Consolidated Balance Sheet

Year ended March 31, 2016

Assets

Current assets:
- Cash and cash equivalents
- Accounts receivable
- Inventories
- Prepaid expenses
- Accrued expenses

Non-current assets:
- Property, plant, and equipment
- Intangible assets
- Deferred charges

Liabilities and Shareholders' Equity

Current liabilities:
- Accounts payable
- Accrued expenses

Non-current liabilities:
- Long-term liabilities

Shareholders' equity:
- Common stock
- Retained earnings
- Treasury stock

Extraordinary income:
- Ordinary income

Net income:
- Income from continuing operations

Extraordinary items:
- Depreciation and amortization
- Gains on insurance claims

Other comprehensive income:
- Foreign currency translation adjustment

Net income attributable to non-controlling interest:
- Interim dividends

Retained earnings:
- Beginning of period
- Ending of period

Common stockholders' equity:
- Beginning of period
- Ending of period

Total liabilities and shareholders' equity:
- Beginning of period
- Ending of period
The Japanese Institute of Certified Public Accountants (JICPA) started as a voluntary organization in 1949 and later became a corporation under the CPA Act in 1966.

The 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, the JICPA has also been committed to maintaining the quality of services provided by members and upholding the professional ethics, values, and standards.
When I assumed the office of JICPA Chairman and President, I introduced “Engage in the Public Interest” as the new tagline, hoping CPAs to respond promptly to the diverse expectations from the public. Over the last three years in office, I have particularly focused on strengthening credibility of capital markets, enhancing corporate governance, improving accounting infrastructure in the public sector and non-profit sector, attracting best and brightest talents who will lead the profession in future. In doing so, JICPA has made substantial progress. The key accomplishments and events presented in this report are clear testaments to our commitment to respond properly to the dynamic transformations, so that the integrity of the profession is upheld and the sound socio-economic development is achieved.

On top of the measures in strengthening quality control reviews and raising the quality of audits provided by members, JICPA was instrumental in ensuring the implementation of the Corporate Governance Code enacted in June 2015. The Code was designed to enhance dialogue between companies and investors for supporting sustainable corporate growth over mid-to long-term. It is also intended to serve as a catalyst for improving communication between corporate management and auditors as well as Kamayaku (Audit and Supervisory Board Members), and as such, when implemented successfully, it will have a significant influence on achieving high-quality audit. With the coming of the big data era and the development of Artificial Intelligence, the ways corporations do their businesses have considerably transformed, and in turn, the need for professional accountants to adapt to the new technologies and stay ahead of the curve has greatly amplified. In order to assist members as well as CPAs in ensuring quality audits, JICPA has published a report on the use of IT in audit and how the new technologies could transform the audit approaches in future in March 2016.

Setting our goals high on achieving quality audit and enhancing the profession, JICPA looks ahead for even greater heights in championing quality audits. Disclosure of the non-financial information representing the value of an enterprise not captured in the financial statements, particularly the integrated reporting, has gained momentum. Grounded on our understanding that the accounting profession is best placed to assist integrated reporting, JICPA published a research report on good practices of integrated reporting around the world in May 2015, and has contributed to the discussions at International Integrated Reporting Council (IIRC), which held its Council meeting in Tokyo in December 2015.

With the call for more transparency and accountability in public and not-for-profit sectors intensifies, and the advancement of Japanese companies to new frontiers in Asia, particularly among small and medium-sized entities, invites us, our members are also called on to make the greatest possible contribution as experts in practice in these areas. To support members in fields, JICPA has published a number of guidelines, provided training courses, and shared leading research with our members globally, and assist raising the standing of the JICPA as a leading institute in the region.

Facing an upward trend of the need for quality accountancy profession in Japan, it is our top priority to enhance the attractiveness of CPA profession in order to secure best and brightest talents who will lead the profession in future. In doing so, JICPA has taken a variety of measures, including the running of introductory accounting education programs in schools and broadcasting promotional videos and radio programs targeting younger generations. To achieve widespread recognition of the importance of accounting and auditing in our society as a whole, JICPA has compiled a research report on financial literacy and fundamental accounting education initiatives in March 2016, which is to be implemented from the following year. Gender diversity has been an important challenge for the institute over several decades. With the first female Chairman and President, Aiko Sekine, to be in office from July 2016, I look forward to a progress in the initiative launched this year in supporting women in workplace and addressing issues such as balancing work and family so that the profession can attract more female candidates.

Another milestone for JICPA during the past year was JICPA’s admission into the ASEAN Federation of Accountants (AFA) as an associate member. ASEAN and Japan have enjoyed a very strong friendship for many years based on mutual trust in various aspects. AFA membership will certainly pave the way for a new partnership in achieving professional excellence in Asia. During my term in office, I put a priority on creating a network of communication and building mutually beneficial relations with professional institutes across various regions. I am confident that these alliances will provide more diverse opportunities to our members globally, and assist raising the standing of the JICPA as a leading institute in the region.

