



JICPA

# The JICPA

## Annual Report

Fiscal 2014 (April 2013 - March 2014)

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JICPA

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# Message from Chairman and President

Upon assuming the post of Chairman and President of the Japanese Institute of Certified Public Accountants (JICPA), I adopted the new tagline, “Engage in the Public Interest.” This is because I felt there was need to highlight that Certified Public Accounting is the profession that makes a real contribution to society. Today, Japan’s CPAs find themselves in a changing environment. Parallel to the growing globalization of accounting and auditing practices, the scope of organizations and entities requiring accounting and auditing services is steadily expanding. In a related development, the field of service of CPAs is also becoming progressively broader as CPAs are being expected to participate in a diverse range of activities that go beyond auditing.

The following sections provide some of the initiatives taken by JICPA in response to recent changes in the environment surrounding CPAs.

## Application of IFRS

In its “Present Policy on the Application of International Financial Reporting Standards (IFRS)” published in June 2013, the Business Accounting Council (BAC) of the Financial Services Agency (FSA) recommended the relaxation of the statutory requirements for the voluntary application of IFRS. Responding to this recommendation, the FSA acted in October 2013 to partly revise the “Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements,” and abolished certain conditions for the voluntary application of IFRS, including the requirements that the company should be a listed company in Japan and be conducting financial or business activities internationally. Pursuant to this revision, companies preparing for IPO and those that do not conduct financial or business activities internationally have become able to voluntarily apply IFRS. As a result, it is expected that in the future a significantly larger number of companies will consider voluntarily applying IFRS. JICPA has launched various initiatives to prepare members for the increase in voluntary application, including providing IFRS training

sessions, communicating relevant information more promptly to members, and offering IFRS helpline services where members can receive advice.

## Enhancing Public Confidence in Audit

Responding to the several cases of corporate scandal and fraudulent accounting involving listed companies in 2011, the BAC published the “Standard to Address Risks of Fraud in an Audit” in March 2013. The new standard emphasized that auditors must maintain professional skepticism throughout an audit, and included new provisions concerning collaboration with those charged with governance, including audit and supervisory board members. Pursuant to the publication of the standard, JICPA revised its related practical guidelines and has been endeavoring to ensure public confidence in audits by urging auditors to fully comply with the standard through providing training and increasing the transmission of related information to members. While maintaining and improving the quality of audits is



predicated on the efficient performance of audit, it also requires the input of an appropriate amount of time. The discovery of circumstances that indicate the possibility of a material misstatement due to fraud requires urgent communication with those charged with governance, including audit and supervisory board members as well as the performance of additional auditing procedures. Such actions will necessitate additional time not initially scheduled in the audit planning stage. To ensure the reliability of audits, JICPA is encouraging auditors to explain to their audit clients in advance of the possible need for additional time and to obtain prior consent for scheduling sufficient hours for audit.

### Special Purpose Audits

Although there have always been needs for audits of special purpose financial statements, Japan's auditing standards have only been designated for the audit of general purpose financial statements. Therefore JICPA's Industry Audit Practice Committee and other committees have spent considerable time drafting practical guidelines for the audit of special purpose financial statements. In this respect, auditors may not have been able to respond appropriately to the needs of society in the past.

In February 2014, the BAC published "Opinion on the Revision of Auditing Standards" to specify audits of special purpose financial statements and identify necessary measures to be taken for performing such audits under Japan's auditing standards.

To ensure the proper performance of such audits, JICPA is amending its practical guidelines to correspond to the revised auditing standards.

### Reform of Public Sector Accounting System

Many of Japan's local government bodies and agencies have not yet introduced accrual accounting, double-entry bookkeeping, or the maintenance of fixed asset registers.

In April 2014, the Ministry of Internal Affairs and Communications published the "Report of the Study Group on Promoting New Systems for Local Public Accounting." The report indicated that the goal henceforth will be to establish appropriate accounting standards for local government bodies and agencies, and establish unified formats for financial statements.

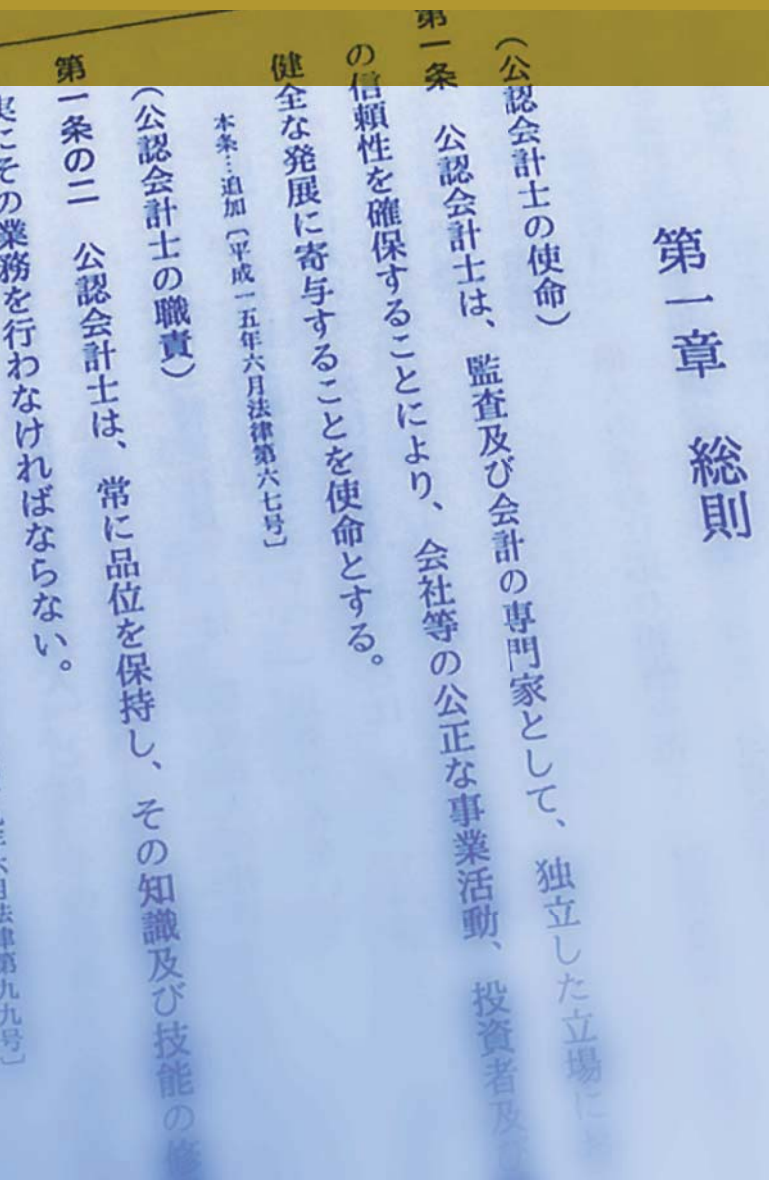
In line with this, JICPA has formed a Council on Public Sector Accounting to support the development of expertise of members in the area of public sector accounting. Through this Council, JICPA plans to provide more training on public sector accounting, including laws and regulations related to local administration, and deliver more information to members. JICPA will also create a network of members with knowledge and experience necessary for supporting public sector accounting and will promote smooth cooperation with local government bodies and agencies.

