



Annual Activity Report in Brief

April 2012 – March 2013

◆ The Japanese Institute of Certified Public Accountants

Message from Chairman and President

It is my privilege to be appointed as the Chairman and President of the Japanese Institute of Certified Public Accountants for 2013 -2016, and I am committed to serve the Institute to reach new heights in engaging in the public interest.

I take this opportunity to thank my predecessor, Mr. Shozo Yamazaki (2010-2013), and his leadership team, for dealing with many issues and challenges inside and outside Japan. It is important to note that his leadership initiated IFRS implementation in Japan, and delivered a new standard to address risks of fraud. In addition, the publication of a preliminary report on CPA Profession established a direction for future discussion on CPA Profession in Japan.

With coordinated efforts, I am committed to continue making progress in those areas of importance to JICPA, and determined to address new challenges in an appropriate and timely manner.

As we see the rapid growth of information in society on a global scale, ensuring the reliability of information has become ever more significant, constituting one of the fundamental elements for maintaining a sound social system. The information that accountants currently deal with goes beyond simple financial data, and its scope has expanded to include such non-financial information that we see in environmental accounting and integrated reporting. I believe that CPA profession occupies a highly important place in this information society, as being a trusted partner for a healthy functioning of the society, by supporting its foundation through accounting and auditing services. Therefore, my priority in leading the Institute is on implementing measures to further strengthen our professional services to the public and, through this, to contribute to a better society, and a stronger and healthier economy.

As an institute for professionals specializing in accounting and auditing, I believe that JICPA has a responsibility to address issues or challenges facing the profession as a whole, and initiate change, so that our members can perform better. In this regard, it will be a key priority of my leadership to realize new opportunities for our members to further excel in professional services, and help shape a bright future for each one of our members, in their endeavor to be trusted professionals committed to the public interest.

Kimitaka Mori
Chairman and President



JICPA - the organization for the CPA profession in Japan

The JICPA, through its various committees and project teams, carries out a wide range of activities from self-regulation to the provision of services to its members. Some of these important activities include the following:

- Initiating research on, and investigation into, the practices and the systems of accounting, auditing and other related fields of professional services in Japan and overseas;
- Providing guidance on auditing, accounting and other related fields of professional services, and presenting comments on various exposure drafts published by other organizations;
- Delivering pre-qualification training courses and programs for continuing professional education;
- Performing quality control reviews; and
- Conducting investigative and disciplinary proceedings.

JICPA Membership (As of March 2013)

Number of members (CPAs)	24,968
Number of Associates	7,803
Number of audit firms and corporate practices	214

Number of Registered Public Company Audit firms (As of April 12, 2013)

165 firms

- 142 Audit corporations
- 23 CPAs (sole practitioners)

JICPA Key Board Members 2010 – 2013

Chairman and President	Shozo Yamazaki	
Deputy Presidents	Gen Ikegami	Mitsuru Komiyama
	Aiko Sekine	Seno Tezuka
	Kimitaka Mori	Hikoe Konishi
	Yasuhiko Ogawa	
Chief Executive	Toshio Kinoshita	

Key Activities Apr 2012 Mar 2013

Support for 2011 Earthquake Victims

JICPA signed an agreement with the Organization for Small & Medium Enterprises and Regional Innovation, Japan (SME Support, Japan), to support SMEs affected by the Great East Japan Earthquake and Tsunami which struck Japan on March 11, 2011. In response to the requests of the SME Support Japan and other governmental organizations, several accounting experts, recommended by JICPA, currently work as consultants with specialized expertise to support rebuilding the affected SMEs.

Enhanced self-regulatory system for auditors of listed companies

JICPA Registration System for Listed Company Audit Firms has gained importance in the market since its introduction in 2007. This system is now used for listing approvals by stock exchanges. In response to the increased social significance of the Registration System, JICPA has further improved its functions, and enhanced the self-regulatory structure for auditors of listed companies.

Future of CPA Profession

To offer a clearer vision for the future of the profession, JICPA issued, on June 29, 2012, member consultation “How CPA and CPA System should be in Japan” After analyzing a large number of comments from members, JICPA held a roundtable conference on January 31, 2013, with FSA officers, professors, and auditors, focused especially on CPA qualification, training, and examination. Also, JICPA Board members discussed this issue, in March 2013, based on the result of a study on the CPA system in Japan and other countries by a research team composed mainly of academics.

Standard to Address Risks of Fraud in an Audit

In March 2013, the Financial Services Agency published a new standard, Standard to Address Risks of Fraud in an Audit, in order to clarify audit procedures to address the risks of material misstatements due to fraud and to require more effective performance of audit procedures in certain specific circumstances. JICPA is working to ensure its effective implementation and revising JICPA Auditing Standard Committee Statements and Quality Control Standards Committee Statement; since it is necessary for auditors to apply in an integrated manner the Standard together with these statements.

IFRS adoption in Japan

The Business Accounting Council (BAC) of the FSA is continuing its discussion on IFRS Adoption in Japan, in order to publish its report (The interim report was published on June 20, 2013). JICPA Committee has discussed practical issues on IFRS adoption, and has continued to build up accounting and auditing practices based on IFRSs.

On November 15, 2012, the IFRS Foundation opened its first international office (Asia-Oceania Office) in Tokyo, in order to provide support to the entire Asia-Oceania region with matters related to the development, adoption and consistent application of IFRSs. JICPA has cooperated with activities of the Asia Oceania Office, and corroborated with key persons of IASB and IFRS Foundation, in organizing events such as seminars and discussion meetings to provide the members with the latest trends and accurate information regarding IFRSs.