In March 2016, the Advisory Council on the Systems of Accounting and Auditing established under the Financial Services Agency of Japan published a report on recommendations on initiatives necessary to ensure confidence in audit. The recommendations included discussions on the governance code for audit firms, increased transparency in auditors report, and independence of auditors, including the audit firm rotation system. All these discussions will significantly impact the landscape of our services and we must work together to achieve our goals in safeguarding the public interest.

As JICPA moves forward to another promising year, I am convinced that the new leadership will bring our agendas further ahead and achieve greater outcomes through capitalising on various talents, professional expertise, and above all, bringing sincere dedication and commitment to elevate the profession to the new heights.

I wish to thank you for your continuing understanding and support, and look forward to another year of great triumphs.

Kimitaka Mori
Chairman and President 2013-2016
JICPA Annual Report 2016

Leadership

Deputy President
Gen Ikegami
Discipline, CPA, General Affairs

Deputy President
Aiko Sekine
Public Sector Accounting and Auditing

Deputy President
Haruhiko Yamada
Chairman, CPA System and Member Support

Deputy President
Masaji Suzuki
Audit

Deputy President
Giichi Yanagisawa
Regional Chapters Relations

Deputy President
Shigeru Takahama
Regional Chapters Relations

Chief Executive
Tadashi Umino

Deputy President
Kazutomi Asai
CPA System and Member Support

Deputy President
Atsushi Takada
Communication and Publications

Deputy President
Kyonobu Takeuchi

Chairman and President
Aiko Sekine

Deputy President
Masaji Suzuki

New Leadership 2016.7 - 2019.7

JICPA’s 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 its 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 assistance through consultation and distribution of necessary 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

9. To perform administrative works for registration of members
Membership

Total 35,510

Certified Public Accountants 28,503
Audit Firms 214

Associate Member 7,007

By Gender

Female 3,818
Male 24,471

Excelling in Diverse Fields

PAIB* Network 1,456
The Council on Public Sector Accounting 2,359
Members Registered under Council on Tax services 14,144
Members Registered under outside director introduction system 838
Members registered under Business Innovation support experts registration list 335

*PAIB: Professional Accountants in Business
Responsibility to Wider Community

Hello! Accounting

Introductory accounting education programs provided to elementary and junior high schools.

Career Seminars

More than 30 seminars are provided each year at high schools and universities to introduce careers in CPA profession.

Promoting CPA profession

An animated film (Japanese Anime) for promoting further understanding of the work of CPAs among younger generations.

Excelling in Diverse Fields

PAIB Network

JICPA has formed a network of members working in business to further assist business growth of Japanese companies. The network works as a hub of information sharing among members and support further development of professional competence.

Council on Taxation Services

Given the changes in laws and regulations relating to tax both in Japan and overseas, JICPA has formed a special council to assist members in tax services. As experts in accounting and auditing as well as in business, CPAs are much called on to expand their professional competence to assist both individuals and companies.

Council on Public Sector Accounting

To respond to an increased expectation from the public to play a key role in improving public sector financial management, the Council continues to provide up-to-date training seminars on both public sector accounting and financial management to expand members competence in these areas.

Outside Director Introduction System

Seeing the demand for more outside directors in company management, JICPA maintains a list of members with knowledge and experience necessary to serve as outside directors of companies. Companies with an interest in appointing CPAs as one of their outside directors can refer to this list.

Management Innovation Supporting Organizations

In pursuant to the Act for Facilitating New Business Activities of Small and Medium-Sized Enterprises, JICPA maintains a list of members and audit firms particularly authorized to support management innovation and growth in SMEs.

Global Reach

Signing of Memorandum of Understanding between Myanmar Institute of CPAs (MICPA), Japanese Institute of CPAs (JICPA), and Daiwa Myanmar-Japan Foundation (DMJF)

The Myanmar Institute of CPAs (MICPA), the Japanese Institute of CPAs (JICPA), and Daiwa Myanmar-Japan Foundation (DMJF) announced, on June 8, 2016, signing of the Memorandum of Understanding (MoU) on mutual cooperation for the advancement of knowledge, professional and intellectual competence of professional accountants in Myanmar and for the enhancement of self-regulatory functions of the MICPA.

With this MoU, MICPA, JICPA, and DMJF form a partnership to contribute to the healthy functioning of the capital markets and the development of Myanmar economy.