Ensuring the reliability of information constitutes the bedrock of social systems, and its importance continues to increase with the rapid development of the information society. JICPA is committed to actively contributing to sound social and economic development and to protecting the public interest by performing its responsibilities and ensuring the reliability of financial information.

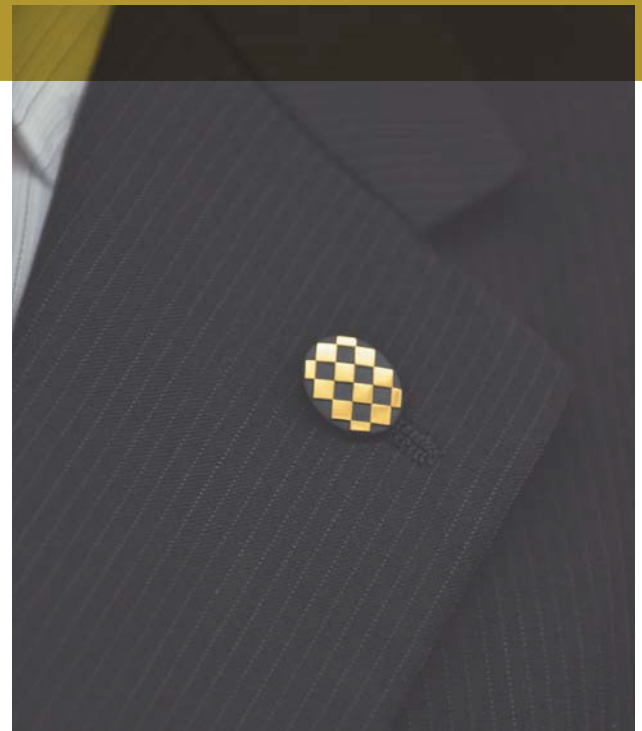
*Kimitaka Mori*

# Mission

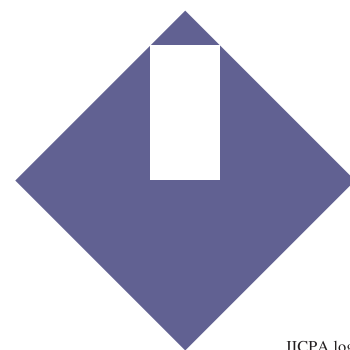
— the organization for the CPA profession in Japan



CPA Act



CPA Membership badge



JICPA logo

The CPA system was introduced in 1948 under a new set of policies seeking to dissolve the nation's industrial and financial cliques (zaibatsu), to popularize securities trading with citizens, and to increase the number of individual shareholders. JICPA started as a voluntary organization in 1949 and later became a corporation under the CPA Act in 1966. Since then, JICPA has enjoyed over sixty years of professional excellence. Meanwhile, financial statement audits were introduced in 1974 (currently called audits under the Companies Act), and auditing and

accounting standards have developed and subsequently revised over time. JICPA has always been committed to remain transparent and independent as a self-regulatory organization for the accountancy profession. In serving the public interest and strengthening the accountancy profession, JICPA has also been committed to maintaining the quality of services provided by members and upholding the professional ethics, values, and standards. Registration with JICPA is mandatory for all professionals wishing to work as CPAs in Japan.

## JICPA has the following key responsibilities:

- 1** To uphold the professional ethics of members by developing the code of ethics for accountancy profession and promoting compliance with the code;
- 2** To design and implement various measures to improve the quality of services provided by members through organizing seminars and research projects;
- 3** To research on the theories and the practices of auditing, accounting, and other related fields of professional services in order to promote the implementation of auditing and accounting standards, and to establish auditing and accounting systems;
- 4** To research on the CPA system and the services (including tax services), and to issue recommendations to the governmental and regulatory agencies, as appropriate;
- 5** To design and implement various measures to ensure that proper auditing services are provided by members;
- 6** To support members by providing necessary assistance through consulting with the members and providing materials;
- 7** To resolve disputes over engagements of members through mediation;
- 8** To design and implement relevant measures for the education and training of individuals who pass CPA examinations; and
- 9** To perform administrative works for registration of members.

