**Guidance for Reporting**

**General instructions**

(1) Submission of documents

The firm shall submit documents containing the required information (hereinafter referred to as “the documents”), following the instructions provided. However, the firm may replace any part of the documents with existing material that covers all the information required in that part.

(2) Completion of submission

Submission of the documents shall be deemed to be completed on the day when the CPAAOB receives a complete set of the documents including all required information.

(3) Glossary of terms

Please see the “Glossary of terms” for definitions of terms used in this Guidance.

(4) Reference date

Figures as of the end of each of the preceding three fiscal years are required for figures with a fluctuating nature, such as the number of personnel, financial figures, etc., and figures as of the document submission date for figures with other natures, unless otherwise required in this Guidance.

(5) Correction of errors

Immediate submission of a full set of revised documents and errata are required, when the firm finds errors after submission of the documents. The firm, however, may submit only the pages where corrections were made with errata, instead of the submission of a full set with errata, when the volume of the documents is very large.

(6) Language

In principle, the firm is required to prepare and submit the documents in Japanese. English is, however, also acceptable.

The firm may replace any part of the documents with existing material that covers all the information required in that part, when the CPAAOB so permits. The CPAAOB, however, may require the firm to prepare a Japanese/English translation and/or further explanation of any part of that material, when the CPAAOB deems it necessary.

(7) Submission of the statement

In a case where the governing laws and regulations, etc. of the jurisdiction in which the firm’s principal office is located does not allow the firm to submit any information required in the documents, the firm, instead, may submit a statement explaining the following:

a. the fact that the firm is not able to submit the required information due to restraints by the governing laws and regulations, etc. of the jurisdiction, and an outline of such governing laws and regulations, etc.,

b. a legal opinion by an attorney which opines that the matters in a. above are true and accurate, and

c. in the case where the governing laws and regulations, etc. of the jurisdiction require the firm to obtain permission, consent, or approval (hereinafter referred to as the “permission, etc.” ) before submitting such information, and the firm, however, fails to obtain it, a statement which describes:

(i) measures taken by the firm to obtain the permission, etc. and

(ii) the reason why the permission, etc. was not obtained even after the measures were taken.

**Glossary of terms**

In this Guidance, the following terms have the meanings attributed below；

(a) The firm: the person who notified the authority according to Article 34-35 (1) of the Certified Public Accountants Act (hereinafter referred to as “the Act” )．

(b) Certified Public Accountants (CPAs): professional accountants qualified to provide audit and review services in the jurisdiction to which they belong.

(c) Partner(s): personnel responsible for the firm’s operation to external party(ies)．

(d) Staff: personnel working for the firm, other than partners．

(e) Non-CPA audit staff: staff engaging in audit and review services, other than CPAs．

(f) Other administrative staff: staff other than CPAs and Non-CPA audit staff．

(g) Partners with a management role in the firm: partners responsible for the firm’s management, or representative partners when partners responsible for the firm’s management don’t exist.

(h) Foreign companies: companies stipulated in Article 4(1)(iii) of the Cabinet Office Ordinance regarding Notification Requirements for Foreign Audit Firms．

(i) Joint auditors: other auditors with whom the firm performs joint audits．

(j) Audit team members: all members of an audit team, including engagement partners and staff members．

(k) Independence: requires an auditor to maintain the state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, exercise objectivity and professional skepticism (independence of mind) and to avoid causing facts and circumstances that are so significant a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude that the firm’s or an assurance team member’s integrity, objectivity or professional skepticism had been compromised (independence in appearance).

(l) Engagement quality control review： a process designed to provide an objective evaluation, on or before the date of the report of financial statements, of the significant judgments the engagement team made and the conclusions it reached in formulating the report.

(m) Quality control system: policies and procedures established by the firm to issue an appropriate audit report by performing audit procedures in compliance with professional standards, and relevant laws and regulations throughout the audit engagement, including acceptance and continuance of client relationships, planning, performance of audits, and issuance of audit reports.

(n) Affiliated entities include;

(i) entities over which the firm has control or significant influence, directly or indirectly through one or more intermediaries.

(ii) entities that have control or significant influence, directly or indirectly through one or more intermediaries, over the firm.

(o) Engagement partner: CPAs responsible for audit work and audit reports.

(p) Listed companies: companies listed on a financial instruments exchange in Japan as stipulated in Article 2(16) of the Financial Instruments and Exchange Act.

(q) Consultation: helps to promote quality and improves the application of professional judgment on difficult or contentious matters through discussion at the appropriate professional level, with individuals within or outside the firm who have specialized expertise.

**Instructions for filling in the forms**

**Form A**

**For information to be obtained from all firms**

**I. General information concerning the firm**

1. Outline of the firm’s business

(1) Outline of the independent audit and auditor oversight system of the firm’s jurisdiction

The firm shall describe the outline of the independent audit and auditor oversight system of the firm’s jurisdiction, citing the relevant laws and regulations, etc. with which the firm is required to comply in its jurisdiction. This requirement can be substituted by reference to the public website where the required information is provided.