Locations of international meetings with JICPA representations
International Initiatives

- **May 21, 2015**: Exchange Meeting with CICPA
- **May 26, 2015**: Meeting with ICAEW representatives
- **April 3, 2015**: Meeting with Mr. Hans Hoogervorst, Chairman of IASB
- **April 21, 2015**: Students from Shanghai visited JICPA
- **May 21, 2015**: JICPA hosted the 30th Board Meeting & Annual General Meeting of CAPA
- **September 3, 2015**: JICPA hosted a joint seminar on Framework-based understanding of IFRS
- **September 9, 2015**: Mr. Yael Almog, Executive Director of IFRS Foundation, visited JICPA
- **September 9, 2015**: Ms. Yael Almog, Executive Director of IFRS Foundation, visited JICPA
- **September 9, 2015**: "IFRS for Growth Strategy – Corporate Reporting for Long-term Value Creation" was successful
- **September 18, 2015**: The 36th JICPA Annual Conference was successful
- **September 21, 2015**: The 49th JICPA Annual General Assembly was successful
- **September 27, 2015**: JICPA hosted a joint seminar on Framework-based understanding of IFRS
- **October 5 and 6, 2015**: JICPA hosted Technical Forum with ICAEW and AICPA
- **October 27 to 29, 2015**: 19th CAPA Seoul Conference
- **November 5, 2015**: JICPA joined ASEAN Federation of Accountants (AFA)
- **November 29, 2015**: IFAC President visited JICPA
- **December 5, 2015**: JICPA continues to support Myanmar CPAs
- **December 10, 2015**: IFAC President visited JICPA
- **February 20, 2016**: AFA Council in Vientiane
- **March 3, 2016**: Meeting with ICAEW representatives
International Initiatives

Meeting with Mr. Hans Hoogervorst, Chairman of IASB

On April 3, 2015, Mr. Kimitaka Mori, Chairman and President of JICPA, together with JICPA members of IFRS related committees, met with Mr. Hans Hoogervorst, Chairman of IASB, to exchange views on IFRS.

Students from Shanghai visited JICPA

On April 21, 2015, a group of students from one of the graduate accounting schools in Shanghai, China, visited JICPA as a part of the training program to learn more about the accounting profession in Japan and the roles and responsibilities of the JICPA.

Exchange Meeting with CICPA

On May 21, 2015, Mr. Kimitaka Mori, Chairman and President of JICPA, and representatives from JICPA visited the Chinese Institute of Certified Public Accountants (CICPA) and met with Ms. Feng ShuPing, President of CICPA.

During the meeting, JICPA and CICPA discussed the matters related to the accounting profession in both countries, and reconfirmed to further accelerate mutual understanding and cooperation between the two institutions.

Meeting with ICAEW representatives

On May 26, 2015, Mr. Kimitaka Mori, Chairman and President of JICPA, met with representatives from The Institute of Chartered Accountants in England and Wales (ICAEW) to exchange views on current developments in accounting professions in both countries.

JICPA and ICAEW are the members of the Global Accounting Alliance (GAA), an alliance of 11 of the world’s leading institutes brought together to promote quality services, share information and collaborate on important international issues.
International Initiatives

JICPA hosted 30th Board Meeting & Annual General Meeting of CAPA

On May 29, 2015, JICPA hosted the 30th Board Meeting & Annual General Meeting of Confederation of Asian and Pacific Accountants (CAPA) in Tokyo, which was attended by more than 40 delegates from CAPA member bodies in Asian-Pacific region. In conjunction with the Board and Annual General Meeting, committee meetings were also held in two main focus areas of CAPA activities, professional accountancy organization development and public sector financial management.

During the Board meeting in Tokyo, CAPA delegates engaged in discussion on audit quality and oversight as well as on IFRS implementation, with notable inputs provided by representatives from Certified Public Accountants and Auditing Oversight Board (CPAOB), JICPA and IFRS Foundation Asia-Oceania office. CAPA leadership was also invited to present its recent activities at JICPA’s council meeting held on May 27.

The 49th JICPA Annual General Assembly was successful

On July 21, 2015, the 49th JICPA Annual General Assembly was held at the Imperial Hotel, Tokyo. More than 1,000 members and associate members attended the meeting, which was also relayed to other regional chapters of the JICPA nationwide. At the opening, Prime Minister Shinzo Abe delivered a video message, and Mr. Taro Aso, Minister of State for Financial Services, as well as Mr. Akira Kyota, Director & Representative Executive Officer, Group CEO of the Japan Exchange Group Inc., presented congratulatory remarks.

Following the report of the results of the 49th fiscal year business plan and budget statements, all assembly agendas were approved. The party held after the assembly was also a success, with total of more than 500 guests attended, including Diet members and others from various fields.

JICPA hosted a joint seminar on Framework-based understanding of IFRS

On September 3, 2015, JICPA and IFRS Foundation hosted a second joint seminar on Framework-based understanding of IFRS.

In the first half of the seminar, Mr. Michael Wells, IASB IFRS Education Initiative Director, spoke about the importance of understanding IFRS with a focus on the purpose of financial reporting as regulated in the Conceptual Framework.