# 04 | Leadership



Chairman and President

**Kimitaka Mori**



Deputy President

**Gen Ikegami**  
(Discipline, CPE, General Affairs)



Deputy President

**Aiko Sekine**  
(Accounting, International Affairs, Quality Control)



Deputy President

**Toru Kajikawa**  
(Public Sector Accounting and Auditing)



Deputy President

**Masaji Suzuki**  
(Audit)



Deputy President

**Haruhiko Yamada**  
(CPA System and Member support,  
Communication and Publications)





Deputy President

**Giichi Yanagisawa**  
(Regional Chapters Relations)



Deputy President

**Shigeru Takahama**  
(Regional Chapters Relations)

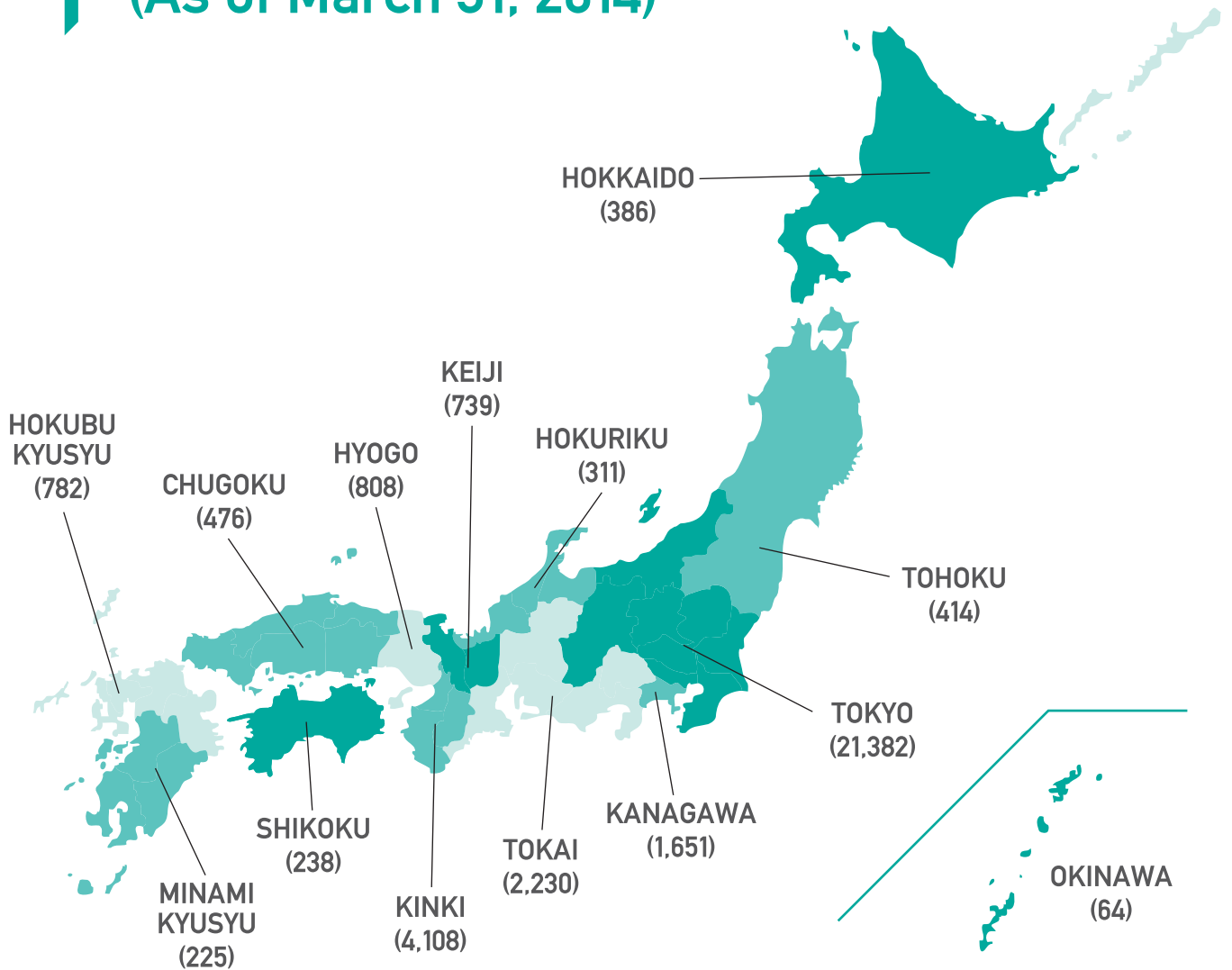


Chief Executive

**Tadashi Umino**



## Membership (As of March 31, 2014)

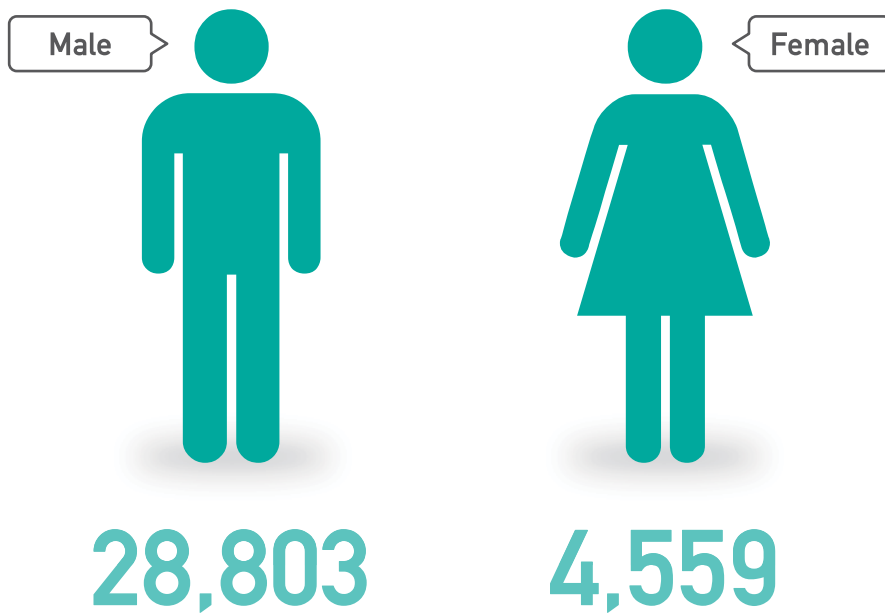


MEMBER Certified Public Accountants + Foreign Certified Public Accountants  
**26,263** + Audit firm  
**216** = **26,479**