At the same time, we actively contribute to the IASB standards setting process by sending representatives, and providing comments to its public consultations. Also, the IFRS Study Group, launched by JICPA to develop professionals who can work international capacity has been working very actively.

Promotion of Integrated Reporting

The global momentum towards integrated reporting has been accelerated. JICPA has been very active in studying long-term corporate reporting, including disclosure on sustainability and non-financial information.

JICPA representatives join the discussions of International Integrated Reporting Council (IIRC), and promote IIRC activities to JICPA members through translation of discussion papers, round-table discussions, and publication in the Accounting and Auditing Journal.

On November 1, 2012, IIRC, JICPA and Tokyo Stock Exchange (TSE) jointly held the Integrated Reporting Roundtable, chaired by Prof. Kunio Ito, Hitotsubashi University, followed by the Integrated Reporting Tokyo Forum. These events were officially supported by the Financial Services Agency (FSA), the Ministry of Economy, Trade and Industry (METI) and the Ministry of Environment (MOE) of Japan.

Studies of accounting and auditing system in the public sector

JICPA implemented a study on public sector accounting standard-setting in other countries, in order to present future direction in Japan. This study includes extensive field work, such as meetings with public sector accounting standard-setters in several countries. Also, with the increasing levels of attention

paid to accounting and auditing in the public sector, due to worsening of financial conditions in local governments and other public sector entities, JICPA continues to examine overseas developments in performance auditing in public sector, the current situation in Japan, and provides views on the roles that accountants can play in this area.

Support for professional accountants in various fields

In response to the growing need, the number of professional accountants in business (PAIB) has increased recently in Japan. They are very active in a wide range of fields, not only in finance/accounting, but also personnel, planning, and other sections.

The JICPA PAIB Committee, established last year, opened an official website for PAIBs, and provided information on seminars and successful PAIBs, in order to support expanding fields of PAIBs and job mobility.

In addition, JICPA conducted a survey for PAIBs in listed companies, with the cooperation of the Tokyo Stock Exchange and the Osaka Stock Exchange, and issued in March 2013 a report on expectations for PAIB regarding their skills, knowledge, and experience.

The 33rd JICPA Annual Conference

On July 19, 2012, the 33rd JICPA Annual Conference was held at the Hotel Nikko Kumamoto in Kumamoto city. Four concurrent sessions were provided during both morning and afternoon programs. Mr. Atsushi Saito, President & CEO of the Tokyo Stock Exchange Group, presented a commemorative speech. The conference was attended by nearly 900 participants including JICPA members, and many others with interest in financial reporting.

2012 JICPA Awards

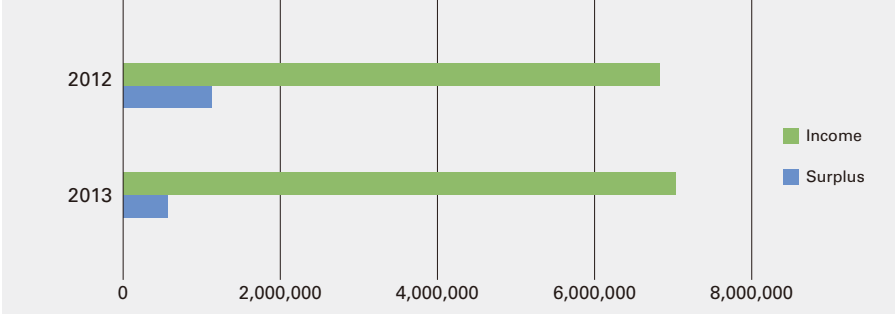
JICPA presents special awards annually to people who have contributed to the public understanding of the work of accounting and auditing, as well as the promotion and recognition of the CPA profession. In 2012, the awards went to the following people:

- Prof. Shinji Hatta, Professor of Graduate School of Professional Accountancy, Aoyama Gakuin University, Tokyo; and
- Sir David Tweedie, Former Chair of International Accounting Standards Board, Chairman of Institute of Chartered Accountants of Scotland

Financial Statements Summary

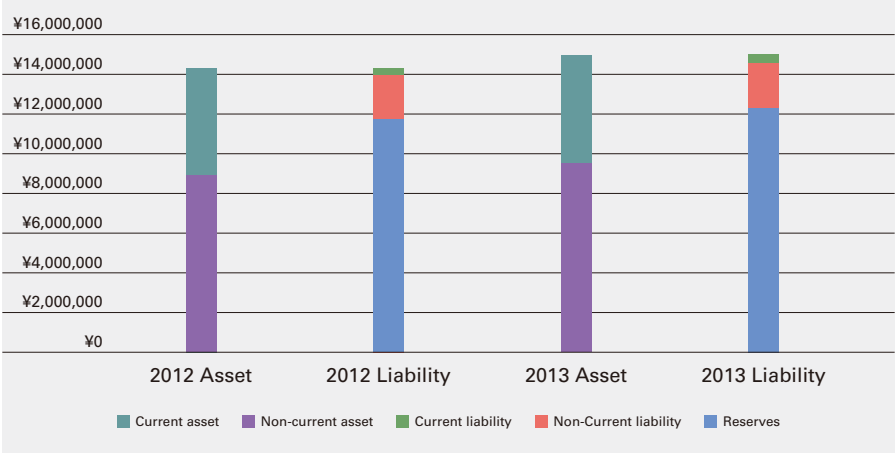
Statement of Financial Performance

(JPY: 000)



Statement of Financial Position

(JPY: 000)





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