In the second half of the seminar, Mr. Takatsugu Ochi, IASB member, and Mr. Tatsumi Yamada, former IASB member, presented concepts and issues related to the implementation of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

Ms. Yael Almog, Executive Director of IFRS Foundation, visited JICPA

On September 9, 2015, Ms. Yael Almog, Executive Director of IFRS Foundation, visited JICPA.

On this occasion of the visit, Mr. Kimitaka Mori, Chairman and President of JICPA, and representatives from related committees on IFRS met with Ms. Almog, and had a discussion on the request for views on trustees’ review of structure and effectiveness published by IFRS Foundation in July 2015.
International Initiatives

Mr. Hugh Shields, Executive Technical Director of IASB, visited JICPA

On September 9, 2015, Mr. Hugh Shields, Executive Technical Director of IASB, visited JICPA.

On this occasion of the visit, representatives from relating committees on IFRS met with Mr. Shields, and had a discussion on the 2015 Agenda Consultation published by IASB in August 2015.

"IFRS for Growth Strategy – Corporate Reporting for Long-term Value Creation" was successful

On September 9, 2015, JICPA co-sponsored a conference entitled "IFRS for Growth Strategy – Corporate Reporting for Long-term Value Creation" to discuss the future of corporate reporting in the age of globalization.

Mr. Kiyoshi Odawara, a member of the House of Representatives and a secretary general of the Liberal Democratic Party’s sub-committee on corporate accounting, opened the conference with a speech on the future of accounting standards, followed by keynote remarks by Mr. Tokio Morita, Deputy Director-General of the Planning and Coordination Bureau of the Financial Services Agency and Mr. Hugh Shields, Executive Technical Director of the International Accounting Standards Board.

Heated discussion over the use of IFRS for enhancing further growth followed after the opening remarks, with panelists including Mr. Kimitaka Mori, Chairman and President of JICPA, Mr. Koichiro Miyahara, President of Tokyo Stock Exchange, Inc., Mr. Yoshiaki Nishimura, President and CEO of Sumitomo Riko Company Limited, and Mr. Masao Yanaga, Professor of Tsukuba University.

The 36th JICPA Annual Conference was successful

On September 18, 2015, the 36th JICPA Annual Conference was held in Okinawa, with a main theme "Contributing to a Society – Revising the missions and responsibilities of CPAs."

The total of 10 concurrent sessions were held, including the ones on the expanding CPAs involvement in financial management of public and not-for-profit sectors, widening the area of services for CPAs particularly in assurance, and attracting more talents to the accounting profession.

Experts from the fields of business revitalization as well as corporate finance for business value creation also offered interesting perspectives on the current issues in each field.

The conference was attended by over 800 JICPA members and individuals from related fields.
JICPA hosted Technical Forum with ICAEW and AICPA

JICPA hosted a technical forum on the introduction of a new revenue recognition standard and lessons learned from the European experience on IFRS reporting with speakers from ICAEW and AICPA on October 5 and 6, 2015. Speakers from ICAEW and AICPA also met with JICPA management and members of technical committees and a study group on IFRS, and discussed the issues related to IFRS reporting and current situations in each country.

Speakers

- Mr. Dan Noll (Director, AICPA)
- Mr. Richard Paul (Hospitality Leader on Revenue Recognition Working Group, AICPA)
- Dr. Nigel Sleigh-Johnson (Leader on Financial Reporting Faculty, ICAEW)
- Mr. Philip Barden (Financial Reporting Committee Member, ICAEW)

JICPA continues to support Myanmar CPAs

On November 20, 2015, Mr. U Kyaw Tin, Chairman of Myanmar Institute of CPAs (MICPA), and three CPAs from MICPA visited JICPA as a part of the training program supported by MICPA-DAWIA Myanmar Japan Foundation. This program has been established for Myanmar CPAs to understand and learn about the stock market and related topics. JICPA has taken part in the training by providing a seminar on the roles and responsibilities of the CPA profession for the healthy functioning of the capital markets. The training also included visits to relevant stakeholders in Japan, such as Tokyo Stock Exchange and Asia-Oceania Office of the IFRS Foundation.

JICPA hopes to keep strengthening ties with MICPA and continue to support the development of the CPA profession and capital markets in Myanmar.

19th CAPA Seoul Conference

From October 27 to 29, 19th CAPA Conference was held in Seoul at COEX Convention center.

The Conference was organized by the Korean Institute of Certified Public Accountants (KICPA) and Confederation of Asian and Pacific Accountants (CAPA) as part of the initiative to bring varieties of experiences and opinions to discuss the future course of the accountancy profession.

