



INSTITUTE OF ACCOUNTING & COMMERCE

your future secured

INSTITUTE OF ACCOUNTING AND COMMERCE OF SOUTH AFRICA

Members Handbook

Brief History of the IAC

The Institute of Administration and Commerce (IAC) was established in 1927 as a provider of distance learning education and a professional management institute.

The objectives of the founders were mainly to establish a South African Institute with a national character which would be able to grant its members qualifications in the various branches of administration and commerce, and which would ultimately obtain recognition as a guarantee for thorough theoretical knowledge and practical experience.

During the years of its existence, the Institute has made a considerable contribution towards the attainment of greater efficiency in the economic life of Southern Africans.

In 2005 the Institute ceased with the provision of education, as it could no longer obtain registration with the Department of Higher Education (DOHE) and the Council for Higher Education (CHE) and operated as a professional accounting and management institute. (It must be stated that no professional membership body is licensed by DOHE or CHE at this moment.)

On 25 May 2010, the IAC changed its name to the Institute of Accounting and Commerce, to become a professional accounting institute, specialising in the registration of Accounting Officers in terms of section 60 of the Close Corporations Act 69 of 1984.

The IAC is accredited by the following statutory bodies as a Recognised Controlling Body (RCB):

- | | |
|---|---------------------------------------|
| • South African Qualifications Authority (SAQA) | Professional Membership Body |
| • South African Revenue Service (SARS) | RCB for Tax Practitioners |
| • Companies and Intellectual Property Commission (CIPC) | RCB for Accounting Officers |
| • Companies and Intellectual Property Commission (CIPC) | RCB for Business Rescue Practitioners |

Index

SECTION 1:

Duties and responsibilities relating to Accounting Records 3

SECTION 2:

Letters of appointment 50

SECTION 3:

Approval of Annual Financial Statements 66

SECTION 4:

Examples of Annual Financial Statements 74

SECTION 5:

Wording of reports 120

SECTION 6:

Letters of resignation 137

SECTION 7:

Formations and Conversions 143

SECTION 8:

Useful templates for Accounting Officers 146

SECTION 9:

Useful documents for schools 179

SECTION 10:

Business Rescue and Certified Business Rescue Practitioner (CBRP) 188

ANNEXURES Attached

A. Statement of financial performance: Income Statement

B. Statement of financial position: Balance Sheet

C. Cash Flow Statement

D. Audit Report

E. Asset Verification Certificate

F. Bank Reconciliation

G. Statement of investment/s or note to Annual Financial Statements

H. Statement of outstanding debtors or note to Annual Financial Statements

I. Certificate of Sound Financial Management

J. Certificate of Verification of Computerised Receipting

SECTION

1.

DUTIES AND RESPONSIBILITIES RELATING TO ACCOUNTING RECORDS

1.1	Introduction	4
1.2	Accounting Records	22
1.3	Financial Statements	25
1.4	Duties of the Director, Accounting Officer or Tax Practitioners	29
1.5	Procedures for Appointments and Resignations	34
1.6	Approval of Annual Financial Statements.....	36
1.7	Fees.....	37
1.8	Advertising.....	37
1.9	Letterheads and Stationery	37
1.10	Complaints against IAC Members.....	38
1.11	Working Papers.....	39
1.12	Review of Financial Statement	40
1.13	Contraventions of the Companies Act.....	40
1.14	Contraventions of the Close Corporations Act	40
1.15	Deregistration of a Company	41
1.16	Deregistration of a Close Corporation	41
1.17	Conversion from a Close Corporation into a Company	42
1.18	Standards.....	42
1.19	Subordination Agreements and Trading Whilst Factually Insolvent	42
1.20	Guidelines on Services which IAC Members may or may not perform	44
1.21	Duties of an Accountant appointed to a Trust.....	48
1.22	Notes on Reports	49

1.1 INTRODUCTION

1.1.1 INSTITUTE OF ACCOUNTING AND COMMERCE - PROFESSIONAL DESIGNATION

In accordance with the Memorandum of Incorporation of the IAC, which can be accessed on the IAC website via the following link: <https://iacsa.co.za/wp-content/uploads/2019/01/MOI-With-Mission-Statement-30-October-2018.pdf>, any person who is or was involved in Accounting, Tax and related activities, may apply for membership of the Company upon the terms and conditions contained therein.

The codes of conduct of IAC members are set out in the Institutes By-Laws, which can be accessed on the IAC website via the following link: <https://iacsa.co.za/wp-content/uploads/2019/08/IAC-By-Laws-Amendments-to-Clause-18.5.2018.5.21-and-22.1b.pdf>. In addition, all IAC members are required to sign the IAC covenant and keep it displayed in their office or practice. Full details of the criteria for obtaining a professional designation and maintaining the professional designation can be accessed on the IAC website.

Members can access the codes of professional conduct on the IAC website via the following link: <https://iacsa.co.za/wp-content/uploads/2019/02/iac-code-of-ethics-new.pdf>.

IAC members may practice under the professional designations listed below:

1.1.1.1 Independent Accounting Professional (IAP)

The Independent Accounting Professional (IAP) (Reviewer) performs the same duties as an Accounting Officer, however, the Independent Accounting Professional is allowed to do reviews of companies in terms of Regulation 29 of the Companies Act 71 of 2008 in compliance with ISRE 2400 and ISRE 4400.

Only registered Accounting Officers who completed and passed an approved Reviewer course, may apply to be registered as an Independent Accounting Professional.

1.1.1.2 Financial Accountant in Practice (FAP)

The Financial Accountant in Practice (FAP) performs duties as an Accounting Officer and provides a number of accountancy-related services to companies, close corporations, partnerships, sole proprietors, trusts and various other types of small business and non-corporate undertakings. The Financial Accountant in Practice (FAP) must have acquired knowledge of and demonstrate competence in areas such as Financial Accounting, Internal and External Auditing, Taxation, Company Law, Management Accounting and Practice Management.

Some of the FAP's key duties and responsibilities are to:

- Prepare and sign off Financial Statements for Close Corporations and Companies whose PIS score is below 100 or is owner managed;
- Do an independent compilation or review of Annual Financial Statements for Companies and Incorporates whose PIS score is under 100. The Financial Statements for both Companies and CCs need to comply with IFRS or IFRS for SMEs;
- Prepare and sign off Financial Statements for NPOs and PBOs – as long as the organisation's constitution and PIS score allows it;
- Prepare and sign off Financial Statements for Trusts if the trust deed allows it;
- Prepare and sign off Financial Statements for a Sole Proprietor, Partnership and Money Lenders; and
- Be allowed to accept the audits of Schools, but this needs to be understood in terms of the Schools Act 84 of 1996 as well as the requirements of the Schools Act in the various Provinces.

1.1.1.3 Financial Accountant in Commerce (FAC)

The duty of a Financial Accountant in Commerce (FAC) is to prepare annual financial statements for their employers or clients, and to control, gather, analyse and interpret financial information in such a way that internal and external stakeholders, such as management, investors, banks and shareholders, can use it to forecast the future of the Company and to make decisions based on the information.