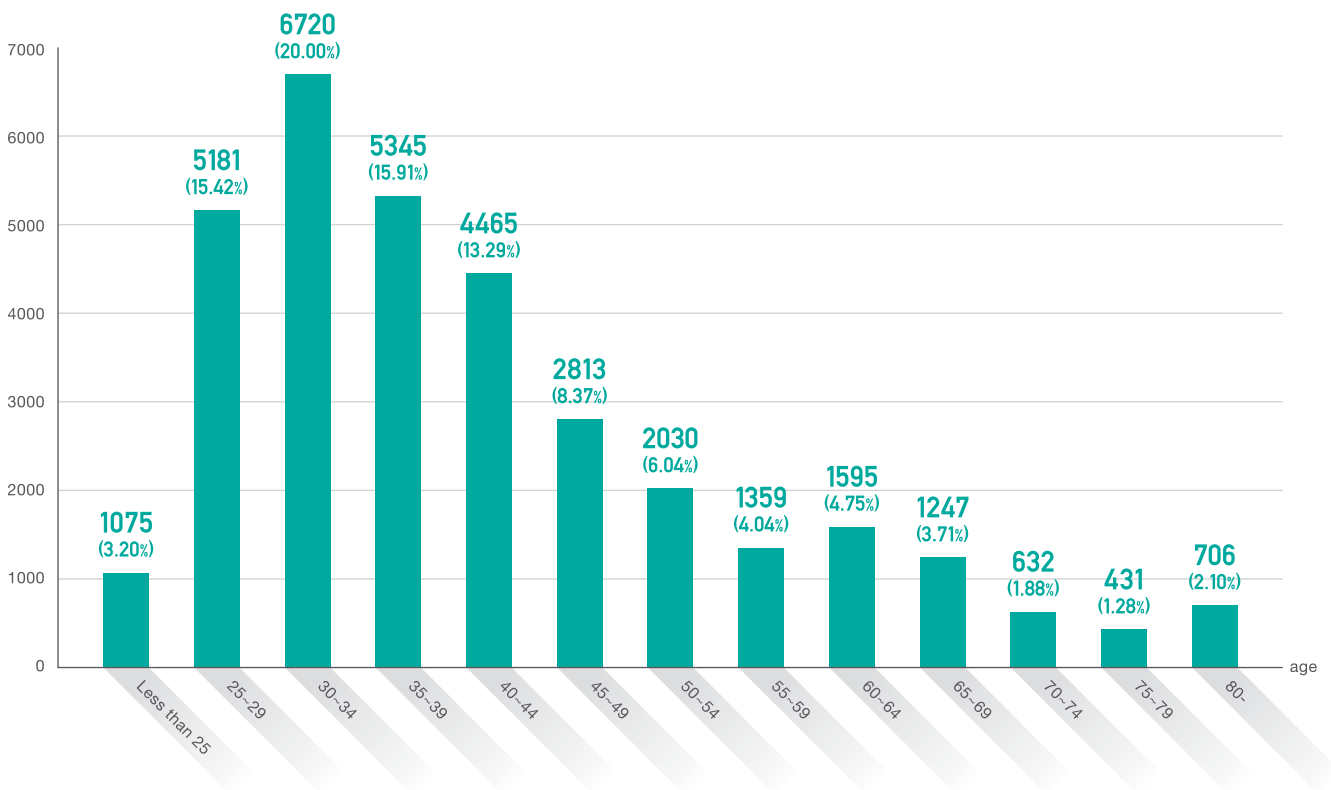
ASSOCIATE MEMBER = **7,543**

TOTAL **34,022**

## CPA Members by Gender



## Members and Associate Members by Age



# Basic Policy and Strategic Priorities for Fiscal 2014

The basic policy for JICPA activities for fiscal 2014 was set to ensure public confidence in CPA and accounting and auditing system by building stable capital markets through ensuring the reliability of financial information.

Through this, JICPA strives to actively promote sound social and economic development, thereby protecting the public interest.

In light of the changes in environments surrounding CPAs both inside and outside Japan, JICPA set the following strategic priorities for fiscal 2014.





- 1** | To lead a discussion and practice on the future of CPA profession by collaborating with various stakeholders in terms of laws and regulations
- 2** | To drive change and become a leading voice in upholding high quality audits through our regulations reflecting current trend
- 3** | To cooperate with key stakeholders both at home and abroad in facilitating IFRS implementation
- 4** | To uphold the professional ethics, values and standards
- 5** | To collaborate with key domestic and international stakeholders to attract and retain diverse talents for accounting profession
- 6** | To achieve new areas of services for CPAs and assist members in expanding their services
- 7** | To continue supporting those affected by the Great East Japan Earthquake
- 8** | To improve JICPA's governance and organizational structure to better deliver and realize the strategic objectives

# Key Activities for Fiscal 2014

## Activities related to Strategic Priorities 1 and 2

### [1] Responses to the Standard to Address Risks of Fraud in an Audit

To address the problem of fraudulent accounting by listed companies, the Business Accounting Council (BAC) published “Opinion on Standard Setting to Address Risks of Fraud in an Audit” on March 26, 2013. Pursuant to the publication of this Opinion, JICPA and the Japan Audit and Supervisory Board Members Association (JASBA) jointly published “On Increased Cooperation between those charged with governance, including audit and supervisory board members with Auditors Pursuant to the Publication of ‘Opinion on Standard Setting to Address Risks of Fraud in an Audit’” on April 1, 2013. Furthermore, in order to properly maintain and improve the quality of audits and to promote smooth implementation of additional procedures found to be necessary during the performance of audits, the Laws and Regulations Committee Research Report No. 14, “Illustrative Example of an Engagement Letter for Audits and Quarterly Reviews” was revised on April 17, 2013. Subsequently, a statement by JICPA Chairman and President on “Allotment of Appropriate Time for Audit and Audit Fee” was released on April 19, 2013.

This was followed by a second statement by JICPA Chairman and President on “Actions to Be Taken by Auditors to Enhance Communication with those charged with governance, including audit and supervisory board members in View of the Standard to Address Risks of Fraud.” Addressed to JICPA members on July 26, 2013, this statement called on auditors to ensure that sufficient time is allotted for the performance of audits from the perspective of improving the quality of audits. The statement also urged that appropriate measures be taken in the audit planning stage. In addition, on December 25, 2013, JICPA released to its members “On Responses to the ‘Standard to Address Risks of Fraud in an Audit’ of the year ending March 31, 2014, and Ensuring Sufficient Time for the Performance of Audits under the

Companies Act.” In this document, JICPA urged auditors of companies subject to the standard for addressing risks of fraud in audits to be implemented for the first time in the periods ending on or after March 31, 2014 to act appropriately in light of the significance and intent of the new standard. Furthermore, from the perspective of improving the quality of audits, JICPA encouraged auditors who perform the audits mandated under the Companies Act as well as audits for the publicly traded companies under the Financial Instruments and Exchange Act (FIEA) to pay due attention to ensuring that sufficient time is allotted for the performance of the audit.

JICPA followed this up by revising its practical guidelines on standards addressing the risks of fraud in audits on June 17, 2013. These consisted of the Auditing Standards Committee Statement (ASCS) No. 220, “Quality Control for an Audit of Financial Statements,” ASCS No. 240, “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements,” ASCS No. 900, “Change of Auditors,” and the Quality Control Standards Committee Statement (QCSC) No. 1, “Quality Control for Auditing Firms.”





