferred to the capital reserve.

3) Adjustment of own stocks

On the transfer of stocks in combination, own stocks (20,363 million yen) owned by Sankyo and own stocks (38,831 million yen) owned by Daiichi Pharmaceutical Co., Ltd. will be eliminated by offsetting with retained profits before the completion of the stock transfer on combination on September 30, 2005. Sankyo stocks of 6,063 million yen owned by Daiichi Pharmaceutical Co., Ltd. and the Daiichi Pharmaceutical stocks of 5,433 million yen owned by Sankyo which are included in investments in the historical financial statements dated September 30, 2004 will be exchanged for stocks of Daiichi Sankyo Company, Limited on the completion of the stock transfer on combination. Accordingly, these stocks amounting to 11,496 million yen in total will be reclassified from the investment account to own stocks by valuing them at cost.

4) Adjustment of cash payment to shareholders

In the stock transfer on combination, Sankyo shareholders will receive 25 yen in cash per Sankyo share, and Daiichi Pharmaceutical shareholders will receive 25 yen in cash per Daiichi Pharmaceutical share from Daiichi Sankyo Company, Limited. The estimated total amounts that should be paid to Sankyo shareholders and Daiichi Pharmaceutical shareholders will be 10,738 million yen and 6,711 million yen respectively, and the respective relevant cash payments will be recorded in the provisional balance sheet.

5) Exchange ratio

Temporary combination basics for each period shown and diluted income per share are based on the combination basics and the average diluted number of shares of Sankyo and Daiichi Pharmaceutical Co., Ltd. Historical combination basics and the average diluted number of shares of Daiichi Pharmaceutical Co., Ltd. will be converted at the ratio of 1 common stock of paid-in capital of Daiichi Pharmaceutical Co., Ltd. for 1.19 shares of Daiichi Sankyo Company, Limited.

## 6. Examination of accounting aspects of the purchase method and the pooling of interest method[23]

### (1) Contents of treatment under the purchase method

The registration and occurrence of the interest securities in the business combination calculated under the purchase method will be reduced from the fair value of securities. The succeeded direct costs are treated as a consideration and are included in the acquired total cost. The acquired liabilities for expenses to close factories and unperformed obligations are the direct costs for acquisition, and are recorded at the present value of the amount that should be paid. The direct cost includes only succeeded cash payments by occurring in the business combination. These include remunerations and accounting of finderers, legal service, technological evaluation and consulting fees for appraisal. Internal costs succeeded in the business

## Table 5: Provisional combined balance sheet

| September 30,2004 | Condenced | combined | Balance | Sheets |
|---|---|---|---|---|
| | | | million of yen | |
| | sankyo | Daiichi | Pro forma adjustmentt | Pro forma combined |
| Assets | | | | |
| Current assets: | | | | |
| Cash & Cash equivalents | 249,333 | 73,123 | –17,449 | 305,007 |
| Short-term investments | 60,153 | 66,845 | | 126,998 |
| Accouts receivable,less allowance for doubtful accounts | 147,527 | 83,166 | | 230,693 |
| Inventories | 93,829 | 38,118 | 10,000 | 141,947 |
| Deferred income taxes | 26,990 | 19,695 | | 46,685 |
| Other current assets | 12,070 | 10,560 | | 22,630 |
| Total current assets | 589,902 | 291,507 | –7,449 | 873,960 |
| Investments and advances | 109,848 | 103,800 | –11,496 | 202,152 |
| Property ,Plant and equipment,less accumulated depreciation | 216,238 | 106,618 | 33,000 | 355,856 |
| Goodwill | 3,091 | 5,914 | 28,035 | 31,126 |
| | | | –5,914 | |
| Other intangibles,net | 25,145 | 24,217 | 338,000 | 382,243 |
| | | | –5,119 | |
| Other assets | 21,452 | 15,002 | 9,491 | 45,945 |
| Total assets | 965,676 | 547,058 | 378,548 | 1,891,282 |