(2) Business purpose and history of the firm

(2-1) Business purpose: the firm shall provide its business purpose and history as stipulated in its articles of association as of the submission date of this information requirement (hereinafter referred to as “the documents submission date.”

(2-2) History of the firm: the firm shall provide the important events for a better-understanding of its business, from the incorporation date to the document submission date, including the background of incorporation, change of name, important merger, change of business purpose, change of address of principal office (=national office), etc.

(3) Legal form and ownership of the firm

The firm shall describe its legal form and ownership with the governing laws and regulations, etc., such as a limited liability partnership or limited liability company.

(4) Governance structure of the firm

The firm shall describe its governance structure, including the name and role of each department, its internal control system, and risk management system.

(5) Organization chart of the firm

The firm shall provide its organization chart with an explanation of relationships among each department.

2. Information concerning partners and staff

(1) Information concerning partners and staff

Number of partners and staff and increase/decrease from the preceding fiscal year

The firm shall provide the number of partners as of the end of each of the preceding two fiscal years by each category of CPA and Non-CPA, respectively.

The firm shall provide the number of staff as of the end of each of the preceding two fiscal years　by each category of CPA, audit staff and others.

Regarding the numbers of partners and staff, the firm shall put the number of temporary staff and/or others in brackets“( )” in the form.

(2) Names, titles and professional history of the partners with a management role in the firm

The firm shall provide the name, title and business history of each partner with a management role in the firm.

Business history: the firm shall provide the date of 1) registration of CPA qualification, 2) admission to the firm and 3) designation to the current title.

3. Information concerning offices

(1) Only the information concerning the following offices shall be submitted:

A national office in charge of operation management and quality control for the whole firm, and

Offices in charge of audit of a foreign company, etc.

(2) Also, the following information shall be submitted for each office mentioned in (1).

Name and address of the offices

Number of partners and staff

Total number of the companies audited by each office mentioned in a., with the number of foreign companies in brackets “( )” in the form.

4. Information concerning each affiliated entity

Required information

Name, address, and business.

Name of the representative officer

Capital amount as of the end of the last fiscal year and revenue for the last fiscal year.

The monetary figures in this section shall be in the local currency. The name of that currency shall be stated.

The percentage of voting rights of the firm owned by the affiliated entities in brackets “(　 )”

5. Revenue

(1) Revenue for the preceding three fiscal years

The monetary figures in this section shall be in the local currency. The name of that currency shall be stated.

Revenue shall be provided by each category of audit and review, assurance engagement other than audit and review, and other services

Revenue of other services shall be provided by each category of accounting services, tax services, advisory services, and other services.

(2) The firm shall provide revenue information of the preceding three years by each office if more than one office is identified above in “3.Information concerning the office.”

The firm shall provide the revenue for each office mentioned in I. 3 above for each year, by each category of audit and review, assurance engagement other than audit and review, and other services if applicable. The monetary figures in this section shall be in the local currency. The name of that currency shall be stated.

6. Information concerning the companies audited by the firm (limited to foreign companies)

The monetary figures in this section shall be in the local currency. The name of that currency shall be stated.

The firm shall provide (i) Names, (ii) Fiscal year-end, (iii) Amounts of share capital, (iv) Names of engagement partners, (v) Names of joint auditors (if any) and (vi) Days/hours spent on the audit engagement of the following companies.

- The foreign companies audited by the firm (audit-clients) as of the document submission date

- The foreign companies with which the firm withdrew from engagement during the period from the beginning of the last fiscal year until the report submission date.

The firm shall provide the effective date of the first engagement letter in the “Notes” column if the first acceptance of that engagement was within the preceding three fiscal years.

The firm shall provide the date and reason for withdrawal from engagement if the foreign companies with which the firm withdrew from engagement.

**II. General information concerning operation, etc. of the firm**

1. Information concerning services and operation

(1) Information concerning services

(1-1) Total number of clients of audits and reviews, assurance engagements other than audits, and other services for the last fiscal year and the increase/decrease from the preceding fiscal year, with the number of foreign companies in brackets “( )”.

(1-2) New service line

The firm shall provide the commencement date and the nature of any new service line which commenced in the preceding three fiscal years.

(2) Information concerning operation

(2-1) Measures taken in order to ensure operational appropriateness by each item of (i) key management policies and measures employed for management, (ii) legal compliance, and (iii) others.

(2-2) Policies concerning quality control and procedures taken to enforce such policies by the following items

“Monitoring of the firm’s quality control system”

The firm shall provide an outline of its policies and procedures on how to assure that its quality control system is relevant, adequate, and operating effectively, including the structure of its monitoring body, the scope, frequency, and eligibility (i.e., independence, capability and experience) of persons responsible for monitoring, etc.

