



Annual Report 2015

Year ended March 31, 2015

J I C P A
JAPANESE INSTITUTE OF CPAs

PROFILE

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.





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MESSAGE FROM CHAIRMAN AND PRESIDENT

Japan currently faces a unique turning point on its way of growth with some significant transformations in social and economic structures. For example, declining population with lowering birthrate and the coming of aging society, the phenomena of over-centralization in Tokyo Metropolitan Area, deindustrialization, and securing of energy supplies represent some of the impending issues in Japan. Although the Japanese economy has started to regain its strength under Prime Minister Shinzo Abe's economic revitalization program known as the "Three Arrows," both economic revitalization and fiscal soundness still remain to be the two significant issues to be solved.

In solving these issues, all-out efforts are necessary, and as such, establishment of a reliable system to enable each individual to have an accurate understanding of the social and economic situations in Japan is essential for allowing each one of us to take actions in a responsible manner. Not only companies but also the national and local governments as well as nonprofit organizations are required to fulfill their responsibilities in ensuring transparency, appropriate disclosure of information, and accountability.

Accounting is a means of communicating information, whereas auditing is a means of ensuring the credibility of information. Both are essential for companies and organizations in fulfilling their accountability and are considered as significant socio-economic infrastructure. "Improving the quality of audits" and "Accelerating the efforts to raise the appeal of the CPA profession," the two initiatives included in the revised Japan Revitalization Strategy 2014, continue to be noted in this year's revitalization strategy. We take this as a strong message from the society that CPAs, as accounting and auditing professionals, are expected to further contribute to Japan's economic growth by fulfilling its mission and responsibilities.

Seeing the dramatic changes facing in Japan, I would like to provide an update on the progress JICPA has made in its key activity areas during this year, and present an overview of how we continue to respond to the expectation from the public and address certain challenges arising in the CPA industry.

Strengthening Credibility of Capital Markets

As mentioned earlier, the economy in Japan is picking up under the government-led revitalization strategy. I believe, however, that the economic recovery and a sustainable growth cannot be achieved in the absence of active capital markets, and accordingly, increasing the credibility of capital markets becomes a crucial factor. One of the most significant responsibilities for CPAs is to ensure reliable and credible financial statements so as to attract more investment and enhance capital markets.

The reliability of financial statements is secured under the system of shared responsibilities between auditors and preparers of financial statements. Expectations are high for auditors, as often referred to as "guardians of the market." Therefore, auditors should once again revisit their mission and responsibilities and conduct audits with greater diligence. In this regard, we resolved on rules relating to publicizing disciplinary actions and sanctions on CPAs and improving the effectiveness of the Registration System for Listed Company Audit Firms in this year's Annual General Assembly held in July 2015. We are sincerely committed to continue strengthening our self-regulatory functions.

Initiatives on the Corporate Governance Code

A series of initiatives have taken this year by both the government and private sectors to improve and enhance corporate governance in Japan. The Stewardship Code which sets out principles for institutional investors in fulfilling their stewardship responsibilities was released in February 2014, followed by the enactment of Corporate Governance Code in June 2015. These two codes, which are expressed to be "two wheels of a cart," seek to support sustainable corporate growth and increase corporate value over the mid- to long-term.

CPAs often contribute to enhanced corporate governance not only as auditors, but also as directors of companies or Kansayaku (Audit and Supervisory Board Members). The newly issued Corporate Governance Code stipulates that "companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits." Further, the supplementary principles require companies to "allow adequate time to ensure high quality audits" and "ensure sufficient communication with external auditors." JICPA and its members in practice have long requested that these be appropriately followed by companies. Given that these principles are now reflected in the Corporate Governance Code, we believe that a considerable step forward has been made in bringing companies and auditors together to further increase the quality of audits. With these in mind, auditors should continue working on enhancing the quality of audits and improving audit environments under the Corporate Governance Code.

The Corporate Governance Code also sets out the required number of independent outside directors to be appointed by companies, and for the appropriate discharge of responsibilities by Kansayaku, it also requires “at least one or more person with appropriate expertise in finance or accounting should be appointed as Kansayaku.” Following this, JICPA has requested its members to closely study the requirements under the Corporate Governance Code and ensure, as professionals, to serve Japanese companies in achieving effective corporate governance.

Contributions in areas of public sectors and nonprofit organizations

As part of the efforts to improve and strengthen accounting infrastructure particularly in the public sector, over 1,800 local governments have started implementing double-entry book-keeping, accrual accounting, and fixed asset ledgers under the new local public sector accounting standards. I believe this is where CPAs are called upon to ensure the efficient implementation and operation. Further, as currently deliberated at the Diet, it is likely that nonprofit organizations over certain size, such as major social welfare or medical corporations, will be subject to financial audits with a perspective of strengthening their management structure and enhancing transparency.

The revitalization of local economies is indispensable for Japan’s economic rebirth. I believe CPAs are expected to play significant roles in proactively supporting small- and medium-sized enterprises (or “SMEs”) leading local economies. Such contribution cannot be made without cooperation from JICPA members who have strong ties with the local society. In 2014, the Public Sector Accounting Standards Council and the Small and Medium Enterprise Committee were established at JICPA. By increasing cooperation and collaboration between the headquarters and regional chapters, JICPA, as one team, is committed to deliver effective measures.

On June 19, 2015, results of the CPA multiple choice tests were announced by Certified Public Accountants and Auditing Oversight Board (CPAAOB). Although the number of applicants for the CPA exam exceeded 10,000, a downward trend in the number of applicants continues. It is our top priority to enhance the attractiveness of CPA profession in order to secure best and brightest talents who will be able to lead the profession in future. In doing so, widespread recognition of the importance of accounting and auditing in our economic society shall be attained through a variety of effective measures, including the presentation of the work of CPAs and running of introductory accounting education programs



to students of elementary schools, junior high schools, senior high schools and colleges. It is also important to continue our efforts to improve CPA’s working environment and present various career possibilities other than audits.

My term as the Chairman and President of the JICPA which started in July 2013 has nearly come to an end, and I have about a year to go. 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. As with this tagline, I am committed to engage in the public interest in my remaining term in office.

I thank you for your continuing understanding and support.