| | | | | |
|---|---|---|---|---|
| Liabilities and Shareholders'equity | | | | |
| Short-term borrowings,including current portion of long term debt | 17,946 | 2,111 | | 20,057 |
| Accounts payable | 48,826 | 29,632 | | 78,458 |
| Accrued income taxes | 20,506 | 9,572 | | 30,078 |
| Other current liabilities | 83,559 | 33,148 | 2,000 | 118,707 |
| Total current liabilities | 170,837 | 74,463 | 2,000 | 247,300 |
| Long-term debt | 6,802 | 2,505 | | 9,307 |
| Accrued pension and severance costs | 74,829 | 33,087 | 18,161 | 126,077 |
| Other Long-term debt | 9,277 | 4,109 | 156,210 | 169,596 |
| Total noncurrent liabilities | 90,908 | 39,701 | 174,371 | 304,980 |
| Minority interests | 11,066 | 1,843 | | 12,909 |
| Shortholders'equity | | | | |
| Common stock | 68,793 | 45,247 | –64,040 | 50,000 |
| Additional paid-in capital | 67,263 | 50,212 | 713,043 | 830,518 |
| Retained earnings | 566,760 | 359,975 | –89,000 | 446,659 |
| | | | –371,392 | |
| | | | –8,946 | |
| | | | –10,738 | |
| Accumulated other comprehensive income | 10,412 | 14,448 | –14,448 | 10,412 |
| Treasury stock ,at cost | –20,363 | –38,831 | 59,194 | –11,496 |
| | | | –11,496 | |
| Total shareholders'equity | 692,865 | 431,051 | 202,177 | 1,326,093 |
| Totalliabilities and shareholders'equity | 965,676 | 547,058 | 378,548 | 1,891,282 |

**Table 6: Provisional combined income statement**

| Pro forma<br>(million of yen)<br>March 31,2004 | Condenced<br>sankyo | combined<br>Daiichi | Statement<br>Pro forma<br>adjustmentt | of Income |
|---|---|---|---|---|
| Net revenue | 601,273 | 322,977 | | 924,250 |
| Cost of sales | 228,839 | 106,475 | 38,000 | 372,411 |
| | | | -903 | |
| Research and development expenses | 93,597 | 59,718 | -620 | 152,695 |
| Selling,general and administrative expenses | 194,004 | 107,869 | -161 | 301,612 |
| | | | -100 | |
| Other (expenses) income | 488 | 2,147 | | 2,635 |
| Income from cotinuing operations befaore income taxes and minority interests | 85,321 | 51,062 | -36,216 | 100,167 |
| Incone taxes | 40,397 | 21,812 | -15,580 | 47,291 |
| | | | 662 | |
| Minority intersts | 514 | -1,486 | | -972 |
| Income from cotinuing operations | 44,410 | 30,736 | -21,298 | 53,848 |

| | | | | |
|---|---|---|---|---|
| Income from cotinuing operations per common share: | | | | |
| Basic | 101.61 | 112.79 | | 72.09 |
| Diluted | 101.60 | 112.79 | | 72.08 |
| Weighted average share used to calculate earnings per common share amounts (Thounds of shares): | | | | |
| Basic | 437,053 | 272,516 | 37,409 | 746,978 |
| Diluted | 437,099 | 272,516 | 37,409 | 747,024 |
| Cash dividends per share | 25.00 | 30.00 | | |

combination calculated under the purchase method will become expenses as succeeded.

| | |
|---|---|
| The number of common stocks in issue of Daiichi Pharmaceutical Co., Ltd. as at September 30, 2004 (in 1,000) | 268,421 |
| The exchange ratio x | 1.159 |
| | 311,100 |