With the theme being “Asian Accountants – Leading the way, inspiring the future,” seven speakers from Japan discussed on the accounting and auditing issues as well as the role of professional accountancy organizations.
International Initiatives

IFAC President visited JICPA

During the week of November 29, 2015, Ms. Olivia Kirtley, President of International Federation of Accountants (IFAC), and Mr. Gary Prlugrath, Director, Public Policy and Regulation of IFAC, visited Tokyo and met with JICPA leadership and representatives from regulatory agencies, including the Financial Services Agency (FSA) and Certified Public Accountants and Auditing Oversight Board (CPAAOB).

Ms. Kirtley also gave a keynote speech on professional relevance and attracting best and brightest at a symposium held on December 1, which attracted around 100 participants interested in raising the awareness and relevance of CPAs in the healthy functioning of capital markets. The details of the symposium were published in Nikkei newspaper.

Followed by the symposium, there was a meeting with associate members of JICPA to exchange views on future prospects and global opportunities for CPAs.

On this occasion of her first visit to Tokyo, Ms. Kirtley also spoke about the importance of corporate governance and the roles of CPAs in enhancing a dialogue between companies and investors at the Integrated Reporting Forum held on December 2, which preceded the International Integrated Reporting Council meeting held in Tokyo on December 3.

JICPA joined ASEAN Federation of Accountants (AFA)

JICPA has become one of the associate members of the AFA at the 120th ASEAN Federation of Accountants Council Meeting held in Manila on December 5, 2015.

AFA is an umbrella organization for the national association of the Association of South East Asian Nations (ASEAN) and has been established to develop and promote the accountancy profession in the ASEAN region in support of the socio-economic enhancement of the AFA member countries.

JICPA hopes to keep strengthening ties with AFA and AFA member bodies in supporting the development of the CPA profession and capital markets in the region.

AFA Council in Vientiane

The 121st ASEAN Federation of Accountants (AFA) Council Meeting was held in Vientiane, Lao People’s Democratic Republic, on February 20, 2016.

The meeting brought together the ten primary members and six associate members of the AFA, discussing strategic issues that would define AFA’s activities for the coming years.
Initiatives to strengthen corporate governance and information disclosure

Following the enactment of the Corporate Governance Code (“Code”) in June 2015 which became applicable to listed companies in Japan, JICPA issued Chairman and President Statement to encourage members to renew their commitments to assist companies in enhancing transparency and achieving sustainable growth.

The Code requires companies to ensure sufficient audit period that enables high quality audit. The Disclosure Working Group established under the Financial System Council at Financial Services Agency of Japan, as well as the Study Group on Promoting Dialogue between Companies and Investors for Sustainable Growth and Study Group on Promoting Electronicization of Processes for Shareholder Meetings at the Ministry of Economy, Trade and Industry (METI) also discussed on the timing of disclosing corporate information that was related to the audit period from a viewpoint of promoting dialogue between companies and investors.

To contribute to these discussions, the Project Team on the Unification of Disclosure and Audit Systems at JICPA summarized the current disclosure system in Japan operated under the two-tier supervision of the Companies Act and the Financial Instruments and Exchange Act (FIEA), and published the result of the discussions on November 4, entitled “Recommendation on Disclosure and Audit Systems - Considerations toward the Unification of Disclosure and Audit Systems under the Companies Act and the Financial Instruments and Exchange Act” to realize an ideal corporate information disclosure system.

Strategic Priorities

1. Lead a discussion and respond appropriately to the recent developments in laws and regulations concerning CPA profession

2. Drive change and become a leading voice in responding to the current developments in audit and assurance services, both in Japan and overseas

3. Facilitate the implementation of the International Financial Reporting Standards (IFRS)

4. Support enhancing the accounting and auditing system and related standards in areas of public sector and not-for-profit sectors

Key Activities for Fiscal 2016

1. (1) Actions taken for ensuring trust in audit

For ensuring the quality of audit, JICPA revised the Audit Standard Committee Report 260, “Communications with those charged with governance” for further enhancing communications between auditors and those charged with governance. This revision clarified the auditors’ responsibility to notify the status and operation of quality control systems in audit firms, including providing information on external reviews or inspection results, and clearly pointed out the items to be communicated with Audit & Supervisory Board Members of companies.

Additionally, JICPA continues to engage discussions on the governance code for audit firms, increased transparency in auditor’s report, and independence of auditors, including the audit firm rotation system for ensuring trust in CPA audit.

(2) Implementing integrated reporting

Given the increased momentum for integrated reporting both in Japan and overseas, JICPA, issued, in May 2015, Management Advisory Service and Research Committee Research Report 55 “Case Studies on Integrated Reporting” based on the studies of reporting practice in various countries.

JICPA has been actively involved in discussions at IIRC (International Integrated Reporting Council) that has prepared the international framework for the integrated reporting. Kimitaka Mori, Chairman and President of JICPA, participated in IIRC as a council member, and JICPA has successfully hosted IIRC Meeting in Tokyo in December 2015. Preceding this Tokyo meeting, JICPA, IIRC and the Japan Exchange Group (supported by FSA, METI, Ministry of Environment, and Japan Association of Corporate Executives (Keizai Doyukai)) jointly hosted a forum entitled “Integrated Reporting Forum - Management, Governance, and Corporate Reporting for Supporting Sustainable Value Creation,” which attracted more than 100 participants from various sectors.