October 2015

Kimitaka Mori

Chairman and President

LEADERSHIP



Chairman and President
Kimitaka Mori



Deputy President
Gen Ikegami
Discipline, CPE, General Affairs



Deputy President
Aiko Sekine
*Accounting, IFRS, 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*



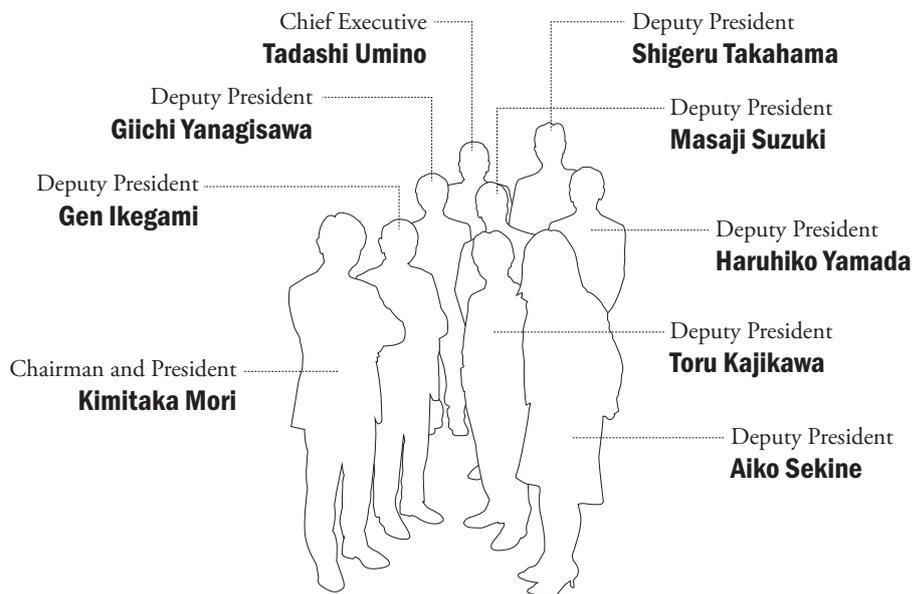
Deputy President
Giichi Yanagisawa
Regional Chapters Relations



Deputy President
Shigeru Takahama
Regional Chapters Relations



Chief Executive
Tadashi Umino



MEMBERSHIP

(As of March 31, 2015)

