

Summary of financial reporting standards, audit and review and person eligible to do audit / review in terms of the Companies Act, 2008

Profit companies

Category of Companies	Financial Reporting Standard ¹	Audit / Review ²	Who
State owned companies.	IFRS, but in the case of any conflict with any requirement in terms of the Public Finance Management Act, the latter prevails.	Audit	Registered Auditor (RA)
Public companies listed on an exchange.	IFRS	Audit	RA
Public companies not listed on an exchange.	One of – (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs.	Audit	RA
Profit companies, other than state-owned or public companies, whose public interest score for the particular financial year is at least 350 QR who hold assets in excess of R5m in a fiduciary capacity. ³	One of— (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs.	Audit	RA
Profit companies, other than state-owned or public companies, whose public interest score for the particular financial year is at least 100 but less than 350.	One of— (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs; or (c) SA GAAP (withdrawn) ⁴	(a) Internally compiled – audit. The Section 30(2A) “owner managed” exemption does NOT apply. (b) Independently compiled – independent review. If you can apply the Section 30(2A) “owner managed” exemption, there is no review requirement.	RA RA / Chartered Accountant (CA(SA))

¹ The prescribed Financial Reporting Standards are applicable to all financial years **commencing** on or after 1 May 2011

² The audit and review requirements are applicable to all financial years **ending** on or after 1 May 2011.

³ Assets held in a fiduciary capacity must be held in the ordinary course of the company’s **primary** business, not incidental thereto, on behalf of third parties not related to the company. Fiduciary capacity implies decision-making capability over the application of the assets and that the third parties have the right to reclaim the assets

⁴ Although SA GAAP is included in the Companies Regulations as an allowed framework, it has been withdrawn with effect from years commencing after 1 December 2012. To view the withdrawal notice : <https://www.saica.co.za/Portals/0/Technical/Future%20of%20SA%20GAAP.pdf>

Profit companies, other than state-owned or public companies, whose public interest score for the particular financial year is less than 100, and whose statements are independently compiled .	One of— (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SME's; or (c) SA GAAP (withdrawn).	Independent review – If you can apply the Section 30(2A) “owner managed” exemption, there is no review requirement.	RA / CA(SA) / Accounting officer
Profit companies, other than state-owned or public companies, whose public interest score for the particular financial year is less than 100, and whose statements are internally compiled .	The Financial Reporting Standard as determined by the company for as long as no Financial Reporting Standards are prescribed. ⁵	Independent review – If you can apply the Section 30(2A) “owner managed” exemption, there is no review requirement.	RA / CA(SA) / Accounting officer

⁵ Companies could encounter problems in obtaining a clean independent review report unless Financial Reporting Standards that achieve “fair presentation” are used

Non-Profit Companies

Category of Companies	Financial Reporting Standard ⁶	Audit / Review ⁷	Who
Non profit companies that hold assets in excess of R5m in a fiduciary capacity ⁸ <u>OR</u> are state of foreign controlled <u>OR</u> perform a statutory or regulatory function.	IFRS, but in the case of any conflict with any requirements in terms of the Public Finance Management Act, the latter prevails.	Audit	Registered Auditor (RA)
Non profit companies, other than those contemplated in the first row above, whose public interest score for the particular financial year is at least 350.	One of— (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SME's.	Audit	RA
Non profit companies, other than those contemplated in the first row above whose public interest score for the particular financial year is at least 100, but less than 350;	One of— (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SME's; or (c) SA GAAP (withdrawn) ⁹	(a) Internally compiled – audit (b) Independently compiled – independent review	RA RA / Chartered Accountant (CA(SA))
Non profit companies, other than those contemplated in the first row above, whose public interest score for the particular financial year is at less than 100, and whose financial statements are independently compiled .	One of— (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SME's; or (c) SA GAAP (withdrawn)	Independent review	RA / CA(SA) / Accounting officer
Non profit companies, other than those contemplated in the first row above, whose public interest score for the particular financial year is less than 100, and whose financial statements are internally compiled .	The Financial Reporting Standard as determined by the company for as long as no Financial Reporting Standards is prescribed ¹⁰	Independent review	RA / CA(SA) / Accounting officer

Updated: January 2014

⁶ The prescribed Financial Reporting Standards are applicable to all financial years **commencing** on or after 1 May 2011.

⁷ The audit and review requirements are applicable to all financial years **ending** on or after 1 May 2011.

⁸ Assets held in a fiduciary capacity must be held in the ordinary course of the company's **primary** business, not incidental thereto, on behalf of third parties not related to the company. Fiduciary capacity implies decision-making capability over the application of the assets and that the third parties have the right to reclaim the assets.

⁹ Although SA GAAP is included in the Companies Regulations as an allowed framework, it has been withdrawn with effect from years commencing after 1 December 2012. To view the withdrawal notice : <https://www.saica.co.za/Portals/0/Technical/Future%20of%20SA%20GAAP.pdf>

¹⁰ Companies could encounter problems in obtaining a clean independent review report unless Financial Reporting Standards that achieve "fair presentation" are used.