- A Financial Accountant in Commerce should be allowed to write up books of prime entry for all types of business entities, but will not be allowed to act as an Accounting Officer.
- A Financial Accountant in Commerce may apply to be registered as an Accounting Officer, but would have to meet the entry requirements prevailing at the time.

1.1.1.4 Technical Accountant (TA)

A Technical Accountant (TA) primarily renders a support function to Professional Accountants by writing up subsidiary books of prime entry. They are involved in the day-to-day practical bookkeeping function including the preparation of working paper files. A Technical Accountant is allowed to prepare financial statements for sole proprietors and partnerships.

1.1.1.5 Business Rescue Practitioners

The Companies and Intellectual Property Commission (CIPC) has accredited the IAC as a professional body for Business Rescue Practitioners in terms of Section 138(1) of the Companies Act, 2008. Business Rescue, as defined by the Companies Act, 2008, aims to facilitate the rehabilitation of a Company that is "financially distressed" by providing for: the temporary supervision of the Company and management of its affairs, business and property by a Business Rescue Practitioner, a temporary moratorium (stay) on the rights of claimants against the Company or in respect of property in its possession and the development and implementation (if approved) of a business rescue plan to rescue the Company, by restructuring its business, property, debt, affairs, other liabilities and equity.

Applications for a license as a Business Rescue Practitioner (BRP) may be found under CIPC Notice 2 of 2019, Guideline for the Application for Licensing as a Business Rescue Practitioner.

1.1.1.6 Certified Tax Practitioner (CTP)

The Certified Tax Practitioner (CTP) is a professional designation that can be awarded to general Tax Practitioners, Accountants and Tax Attorneys involved in the tax departments of accounting and/or auditing practices, public officers of companies and SARS officials.

In terms of Section 240 of the Tax Administration Act 28 of 2011, every natural person who provides advice to another person with respect to the application of a tax return; or completes or assists in completing a tax return, such person must register with or fall under the jurisdiction of a Recognised Controlling Body registered with the South African Revenue Service (SARS).

There is no restriction on the tax work which may be undertaken by a Certified Tax Practitioner provided that the practitioner is competent to perform such function.

1.1.1.7 Associate Tax Practitioner (ATP)

The Associate Tax Practitioner (ATP) is a professional designation that can be awarded to general Tax Practitioners and Bookkeepers involved in the accounting and tax departments of businesses and small accounting practices.

In terms of Section 240 of the Tax Administration Act 28 of 2011, every natural person who provides advice to another person with respect to the application of a tax return; or completes or assists in completing a tax return, such person must register with or fall under the jurisdiction of a Recognised Controlling Body registered with the South African Revenue Service (SARS).

An Associate Tax Practitioner will be limited to the following functions:

Value Added Tax

- Registration and deregistration
- Completion and submission of returns: manually and via E-filing (Vat201)
- Handling of Vat Audits, uploading scanned documents via E-filing to SARS

Employees Taxation

- Registration and deregistration of PAYE, UIF and SDL
- Maintaining monthly employee records
- Calculation of PAYE, SITE, UIF and SDL
- Completion and submission of returns: manually and via E-filing (EMP 201)
- Reconciliations, e.g. EMP501
- Issuing of all annual returns and certificates, e.g. IRP5s and IT3s
- Handling of employees taxation Audits, uploading scanned documents via E-filing to SARS

Income Tax Registrations and Deregistration

- Individuals / Partnerships
- Trusts
- Companies and Close Corporations
- Small Business Corporations
- Turnover Tax

Calculation of Income tax

- Individuals / Partnerships
- Turnover Tax

Completion and Submission of Annual Income Tax Returns

- Individuals / Partnerships
- Companies and Close Corporations



Note: EMP101

Every Employer who is obliged to register for Employees' Tax, SDL and/or UIF purposes must apply within 21 days after becoming an Employer, to the Commissioner in the prescribed form (e.g. EMP101 or EMP102).

An example of the EMP101 form and guide may be found below:

LAYOUT OF THE EMP101

The EMP101 registration application form consists of the following parts:

- Part 1: Business information
- Part 2: Residential/registered address
- Part 3: Particulars of two main partners
- Part 4: Liability particulars
- Part 5: Particulars of Representative Employer
- Part 6: Particulars of business
- Part 7: Particulars of exemptions
- Part 8: Particulars of external auditor / bookkeeper / accountant / tax practitioner
- Part 9: Banking particulars
- Part 10: Particulars of other branches/divisions
- Part 11: Declaration by Representative Employer
- Part 12: Notes

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM



Note: Before completing the application, please read the following instructions.

- Should you experience any difficulty in completing the application, you are welcome to contact the SARS contact centre (0800 007 277) or visit the SARS website (www.sars.gov.za).
- Print clearly, using a **blue** or **black** pen only.

Use BLOCK LETTERS and print one character in each block. Example:

M	A	G	S		N	A	I	D	O	O
---	---	---	---	--	---	---	---	---	---	---

- Place an X in the relevant choice blocks.
- CCYYMMDD' format - Where CC is the century, YY is the year, MM is the month and DD is the day in the month.
- Any alterations on the application must be initialled by the taxpayer/representative.
- You are obliged to make a full and accurate disclosure of all relevant information on the application form. Misrepresentation, neglect, furnishing false information or non-submission of your application can lead to prosecution.

PART 1: PARTICULARS OF PERSON APPLYING / LIABLE FOR REGISTRATION

[illegible]

Note: This part requires details of the entity requesting registration.

Nature of person

- Indicate applicable letter for nature of person in the block provided, for example:
 - In case of an individual, an “A” will be completed in the box.
 - For foreign diplomatic or consular mission, complete “L”.

Initials

- Insert the initials of the individual in the blocks provided, for example:
 - If my name is Sophia Amanda Nel, my initials would read

S	A	
---	---	--
- If the nature of the person is anything other than an individual, leave the blocks BLANK.

Surname or registered name

- This refers to the legal name.
 - In the case of an individual, only the surname.
 - In the case of a partnership, company, etc. the business or organisation name that appears on all official/legal documents should be completed.

Income Tax reference number

- Complete the Income Tax reference number of the applicant in the blocks provided.
 - If your business is a partnership, record the Income Tax reference number of the most senior partner.
- Where the entity is not registered for Income Tax purposes, leave the blocks BLANK.

Date of birth

- Where the nature of the person is an individual, insert the date of birth in the 'CCYYMMDD' format.
- Identity number
- For an individual, record the South African identity number of the individual.

Registration number of Company / CC / Trust / Fund

- The registration number is the number supplied by the Department of Trade and Industry on successful registration of the entity.
- Record the registration number of the entity in the blocks provided. Do not include any space, slash ("/") or dash ("-") signs.

Registration number of Co-operative

- Record the registration number of the entity in the blocks provided. Do not include any space, slash ("/"), dash ("-") or other signs.

VAT number

- Complete the VAT number of the applicant in the blocks provided.
- Where the entity has no registration number, leave the blocks BLANK.

If not South African resident, state country of residence

- Where a person does not fall within the definition of a "resident" in terms of the Income Tax Act, 1962, that person is not a South African resident for tax purposes and needs to complete the country of residence.