The average market price of Sankyo two days after the accounting date (February 25, 2005) on which the stock transfer was announced times:

| | (in million yen) |
|---|---|
| The announcement day of the stock transfer @2,393 | 744,462 |
| Estimated transaction cost | 2,000 |
| Estimated purchase price | 746,462 |
| Estimated purchase price | (in million yen) |

| | |
|---|---|
| Book value of acquired assets | 431,051 |
| Cancellation of the actually existing goodwill (1) | (11,033) |
| Tax effect | 2,087 |
| Cash paid in relation to stock transfer on combination | (6,711) |
| Adjusted book value of acquired net assets | 415,394 |
| What should be allotted: | |
| Increase in inventories at market value | 10,000 |
| Increase in tangible fixed assets at market value | 33,000 |
| Increase in intangible fixed assets at market value (2) | 338,000 |
| R&D in process (3) | 89,000 |
| Cancellation fee of unpaid benefit pension contract (4) | (18,161) |
| Tax effect | (148,806) |
| Goodwill (5) | 28,035 |
| Expected purchase price | 746,463 |

1) Cancellation of the existing goodwill[24]

Regarding deletion of goodwill, the goodwill that Daiichi Pharmaceutical Co., Ltd. acquired previously amounting to 5,914 million yen and the intangible fixed assets amounting to 5,119 million yen as at September 30, 2004 were deleted. These deletions were recorded under debit as retained profit in the amount after tax. Retained profit therefore declined by 8,946 million yen.

2) Relevant write-offs included in R&D expenditures

310 million yen and 620 million yen are reduced for the period of six month ending September 30, 2004 and for the year ending March 31, 2004 respectively.

3) Completed intangible assets

These assets represent completed technologies, core technologies and patents. Their contents are completed technologies of Daiichi Pharmaceutical Co., Ltd. and, the individual products have not been completed. Instead, 338,000 million yen of intangible assets included in the provisional financial data with respect to various products were decided within Daiichi Pharmaceutical Co., Ltd. on the basis of estimated revenue and operating income of products and a wide range of the company's own experience in the medical goods industry.

If the final valuation expected to be completed within 6 to 12 months from the completion of the stock transfer does not produce 338,000 million yen, we estimate that recognizable assets will be adjusted to be made such values[25].

4) R&D expenses in process

As required by FAS4 (Financial Accounting Standard Board Interpretation) NO4""Applicability of FASB"" Purchase method (FIN4), purchase prices allotted to R&D in process will be immediately made costs. This is not sufficient information to provide remedies in relation to individual projects in process. A compound-by-valuation of Daichi's in process research and development has not been performed. Instead, 89,000 million yen for the research and development in process which was included in part of the provisional financial data was valued on the amounts expensed for R&D activities together with the company's wide range of experiences and such other projects carried out by then, including potentially completed success cases of compounds at various stages, and markets for general and potential products of Daiichi Pharmaceutical Co., Ltd. and other knowledge concerning more valuable various kinds of products out of the product lines of Daiichi Pharmaceutical Co., Ltd. However, the compound calculation in accordance with FAS141 does not guarantee that the valuation is definite. If the actual valuation estimated to be completed within 6 to 12 months from the completion of the stock transfer on combination is not 89,000 million yen, we consider that the evaluated amount of the expenses for the research and development in process will be adjusted to that amount.

5) Recognition of unrecognized items under the pension accounting

In accordance with the accounting for the purpose of FAS141, Business combinations, 18,161 million yen of unrecognized items of Daiichi Pharmaceutical Co., Ltd. comprises the actual unrecognized losses amount to 18,148 million yen, unrecognized previous service cost of -1,060 million yen, and unrecognized transition liabilities amounting to 373 million. Considering that retirement money and retirement pension are likely to be deleted and recorded as unpaid pension service costs through the allotment of the purchase price, we estimate that net pension costs for the indefinite period which are included in cost of goods sold will fall by 502 million yen and 903 million yen for the period of six months ending September 30, 2004 and for the year ending March 31, 2004 respectively. These that are included in selling and general administrative expenses will decline by 56 million yen and 100 million yen.

**(2) Accounting of goodwill**

The goodwill increased by 28,035 million yen under the purchase method.