(3) Initiating research on ensuring trust in information through IT

With the use of information technology further advance in companies, auditors are also required to have wider and comprehensive IT skills. JICPA has issued a practical guideline on the use of IT in audit, and also published the IT Committee Research Report 48 on March 28, 2016. The report compiled the studies on the possibility of establishing an audit approach that focuses on a close examination method and statistical approach in an environment where IT will be fully used in business operations.

Japan now sees a major and stable trend of increase in the number of companies voluntarily applying IFRS (International Financial Reporting Standards). For further accelerating this trend, FSA has conducted an investigation and hearing to understand the experiences of companies that voluntarily apply IFRS. FSA summarized a report on how to address issues in implementation and the benefits the IFRS implementation can bring in “IFRS Application Report” issued on April 15.

Given this circumstance, JICPA has carried out various measures for assisting members particularly working in small and medium-sized audit firms to properly respond to the transition to IFRS. Examples of such measures included providing seminars, jointly hosting Framework-based IFRS training with IFRS Foundation, expanding IFRS-related educational curriculum at professional accountancy education program, and maintaining advisory hotline for members at JICPA IFRS desk.

JICPA has also been active in advocating the voluntary application of IFRS in Japan by hosting a symposium with the Nikkei newspaper since 2014, and for 2015, “IFRS for Growth Strategy - Corporate Reporting for Long-term Value Creation” was held on September 9, 2015.

JICPA also collaborated with other professional accountancy organizations such as the American Institute of CPAs (AICPA) and the Institute of Chartered Accountants in England and Wales (ICAEW) in promoting the practice and application of IFRS, which resulted in a technical forum on the introduction of a new revenue recognition standard and lessons learned from the European experience on IFRS reporting held in Tokyo on October 5 and 6, 2015.

In fiscal 2015, the Agricultural Co-operatives Act, the Medical Care Act, and the Social Welfare Act were revised, and legal entities of a certain size were required to be audited by CPAs.
Key Activities for Fiscal 2016

Regarding the Social Welfare Act, as many members have already been involved in the business of social welfare organizations other than audit. JICPA issued “Discussion Notice - Notes on Independence When Acting as an Accounting Auditor for Social Welfare Organizations” on April 1, 2016, to renew commitments in a proper and fair audits under the new system. For promoting the smooth transition to the CPA audits, JICPA has become a member of the Council to assist the transition based on the revision of the Agricultural Co-operatives Act.

The Accounting Standards for Educational Institutions was revised in 2013 and applied in fiscal 2015 (or in fiscal 2016 for institutions supervised by a prefectural governor). In response to this, JICPA revised related guidelines including the School Accounting and Audit Practice Committee Practical Guideline 39 “Audit under the Provisions of Article 14, Paragraph 3 of the Act on Subsidies for Private Schools,” and consequently abolished relevant guidelines and research reports.

The extraordinary quality control reviews newly introduced in 2014 were conducted twice in fiscal 2015 to confirm whether audit firms fulfilled the requirements prescribed in Article 25, Item 5 of the Ordinance for Enforcement of the Certified Public Accountants Act, and whether audit firms had established a system that enabled the conduct of proper audit in pursuance to the Chairman and President Statement dated January 27, 2016. The reviews checked on whether audit firms established a system to properly conduct audit in response to the issues that were listed in the Statement to be specific attended to during audit, and gave instructions to audit firms as necessary for improving their quality control system. The results of the extraordinary quality control reviews were announced in a press release “Public Announcement of Summary of the Implementation of Extraordinary Quality Control Reviews” dated March 31, 2016.

In view of the corporate scandal, FSA established a “Advisory Council on the Systems of Accounting and Auditing” in September 2015. The Council held four meetings, and discussed a wide range of topics for developing initiatives necessary to ensure confidence in audit. The Council issued a recommendation entitled “Ensuring Confidence in Audit” on March 8, 2016, which called for concrete measures for ensuring confidence in audit. In response to the recommendation, JICPA issued “Chairman and President Statement - Acting on the recommendation issued by the Advisory Council on the Systems of Accounting and Auditing” stating that JICPA was determined to take immediate actions on the items proposed in the recommendation.

The number of applicants for CPA examination was 10,050 in fiscal 2015, recording the lowest number since the commencement of the new examination system in 2006. As it is indispensable to have talented people for providing CPA services in various sectors, JICPA has acted on promoting the CPA profession in fiscal 2015.

JICPA has traditionally used mass-media to broadcasting commercial messages on TV and started advertisement in the radio program “All Night Nippon” (by Nippon Broadcasting System) whose major listeners are young people.

