

Chairman & President Statement

April 7th, 2020

The Japanese Institute of Certified Public Accountants

Masahiko Tezuka
Chairman and President

Statement with regard to the announcement of declaration of a state of emergency

Japanese government announced the declaration of a state of emergency today in response to prevalence of Covid-19. In many jurisdictions including Japan, we are currently facing a serious danger to people's lives and safety. Under these circumstances, it is imperative for every individual, company, etc. to behave adequately pursuant to the requests from the government and local authorities in order to avoid further prevalence of Covid-19 and protect people's lives. JICPA requests each member and associate member to take actions compliant to the requests from the government and relevant authorities.

Now vast majority of Japanese companies are in the middle of annual closing of accounts and audit for fiscal year ended March 2020. Consolidating information from our members (Certified Public Accountants and Audit firms), it has become apparent that significant delay of closing processes exists or such concern is increasing for considerable number of companies. JICPA members have so far been engaged in audit by making all possible efforts such as promotion of remote work. However, there are many areas where such exercises are not applicable, which causes serious constraints to execution of audit accordingly. In addition, individuals and organizations will be more adherent to the Covid-19 preventive measures, including voluntary restraint of going out, in response to the declaration of a state of emergency, and it is envisaged that constraints on companies' account closing and audit will become even more serious.

JICPA believes that it is imperative to maintain the quality of corporate financial reporting and audit to ensure the effectiveness of the capital market function as a critical infrastructure. In that context, it requires that reliable financial information shall be published through securing sufficient time to complete companies' financial closing and to execute audits. Thus, JICPA believes taking measures is necessary in order to extend the deadline for submission of annual securities report etc. pursuant to the Financial Instruments and Exchange Act for all issuers, as well as extension of the deadline of annual shareholders' meeting (in particular with respect to reporting deadlines for financial matters) under the Companies Act uniformly, as found in cases of other jurisdictions, in light of the current critical situation around companies' account closing and audit practices that are facing significant constraint.

JICPA takes people's safety of life the top priority and is committed to keep close collaboration with relevant authorities and organizations to take appropriate actions in order to ensure credibility of the capital market under unprecedented crises.