Country of issue

- Refers to the code of the country in which the passport was applied for and issued.

Passport number

- For an individual (not an RSA resident), complete the individual's passport number in the blocks provided.

Purpose of registration

- Indicate purpose of the applicant in the blocks provided

Purpose of registration:	PAYE/ UIF	☒	SDL/ UIF	☐	PAYE/ SDL/ UIF	☐
--------------------------	--------------	-------------------------------------	-------------	--------------------------	----------------------	--------------------------

PART 2: RESIDENTIAL / REGISTERED ADDRESS

2. Residential/Registered Address	
Residential address if individual and Registered address for other entity types	
Unit no.	Complex (if applicable)
Street no.	Street/Name of farm
Suburb/District	
City/Town	
Postal code	Cell no.
Fax no.	Home tel no. (for individuals)
Contact email	



Note: This part requires the particulars of the residential or registered address.

Physical address, telephone number and cellular phone number

- The physical address details must be completed from where the business is conducted. Therefore it cannot be a Post Office box number.
 - The contact telephone number should be completed with the area code.
 - In addition, the cellular phone number of the individual / registered business must be provided.

PART 3: PARTICULARS OF TWO MAIN PARTNERS

3. Particulars of Two Main Partners	
Number of partners in partnership	
A. Individual B. Partnership C. Company/CC/Co-operative (CIPRO reg. entity) D. Government/Public or Local authority E. Association not for gain G. Club H. Welfare Organisation I. Trust K. Foreign Individual L. Foreign Governmental (foreign embassies) M. Unincorporated Body of Persons N. Retirement Funds O. Section Title Entity (Sectional Titles Act no. 95 of 1986 - non CIPRO Body Corporate)	
Nature of person (select applicable nature of person)	
Initials (only if nature of person is individual)	
Surname/Company/Close Corporation or other name	
Identity no.	Registration number of CO/CC/Trust/Fund
Date of birth (DDMMCCYY)	Income tax reference number
Registration number of co-operative	Passport no.
If not South African resident state country of residence	
Country of issue (e.g. South Africa = ZAF)	
FOR OFFICE USE Reason code	
Nature of person (select applicable nature of person)	
Initials (only if nature of person is individual)	
Surname/Company/Close Corporation or other name	
ID no.	Registration number of CO/CC/Trust/Fund
Date of birth (DDMMCCYY)	Income tax reference number
Registration number of co-operative	Passport no.
If not South African resident state country of residence	
Country of issue (e.g. South Africa = ZAF)	
FOR OFFICE USE Reason code	



Note: This section collects information about the individuals associated with the business.

- ## PART 4: LIABILITY PARTICULARS

4. Liability Particulars

Preferred language English ☐ Afrikaans ☒

Date on which the business commenced/will commence (DDMMCCYY)

Date on which the employer became/will become liable for registration for PAYE/UIF (DDMMCCYY)

Date on which the employer became/will become liable for registration for SDL/UIF (DDMMCCYY)

Payroll Information: Estimated payroll for the following 12 month period R ,

Number of employees on which estimated payroll is based

PART 5: PARTICULARS OF REPRESENTATIVE EMPLOYER

5. Particulars of Representative Employer

The representative employer is a natural person residing in South Africa who is, according to paragraph 16 of the Fourth Schedule to the Income Tax Act 58 of 1962, responsible for performing the duties of the employer as required by the said schedule. Not applicable to individuals except if the individual is not a SA resident.

Initials

 ●

Surname

 ●

●

Capacity:	Public Officer	Trustee/Curator/Liquidator/Executor/ Administrator/Judicial manager	Partner	Treasurer	Officer for Municipality/Public Authority/ Manager/Secretary/Council/Board
------------------	----------------	--	---------	-----------	---

Physical address in South Africa (not postal box number)

Unit no.		Complex (if applicable)	
Street no.		Street/Name of farm	
Suburb/District			
City/Town			
Postal code		Tel no.	
		Fax no.	
Cell no.		ID no.	
Passport no.		for the representative Employer	Country of Issue (e.g. South Africa = ZAF)
Contact email			

Representative employers must ensure that they are familiar with the provisions of the Fourth Schedule to the Income Tax Act



Note: A representative taxpayer is a natural person residing in South Africa who is, in terms of paragraph 16 of the Fourth Schedule of the Income Tax Act 58 of 1962, responsible for performing the duties of the employer as required by said Schedule.

- If an employer is not a natural person, it is necessary to determine who is responsible for performing the duties and obligations. Before you provide information in this part, read the table below to determine who the correct representative employer is in relation to the nature of the applicant.

INSTITUTION	CAPACITY	DEFINITION
A company	Public officer	The nominee that holds a post of responsibility in the company, such as managing director, manger, shareholder or secretary or as appointed in default by the Commissioner. The appointment of an auditor or attorney who is not an employee of the company may not be accepted unless the assessing officer is satisfied that there are special circumstances warranting such appointment and then only if the registered address of the company is that of such auditor or attorney.
Any company in liquidation	Liquidator	The person duly appointed to carry out liquidation.

Any municipality	Accounting Officer	Any person responsible for accounting for receipt or payment of money under any law or for the receipt or payment of public funds on behalf of such municipality.
Any public Authority	Accounting Officer	Any person responsible for accounting for receipt or payment of money under any law or for the receipt or payment of public funds on behalf of such public authority.
Any corporate or unincorporated body, other than a company	Treasurer	A person appointed to administer or manage the financial assets and liabilities.
A person under legal disability	Guardian, curator or administrator	A person legally responsible for someone unable to manage their own affairs.
A deceased person or his/her estate	Executor or administrator	A person appointed by the testator to carry out the terms of the will.
An insolvent person or his/her estate	Trustee or administrator	An individual or member of a board given powers of administration of property in trust with a legal obligation to administer it solely for the purposes specified.

Initials

- Insert the initials of the representative employer in the blocks provided.

Surname

- Insert the surname of the representative employer in the blocks provided.

Capacity

- Determine the capacity of the representative employer by utilising the table above.
 - Place an "X" in the relevant choice block.
 - The capacity indicated in this field must be the same as completed in part 12 of the application form.

Physical address, telephone number and cellular phone number

- The physical address details must be completed from where the business is conducted. Therefore it cannot be a Post Office box number.
 - The contact telephone number should be completed with the area code.
 - In addition, the cellular phone number, identity number and/or passport number, country of issue and email address of the representative employer must be provided.

PART 6: PARTICULARS OF BUSINESS (CONTINUED)

6. Particulars of Business (continue)	
Trading or other name	
Physical address of the business	
Unit no.	Complex (if applicable)
Street no.	Street/Name of farm
Suburb/District	
City/Town	
Postal code	Bus tel no. Fax no.
Cell no.	
Contact email	
Website address	
Postal address:	Same as above: ☐
Postal code	
Trade classification codes (refer to brochure - VAT/PAYE 403 available on the SARS website: www.sars.gov.za)	
State main activity	
Major division	Activity within major division
SETA classification codes (refer to Guide for SDL)	
SETA Code	Chamber/SIC code

Trading or other name

- The trading name is the name under which your business trades. It is also the name known by your suppliers or customers and it may be different from your business' legal name.
 - If the trading name is the same as the legal name, rewrite the name but DO NOT write "as above", "not applicable" or "N/A".
 - If your business has more than one trading name, provide the trading name for the main activity and a separate list of other trading names as an annexure to the application form.