Total
34,895

Member

27,535

=

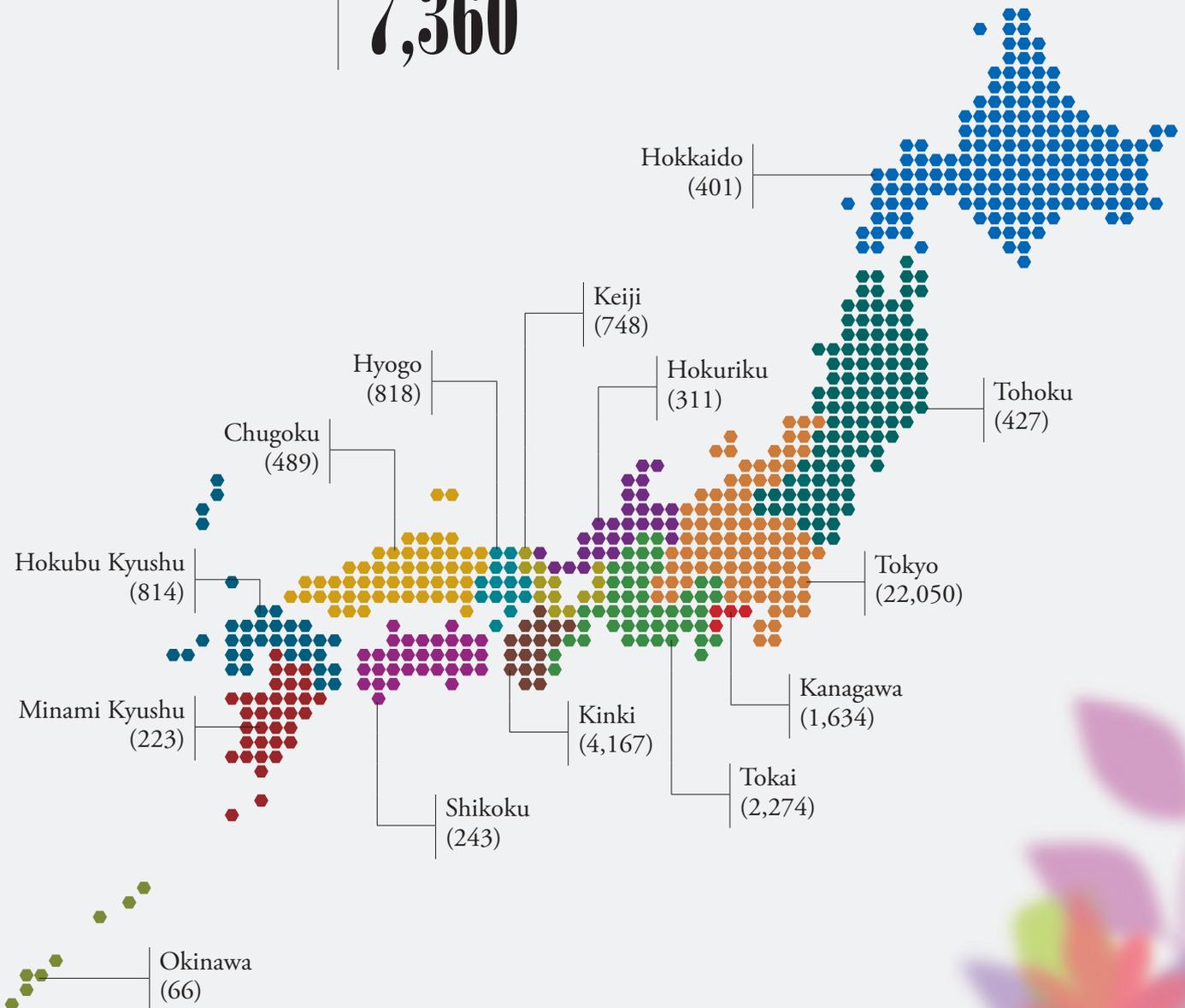
Certified
Public Accountants
27,316

+

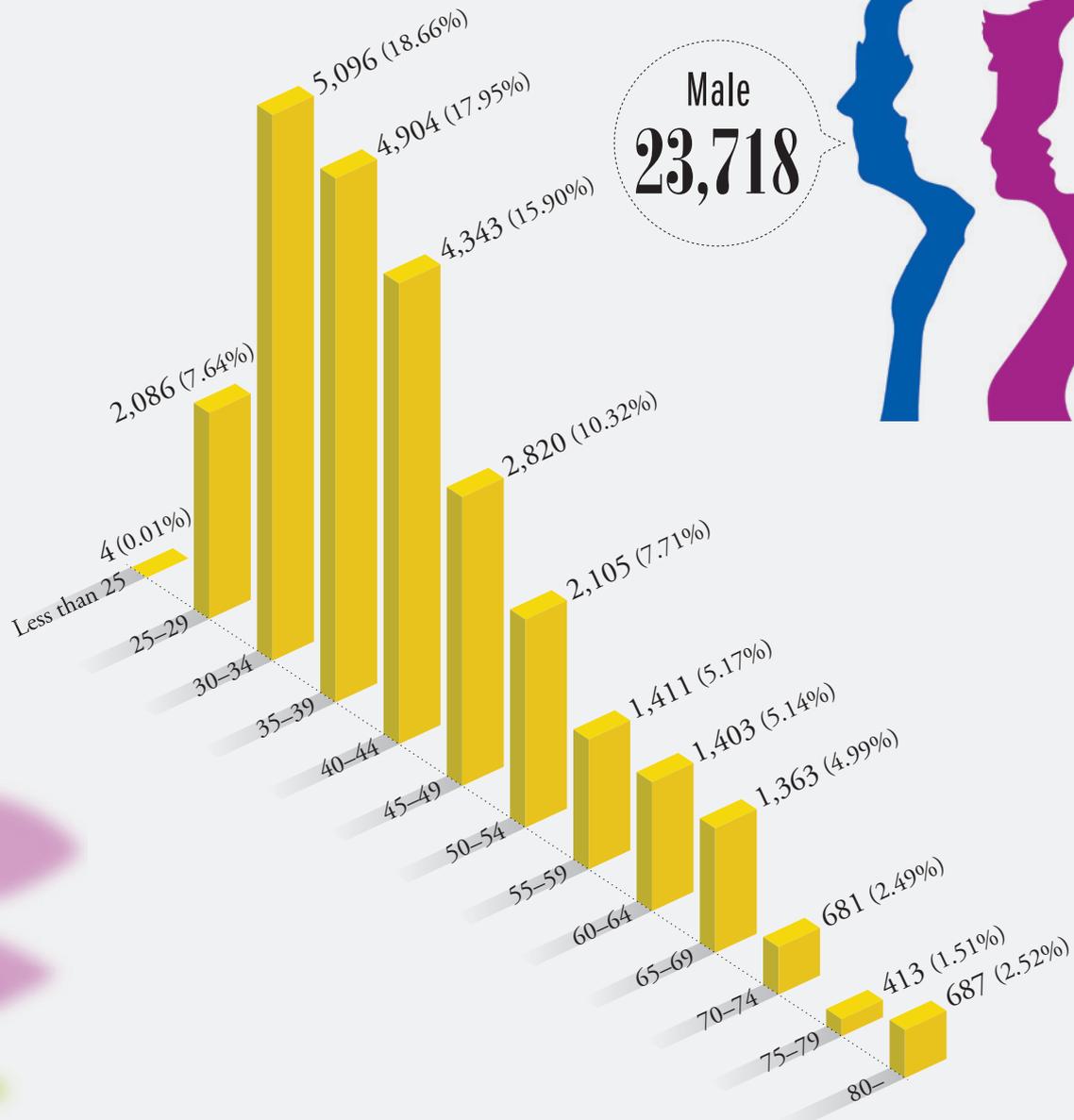
Audit Firms
219

Associate Member

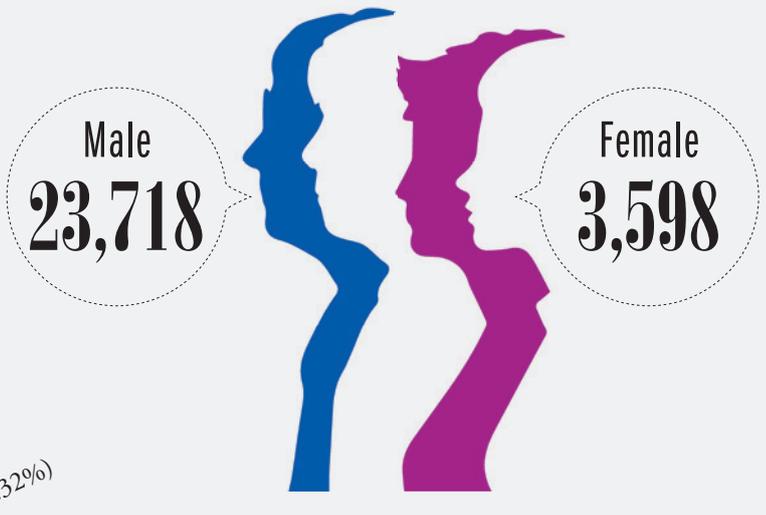
7,360



Members and Associate Members by Age



CPA Members by Gender



MISSION

JICPA - the organization for the CPA profession in Japan

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. The JICPA started as a voluntary organization in 1949 and later became a corporation under the CPA Act in 1966. Since then, the 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. 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. Registration with the JICPA is mandatory for all professionals wishing to work as CPAs in Japan.

JICPA'S KEY RESPONSIBILITIES

JICPA has the following key responsibilities.

To uphold the professional ethics of members by developing the code of ethics for accountancy profession and promoting compliance with the code

To design and implement various measures to improve the quality of services provided by members through organizing seminars and research projects

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

To research on the CPA system and its services (including tax services), and to issue recommendations to the governmental and regulatory agencies, as appropriate

To design and implement various measures to ensure that proper auditing services are provided by members

To support members by providing assistance through consultation and distribution of necessary materials

To resolve disputes over engagements of members through mediation

To design and implement relevant measures for the education and training of individuals who pass CPA examinations

To perform administrative works for registration of members

BASIC POLICY AND STRATEGIC PRIORITIES FOR FISCAL 2015

The basic policy for the JICPA activities for fiscal 2015 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, the 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, the JICPA set the following strategic priorities for fiscal 2015.