“Leadership responsibilities for quality control within the firm”

The firm shall provide an outline of policies and procedures, and the name, title and professional history of the person to assume ultimate responsibility for the firm’s system of quality control.

“Professional ethics and independence”

The firm shall provide an outline of its policies and procedures to ensure that its personnel comply with relevant requirements.

“Acceptance and continuance of client relationships and specific engagements”

The firm shall provide an outline of its policies and procedures on how to consider competence in performing the engagement, the capability, ethical requirements, integrity of client, etc.

“Employment, education/training, evaluation, and assignment” of audit team members

The firm shall provide an outline of its policies and procedures on how to maintain audit quality during the course of employment, education/training, evaluation, and assignment.

“Engagement performance (including the performance of engagement quality control review)”

The firm shall provide an outline of its audit manual and engagement quality control review.

2. Information concerning business alliances

(1) Information concerning business alliances in the field of the audit services with another professional accountant or audit firm.

a. The firm shall provide the name, commencement date, nature, and principal activity of the alliance for this fiscal year.

(2) If the firm is a member of a network, please provide an outline of the network and the basic arrangement between the firm and the network

3. Outline of lawsuits in the preceding three years (if any)

(1) The number of lawsuits which closed in the preceding three years and the total amount of payments that have been and/or are going to be settled due to those lawsuits.

This information is limited to that related to audit services.

“Total amount of payments” includes payments both in line with judgments and reconciliations, etc.

(2) The number of ongoing lawsuits and the total amounts of payments that plaintiffs demand the firm to pay.

This information is limited to that related to audit services.

4. Outline of the criminal penalty or administrative sanctions in the preceding three years (if any)

The firm shall provide the information by each case, including the execution date of the criminal penalty or administrative sanction, name of competent authority, relevant article of laws or regulations, and background of the case.

**III. Date and results of the most recent inspection/review conducted by administrative agencies, etc.**

The firm shall provide the findings and results of the inspection and/or review conducted by the competent authority, the firm’s remediation plan and the progress of its execution, if any. The above information is only limited to that relating to the audit service, and the competent authority is the oversight body for persons who provide audit and attestation services in the country where the national office of the firm is located.

The firm shall state so, if it has not obtained the result of the inspection and/or review by the reporting date.

**Form B**

**For information to be obtained from the firms that audit companies, etc. listed on a financial instruments exchange in Japan**

The firms which submit Form B need to submit Form A as well.

**I. Information concerning audit and review services for companies, etc. listed on a financial instruments exchange in Japan**

The following information shall be provided for each of the listed companies.

1. General information concerning engagement team members

(1) Information concerning engagement team

(1-1) Engagement partners

The firm shall provide the names of engagement partners and the consecutive years of involvement in the audit of this audit client.

(1-2) Number of audit staff members, etc.

The firm shall provide the number of CPAs (including partners other than engagement partners) and audit staff members by each category of CPA and others, and the names of such partners who were engagement partners of this audit client in the past, if any.

(1-3) Change of audit firm or partners, etc.

The firm shall provide the name of the predecessor firm or engagement partner, when the audit firm or engagement partner has been changed since the last fiscal year.

(2) Information concerning the engagement

(2-1) Revenue

Revenue shall be provided by each category of audit and review, assurance engagement other than audit and review, and other service

Revenue of other services shall be provided by each category of accounting service, tax service, advisory services, and other services.

Names, addresses and revenues of material consolidated subsidiaries, when the firm is the auditor of material subsidiaries.

The monetary figures in this section shall be in the local currency. The name of that currency shall be stated.

(2-2) Withdrawal from engagement

The firm shall provide the date and reason for withdrawal from engagement, if the firm withdrew from engagement with foreign companies during the period from the beginning of the last fiscal year until the report submission date.

(3) Information concerning quality control

(3-1) Name of the professional accountant and/or section of the firm responsible for quality control

(3-2) Name of the reviewing partner

2. Information concerning performance of the engagement

The firm shall provide the number of persons of the audit team by each category of (i) engagement partner, (ii) CPA and (iii) other audit staff, and days/hours spent on this engagement by the above-mentioned categories.

The firm shall also provide the names and addresses of material consolidated subsidiaries, and days/hours spent on that engagement, when the firm is the auditor of material subsidiaries.

**II. Information concerning the operation control system (including manuals regarding quality control system)**

1. Manuals and guidelines concerning quality control system

The firm shall provide the names of manuals and guidelines concerning the quality control system and the date of the last amendment together with hard/softcopies of those.

2. Audit manual

The firm shall provide the name and the date of last amendment.

3. Results of quality review conducted by the network

The firm shall provide the following information；

(1) Hard/softcopy of the latest network review report (reference number)

(2) The description of the findings/suggestions of the network review and remedial actions or plans, and the current status of execution of those (reference number)

The firm shall prepare a summary report in Japanese/English, when the network review report is not in Japanese or English. The summary report should include i) the date of review report, ii) findings/suggestions, iii) remedial actions or plans, and iv) current status of their execution