Physical address, telephone number, cellular phone number and postal address

- The physical address details must be completed from where the business is conducted. Therefore it cannot be a Post Office box number.
 - Similarly, the telephone number at the physical address must also be furnished.
 - Where there is no landline telephone number, write an alternate contact telephone (if applicable) or cellular phone number in the cellular phone number field.
 - The facsimile number need not be physically situated at the place of business and serves as an alternate means of contact (e.g. facsimile messages).
 - If you have an "086" facsimile number, complete the "086" as the area code and the rest of the number as the facsimile number.
 - The postal address of the employer must be provided.

E-mail address and website address

- Use BLOCK LETTERS and print one character in each block.
 - For your website address, enter it exactly as it appears on your website using UPPER CASE and lower case where necessary.

Trade classification codes

- Refer to brochure – VAT / PAYE 403 available on the SARS website, www.sars.gov.za, to see which activity and division codes are applicable to your business.
 - For foreign diplomatic or consular mission', the major division is "26" and the activity within the major division "2605".

State main sector and activity

- The main sector and activity from which the applicant derives the majority of its business income must be described.

SETA classification codes (SETA code and chamber/SIC code)

- In order to ensure that the application for registration for SDL is processed, the valid classification SETA/SIC codes must be completed.
 - Where the SETA/SCI classification codes have not been completed on the application for registration; the SDL payments will not be allocated to the National Skills Fund and the relevant SETA.
 - This will also mean that no Levy Grant can be paid to the employer by the relevant SETA. Even where an employer applies to be registered for Employees' Tax and UIF purposes only, the SETA/SIC classification codes must be completed.
 - These codes can be obtained from the Quick guide for SDL which is available on SARS' website.

PART7: PARTICULARS OF EXEMPTIONS (WHERE APPLICABLE)

7. Particulars of Exemptions (where applicable)

Employers who fall within the categories mentioned below are not liable for the payment of the levy in terms of section 1 of the Skills Development Levies Act, but must however still register in terms of section 5(6) of the aforementioned Act. Kindly mark a block with an "X" if applicable).

FOR OFFICE USE ☐

Any National/Provincial public service employer ☐

Public Benefit Organisations ☐

Municipalities to whom a certificate of exemption has been granted ☐

National/Provincial public entity, if more than 80% of your expenditure is defrayed from funds voted by Parliament ☐

- This part is only applicable for SDL exemption purposes.
- If the entity is not liable for SDL, the relevant entity must be selected with an "X".
- Where an employer falls within any one of the following categories, such employer will be exempt from the payment of SDL although he/she is still obliged to register in terms of Section 5(6) of the SDL Act and the relevant category must be indicated with an "X":
 - Any National/Provincial Public Service employer.
 - Any Public Benefit Organisation which is exempt from the payment of SDL in terms of section 4(c) of the SDL Act and has received a letter of exemption from the SARS Tax Exemption Unit.
 - Any National/Provincial Public entity, if more than 80% of its expenditure is defrayed from funds voted by Parliament.
 - Any Municipality in respect of which a certificate of exemption has been granted.

PART 8: PARTICULARS OF EXTERNAL AUDITOR / BOOKKEEPER / ACCOUNTANT / TAX PRACTITIONER (WHERE APPLICABLE)

8. Particulars of external auditor/bookkeeper/accountant/tax practitioner (where applicable)

Initials		
Surname/Company name		
Unit no.	Complex (if applicable)	
Street no.	Street/Name of farm	
Suburb/District		
City/Town		
Postal code	Tel. no.	Fax no.
Cell no.	Tax practitioner registration no. PR-	
Contact email		

- Complete this block with the personal details of either:
 - The external auditor of the organisation
 - The bookkeeper of the organisation
 - The accountant of the organisation
 - The tax practitioner.
- If you do your own books, leave these blocks blank.

PART 9: BANKING PARTICULARS

[illegible]

- The banking details account must be at a recognised financial institution located in South Africa. This part allows the employer to provide SARS with the banking details of the business.
- The following banking particulars (optional field) must be completed:
 - Type of account
 - Bank branch number
 - Account number
 - Legal person or trading name of the account holder (must correspond to part 1)
 - Account holder relationship.
- Third party banking details may only be used if you are a holding company or a subsidiary company within a 'group of companies' or if you are a foreign company.
- Detailed information on banking detail requirements is available from the SARS website (www.sars.gov.za).

PART 10: PARTICULARS OF OTHER BRANCHES / DIVISIONS

10. Particulars of other branches/divisions

State the number of branches/divisions if separate branches/divisions also exist in the RSA

State the number of branches/divisions for which separate registration is required.

Furnish the trading or other name and/or PAYE number(s) of ALL branches/divisions including those for which an application for separate registration will be made on an EMP102e form:

Name	
PAYE no.	7
Name	
PAYE no.	7
Name	
PAYE no.	7
Name	
PAYE no.	7
Name	
PAYE no.	7

State the number of branches/divisions, if separate branches/divisions also exist in the RSA

- Enter the number of branches/divisions that are linked to your present business in the blocks provided, for example:

0

0

3

- Branches/divisions situated outside South Africa must not be included.

State the number of branches/divisions for which separate registration is required

- State the number of branches/divisions that requires a separate EMP.

Furnish the trading or other name and/or employer's reference number (PAYE no.) of all branches/divisions including those for which an application for separate registration will be made on EMP 102 application

- The application accommodates the details of 5 branches/divisions.
 - Where there are more than 5 branches/divisions, an annexure must be attached detailing the information as required in this part.

PART 11: DECLARATION BY REPRESENTATIVE EMPLOYER

11. Declaration by representative Employer

I declare that:

(i) I am the representative employer and that the information furnished herein is true and correct and that all required documents are attached and,

(ii) I am fully aware of my duties and responsibilities as per the fourth schedule to the Income Tax Act 58 of 1962.

Name Signature Capacity of Representative Employer

Date

- This part is a declaration by the employer or the representative employer affirming that the information supplied in this application is true and correct and that all required documents are attached when submitted to SARS.
 - It is also an affirmation by the employer or the representative employer that he/she is aware of his/her duties and responsibilities in terms of paragraph 16 of the 4th Schedule.
 - Once you have completed this application, you are required to read the declaration.
 - When you are satisfied that all of the information provided in the application is accurate and complete, the application form must be signed and dated in addition to recording the name and capacity of the representative employer.

PART 12: NOTES

12. Notes

1. Please read Guide for Employers iro Employees' Tax for more information regarding Employees' Tax. The guide is available on the SARS website: www.sars.gov.za
2. An employer is deemed not to have applied for registration until the application form has been completed in full and all the required information and documentation has been furnished. Please refer to the Supporting Document list available on the SARS website (www.sars.gov.za)
3. An EMP 103 Registration Certificate confirming the registration number(s) will only be issued upon successful verification and validation.