## [2] Responses to the revision of auditing standards related to the clarification of the auditor's opinion on special purpose financial statements

“Opinion on the Revision of Auditing Standards” was published by the BAC on February 18, 2014. As it was generally considered that the revised auditing standards would be applicable to auditor's report issued on or after April 1, 2014, JICPA began to consider various measures parallel to the publication of the exposure drafts, including the preparation of pertinent reports by the Auditing Standards Committee, and the partial revision of the related ASCSs and QCSC. Following the necessary procedures related to the publication of statements and call for public comments, a number of new statements were issued on April 4, 2014. New statements consisted of the ASCS No. 800 on “Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks,” and ASCS No. 805 on “Audits of Single Financial Statements and Specific Elements of Financial Statements.” Additionally, the related ASCSs and QCSC were partly revised and published.

## [3] Conducting broad range of cross-sectional research to publish the report on “Vision for Japan's CPA and CPA System,” and considering specific measures to implement recommendations proposed in the report

The interim report of the Project Team for Recommending a Vision for Japan's CPA and CPA System was published on July 3, 2013. The interim report recommends the establishment of a permanent research institute that would function as a think tank responsible for gathering and collating information on CPA and CPA systems from both domestic and international sources, and

conducting various types of research and analysis. Responding to this recommendation, JICPA assigned research functions to its secretariat and is currently engaged in conducting surveys on such matters as the relation between audit engagements and fraud.

In preparation for discussions on revisions of related laws and to respond to current challenges, the vision for Japan's CPA and CPA system is being continuously examined and discussed by the project team and in meetings of JICPA council members.

## [4] Responding to forthcoming revisions of the Companies Act

Deliberations on a partial revision of the Companies Act have started in the House of Representatives. The related bills provide for (a) assigning the right to formulate and present resolutions on the appointment of external auditors to the Audit and Supervisory Board Members, (b) the disclosure of reasons for not appointing outside directors when none have been appointed, and (c) the creation of a system of corporation with committees under which companies establish committees such as audit committees. Responding to these bills, JICPA has submitted a series of requests to the Judicial Affairs Division of the Policy Research Councils of the ruling parties. These consist of requests for the resolution of “incentive distortions” that JICPA has been arguing against for a number of years (issues related to the appointment of external auditors and the payment of their fees by the management of the companies to be audited), strengthening the autonomy and expertise of external members of the Audit and Supervisory Board and of outside directors, and the unification of auditing system for listed companies under the Companies Act and FIEA.

# Activities related to Strategic Priorities 3

## [1] Towards the smooth application of IFRS

On June 19, 2013, the BAC published the “Present Policy on the Application of International Financial Reporting Standards (IFRS),” setting forth its basic policies on the relaxation of the statutory requirements for the voluntary application of IFRS, the process to incorporate IFRS, and the simplification of the disclosure of non-consolidated (single-entity) financial statements. Pursuant to these policies, the requirements to be a listed company in Japan and be a company that conducts financial or business activities internationally were abolished as conditions for voluntary application of IFRS. Consequently, it has become possible for companies preparing for IPO to voluntarily apply IFRS. It is expected that in the future a significantly larger number of companies will consider voluntarily applying IFRS. JICPA has launched various initiatives to prepare members for the increase in voluntary application, including providing IFRS training sessions, communicating relevant information more promptly to members, and offering IFRS helpline services where members can receive advice. JICPA will also continue to actively promote human resources development to enhance and grow its talent base in order to lead discussions in the international accounting communities.

## [2] Research and development of an accounting framework and standards for non-profit organizations

In July 2013, JICPA published Non-profit Organization Accounting and Audit Practice Committee Research Report No. 25, “Toward Establishing an Accounting Framework for Non-Profit Organizations(see page 19).” In light of the difficulty for users of financial statements to conduct cross-sectional study of financial information disclosed by various non-profit organizations, this Research Report argued the need for creating

a common accounting framework to be used by non-profit organizations and went on to recommend certain approaches and standard setting procedures for creating such a common framework. Further study is currently being conducted on the various specific issues that were identified.

## [3] Establishment of a Council on Public Sector Accounting

Many JICPA members contribute to the proper discharge of public sector accountability through their engagement in the accounting and auditing operations of national and local government bodies and related organizations. On the other hand, there has been extensive discussion of the possibility of a future shortage of CPAs resulting from an expansion in external auditing systems for local government bodies or additional requirements of expertise for external auditors. This concern was addressed in the “Research Meeting Report on Auditing Systems for Local Government Bodies” published by the Ministry of Internal Affairs and Communications in April 2013. Recommendations contained in this report include a proposal for the introduction of examinations to ensure the expertise of external auditors and the creation of so-called “audit support organizations.”

In view of the research and discussions undertaken by the government, a decision was made at JICPA to establish a Council on Public Sector Accounting charged with the three-fold mission of enhancing the expertise of JICPA members in the field of public sector accounting and auditing, informing the public of the initiatives being pursued, and extending the range of members involved in public sector accounting and auditing.



# Activities related to Strategic Priorities 4

## [1] Further enhancement of the quality control review system

During the fiscal year under review, JICPA conducted a comprehensive review of the management of the system and decided to implement the following changes on the system.

- a. The focus of quality control review shall be shifted from “guidance-based” to “guidance and supervision-based” where corrective measures shall be taken based on results of quality control review.
- b. The scope of entities subject to the quality control review shall be expanded. In the past, only the auditing firms involved in audits of the large companies as defined by the CPA Act and the credit associations exceeding the certain size have been subject to the quality control review. Going forward, any auditing firms involved in the services listed in Article 2, Paragraph 1 of the CPA Act shall be subject to the quality control review. In addition, all kinds of the services listed in Article 2, Paragraph 1 of the CPA Act shall be subject to the quality control review.
- c. In order to supplement a periodic review, a flexible and unscheduled review shall be conducted. Also a special review shall be performed in cases where social trust in audit practice is at risk of being impaired.
- d. Various other changes were made, including expanding the scope of auditing services of the audit firms which are eligible to apply for registration in the Register of Associate Registered Audit Firms under the Registration System for Listed Company Audit Firms.

## [2] Continuous review of the Code of Ethics (including Guidance on Independence) in light of international developments

JICPA Code of Ethics and Guidance on Independence are based on the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants (IESBA Code of Ethics) of the International Federation of Accountants (IFAC), and also take into account CPA Act and related laws and regulations as well as codes of ethics that previously existed in Japan. JICPA has endeavored to stay abreast of IESBA activities and to convey views from Japan by dispatching observers to IESBA meetings and submitting comments on IESBA exposure drafts. Responding to the revision of the IESBA Code of Ethics in March 2013, JICPA acted in January 2014 to publish and seek public comments on a series of exposure drafts pertaining to the revision of its Code of Ethics and Guidance on Independence, and the formulation of Guidance on Conflicts of Interest. These were subsequently integrated into a final proposal for the revision of the JICPA Code of Ethics.



