

April 15th, 2020

To our members

The Japanese Institute of Certified Public Accountants

Audit Considerations related to COVID-19 (Part 3)

JICPA has been issuing a series of notes "Audit Considerations related to COVID-19". On April 14th, 2020, the Financial Services Agency (hereinafter referred to as "FSA") released a document titled ["the Extension of deadline for Submission of Annual Securities Reports in light of Declaration of State Emergency for COVID-19 Infection"](#) and on April 15th, Networking Group on the corporate disclosure, financial reporting and audit of listed companies in Consideration of the impact of COVID-19 (Novel Coronavirus) Infection (hereinafter referred to as "Networking Group") released the joint statement titled ["Corporate Year-End Closing of Accounts and Auditing and Shareholder meeting in Response to the Increasing Impact of COVID-19 \(Novel Coronavirus\)"](#). JICPA has put together as below audit considerations relating to matters addressed in these statements as "Audit Considerations related to COVID-19 (Part 3)".

It is advised to also refer to the Chairman & President statement titled ["Regarding the statement issued by "Networking Group on Corporate Year-End Closing of Accounts and Auditing in response to the Increasing Impact of Covid-19"](#) which was issued today.

1. Extension of the deadline for filing of annual securities reports, etc.

As mentioned above, the FSA released "Extension of the deadline for Submission of Annual Securities Reports, etc. in light of Declaration of State Emergency for COVID-19 Infection".

Specifically, it was announced that the Cabinet Office Order on Disclosure of Corporate Affairs will be revised to automatically extend the filing deadline to the end of September this year without individual application by companies for delaying of filing. In addition to the annual securities reports, this revision will be applicable to quarterly and semi-annual securities reports, and the status reports of the parent company as followings.

(Issuers of Securities Listed on a Financial Instruments Exchange (excluding Specified Securities))

Fiscal year-end	Disclosure documents	Deadline (original)	Extended time limit
Year ended March 31, 2020	Annual securities report	Within three months after the end of the relevant business year (i.e., by the end of June 2020) (Article 24 of the Financial Instruments and Exchange Act)	Until the end of September 2020
1 st quarter of year ending December 31, 2020 (i.e., as of the end of March 2020)	Quarterly securities report	Within 45 days after the expiration of each such period (i.e., by May 15, 2020) (Article 24-4-7 of the Financial Instruments and Exchange Act)	Same as above
1 st quarter of year ending March 31, 2021 (i.e., as of the end of June 2020)	Quarterly securities report	Within 45 days after the expiration of each such period (i.e., by August 14, 2020)	Same as above

The revision of the "Cabinet Office Order on Disclosure of Company Contents, etc." is scheduled to be announced by the FSA in the days ahead, and please be aware of formal revision notices.

2. Auditing financial statements prepared in accordance with the Companies Act

On April 15th, the joint statement titled [“Corporate Year-End Closing of Accounts, Auditing and Shareholders meeting in response to the Increasing Impact of COVID-19 \(Novel Coronavirus\)”](#) was released from Networking Group. JICPA is participating in Networking Group as a member. This statement states that companies and auditing firms need to prepare financial results and implement audits while considering to ensure safety of employees and

those who engage in audit, as well as assuming the irregular schedule of these operations. The reporting of financial statements under the Companies Act at the Annual General Meeting of Shareholders (hereinafter referred as "AGM") for fiscal year ended March 31, 2020 can be executed in the following two ways, which is scheduled differently from the usual year.

- 1) Change the record date of the AGM and report to shareholders at AGM that is held later than originally scheduled
- 2) Hold an AGM at the time when it was originally scheduled, requesting a resolution to continue (Article 317 of the Companies Act), and report on financial statements, audit reports, etc. at the "following meeting".

If companies choose 2), companies and auditing firms will conduct closing of accounts and audit with due care to ensure safety, and will provide financial statements and audit reports to shareholders immediately after these operations have been completed in order to secure opportunities for shareholders to consider such matters. In addition, the "following meeting" will be held within a reasonable period of time after the initial AGM.

It is considered necessary for the engagement team to fully discuss the audit schedule beforehand with the audited company on that.