*Only personally presented applications by the individual owner / partner / legal representative / **authorised registered tax practitioner** will be accepted. (However, please note, the form may not be signed by the tax practitioner on behalf of the applicant.)*

Monthly Employer Declaration (EMP201)

The amounts deducted or withheld by the employer must be paid to the South African Revenue Service (SARS) on a monthly basis, by completing the Monthly Employer Declaration (EMP201). The EMP201 is a payment declaration in which the employer declares the total payment together with the allocations for PAYE, SDL, UIF and/or ETI. A unique Payment Reference Number (PRN) will be pre-populated on the EMP201 and will be used to link the actual payment with the relevant EMP201 payment declaration.

The EMP201 will no longer be posted to employers. Manually completed Payroll Tax forms dropped off at a SARS branch (in the drop-box) or posted, are no longer accepted.

An EMP201 may be obtained by:

- Accessing easyFile™ Employer
- Accessing eFiling
- Visiting a SARS branch, where an agent will help to fill in the EMP201 electronically.

A guide on the submission of the EMP201 by a Tax Practitioner may be found in the attached annexures of this document and below:

Completing the Monthly Employer Declaration (EMP201)

The amounts deducted or withheld by you, the employer, must be paid to SARS on a monthly basis by completing the EMP201.

You need to submit your EMP201 and the payment, if applicable, within 7 days after the end of each month, e.g. by the 7th of each month.



Top Tip: *If the 7th falls on a weekend or public holiday, you need to submit your EMP201 together with your payment, if applicable, by the last business day before the weekend or public holiday.*

Background

- The EMP201 allows you to adjust an earlier submitted declaration or reallocate credits, whether it is for this period or a prior period, for Pay-As-You-Earn (PAYE), Skills Development Levy (SDL), Unemployment Insurance Fund (UIF) and/or Employment Tax Incentive (ETI).
- The ETI is an incentive aimed at encouraging employers to hire younger work seekers. It was implemented with effect from 1 January 2014 and can be claimed for a period of 24 months from the date of employment.

- The ETI is in operation from 1 January 2014 till 28 February 2019.
- **Certain criteria and requirements must be met**, to qualify for the ETI.
- The penalty and interest fields on the EMP201 shows the portion of the payment that must be allocated to penalty and/or interest. Therefore, be sure to include these amounts in addition to the monthly liability that's due.
- You're responsible for administering your own tax account. So when a payment is made, you must make sure the payment details shown are correct. The Payment Reference Number (PRN) and the allocation of the payment must be correct for PAYE, SDL, UIF and/or ETI on the EMP201 you fill in.
- You are provided with a consolidated view of all three of the payment taxes. On receipt, payments are stored in your clearing account, which is then automatically allocated to PAYE, SDL and/or UIF in line with your submitted EMP201.
- Any under- or over-payment is easily identified by SARS, and you are told. This makes it easier for you to put right an allocation declared or move a missing allocation into the right place.

Requesting an EMP201

 **Top Tip: The EMP201 will no longer be posted to employers. Manually completed Payroll Tax forms dropped off at a SARS branch (in the drop-box) or posted, are no longer accepted.**

You can get an EMP201 by:

- Accessing easyFile™ Employer
- Accessing eFiling
- Visiting a SARS branch, where an agent will help you to fill in the EMP201 electronically.

 **Please note:**

- **An EMP201 printed from eFiling/easyFile™ Employer and sent to SARS won't be accepted.**
- **A payment can't be made without first submitting the EMP201.**

 **Top Tip: Employers should either use eFiling or easyFile™ Employer to submit their declarations. These electronic channels are free, convenient and available 24/7. To find out how to get started, follow our simple online instructions.**

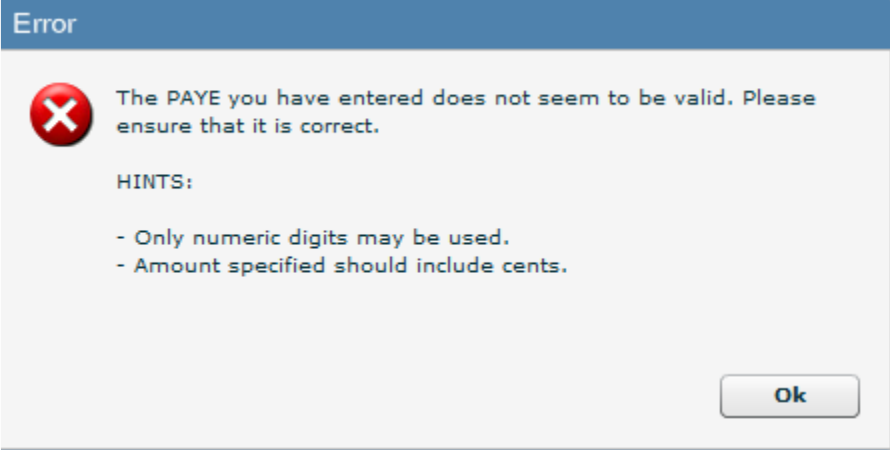
Completing the EMP201

The EMP201 is divided into seven sections:

1. Employer details
2. Contact details
3. Payment details
4. Employment Tax Incentive (ETI)
5. Voluntary Disclosure Programme
6. Tax Practitioner details (if applicable)
7. Declaration

The general rules are as follows:

- Pop-up warning message will be shown where the information entered is invalid, e.g.



- PAYE R

- Total/Nett fields are automatically calculated for you.

EMP501

An EMP501 is the report of all staff earnings, required by SARS. It needs to be submitted twice a year and must be submitted before an Employer can issue IRP5 certificates to staff.

A Tax Calendar has been developed to provide a guide to taxpayers about the key deadlines for the main segments of taxpayers. All businesses that are required to register for PAYE, must follow the schedule below:

- Monthly – the EMP201 must be submitted monthly – by the 7th of the following month or the Friday before that day if the 7th falls on a weekend or public holiday.
- Interim (for period 1 March to 31 August) – the Interim Employers Filing Season for EMP501 reconciliations runs from 1 September to 31 October.
- Annual (for period 1 March to 28 February) – the annual Employers Filing Season runs from 1 April to 31 May.

A step-by-step guide on the Employer Reconciliation Process may be found in the attached annexures of this document.

VAT 201

SARS has been modernising and simplifying tax processes in line with international best practice. Improvements are being made continuously as we aim to better our service standards, increase efficiency and compliance. One of the aspects of compliance that SARS wishes to address is the VAT201 Declaration and payment of VAT. A step-by-step guide on completing the VAT201 Declaration may be found in the attached annexures of this document.

ITR12

An ITR12 or Income Tax Return is a form that SARS requires all individuals (including provisional taxpayers) to complete and submit to SARS once every year. The form is used to declare your incomes and expenses so that

SARS can calculate how much tax you need to pay, or how much of a tax refund SARS needs to pay you.

Taxpayers only need to complete one ITR12 each year, even if they have several incomes from different employers or different income sources. That is because the ITR12 form contains all the incomes within it, on different pages. For example, if you worked two different jobs, you would have two IRP5 documents from your employer showing your income. You would simply copy the first IRP5 into your ITR12, followed by the second one (into the same ITR12) so that SARS knows your total income for the tax year.