# Activities related to Strategic Priorities 5

## [1] Managing the Foundations for Fostering CPAs with Global Perspectives

The continuing globalization of accounting and auditing has created a growing need for accountants with global perspectives. With this in mind, the Scholarship Fund for Developing International Accountants was established for the purpose of fostering international accountants with an international perspective who will contribute to the future development and progress of Japan's CPA community. Scholarships are currently being used to support the overseas studies of Japanese CPAs.

JICPA also uses the resources of the Overseas Accounting and Auditing Research Fund to dispatch JICPA members to participate in overseas training programs aimed at investigating and researching the accounting and auditing practices in overseas as well as the management of Japanese companies operating abroad.

# Activities related to Strategic Priorities 6

## [1] Enhancing Small-and Medium-sized Enterprises (SMEs) support

CPAs are assigned responsibility for professionally managing the areas of accounting and auditing, making them important players in maintaining a key element of the social infrastructure. In recent years, not only the capital markets but also people from all quarters of society and the economy, such as SMEs, are expecting CPAs for their contribution to the society. To properly respond to these wide ranges of expectations, JICPA has supported the auditing functions of small- and medium-sized accounting firms that provide audit services mainly for SMEs. The Act on Support for Strengthening Management Functions for SMEs that came into force in August 2012 provides for the formulation of management improvement plans by qualified support organizations. It is notable that JICPA has been requested to cooperate in promoting the use of this system, another indication of society's growing expectations for CPAs. Pursuant to this request, JICPA has urged members to apply to qualified support organizations and has provided for convenient issuance of registration certificates needed for application. In addition, the formation of a permanent committee charged with deliberating on ways to improve support of SMEs is also currently under consideration at JICPA.

## [2] Involvement in children and childrearing support systems

A series of three laws centered on the Act on Children and Childrearing Support were enacted in August 2012 to promote comprehensive local support for children and childrearing, including early childhood nursery care and school education. These laws have given birth to various new systems and measures. One of these is a system introduced to complement subsidies provided under the Act on Subsidies to Private Schools. The new system features institution-based assistance designed to provide a new form of financial support to nursery schools, kindergartens, and qualified early childhood education and care facilities, but does not mandate audit by CPAs. With reference to the discussions undertaken in the Cabinet Office's Meeting on Children and Childrearing and various other forums, JICPA has appealed to government authorities and related members of parliament on the need for audit and other forms of CPA involvement to ensure that public funds are being used appropriately and to maintain due transparency in financial reporting.

## Activities related to Strategic Priorities 7

### [1] Activities supporting victims of the Great East Japan Earthquake and promoting the recovery and reconstruction of affected areas

In October 2011, JICPA and the Organization for Small and Medium Enterprises and Regional Innovation, Japan concluded an Agreement on Assisting SMEs Affected by the Great East

Japan Earthquake. Based on this agreement, JICPA has recommended members registered in its recommendation list, when JICPA receives requests from the Organization for accounting specialists to provide advice on recovery and reconstruction support.

## Activities related to Strategic Priorities 8

### [1] Deliberations on the reform of organization and governance

The environment surrounding CPAs and JICPA is constantly changing. In light of these changes and against the backdrop of the growing scope of JICPA activities, the increasing number of members and the establishment of new regional chapters, a project team has been appointed to deliberate on such matters as the status of, and the election process for, the Council and the Executive Board. The project team reports on its progress and receives the members' views on these matters regularly at JICPA council meetings.

### [2] Deliberations on strengthening organizational foundations

JICPA has been experiencing a steady increase in the number of its members paralleled by a growing diversity of operations undertaken by members. As a result, the scope of JICPA functions and activities continues to expand. In order to effectively support the businesses of members and to properly perform its self-regulating functions, it has become necessary to properly and sufficiently reinforce JICPA's organizational and financial foundations. Moreover, as a nationwide organization of CPAs, it is necessary for JICPA to develop more effective and efficient cooperation with its regional chapters. A project team has been appointed to deliberate on these requirements and objectives.

# Summary of News Flash

## 1 JICPA publishes a report on public sector auditing - "Development of performance auditing in public sector and the role of accountants"

May 20, 2013

On May 20, 2013, a report addressing performance auditing and the role of accountants in public sector, "Development of performance auditing in public sector and the role of accountants" was published by JICPA's special task force on reviewing a revision of the Local Autonomy Act of Japan.

The task force has been established to consider measures to improve public sector financial accounting and auditing in Japan, with a view to strengthen local self-governance.

With the increasing levels of attention paid to the performance

auditing in public sector due to worsening of financial conditions in local governments and other public sector entities, the report examines overseas development in performance auditing in public sector, and reflects on the current situation in Japan to provide views on the roles that accountants can play in this area.

This report is to serve as a point of departure for further discussion and dialogue among members and related parties on the issue of performance auditing in public sector.

The report is available only in Japanese.

## 2 JICPA publishes Public Sector Accounting and Audit Practice Committee Research Report No. 20, "Special Considerations in the Audit of Public Sector Entities"

July 2, 2013

JICPA published, on July 2, 2013, Public Sector Accounting and Audit Practice Committee Research Report No. 20, "Special Considerations in the Audit of Public Sector Entities."

To address the need to specify how special considerations for public sector auditors stated in some practice notes to ISAs are treated in Japan, JICPA published a report on what needs to be

considered in financial statement audits of public sector entities, currently designated for independent administrative agencies and national university corporations in Japan. The report also describes in which aspects practical guideline will be required in future for Japanese public sector auditors.

The report is available only in Japanese.

### 3 JICPA publishes Non-profit Organization Accounting and Audit Practice Committee Research Report No. 25, "Toward Establishing an Accounting Framework for Non-Profit Organizations"

## July 2, 2013

JICPA published, on July 2, 2013, Non-profit Organization Accounting and Audit Practice Committee Research Report No. 25, "Toward Establishing an Accounting Framework for Non-Profit Organizations."

Currently, accounting standards and rules on preparing financial statements vary between different types of non-profit organizations in Japan, and this is making it difficult for the users of financial statements to conduct cross-sectional study of the information. In addition, the number of organizations that discloses their financial information to the public, for example, by using their website, is limited, and it is often the case that the financial statements are prepared simply to meet the regulatory requirements.