“Professional Relevance and Attracting Best and Brightest” hosted by JICPA, Nikkei newspaper, major accounting firms and accounting schools was held on December 1, 2015 at Waseda University with Ms. Olivia Kirtley, President of the International Federation of Accountants (IFAC), as a keynote speaker.

Furthermore, earning an increasing recognition that CPA is one of the professions in which women can play an active role could assist making the CPA profession more appealing, and with the Japanese government promoting women to play more role in the society, JICPA also established a project team to discuss on how to improve and support the environment where more female members and associates could actively work. JICPA published a report, “Recommendations on Supporting Female Members and Associates” on March 2, 2016, and the new Council for Supporting Female Accountants is expected to begin its activities following the approval at the current Annual General Assembly.

JICPA also took measures for disseminating accounting education as one of the basic educations for younger generations by providing “Hello! Accounting” for the purpose of improving the recognition of the importance of accounting and auditing in the general public. Particularly in fiscal 2015, JICPA formed a project team to discuss measures for further promoting accounting education programs in society, and compiled a report on “Promotion of Basic Accounting Education” dated March 24, 2016.

JICPA continues to follow discussions in international arena, including those at International Federation of...
Accountants (IFAC) and Confederation of Asian and Pacific Accountants (CAPA). JICPA also takes initiatives in the development and maintenance of standards and relevant pronouncements at the International Auditing and Assurance Standards Board (IAASB), the International Accounting Education Standards Board (IAESB), International Ethics Standards Board for Accountants (IESBA), and International Public Sector Accounting Standards Board (IPSASB) in order to improve professional services and engagements.

In December 2015, JICPA joined the ASEAN Federation of Accountants (AFA) as an associate member and carried out international measures for raising its presence in Asia. JICPA, Myanmar Institute of CPAs (MICPA), and Daiwa Myanmar-Japan Foundation concluded a Memorandum of Understanding on cooperation aiming to the advance the knowledge, and professional competence of accountants in Myanmar and to enhance self-regulatory functions of the MICPA in April 2016.

To improve member services, particularly in assisting Japanese companies to expand their businesses in ASEAN region, JICPA also compiled a list of members providing services in Asia. The list provides the names and contact details as well as specific areas of services to be provided by members so that Japanese companies can easily use it as a reference when considering opening business in Asia.

In fiscal 2015, the Agricultural Co-operatives Act, the Medical Practice Act, and the Social Welfare Act were revised in 2013 and applied in fiscal 2015 (or in fiscal 2016 for extra-large local governments). For promoting the CPA examination, the number of applicants for CPA examination was 10,050 in fiscal 2016.

JICPA enhances the activities of the Council on Public Sector Accounting Group for Accounting and Auditing of Local Public Sector, which is a sub-committee under the Council. JICPA issued a list of members providing services in the taxation business.

With the revised rules on the accounting standards and budget management system enacted in July 2015, JICPA and regional chapters of JICPA have closely worked together to comply with the revised rules. As the business areas assumed by CPAs expand, the roles and responsibilities of the institute also increase, which require secretariat with more robust structures. In fiscal 2015, the roles played by regional chapters have particularly expanded in the areas of providing support to members and related stakeholders in response to the introduction of auditing system with the revision of the Social Welfare Act and the Medical Care Act as mentioned in Section 4. Regional chapters are now also expected to maintain a relationship with local bureaus of competent authorities such as the National Tax Agency.

Key Activities for Fiscal 2016

1. Respond promptly to the needs of a society and support members working in diverse fields

2. Support members working in the public sector and non-profit sectors

In fiscal 2015, JICPA enhanced the activities of the Council on Public Sector Accounting Group for Accounting and Auditing of Local Public Sector, which is a sub-committee under the Council. JICPA has improved the contents of education program for initial and continuing training. Facing the introduction of CPA audit to social welfare organizations and medical institutions as mentioned above in Section 4, JICPA also established the Social Security Committee within the Council to foster accountants who can handle audits of these organizations.

(2) Measures to support and foster small- and medium-sized enterprises (SMEs)

JICPA has continued to conduct measures to support SMEs that seek their business overseas, in addition to the current measures such as disclosure of the list of CPAs and audit firms that are authorized as management innovation supporting organizations by government.

The Special Group on Overseas Business Support within the Study Group on Measures for SMEs started making a list of members that assist SMEs exploring overseas business development as stated in Section 7.

JICPA has also carried out measures for promoting overseas business development in collaboration with relevant organizations and groups, by sending lecturers to overseas business seminar programs that were sponsored by SME Support, Japan.

(3) Supporting members providing tax services

JICPA has actively supported members in tax services, such as providing seminars and maintaining advisory hotline for members engaging in tax services. In fiscal 2015, the Taxation Business Committee held a seminar entitled “Practical Seminar on Taxation for Accountants Commencing Practice” for members who were newly registered as a Certified Tax Accountant (CTA). JICPA plans to release “Tools for Starting services as a CTA in the coming year.”