A step-by-step guide on completing the Individual income tax return (ITR12) may be found in the attached annexures of this document.

ITR14

An ITR14 or Income Tax Return is a form that SARS requires all companies registered with CIPC to complete and submit to SARS once every year. The form is used to declare your incomes and expenses/deductions so that SARS can calculate how much tax your business needs to pay, or how much of a tax refund SARS needs to pay to you.

If you run a business that is not registered with CIPC, you would enter in your business-related incomes and expenses into your personal ITR12 tax return, under the Local Business section.

A step-by-step guide on how to complete, the required supporting material and more info on the ITR14 may be found here, in the attached annexures to this document.

1.1.2 SOURCE DOCUMENTS GUIDING THE DUTIES OF DIRECTORS, PRESCRIBED OFFICERS AND ACCOUNTING OFFICERS

The duties and responsibilities of Directors, Prescribed Officers and Accounting Officers can be found in the following three sources:

1.1.2.1 The Companies Act of 2008

The Companies Act 71 of 2008 (the Act), including the Companies Regulations, 2011 (the Regulations) came into effect on 1 May 2011.

1.1.2.2 The Close Corporations Act 69 of 1984

After 1 May 2011, no further registrations of close corporations are possible, but existing close corporations may convert to companies by filing, amongst other required documents, a notice of conversion. Conversion is, however, not compulsory and close corporations will continue to exist until deregistration or dissolution in terms of the Close Corporations Act 69 of 1984 (the Close Corporations Act). Close corporations will be treated as private companies for selected sections of the Close Corporations Act, such as when determining whether the Company is required to be audited or independently reviewed and the applicable financial reporting standards.

Schedule 3 to the Close Corporations Act sets out the specific sections of the Close Corporations Act that are repealed by the new Companies Act, as well as the sections which continue to apply.

1.1.2.3 The IAC Rules of Professional Conduct

It is the duty of every IAC Accounting Officer to ensure that he/she is in possession of these documents. The Companies Act and the Close Corporations Act may be obtained from various sources. It is suggested that a close corporation service, which keeps the subscriber up to date on amendments to the Act, Regulations and Prescribed Forms, be purchased by the member either from Butterworths or from Juta. The Rules of Professional Conduct will be issued to every new member and changes to these rules will be issued to all members. It is the duty of every member to ensure that he/she has the latest updated copy of the Members Handbook close at hand, as this book contains the Rules of Professional Conduct, Constitution and By-Laws and is an essential tool in the performance of the duties of an Accounting Officer.

1.2 ACCOUNTING RECORDS

1.2.1 REQUIREMENTS OF THE COMPANIES ACT AND COMPANIES REGULATIONS

The form and standards for Company records in general, including the location of Company records and access to Company records may be found in Sections 24, 25, 26, and 31 respectively, of the Companies Act.

In general, Company records means any documents, accounts, books, writing, records or other information that a Company is required to keep in terms of the Companies Act or any other public regulation, which must be kept in written form, or other form or manner that allows that information to be converted into written form within a reasonable time; and for a period of seven years, or any longer period of time specified in any other applicable public regulation.

According to Section 24 (C), every Company must maintain Annual Financial Statements, for seven years after the date on which each such particular statements were issued; and Accounting Records for the current financial year and for the previous seven completed financial years of the Company.

These records must be accessible at or from the Company's registered office or other locations within the Republic of South Africa, and any person who holds a beneficial interest in any securities issued by a profit Company or is a member of a non-profit Company, has a right to inspect and copy the Annual Financial Statements of the Company.

Accounting records are specifically referred to in Section 28 of the Companies Act. A Company must keep accurate and complete Accounting Records in written or electronic form, in one of the official languages of the Republic as necessary to enable the Company to satisfy its obligations in terms of the Companies Act or any other law with respect to the preparation of Financial Statements; and including any prescribed Accounting Records,

which must be kept in the prescribed manner and form. A Company's accounting records must be kept at, or be accessible from, the registered office of the Company.

In International Standards on Auditing 500 (redrafted) (ISA 500) (para 5 (a)) on sources of audit evidence, published by the International Auditing and Assurance Standards Board (IAASB), "Accounting Records", for the purposes of ISA, is defined as follows: "The records of initial accounting entries and supporting records, such as checks and records of electronic fund transfers; invoices; contracts; the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures." These records are those that are necessary to satisfy a Company's obligations in terms of this Act and other laws with respect to the preparation of Financial Statements. These obligations are set out in Sections 29 and 30.

Regulation 25 (3) of the Companies Regulations, 2011, states that accounting records of a Company must include:

- a) a record of the Company's assets and liabilities including, but not limited to
- (i) a record of the Company's non-current assets, showing for each such asset or, in the case of a group of relatively minor assets, each such group of assets—
 - (aa) the date the Company acquired it, and the acquisition cost;
 - (bb) the date the Company re-valued it, if applicable, and the amount of the revaluation and, if it was re-valued after the Act took effect, the basis of, and reason for, the re-valuation; and
 - (cc) the date the Company disposed of or retired it, once it has been disposed of or retired, and the value of the consideration, if any, received for it and, if it was disposed of after the Act took effect, the name of the person to whom it was transferred;
- (ii) a record of any loan by the Company to a Shareholder, Director, Prescribed Officer or employee of the Company, or to a person related to any of them, including the amount borrowed, the interest rate, the terms of re-payment, and material details of any breach, default or re-negotiation of any such loan; and
- (iii) a record of any liabilities and obligations of the Company including, but not limited to—
 - (aa) a record of any loan to the Company from a Shareholder, Director, Prescribed Officer or employee of the Company, or from a person related to any of them, including the amount borrowed, the interest rate, and the terms of re-payment, and material details of any breach, default or re-negotiation of any such loan; and
 - (bb) a record of any guarantee, suretyship or indemnity granted by the Company in respect of an obligation to a third party incurred by a Shareholder, Director, Prescribed Officer or employee of the Company, or by a person related to any of them, including the amount secured, the interest rate, the terms of re-payment, the expiry date, and the circumstances in which the Company may be called upon to honour the guarantee, suretyship or indemnity;

- b) a record of any property held by the Company—
 - (i) in a fiduciary capacity; or
 - (ii) in any capacity or manner contemplated in Section 65 (2) of the Consumer Protection Act, 2008 (Act No. 68 of 2008);
- c) a record of the Company's revenue and expenditures, including—
 - (i) daily records of all money received and paid out, in sufficient detail to enable the nature of the transactions and, except in the case of cash transactions, the names of the parties to the transactions to be identified;
 - (ii) daily records of all goods purchased or sold on credit, and services received or rendered on credit, in sufficient detail to enable the nature of those goods or services and the parties to the transactions to be identified; and
 - (iii) statements of every account maintained in a financial institution in the name of the Company, or in any name under which the Company carries on its activities, together with vouchers or other supporting documents for all transactions recorded on any such statement; and
- d) if the Company trades in goods, a record of inventory and stock in trade, statements of the annual stocktaking, and records to enable the value of stock at the end of the financial year to be determined.