In contrast, non-profit organizations have grown to become one of the key players in local communities, generally as those that support the welfare of citizens, or sometimes, have served as entities that put forward proposals or conduct monitoring of governments or governmental agencies. It is important to note

that the public's expectation to non-profit organizations has increased over the years, and non-profit organizations are now required to meet the expectation by strengthening their financial basis and achieving autonomous management.

In order for the non-profit organizations to achieve these, JICPA believes that it will be important to install certain mechanisms which will strengthen the supply of resources from the private sector to the non-profit organizations and facilitate autonomous management. Therefore, as a part of an effort to assist non-profit organizations, the report has been published to provide common accounting framework to be used by non-profit organizations to meet the needs of various stakeholders.

This report will serve as a starting point for further discussion for establishing an accounting framework for non-profit organizations, and JICPA will continue to engage in the discussion by incorporating diverse views from a wide range of stakeholders.

The report is available only in Japanese.

日本公認会計士協会

The Japanese Institute of Certified Public Accountants

# Change Challenge Confidence



日本公認会計士協会  
<http://www.hp.jicpa.or.jp/>

大海原に次代の航路を切り拓く

[記念講演]

**「京」コンピュータがひらく新しい世界**

—日本社会を支え、時代を切り拓くスパコン—



独立行政法人理化学研究所  
計算科学研究機構長

平尾公彦 氏



期 日 平成25年9月5日[木]

会 場 神戸ポートピアホテル

スケジュール

10:30~12:30 開会式/記念講演

13:30~15:10 研究発表①

15:30~17:10 研究発表②

17:50~19:40 記念パーティー

## 第34回 日本公認会計士協会研究大会 HYOGO 2013

お問い合わせ  
日本公認会計士協会経務本部研修グループ  
TEL.03-3515-1125  
日本公認会計士協会兵庫会  
TEL.078-252-3281

2013 JICPA Annual Research Conference poster

## 4 The 34th JICPA Annual Conference was successful

### September 5, 2013

On September 5, 2013, the 34th JICPA Annual Conference was held in Kobe. The total of ten concurrent sessions were held, including the one on International Education Standards (IESs) participated by the Chair of the International Accounting Education Standards Board (IAESB) of International Federation of Accountants (IFAC).

Speaking about the mission and presenting the overview of the IAESB's recent activities, Dr. Peter Wolnizer stressed the importance of relevant professional accounting education in meeting the demands of the marketplace and serving public interest. Mr. Kimihiko Hirao, Director of the RIKEN Advanced Institute for Computational Science (AICS), which is currently developing the Next-Generation Supercomputer, the "K computer," gave a commemorative speech.

The conference was attended by over 1000 JICPA members and individuals from related fields.



## 5 English translation of requirements included in revised Auditing Standards Committee Statements and a Quality Control Standards Committee Statement

### September 19, 2013

JICPA has prepared the English translation of requirements included in revised Auditing Standards Committee Statements (ASCs) and a Quality Control Standards Committee Statement (QCSCS) in comparison with International Standards on Auditing (ISAs) and International Standard on Quality Control 1 (ISQC 1). The original texts of ASCs and Quality Control Standards Committee Statement 1 (QCSCS 1) are prepared in the Japanese language, and the provisional translation and relevant explanation included in this document is to be used solely as reference material to aid in the understanding of the ASCs and QCSCS 1.

For all purposes of interpreting and applying ASCs and QCSCS 1, users should consult the original Japanese texts available on the following website:

[http://www.hp.jicpa.or.jp/specialized\\_field/post\\_1690.html](http://www.hp.jicpa.or.jp/specialized_field/post_1690.html)

Revised Auditing Standards Committee Statements (ASCs) and Quality Control Standards Committee Statement 1 (QCSCS 1) - Comparison with International Standards on Auditing (ISAs) and International Standard on Quality Control 1 (ISQC 1) –

## 6 JICPA supports Philippines typhoon victims

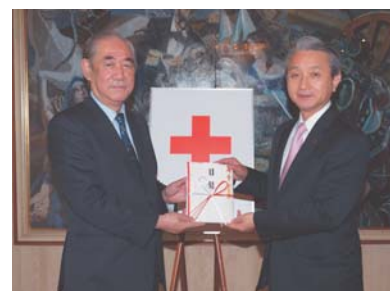
### February 20, 2014

In support of the victims of Typhoon Haiyan that swept through the central Philippines on November 8, 2013, JICPA and its chapters nation-wide started a campaign to raise funds for the Philippines typhoon victims last December.

During one month and a half of the campaign, JICPA raised 6,540,000 JPY (approximately 6.5million USD), with donations from more than 790 individual members and others.

Mr. Kimitaka Mori, Chairman and President of JICPA, donated the total funds collected to the Japanese Red Cross Society on

February 20, 2014. JICPA would like to extend its sincere condolences to the friends and families of the Philippines typhoon victims.



# International Relations

## 1 Discussion Meeting with Mr. Paul Pacter, a former Board Member of the IASB

July 18, 2013

A discussion meeting with Mr. Paul Pacter, a former Board Member of the IASB, was held on July 18, 2013, regarding IFRS for SMEs.



## 2 Exchange Meeting with KICPA

September 10, 2013

On September 10, 2013, the 21st Annual Exchange Meeting with the Korean Institute of Certified Public Accountants (KICPA) was held at the KICPA in Seoul. This meeting is held annually to discuss matters related to accounting and auditing in both countries, and facilitate mutual understanding and cooperation between the two institutions.





### 3 Discussion Meeting with Mr. Michel Prada, Chairman of the IFRS Foundation Trustees

## November 11, 2013

On November 11, 2013, JICPA held a discussion meeting with Mr. Michel Prada and other representatives of the IFRS Foundation and audit firms.



### 4 JICPA hosted GAA Board Meeting

## November 10-11, 2013

JICPA hosted Global Accounting Alliance (GAA) Board meeting held on November 10-11.