Strategic Priorities for Fiscal 2015

1. To lead a discussion on the future of CPA profession by collaborating with various stakeholders
2. To drive change and become a leading voice in upholding high quality audits
3. To cooperate with key stakeholders both at home and abroad in facilitating IFRS implementation
4. To enhance accounting and auditing standards and systems for public and not-for-profit sectors
5. To further improve self-regulatory functions of the Institute in upholding the mission and responsibilities of CPAs
6. To collaborate with key stakeholders to attract and retain diverse talents for the accounting profession
7. To elevate members competitiveness in international arena and establish a mechanism for developing accounting professionals with global perspective
8. To achieve and expand the new areas of services for CPAs
9. To improve the Institute's governance and organizational structure to better deliver and realize the strategic objectives



KEY ACTIVITIES FOR FISCAL 2015

Activities related to Strategic Priority 1

Responding appropriately to the recent developments in laws and regulations concerning CPA profession

(1) Initiatives to strengthen corporate governance

During fiscal 2015, JICPA contributed to a series of initiatives taken by both the government and private sectors to improve and enhance corporate governance in Japan. In February 2014, the Stewardship Code, which sets out principles for institutional investors in fulfilling their stewardship responsibilities, was released. In June 2014, the Companies Act was revised to strengthen the independence of external auditors and increase the roles played by outside directors as part of the efforts to further improve corporate governance. In March 2015, the draft Corporate Governance Code was released, forming “two wheels of a cart” in seeking sustainable corporate growth and increase corporate value over the mid- to long-term.

In writing of the draft Corporate Governance Code, Mr. Kimitaka Mori, Chairman and President of JICPA, participated in the Council of Experts Concerning the Corporate Governance Code, a body created jointly by the Tokyo Stock Exchange and the Financial Services Agency. Given that companies bare significant responsibilities for appropriate disclosure of information, JICPA emphasized the importance of the factors such as the content and scope of the information disclosed, reliability of such information, and timeliness of the disclosure. In promoting the effective exercise of voting rights by shareholders, JICPA particularly advocated for requiring companies to allow adequate time to ensure high quality audits, reconsider the schedule related to general shareholders’ meetings, and consider ways to further improve the effective use of financial statements by shareholders.

As the final draft of the Code published in June 2015 reflected some of the items suggested by JICPA, such as the important roles played by external auditors and the requirements to companies to appoint at least one or more person with appropriate expertise in finance or accounting as Kansayaku (Audit and Supervisory Board Members), JICPA believes that a considerable step forward has been made in Japan’s corporate governance.

Together with these initiatives, the Ministry of Economy, Trade and Industry formed the “Study Group concerning Promoting Dialogue between Companies and Investors for Sustainable Growth,” and under this study group, “Working Group on General Shareholders’ Meeting Processes” and “Working Group on Corporate Disclosures” were also organized. In further advancing the corporate governance practice in Japan, Chairman and President of JICPA participates in this study group, together with deputy presidents who contribute to the discussions in the working groups.

JICPA has also established a project team to consider the simplification of the disclosure and audit requirements stipulated separately in the Companies Act and Financial Instruments and Exchange Act, so that unnecessary burden would be minimized on preparers of financial statements and auditors.

(2) Examination of the measures to be taken for the future of CPA profession in Japan

In fiscal 2015, JICPA continued its study on the future of the CPA profession in Japan in preparation for the potential revision of CPA Act and related regulations. Building on the basic understanding that CPAs are considered as accounting experts charged with contributing not only to capital markets but also to varieties of fields of accounting in order to meet the diversifying expectations from the public, JICPA compiled the “Summery of Issues on the Future of CPA profession in Japan (Interim Report)” (exposure draft) based on the discussions with members of regional chapters, focusing specifically on issues such as registration, practical experience, CPA examination and initial and continuing professional education.

Activities related to Strategic Priority II

Responding to the current developments in audit and assurance services

Addressing the development of integrated reporting

JICPA has been advancing the study and research on the integrated reporting with the aim of realizing appropriate disclosure mechanisms that achieve comparability and ensure reliability of the information disclosed. In fiscal 2015, JICPA participated in the meetings of the International Integrated Reporting Council (IIRC) and examined its policies, whilst considering actions required thereof in Japan. In addition, JICPA collaborated and shared information with the Financial Services Agency, the Ministry of Economy, Trade and Industry, and Japan Exchange Group, Inc. regarding the issues of promoting integrated reporting in Japan.

On September 2, 2014, JICPA cosponsored a symposium entitled “Integrated Reporting – Corporate Reporting for Long-term Value Creation” to discuss the future of corporate reporting in the age of globalization, which was attended by various participants from companies, investor community and governments. JICPA also promoted the understanding of the integrated reporting through publishing varieties of articles in the JICPA Journal.

Activities related to Strategic Priority III

Promoting the Implementation of the International Financial Reporting Standards (IFRS)

As the “Japan Revitalization Strategy (Revised in 2014)” called for the expansion of the number of companies voluntarily adopting IFRS in Japan, the Financial Services Agency (FSA) established the Accounting Subcommittee under its Business Accounting Council in October 2014. In April 2015, FSA published the “IFRS Adoption Report,” which consists of a compilation of responses to fact-finding survey and interviews to ascertain how companies that have voluntarily adopted IFRS overcame any challenges they faced during their transition to IFRS, as well as the advantages brought about by their shift to IFRS. Currently, the IFRS has gained its momentum in Japan, as we see over 75 companies either adopted or planned to adopt IFRS as of March 31, 2015.

To prepare members for assisting the application of IFRS in various companies, JICPA has provided Framework-based training sessions in association with the IFRS Foundation, and delivered other training seminars and workshops for members, some of which were designed specifically for those working in small-and-medium sized firms. JICPA’s special committees on IFRS have provided advice and support to, and shared information with, members of the Accounting Standards Board of Japan (ASBJ) and its working groups and expert committees. Also, the Chairman and President and other JICPA representatives continue to participate in the Business Accounting Council’s General Meeting, Accounting Subcommittee and IFRS Policy Conference to which they relay the opinions of the JICPA on a timely basis.