In addition to the requirements set out above, a non-profit Company must maintain adequate records of all revenue received from donations, grants, and members fees, or in terms of any funding contracts or arrangements with any party.

It is an offence for a Company with an intention to deceive or mislead any person to fail to keep accurate or complete Accounting Records; to keep records other than in the prescribed manner and form, if any; or to falsify any of its Accounting Records, or permit any person to do so; or for any person to falsify a Company's Accounting Records.

1.2.2 REQUIREMENTS OF THE CLOSE CORPORATIONS ACT

The Close Corporation is responsible for the maintaining of Accounting Records. It is thus the duty of the members of the Close Corporation and not the duty of the Accounting Officer to ensure that the Accounting Records are maintained in accordance with Section 56 of the Close Corporations Act 69 of 1984 ("the Close Corporations Act"). However, where it can be proved that a responsible person (such as the Accounting Officer) was charged with the duty of seeing that proper Accounting Records were kept, then in any action against a member of the close corporation that will be a defence. It often happens that the Accounting Officer is charged with the duty of keeping the Accounting Records. This is not the normal duty of an Accounting Officer and it is therefore essential that such a duty be contained in a letter of engagement so that there can be no doubt as to who is responsible for the maintaining of the Accounting Records. An example of an engagement letter is contained in Section 2 [2.5].

The Accounting Records must be kept in the manner prescribed by the Close Corporations Act. In terms of Section 56 of the Close Corporations Act the records must include details of assets, liabilities, member's contributions, undrawn profits, revaluations and amounts of loans to and from members.

The records must include a fixed asset register, details of cash received and paid out, details of goods purchased and sold and statements of annual inventory take. Vouchers in support of the Accounting Records must be kept. Contributions by members, loans to and from members and payments to members must contain sufficient detail to enable the nature and purpose thereof to be identified. The Accounting Records must be kept in such a manner as to prevent falsification and to facilitate the discovery of falsification. Any corporation, which fails to comply with any of these provisions, is guilty of an offence.

1.2.2.1 Supporting vouchers

Whilst an Accounting Officer does not have a duty to refer to the subsidiary records and supporting vouchers of a Close Corporation, the Accounting Officer may, if he deems it necessary, inspect the subsidiary Accounting Records and vouchers Section 58(2)(d) of the Close Corporations Act.

It is therefore advisable for any Accounting Officer who doubts the fairness or truth or correctness of the Accounting Records to take steps to ensure that the Accounting Records have been properly kept and are supported by the appropriate vouchers.

1.3 FINANCIAL STATEMENTS

1.3.1 REQUIREMENTS OF THE COMPANIES ACT (SECTIONS 29 AND 30) AND COMPANIES REGULATIONS

The difference between "Financial Statements" and "Annual Financial Statements" should be noted. "Financial Statements" include Annual Financial Statements, Provisional Annual Financial Statements, Interim or Preliminary Reports, Group and Consolidated Financial Statements and Financial Information in a circular, prospectus or provisional announcement of results that an actual or prospective creditor or holder of the Company's securities, or the Commission, the Panel or other regulatory authority, may reasonably be expected to rely on. Such statements have to comply with the requirements of Section 29. "Annual Financial Statements" are the financial statements which have to be prepared annually by every Company in terms of Section 30. Since "Financial Statements" include "Annual Financial Statements", the latter have to comply with the requirements of Section 29 as well as with the requirements of Section 30.

Schedule 4 of the old Companies Act contained an extensive list of disclosure requirements for Statutory Financial Statements. However, the new Companies Act is not as prescriptive and does not contain an equivalent schedule.

In terms of Section 29 of the Companies Act, if a Company provides any Financial Statements to any person for any reason, those statements must satisfy any prescribed financial reporting standards as to form and content. Such Financial Statements must present fairly the state of affairs and business of the Company, and explain the

transactions and financial position of the business of the Company. In terms of Section 29(1)(a) read with Section 29(4)(a) and (5)(b), the Minister responsible for companies may, after consulting the Financial Reporting Standards Council (FRSC), make regulations prescribing financial reporting standards that Financial Statements have to satisfy. Such standards must be in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) or its successor body. The financial reporting standards applicable to a Company are now determined in the Regulations and are based on the category of the Company, and for certain categories of companies, on its public interest score.

The 'Public Interest Score' is calculated in terms of Regulation 26 of the Companies Act.

A company is allocated points according to the number of its employees, its annual turnover, its stakeholders and the level of third party liabilities at the end of the financial year.

The Public Interest Score is calculated as follows:

- 1 point for each employee or the average number of employees throughout the year.
- 1 point per million rand of third party liability. This is the money owed in terms of loans, debentures, and other financing.
- 1 point for each million rand of turnover during the financial year. If the turnover is half a million rand, score $\frac{1}{2}$ point.
- 1 point for every individual who, at the end of the year, is known to have a direct or indirect beneficial interest in the company. This will include shareholders, beneficiaries of a trust where a trust is a shareholder and other stakeholders.

Companies scoring 350 points or more are required to have an audit.

Companies scoring between 100-350 points must have an independent review conducted by a registered auditor or a chartered accountant.

Companies scoring less than 100 points are required to have an independent review conducted by anyone who qualifies as an Independent Accounting Practitioner, unless circumstances indicate otherwise.

Definitions: Financial reporting standards - Regulation 26 provides the following definitions:

- IFRS means the International Financial Reporting Standards as adopted from time to time by the International Accounting Standards Board or its successor body;
- IFRS for SMEs means the International Financial Reporting Standards for Small and Medium Enterprises, as adopted from time to time by the International Accounting Standards Board or its successor body. (This standard may only be applied provided that the Company meets the scoping requirements outlined in the IFRS for SMEs); and

In terms of Section 29 (1)(c)(d) and (e), Financial Statements must show the Company's assets, liabilities and equity, as well as its income and expenses, and any other prescribed information, set out the date on which the statements were published, and the accounting period to which the statements apply.

In terms of Section 30, the following should be included in the Annual Financial Statements:

- The Auditor's report, if the statements are audited;
- The Directors' report of the Company, or of the group, if the Company is part of a group, with respect to:
 - The state of affairs;
 - The business;
 - The profit or loss;
 - Any matter material for the shareholders to appreciate the Company's state of affairs; and
 - Any prescribed information.

This notice must include the Financial Statements to be presented or a summarised form thereof.

The Act does not require the Annual Financial Statements to be distributed to each shareholder. It states, however, that in addition to the rights permitting access to Company records, a person who holds or has a beneficial interest in any securities issued by a Company is entitled:

- Without demand to receive a notice of the publication of any Annual Financial Statements of the Company required by this Act, setting out the steps required to obtain a copy of those statements; and
- On demand to receive without charge one copy of any Annual Financial Statements of the Company required by this Act.

