SUBMISSION OF ANNUAL RETURNS OF PRIVATE COMPANIES TO CIPRO

Introduction
The Companies and Intellectual Properties Registration Office (CIPRO) has re-introduced the requirement for companies to submit annual returns. Initially this requirement only related to public companies but as from 1 May 2005 private companies must also lodge annual returns.

The purpose of this circular is to provide members in public practice with a specimen type of letter that can be sent to clients, in order to introduce this requirement to clients, to explain the process (Appendix I) and to obtain the authority to lodge the returns (Appendix II) on behalf of clients.

Johannesburg
May 2005

I S Schoole
Executive President
APPENDIX I

Specimen letter to clients

[Date]

The Directors
[ABC] (Pty) Ltd

[Address]

Dear Sirs

SUBMISSION OF ANNUAL RETURNS OF PRIVATE COMPANIES TO CIPRO

This letter is in respect of the following private company of which we are the appointed auditor:

[Name of company] (Pty) Ltd

Background
The amended section 173 of the Companies Act, 1973, which came into operation on 25 August 2003, reintroduced the requirement for all companies to lodge an annual return with the Registrar of Companies.

All private companies are obliged, with effect from 1 May 2005, to submit their annual returns in the month following the anniversary of their incorporation date, together with the following prescribed fees:

- Annual turnover less than R10 million – R450
- Annual turnover above R10 million but less than R50 million – R2 500
- Annual turnover R50 million and above – R4 000

These annual returns can only be lodged electronically, and all payments must be made via an electronic banking system, preferably by using a credit card.

If a company fails to lodge its annual return, and also fails to pay the prescribed fee, an additional fee of R150 will be levied on the defaulter. If, after successive reminders, the defaulter still fails to lodge the return...
and/or pay the fee, the Registrar will, after six months, institute deregistration proceedings against the company. The deregistration of a company could have significant tax implications for the company, as well as personal liability implications for its directors.

Procedure
1. A director, officer or a person authorised by the company must register as a customer on the CIPRO website www.cipro.co.za. Documents need to be faxed to CIPRO to activate this process.
2. Once activated, the relevant annual return fee must be paid over to CIPRO, either by credit card or by electronic payment.
3. The relevant data must be gathered for submission to CIPRO.
4. Once the payment is linked to the company, the annual return must be completed and submitted via the CIPRO website.

Our services
If required, we will submit the annual return on your behalf. In order to perform this function, we require the following:
1. A letter, signed by a director or officer of the company, authorising us to submit the return on behalf of the company. In this respect please refer to the attached specimen letter of authorisation.
2. The applicable annual return fee, as shown below, is to be paid into our bank account.

The following company was incorporated in [May] and the annual return must therefore be lodged by the end of [June 2005]

<table>
<thead>
<tr>
<th>Name</th>
<th>Latest audited turnover</th>
<th>Annual Return fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>[XYZ] (Pty) Ltd</td>
<td>[R500 000]</td>
<td>[R450] (no VAT is payable)</td>
</tr>
</tbody>
</table>

Please ensure that the payment of [R450] and our fee per item 3 below, is paid directly into our bank account by no later than [20 May 2005]:

Issued May 2005
Total amount payable:
Name of account holder:
Bank:
Branch:
Account no:

Please ensure that the deposit or transfer includes the name of the company in respect of which the annual return fee is being paid.

Please fax through confirmation of the deposit made to [(code) fax number].

1. Please note that our fee for obtaining the information required, arranging payment to CIPRO and submitting each annual return is [R......], including VAT.

Please do not hesitate to contact us should you require any further information.

Yours faithfully

[Signed]

[Name of audit firm]
APPENDIX II

Specimen letter of authorisation

[Date]

[Name of audit firm]
[Address]

Dear [Name of audit firm]

[NAME OF COMPANY] (PTY) LTD – [REGISTRATION NUMBER]

AUTHORISATION TO LODGE ANNUAL RETURN

As a director of the above company, I authorise any partner of your firm to lodge the annual return for the above company on our behalf.

This authorisation is valid until withdrawn in writing.

Yours faithfully

[Signed]

[Name of Director]
Duly authorised