Furthermore, JICPA cooperated as a special cosponsor of symposiums on IFRS held in July and December 2015, and conducted other PR activities including the publication of articles in the JICPA Journal featuring experts both at home and abroad.

Activities related to Strategic Priority IV

Supporting the accounting and auditing system and related standards in areas of public sector and non-profit organizations

(1) Establishment of the Council on Public Sector Accounting

The Council on Public Sector Accounting was established based on a resolution of the JICPA Annual General Assembly held in July 2014. The objective of the Council is to promote and enhance the technical competence and skills of members engaged in public sector accounting, not only in the national and local governments but also in non-profit entities such as public interest groups, foundations and schools.

The Council began its operations in September 2014 after the formulation of bylaws and other provisions. It then established the Local Government Accounting and Auditing Subcommittee for supporting members involved in preparation of financial statements and other related documents based on the unified standards for such local governmental bodies. The Subcommittee has roughly 1,800 members as of the end of March 2015. Going forward, as CPAs are expected to serve and contribute further in the public sector, JICPA plans to increase the members registering in the Subcommittee and provide them with information and training courses as necessary.

(2) Ensuring transparency of financial information at non-profit organizations through establishing auditing and other related systems

Currently, JICPA is contributing to government's initiatives in establishing auditing systems that ensure the transparency of the financial information of non-profit organizations receiving public funds such as social welfare service corporations and medical institutions.

Further, JICPA interviewed relevant parties with regard to the basic direction and issues involved in the formulation of an accounting framework for non-profit organizations as proposed in the Non-profit Organization Accounting and Audit Practice Committee Research Report No. 25, "Toward Establishing an Accounting Framework for Non-Profit Organizations." In addition to responding to the issues identified in the study, the Committee is developing a basic framework and a model of accounting for non-profits organizations.

Activities related to Strategic Priority V

Further strengthening self-regulatory functions in light of the missions and responsibilities of CPA profession

(1) Enhancing the quality control review system and the registration system for listed company audit firms

In hopes for further maintaining public confidence in audit, JICPA has changed the nature of the quality control review system to guidance and supervision, and expanded the scope of the reviews to include all firms providing the services specified in Article 2-1 of the Certified Public Accountants Act. During fiscal 2015, JICPA also considered the matters suggested by the project team charged with revising the structure of the quality control review system.

In addition, JICPA has compiled the report on the partial revision of the registration system for listed company audit firms, in order to establish certain restrictions on the immediate resumption of audits of listed companies by engagement partners who were involved in the auditing services that resulted in expungement from the register of the listed company audit firms.

(2) Disseminating information regarding JICPA quality control review system to members and the general public

In order to maintain and ensure public confidence in audit, it is essential to maintain and improve appropriate standards for auditing services performed by members. It is also

essential to gain sufficient understanding of the public for the JICPA's quality control review system and other systems in place to achieve this end. Further, as stated earlier, in addition to the revision to our quality control review system, we are also revising the Auditing Standards Committee Research Reports so that we ensure the results of quality control reviews are communicated appropriately to Audit and Supervisory Board Members and others. Therefore, it is also important to gain understanding on the importance of JICPA's quality control review system as essential part of JICPA's self-regulatory functions.

To attain this, in addition to providing training sessions, JICPA has published Quality Control Committee Annual Report on JICPA website, and also posted a simplified version of the Annual Report as an "Overview of Quality Control Committee Activities" for distribution in audit firms. JICPA hopes that those publications will be utilized by members to communicate with Audit and Supervisory Board Members and other related stakeholders.

(3) Examination of ways JICPA's disciplinary actions are published

From the perspective of further enhancing self-regulatory functions, JICPA examined ways to disseminate, notify and publish disciplinary actions and sanctions in order to fulfill its accountability as a self-regulatory body.

Activities related to Strategic Priority VI

Enhancing the appeal of CPA profession, increasing the public's awareness of the importance of accounting and auditing, and developing best and brightest talents in accounting profession

Public's understandings of the importance of accounting and auditing in socio-economic infrastructure and the roles CPAs play have improved for the past years. During fiscal 2015, JICPA conducted PR activities by using TV or newspaper media advertising, together with the release of the Chairman and President's online video message and publication of brochures with titles such as "The Scope of Statutory Audits has Expanded!" and "Let CPAs Support your Small-and Medium- sized Businesses" to publicize special purpose financial statement audits.

Further, in light of the call for "Accelerating the efforts to raise the appeal of the CPA profession" in the revised Japan Revitalization Strategy 2014, JICPA provided information utilizing Twitter, Facebook and other SNS (Social Networking Services), and sponsored events for high-school students. Simultaneously, JICPA conducted fact-finding studies on candidates studying for the CPA examination in conjunction with the Japan Association of Graduate Schools for Professional Accountancy.

Activities related to Strategic Priority VII

Strengthening the international competitiveness and forming a mechanism to foster global talents

In hopes for increasing the level of international activities of CPAs, JICPA newly created a webpage dedicated to introduce activities of other relevant overseas organizations to continuously support members who participate in the activities of the IFAC, CAPA and GAA, and promptly inform members about the developments in accounting and auditing abroad.

JICPA also periodically updated news flashes on English-language website and published English versions of the JICPA brochure and the annual report.

To improve our relationships in Asian developing countries by supporting the development of accounting infrastructure, JICPA continues to accept CPA trainees from Myanmar. In hopes for better understanding the CPA system in each country and strengthening our ties with local professional accountancy organizations, JICPA representatives also visited Malaysia, the Philippines, Indonesia and Cambodia.

Further, aiming at fostering talents capable of providing services globally, along with a short-term dispatch of a JICPA secretariat staff to the IFAC secretariat, JICPA also provides financial support to members studying abroad in countries such as the United States and conducts a study program every year to learn Japanese corporate management abroad and accounting and auditing systems overseas.

In order to implement further measures in international fields, expert committees under the International Committee were newly formed to better respond to the IFAC and other international organizations, strengthen overseas PR activities, and contribute to accounting infrastructure development efforts.