Based on the fact that more disciplinary dispositions were imposed on CTAs and accounting firms resulting from consultations of tax evasion and name lending of CPAs to an unqualified person, JICPA issued “CPAs Conducting Taxation Business as Accounting Professionals - News Articles on the Disciplinary Disposition on CTAs and Accounting Firms” dated October 20, 2015, to urge members to maintain and raise ethical professional standards in the taxation business.

(4) Supporting professional accountants in business (PAIBs)

In supporting members working as PAIBs in various organizations using their accounting and auditing expertise, the PAIB Committee provided training sessions and seminars to improve professional competence and skills of PAIB members.

In fiscal 2015, the Committee hosted meetings inviting members working in trading companies and foreign-affiliated companies to exchange opinions to further enhance the networks among PAIB members. Additionally, in order to meet the expectations to play a more active role in enhancing corporate governance, and to assist more members to be appointed as directors or Audit & Supervisory Board Members of companies, the Committee established Special Committee on Directors and Audit & Supervisory Board Members to discuss the competence and skills required.
### Balance Sheet

**As of March 31**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>5,384,089</td>
<td>5,657,435</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>10,077,487</td>
<td>9,963,981</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>15,461,576</td>
<td>15,521,417</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>541,546</td>
<td>431,191</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>2,491,797</td>
<td>2,411,441</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>3,033,343</td>
<td>2,842,632</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted net assets</td>
<td>930,833</td>
<td>905,283</td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>11,497,400</td>
<td>11,773,501</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>12,428,233</td>
<td>12,678,784</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>15,461,576</td>
<td>15,521,417</td>
</tr>
</tbody>
</table>

### Statements of Cash Flows

**Years ended March 31**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts from operating activities</td>
<td>6,261,527</td>
<td>6,113,740</td>
</tr>
<tr>
<td>Cash payments from operating activities</td>
<td>6,113,247</td>
<td>5,804,947</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>148,279</td>
<td>308,793</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts from investing activities</td>
<td>2,662,797</td>
<td>1,329,907</td>
</tr>
<tr>
<td>Cash payments from investing activities</td>
<td>2,207,745</td>
<td>2,039,290</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>455,051</td>
<td>(709,382)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net (decrease)/increase in cash and cash equivalents</strong></td>
<td>—</td>
<td>(400,589)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>3,467,421</td>
<td>3,868,011</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>4,070,753</td>
<td>3,467,421</td>
</tr>
</tbody>
</table>

### Statements of Operations and Other Changes in Net Assets

**Years ended March 31**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted net assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary revenues</td>
<td>6,242,655</td>
<td>6,113,919</td>
<td>128,735</td>
</tr>
<tr>
<td>Ordinary expenses</td>
<td>6,515,896</td>
<td>6,101,360</td>
<td>414,535</td>
</tr>
<tr>
<td><strong>Net ordinary changes</strong></td>
<td>(273,241)</td>
<td>12,558</td>
<td>(285,799)</td>
</tr>
<tr>
<td>Non-ordinary changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-ordinary revenues</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Non-ordinary expenses</td>
<td>2,860</td>
<td>18,589</td>
<td>(15,729)</td>
</tr>
<tr>
<td><strong>Net non-ordinary changes</strong></td>
<td>(2,860)</td>
<td>(18,589)</td>
<td>15,729</td>
</tr>
<tr>
<td>Total changes of unrestricted net assets</td>
<td>(276,101)</td>
<td>(6,030)</td>
<td>(270,070)</td>
</tr>
<tr>
<td>Unrestricted net assets at beginning of year</td>
<td>11,773,501</td>
<td>11,779,532</td>
<td>(6,030)</td>
</tr>
<tr>
<td>Unrestricted net assets at end of year</td>
<td>11,497,400</td>
<td>11,773,501</td>
<td>(276,101)</td>
</tr>
<tr>
<td><strong>Restricted net assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total changes of restricted net assets</td>
<td>25,549</td>
<td>(35,286)</td>
<td>60,836</td>
</tr>
<tr>
<td>Restricted net assets at beginning of year</td>
<td>905,283</td>
<td>940,570</td>
<td>(35,286)</td>
</tr>
<tr>
<td>Restricted net assets at end of year</td>
<td>930,833</td>
<td>905,283</td>
<td>25,549</td>
</tr>
<tr>
<td><strong>Total net assets at end of year</strong></td>
<td>12,428,233</td>
<td>12,678,784</td>
<td>(250,551)</td>
</tr>
</tbody>
</table>

This financial summary is prepared based on the audited financial statements for the period ended March 31, 2016. JICPA’s financial statements are prepared in accordance with accounting principles generally accepted in Japan for public benefit corporations.