## Conclusion

Comparative studies between Japanese and US accounting are disclosed in annual reports and accounts of Sumitomo Electric Industry prepared because of the legend problems in the audit, and many of them have been disclosed in securities reports prepared as requested to show the causes of the differences between under the SEC standards and the Japanese standards. This study is a comparative study between Japanese and US accounting focusing on the purchase method and the pooling of interest method. Concerning the effect on the Japanese and the US tax affairs on the basis of the stock transfer of this case, we have already published a study[26]. So please refer to that study.

(Professor of Accounting on the Commercial Studies Department of Kansai University)

**Notes**

1. Company Law in Japan 767article
2. Daiichi Sankyo SEC Form 4 June 2005
3. Yujiro Okura 'Difference of the accounting standards between Japan and the USA in consolidated results and its effect' "Accounting" Vol.152, Part 6, Pages 832-844
4. FASB, FASB Statement No141 Business Combinations, Part 14
5. FASB, FASB Statement No141 Business Combinations, Part 9
6. FASB, FASB Statement No141 Business Combinations, Part 17
7. See for reference the Business Accounting Council 'Statement of opinion

concerning the establishment of accounting standards pertaining business combinations' (October 31,2003) and Business Accounting Standard Committee 'Preparation of the State of Examination of Application Guidelines Concerning the Business Combination Accounting Standards and the Accounting Standards for Business Separation, Etc.' (January, 2005)

8. Business Combination Accounting Standards III, Recognition of Combination of Acquisition and Interests 1. (1) 7.
9. FASB, FASB Statement No141, Business Combinations, Par. 9
10. FASB, FASB Statement No141, Business Combinations, Par. 10
11. FASB, FASB Statement No141, Business Combinations, Par. 13
12. FASB, FASB Statement No141, Business Combinations, Par. 17
13. FASB, FASB Statement No142, Goodwill and Other Intangible Assets, Par.18
14. FASB, FASB Statement No142, Goodwill and Other Intangible Assets, Par.30
15 .The accurate number of shares to be used is the number of shares in issue as at the number of share calculation base date minus the number of own shares extinguished by Sankyo and Daiichi Pharmaceutical Co., Ltd. on and after the following day plus the number of common stocks obtained by exercising newly issued new share reservation rights.
16. Yo Maeda, 'Explanation of the outline of suggested legal matters concerning part revision of the Commercial Code, etc. [Part 1], "Legal Affairs on Commercial Matters" NO.1517, Page 16
17. Mitsuharu Harada, 'Explanation of the Revised Commercial Code in 1998 Pertaining to Stock Transfer, Etc. (Part 1)', "Legal Affairs on Commercial Matters" NO.1536, Page 12
18. Net assets – Dividend – Officers' bonus = Net assets after these deductions Sankyo 727,993mil.yen- 10,737mil.yen – 82mil.yen = 717,174mil. yen Daiichi Pharm. 415,020mil.yen – 6,710mil.yen – 100mil.yen = 408,210mil.yen
19. FASB, FASB Statement No141 Business Combinations, Par.20
20. FASB, FASB Statement No141 Business Combinations, Par.22
21. Valuation is made in accordance with FASB, FASB Statement No141 Business Combinations, Par. 37
22. FASB, FASB Statement No.87, Par.74
23. Joint Share Transfer of Shares of Daiichi Pharmaceutical Co., Ltd. and Sankyo Company, Limited for shares of Daiichi Sankyo Company, Limited, 2006,p33.
24. Joint Share Transfer of Shares of Daiichi Pharmaceutical Co., Ltd. and Sankyo Company, Limited for shares of Daiichi Sankyo Company, Limited, 2006, p35

25. Joint Share Transfer of Shares of Daiichi Pharmaceutical Co., Ltd. and Sankyo Company, Limited for shares of Daiichi Sankyo Company, Limited, 2006, pp33
26. Yujiro Okura, 'Examination from the viewpoint of tax affairs accounting seen in reorganization cases', "Accounting", Vol. 169, Part 5, Pages 766 to 780

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※ The Japanese edition of this paper will be published in the May 2007 issue of The "Kaikei" (Accounting) a monthly journal which articles in Japanese on Accounting.

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