Activities related to Strategic Priority VIII

Responding promptly to the needs of a society and supporting members working in diverse fields

(1) Establishment of a small- and medium-sized entity policy commission

JICPA has established the Small- and Medium-sized Entity Policy Commission as a standing committee in fiscal 2015 to systematically support small- and medium-sized entities. The Commission conducted activities in support of members providing services relating to small- and medium-sized entities, including planning CPE training programs on small- and medium-sized entity support services and publication of leaflets to promote the effectiveness of services provided by CPAs.

Further, JICPA supported organizations assisting business innovation, and proactively cooperated in measures implemented by the Small and Medium Enterprise Agency.

(2) Establishment of Tax Services Council and improvement of activities of Tax Services Subcommittee

During fiscal 2015, Tax Services Council was established, and under this Council, the Tax Services Subcommittee was organized for the purpose of maintaining and improving the professional competence and skills of members providing taxation services. Following an amendment to JICPA bylaws that specifies all JICPA members who are registered as certified tax accountants to become members of the Tax Services Subcommittee, the number of members in the Subcommittee has increased to 13,595 as of the end of March 2015 (including 7,515 full members and 6,080 supporting members).

To maintain and improve the professional competence and skills of CPAs on tax services, the Council has organized regional training seminars and case study sessions, together with the publication of “Q&A on Taxes” for distribution to members.

(3) Strengthening the activities of Council on Professional Accountants in Business

With the objective of supporting members working not only in accounting and audit firms, but also in various organizations as professional accountants in business (PAIB), and leveraging their professional accounting and auditing knowledge and experience, JICPA has strived to maintain and improve the quality of PAIBs by providing training sessions and seminars.

To further expand the areas of services provided by CPAs, JICPA plans to deepen its understanding of the actual conditions of PAIBs through increasing the number of PAIBs registered in the network, organizing members serving in positions at public sector entities and educational institutes, or those working as outside directors of companies, and implementing effective support measures.

(4) Promoting the special purpose financial statement audits

Following the clarification of the role of special purpose financial statement audits with the revisions of Auditing Standards, JICPA published a series of articles as “Examples of Audits

in New Fields – Special Purpose and Compliance” starting in the October 2014 in JICPA Journal. JICPA also distributed a leaflet “The Scope of Statutory Audits has Expanded!” to members and relevant bodies to introduce the basic concepts of special purpose financial statement audits. JICPA also promoted the utilization of special purpose financial statement audits by posting advertisements and articles in newspapers.

(5) Launch of a service to introduce CPAs as candidates for outside directors

With the growing awareness of the importance of corporate governance and to meet the needs for professional knowledge and skills in accounting, finance and auditing in companies, JICPA has launched a new service for introducing members wishing to serve as outside directors.

This was extended also as a means to collaborate with the “Habataku Josei Jinzai Bank” (Human Resource Bank for Women in Business) created by Cabinet Office to promote the appointment of female directors at private sector companies. 574 members are currently registered as candidates for outside directors as of the end of March 2015.

Activities related to Strategic Priority IX

Study on the future structure and governance of JICPA and strengthening of its organizational and financial bases

(1) Formulating an appropriate organizational structure as a self-regulatory body

In light of the changes in CPA profession and the recent developments in the economy both at home and abroad, as well as an increase in JICPA members and the establishment of new regional chapters at JICPA, JICPA has continuously examined its future governance and organizational structure by forming a special project team since fiscal 2014. After carefully examining the manners in which duties and responsibilities are executed and monitored, and the ways Chairman and President as well as Board or Council members are appointed, the project team compiled a proposal on partial changes to the rules on the appointment of Board and Council members.

(2) Strengthening organizational and financial bases of JICPA

With the advancement of initiatives by the government to combat various policy issues which lead to an expansion of fields to which CPAs are expected to contribute, it has become necessary to formulate an appropriate organizational and financial base for JICPA, including the appropriate structure of JICPA secretariat both at headquarters and regional chapters.

For this purpose, JICPA acquired new staff and expanded work spaces to accommodate the increase in functions of the secretariat of headquarters. As the workload at regional chapters increases with the expansion of various measures, we will broaden clerical collaboration between headquarters and regional chapters, examine financial allowances necessary for the proper functioning of the regional chapters, and reflect its results in our budget for fiscal 2016.

Furthermore, we are streamlining our secretariat’s duties by revising our clerical processes through the utilization of common IT platforms at the headquarters and regional chapters, and successively introducing paperless meetings using tablet terminals.

In addition, we compiled the “Draft Outline for Amendments of Bylaws and related Regulations Relating to Changes to Accounting Standards Applied by the JICPA,” following an examination of accounting standards applied by JICPA and ideal budget management practices.

INTERNATIONAL INITIATIVES

September 2, 2014

JICPA Conference “Integrated Reporting – Corporate Reporting for Long-term Value Creation” was successful



November 7, 2014

JICPA leadership attends IFAC Council Meeting



October 9 to 10, 2014

IFAC President visits JICPA



November 10 to 13, 2014

World Congress of Accountants 2014 in Rome



2014

7
July

8
August

9
September

10
October

11
November

12
December

2015

1
January

September 4, 2014

The 35th JICPA Annual Conference was successful



November 27, 2014

Exchange Meeting with KICPA



December 1, 2014

JICPA symposium, “IFRS Application: Challenges and Opportunities” was successful

December 4 to 5, 2014

Mr. Robert H. Herz, former Chairman of FASB, visits JICPA



September 15 to 19, 2014

Executive Program – International Business, Finance and Investment in Singapore



December 10, 2014

JICPA continues to support Myanmar CPAs



May 21, 2015

Exchange Meeting with CICPA



April 3, 2015

Meeting with Mr. Hans Hoogervorst, Chairman of the IASB



February 27, 2015

Students from Thailand visit JICPA

February

March

April

May

June

March 6, 2015

Mr. Kimitaka Mori, Chairman and President of the JICPA, visits Myanmar



April 21, 2015

Students from Shanghai visit JICPA

May 29, 2015

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



December 11, 2014

Mr. Kimitaka Mori, Chairman and President of JICPA, celebrates 60th anniversary of Korean Institute of CPAs



JICPA Conference “Integrated Reporting – Corporate Reporting for Long-term Value Creation” was successful

On September 2, 2014, JICPA co-sponsored a symposium entitled “Integrated Reporting – Corporate Reporting for Long-term Value Creation” to discuss the future of corporate reporting in the age of globalization.