For more information about GAA, please visit:  
<http://www.globalaccountingalliance.com/>

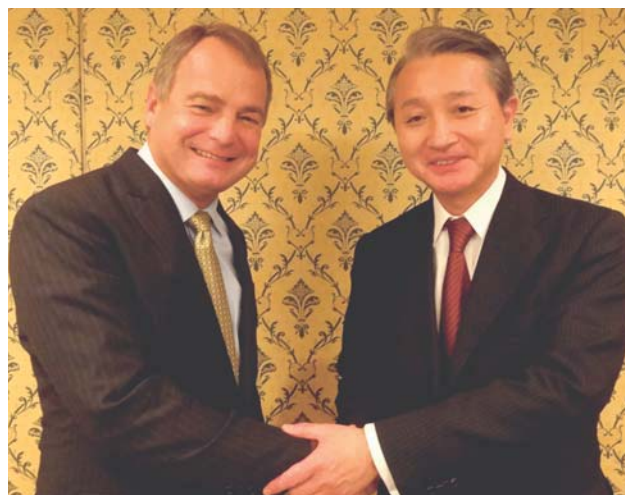




## 5 Discussion Meeting with Mr. Hans Hoogervorst, Chairman of the IASB

### February 6, 2014

On February 6, 2014, the JICPA held a discussion meeting with Mr. Hans Hoogervorst and other representatives of the IFRS Foundation and audit firms.



## 6 Participation in IFAC Special Council Meeting

### February 25, 2014

On February 25, 2014, Mr. Kimitaka Mori, Chairman and President, and other JICPA officers participated in the IFAC Special Council Meeting in New York.



# 10 | Financial Highlights

Here are the audited financial statements of JICPA which consist of balance sheet as at March 31, 2014, income statement, statement of changes in net assets and statement of cash flows from April 1, 2013 through March 31, 2014.

## Balance sheet

As at March 31, 2014

Description	(unit: 000 yen) Amount
<b>I Assets</b>	
1 Current assets	<u>6,645,626</u>
2 Non-current assets	<u>8,822,417</u>
Total assets	<u><u>15,468,043</u></u>
<b>II Liabilities</b>	
1 Current liabilities	<u>407,594</u>
2 Non-current liabilities	<u>2,340,346</u>
Total liabilities	<u><u>2,747,941</u></u>
<b>III Net assets</b>	
1 Restricted net assets	<u>940,570</u>
2 Unrestricted net assets	<u>11,779,532</u>
Total net assets	<u><u>12,720,102</u></u>
Liabilities and total net assets	<u><u>15,468,043</u></u>

## Income statement

From April 1, 2013 through March 31, 2014

Description	(unit: 000 yen) Amount
<b>I Operating activities</b>	
1 Revenue from operating activities	<u>5,985,146</u>
2 Expenses from operating activities	<u>5,280,196</u>
Net profit from operating activities	<u><u>704,950</u></u>
<b>II Investing activities</b>	
1 Revenue from investing activities	<u>291,716</u>
2 Expenses from investing activities	<u>496,263</u>
Net profit from investing activities	<u>△ 204,546</u>
<b>III Financing activities</b>	
1 Revenue from financing activities	<u>-</u>
2 Expenses from financing activities	<u>-</u>
Net profit from financing activities	<u>-</u>
Net profit for the year	<u>500,403</u>
Profit carried from prior year	<u>5,052,332</u>
Profit carried to next year	<u><u>5,552,736</u></u>

※ Reference

I 2 Expenses from operating activities mainly consist followings	
Various operating activities expenses (*1)	1,828,793
Personnel expenses related to operating activities	1,784,505
Personnel expenses related to administration	728,655
Public relation and publishing expenses	552,526
Rent and maintenance expenses	385,715
Total expenses from operating activities	5,280,196

(\*1) includes membership fees and activities expenses contributed to various overseas organizations(55,622)

II 2 Expenses from investing activities mainly consist followings	
Provision for various investing activities (*2)	342,176
Purchase fixed assets	147,475
Payment for deposit and guarantee money	6,611
Total expenses from investing activities	496,263

(\*2) includes provision for the international education programs of JICPA members(17,716)

## Statement of changes in net assets

From April 1, 2013 through March 31, 2014

Description	(unit: 000 yen)		
	Current year	Prior year	Changes
<b>I Unrestricted net assets</b>			
1 Ordinary changes			
Ordinary revenue	<u>6,005,064</u>	<u>6,040,028</u>	<u>△ 34,964</u>
Ordinary expenses	<u>5,538,497</u>	<u>5,412,457</u>	<u>126,039</u>
Net ordinary changes	<u>466,567</u>	<u>627,571</u>	<u>△ 161,003</u>
2 Non-ordinary changes			
Non-ordinary revenue			
Non-ordinary expenses	<u>267</u>	<u>13,316</u>	<u>△ 13,048</u>
Net non-ordinary changes	<u>△ 267</u>	<u>13,316</u>	<u>△ 13,048</u>
Total changes of unrestricted net assets	<u>466,299</u>	<u>614,254</u>	<u>△ 147,955</u>
Unrestricted net assets at beginning of year	<u>11,313,232</u>	<u>10,698,977</u>	<u>614,254</u>
Unrestricted net assets at ending of year	<u>11,779,532</u>	<u>11,313,232</u>	<u>466,299</u>
<b>II Restricted net assets</b>			
Total changes of restricted net assets	<u>△ 47,645</u>	<u>△ 42,531</u>	<u>△ 5,113</u>
Restricted net assets at beginning of year	<u>988,216</u>	<u>1,030,747</u>	<u>△ 42,531</u>
Restricted net assets at ending of year	<u>940,570</u>	<u>988,216</u>	<u>△ 47,645</u>
<b>III Total net assets at the end of year</b>			
	<u>12,720,102</u>	<u>12,301,448</u>	<u>418,654</u>

## Statement of cash flows

From April 1, 2013 through March 31, 2014

Description	(unit: 000 yen) Amount
<b>I Cash flows from operating activities</b>	
1 Cash receipts from operating activities	<u>5,985,913</u>
2 Cash payments from operating activities	<u>5,303,147</u>
Net cash generated from operating activities	<u><u>682,765</u></u>
<b>II Cash flows from Investing activities</b>	
1 Cash receipts from investing activities	<u>292,274</u>
2 Cash payments from investing activities	<u>475,992</u>
Net cash used in investing activities	<u><u>△ 183,718</u></u>
<b>III Cash flows from financing activities</b>	
1 Cash proceeds from financing activities	<u>-</u>
2 Cash payments from financing activities	<u>-</u>
Net cash used in financing activities	<u><u>-</u></u>
<b>IV Net increase in cash and cash equivalents</b>	<u><u>499,046</u></u>
<b>V Cash and cash equivalents at beginning of year</b>	<u><u>3,368,964</u></u>
<b>VI Cash and cash equivalents at end of year</b>	<u><u>3,868,011</u></u>



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## Engage in the Public Interest

社会に貢献する公認会計士