Mr. Kimitaka Mori, Chairman and President of JICPA, opened the symposium with an introduction to Integrated Reporting <IR> and JICPA’s activities to date in support of <IR>.

During the morning session, a dialogue was held between Mr. Paul Druckman, CEO of International Integrated Reporting Council (IIRC) and Mr. Tatsumi Yamada, Ambassador of IIRC and a former Board Member of the International Accounting Standards Board (IASB), followed by a panel discussion on value creation and the future of management and corporate reporting.

Mr. Atsushi Saito, Director & Representative Executive Officer, Group CEO of the Japan Exchange Group, Inc. delivered a keynote speech during the afternoon session, which was also followed by panel discussions covering “Stewardship code and dialogue between companies and investors,” and “International <IR> Framework and corporate reporting practice.” A number of experts and scholars attended the symposium and carried out heated discussions and in-depth communications until the closing time.

JICPA hopes to continue driving better understanding of, and further dissemination of <IR> across Japan.



The 35th JICPA Annual Conference was successful

On September 4, 2014, the 35th JICPA Annual Conference was held in Tokyo. The total of 11 concurrent sessions were held, including the ones on the professional skepticism and implementation of the Code of Ethics for Professional Accountants published by International Federation of Accountants (IFAC), as well as the roles played by CPAs in the development and growth of Small-Medium-Sized Enterprises (SMEs). Experts from the fields of corporate governance as well as intellectual property rights in M&A transactions also offered interesting perspectives on the current issues in each field.



Executive Program – International Business, Finance and Investment in Singapore

From September 15 to 19, 2014, eight of the selected JICPA members participated in the Executive Program – International Business, Finance and Investment in Singapore held at Nanyang Technological University in Singapore.

This program is held every year in fall with a fund from Okamoto Foundation, which was established in 1993 by a JICPA member. Okamoto Foundation has been assisting JICPA members to broaden their understanding of accounting and auditing practices in various Asian countries and the operations of Japanese businesses overseas.



IFAC President visits JICPA

From October 9 to 10, 2014, Mr. Warren Allen, President of the International Federation of Accountants (IFAC), Mr. Russell Guthrie, Executive Director, Professional Relations and CFO, Mr. Gary Pflugrath, Director, Public Policy & Regulation, visited Tokyo and met with JICPA leadership.

They have also visited regulatory agencies, including the Financial Services Agency (FSA) and Certified Public Accountants and Auditing Oversight Board (CPAAOB), as well as other stakeholders to exchange views on IFAC activities and those of the respective organizations.

On the evening of October 9, meeting with JICPA associate members was also arranged to receive views from Japanese young accounting professionals.



JICPA leadership attends IFAC Council Meeting

Mr. Kimitaka Mori, Chairman and President of JICPA, and representatives from JICPA attended, on November 7, 2014, IFAC Council meeting held in Rome. Together with the report on the implementation of the Strategy Implementation Plan for 2014, IFAC's 2015 plan, as well as its new board members and member bodies were also approved and decided.

Mr. Shinji Someha, Executive Board Member-International of JICPA, was elected to the IFAC Board.

IFAC also elected Ms. Olivia Kirtley, a former Chair of the American Institute of Certified Public Accountants (AICPA), to be the first female President of IFAC.



World Congress of Accountants 2014 in Rome

From November 10 to 13, 2014, World Congress of Accountants (WCOA) was held in Rome. WCOA is held once every four years, and represents professional accountants from more than 100 countries around the world.

This year's WCOA was attended by more than 100 delegates from Japan.

Speakers for its concurrent sessions included Mr. Tadashi Sekikawa (Senior Technical Director of JICPA), Mr. Atsushi Kato (Board member of IESBA and the former Vice Chairman of Accounting Standards Board of Japan (ASBJ)), and Mr. Tsuyoshi Oyama (Head, Center for Risk Management Strategy, Deloitte Touche Tohmatsu LLC) of Japan.



Exchange Meeting with KICPA

On November 27, 2014, the 22nd Annual Exchange Meeting with the Korean Institute of Certified Public Accountants (KICPA) was held at the JICPA in Tokyo. 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.

JICPA symposium, “IFRS Application: Challenges and Opportunities” was successful

On December 1, 2014, JICPA co-sponsored a symposium to discuss the future of corporate reporting, entitled “IFRS Application: Challenges and Opportunities”.

The purposes of the symposium were to encourage more Japanese companies to apply IFRS by advocating its advantages and sharing the knowledge and expertise on new IFRSs that may influence Japanese companies in future.

Mr. Kimitaka Mori, Chairman and President of JICPA, opened the symposium with his opening remarks, followed by the keynote speech by Mr. Takafumi Sato, President of Japan Exchange Regulation and a member of the Trustee of the IFRS Foundation. Mr. Joji Okada, CFO Senior Executive Managing Officer, Representative Director of Mitsui & Company Limited and a member of the Trustee of the IFRS Foundation, Mr. Takatsugu Ochi, a member of IASB, and seven other experts and professionals also contributed to interesting and informative panel discussions at the symposium.

Mr. Robert H. Herz, former Chairman of FASB, visits JICPA

From December 4 to 5, 2014, Mr. Robert H. Herz, a former Chairman of Financial Accounting Standards Board (FASB) and also a former Board Member of the International Accounting Standards Board (IASB) visited JICPA.

Series of interviews were conducted with Mr. Herz, including the ones with Mr. Kimitaka Mori, Chairman and President of JICPA and other JICPA representatives, in regards to the future of corporate reporting such as disclosure of non-financial information and integrated reporting, overall international activities, and the recent movements of IFRS in US.

Mr. Herz also delivered a seminar to JICPA members, entitled “International Convergence and IFRS in the US,” which was followed by a discussion with Mr. Tatsumi Yamada, a former Board Member of IASB and Head of IFRS in KPMG’s Asia Pacific region.

On the evening of December 5, meeting with JICPA associate members was also arranged to communicate with Japanese young accounting professionals about the importance of having international experiences and the values of advancing a career as CPAs.



JICPA continues to support Myanmar CPAs

On December 10, 2014, Mr. U wan Tin, Vice Chairman of Myanmar Institute of CPAs (MICPA), and three other CPAs from MICPA visited JICPA as a part of the training program run by MICPA-DAIWA 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.

JICPA hopes to strengthen ties with MICPA and continue to play a role in the development of the CPA profession and capital markets in Myanmar.



Mr. Kimitaka Mori, Chairman and President of JICPA, celebrates 60th anniversary of Korean Institute of CPAs

On December 11, 2014, Mr. Kimitaka Mori, Chairman and President of JICPA, attended the commemorative ceremony of the 60th anniversary of Korean Institute of CPAs (KICPA) held in Seoul.

Mr. Mori delivered a speech to extend his sincere congratulations and the best wishes for the KICPA's continuous success.



Students from Thailand visit JICPA

On February 27, 2015, a group of students enrolling in post-graduate accountancy program in Thailand visited JICPA as part of the training program to learn more about the accounting profession in Japan and the roles and responsibilities of the JICPA.

Mr. Kimitaka Mori, Chairman and President of the JICPA, visits Myanmar

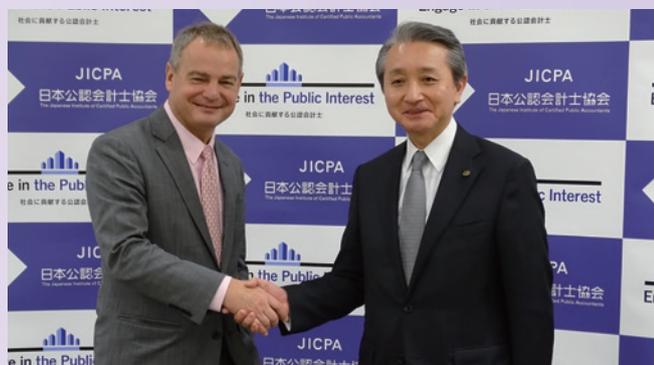
On March 6, 2015, Mr. Kimitaka Mori, Chairman and President of the JICPA, visited Myanmar and exchanged views with the Chairman and Executive members of Myanmar Institute of CPAs (MICPA) on the development of accounting professionals in Myanmar.

During his visit to Myanmar, Mr. Mori also met with officials and business persons from Japan who are making a great effort to assist the development of Myanmar economy and establish a stock exchange in Fall 2015.



Meeting with Mr. Hans Hoogervorst, Chairman of the 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 the IASB, to exchange views on IFRS.



Students from Shanghai visit JICPA

On April 21, 2015, a group of students from one of the graduate accounting schools in Shanghai, China, visited JICPA as 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.



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

On May 29, 2015, JICPA hosted 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 representative from Certified Public Accountants and Auditing Oversight Board (CPA AOB), JICPA, IFRS Foundation Asia-Oceania office.

CAPA leadership was also invited to present its recent activities at JICPA's council meeting held on May 27.



Supporting members achieve professional excellence: financial support program for members studying abroad

Kawashima International Scholarship Foundation (the Foundation) was established in 2006 by one of the JICPA members to develop Japanese CPAs with global mindset and broad perspectives who can contribute to the development of the accountancy profession worldwide.

Every year, the Foundation provides grants to the members selected from a pool of applicants to cover part of the costs for studying abroad in one of the top MBA programs and graduate schools in Europe and the United States.

This year, four members were selected as grantees, and among those were members enrolling in Kellogg School of Management, Northwestern University, and University of Illinois at Urbana-Champaign.

FINANCIAL SUMMARY

Balance Sheet

As of March 31

	Yen in thousands	
	2015	2014
Assets		
Current assets	5,557,435	6,645,626
Non-current assets	9,963,981	8,822,417
Total assets	15,521,417	15,468,043
Liabilities		
Current liabilities	431,191	407,594
Non-current liabilities	2,411,441	2,340,346
Total liabilities	2,842,632	2,747,941
Net Assets		
Restricted net assets	905,283	940,570
Unrestricted net assets	11,773,501	11,779,532
Total net assets	12,678,784	12,720,102
Total liabilities and net assets	15,521,417	15,468,043

Statements of Cash Flows

Years ended March 31

	Yen in thousands	
	2015	2014
Cash flows from operating activities		
Cash receipts from operating activities	6,113,740	5,985,913
Cash payments from operating activities	5,804,947	5,303,147
Net cash generated from operating activities	308,793	682,765
Cash flows from investing activities		
Cash receipts from investing activities	1,329,907	292,274
Cash payments from investing activities	2,039,290	475,992
Net cash used in investing activities	(709,382)	(183,718)
Cash flows from financing activities		
Cash proceeds from financing activities	—	—
Cash payments from financing activities	—	—
Net cash used in financing activities	—	—
Net (decrease)/increase in cash and cash equivalents	(400,589)	499,046
Cash and cash equivalents at beginning of year	3,868,011	3,368,964
Cash and cash equivalents at end of year	3,467,421	3,868,011

Statements of Operations and Other Changes in Net Assets

Years ended March 31

Yen in thousands

	2015	2014	Changes
Unrestricted net assets			
Ordinary changes			
Ordinary revenues	6,113,919	6,005,064	108,854
Ordinary expenses	6,101,360	5,538,497	562,863
Net ordinary changes	12,558	466,567	(454,008)
Non-ordinary changes			
Non-ordinary revenues	—	—	—
Non-ordinary expenses	18,589	267	18,321
Net non-ordinary changes	(18,589)	(267)	(18,321)
Total changes of unrestricted net assets	(6,030)	466,299	(472,330)
Unrestricted net assets at beginning of year	11,779,532	11,313,232	466,299
Unrestricted net assets at end of year	11,773,501	11,779,532	(6,030)
Restricted net assets			
Total changes of restricted net assets	(35,286)	(47,645)	12,358
Restricted net assets at beginning of year	940,570	988,216	(47,645)
Restricted net assets at end of year	905,283	940,570	(35,286)
Total net assets at end of year	12,678,784	12,720,102	(41,317)

JICPA's financial statements are prepared in accordance with accounting principles generally accepted in Japan for public benefit corporations.

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