A Company's financial statements may be compiled internally or independently. Annual Financial Statements will be considered to be independently compiled and reported when they are prepared by an Independent Accounting Professional on the basis of financial records provided by the Company, and they are compiled in accordance with any relevant financial reporting standards. In all other cases, a Company's Annual Financial Statements will be considered to be compiled internally. Whether a Company elects to internally compile its Annual Financial Statements or to engage an Independent Accounting Professional to perform this service will have an impact on whether such Company is required to be audited or independently reviewed. The designation 'Independent Accounting Professional' is discussed in 1.1.1.1 above. An IAP, when used with respect to any particular Company, means a person who is:

- A registered auditor in terms of the Auditing Profession Act, 2005;
- A member in good standing of a professional body that has been accredited in terms of Section 33 of the Auditing Profession Act, 2005; or
- Qualified to be appointed as an Accounting Officer of a Close Corporation in terms of Section 60 (1), (2) and (4) of the Close Corporations Act, 1984;

And such person meets the independence criteria described below if the person:

- Does not have a personal financial interest in the Company or a related or inter-related Company; and
 - Is not involved in the day-to-day management of the Company's business, nor has been so involved at any time during the previous three financial years; or

- Is not a Prescribed Officer, or full-time executive employee of the Company or another related or inter-related Company, or have been such an officer or employee at any time during the previous three financial years; and
- Is not related to any person who falls within the independence criteria described above (the terms related and inter-related are defined in Section 2 of the Act).

1.3.2 REQUIREMENTS OF THE CLOSE CORPORATIONS ACT

The members of a Close Corporation are responsible for the preparation of Annual Financial Statements. As with the Accounting Records, the members may appoint a person to perform this duty on their behalf. A member who fails to ensure that the Annual Financial Statements are prepared in accordance with the provisions of the Close Corporations Act is guilty of an offence. The same defence as that afforded to members who appoint persons to keep proper Accounting Records is available. Where the Accounting Officer agrees to prepare the Annual Financial Statements on behalf of the members, this fact should be stated in the engagement letter referred to in paragraph 1.4 below.

The minimum requirements for the preparation of Annual Financial Statements are contained in Section 58 of the Close Corporations Act. The Financial Statements must be prepared within nine months of the financial year end and must include at least the following:

1. Statement of Financial Position and notes;
2. Statement of comprehensive income or some other form of financial statement, where appropriate; and
3. Report of the Accounting Officer.

The aggregate amounts, at the end of the financial year, of contributions by members, underway profits, revaluation's and amounts of loans to or from members, and the movements in these amounts during the year, must be shown separately. In terms of Section 58(2)(b), the Financial Statements must conform to IFRS for SMEs appropriate to the business. They must also be a fair representation of the state of affairs of the corporation at the end of the financial year concerned, and the results of its operations for that year. The Financial Statements must be in agreement with the Accounting Records and must be signed by, or on behalf of, a member holding a members interest of at least 51 per cent, or by members together holding members' interests of at least 51 per cent in the corporation.

1.3.3 FAIR PRESENTATION

The primary users of the Annual Financial Statements of a Close Corporation are its members, banks and creditors. The Financial Statements should thus be prepared in a manner that enables the affairs of the corporation to be clearly understood by the members. They should be presented clearly and logically, whilst having regard to the overriding requirement for fair presentation. The minimum requirements for presentation have already been discussed in paragraph 1.3.1 above. In addition to these requirements, and in the interests of fair presentation, the following should also be prepared:

1. Statement of Cash Flow;
2. Statement of Changes in Equity; and
3. Note to the Statement of Comprehensive Income, detailing transactions with members which have been included in net income.

An example of Annual Financial Statements for a Close Corporation appears in Section 4.
This example is recommended for use by IAC members.

1.4 DUTIES OF THE DIRECTOR, PRESCRIBED OFFICER, ACCOUNTING OFFICER OR TAX PRACTITIONERS

1.4.1 COMPANIES ACT

In contrast to the Close Corporations Act, the Companies Act does not contain a definition of 'Accounting Officer'. The duty to keep and maintain Accounting Records rests on 'the Company'. In terms of Section 66 of the Companies Act, the business and affairs of a Company must be managed by or under the direction of its Board of directors.

Where a Director or Prescribed Officer is charged with the duty of keeping Accounting Records, he must ensure that the requirements of Sections 24, 25, 26, 28, 29, 30, and 31 (read with the Companies Regulations and any applicable law relating to Accounting Records) are complied with.

1.4.1.1 Duties to the Company

In terms of Section 76 of the Companies Act, a Director (or Prescribed Officer) must not use the position of Director, or any information obtained while acting in the capacity of a Director to gain an advantage for the Director, or for another person other than the Company or a wholly-owned subsidiary of the Company; or to knowingly cause harm to the Company or a subsidiary of the Company; and must communicate to the Board at the earliest practicable opportunity any information that comes to the Director's attention, unless the Director reasonably believes that the information is immaterial to the Company; or generally available to the public, or known to the other Directors; or is bound not to disclose that information by a legal or ethical obligation of confidentiality.

A Director of a Company, when acting in that capacity, must exercise the powers and perform the functions of Director in good faith and for a proper purpose; in the best interests of the Company; and with the degree of care, skill and diligence that may reasonably be expected of a person carrying out the same functions in relation to the Company as those carried out by that Director; and having the general knowledge, skill and experience of that Director.

A Director is entitled to rely on one or more employees of the Company whom the Director reasonably believes to be reliable and competent in the functions performed or the information, opinions, reports or statements

provided; including accountants, or other professional persons retained by the Company, the Board or a committee as to matters involving skills or expertise that the Director reasonably believes are matters within the particular person's professional or expert competence; or as to which the particular person merits confidence.

1.4.2 CLOSE CORPORATIONS ACT (SECTION 62)

The duties of an Accounting Officer are contained in Section 62 of the Close Corporations Act. The duties include reporting to the members and, where applicable, reporting to the Registrar of Close Corporations.

Where an Accounting Officer is charged with the duty of keeping Accounting Records, he must ensure that the requirements of Section 56 are complied with. The Accounting Officer has a duty to agree the Financial Statements to the Accounting Records. If the Accounting Officer is unable to fulfil this duty, because proper Accounting Records have not been kept, or because the Accounting Records have not been summarised in a manner prescribed by Section 58(2)(d), he will have a duty to report that fact.

The importance of deciding whether to use the right to examine the Accounting Records has already been discussed in the previous paragraph on Accounting Records. This right becomes even more important when one considers the requirements of the Close Corporations Act for the preparation and presentation of the Financial Statements.

The Close Corporations Act states quite clearly that the Financial Statements must fairly present the state of affairs of the corporation and must be prepared in accordance with IFRS for SMEs. It is the duty of every Accounting Officer in terms of Section 62(2)(a) of the Close Corporations Act, to report any contravention of the Close Corporations Act that comes to his attention during the performance of his duties.

It therefore follows that the Accounting Officer must report a failure to fairly present the corporation in accordance with IFRS for SMEs, should such a failure come to his attention. It is advisable for the Accounting Officer to ensure that he adopts such procedures and introduces such practices, as he considers necessary to test the requirements for fair presentation by the Corporation.

1.4.2.1 Duties to the Corporation

The Accounting Officer has a duty to report to the Corporation not later than three months after the completion of the Annual Financial Statements. As the Financial Statements must be completed within nine months of the year-end, the report should not be prepared later than twelve months after the end of a financial year.

If the Financial Statements or report are not prepared within the specified period, a section of the Close Corporations Act has been contravened and this fact must be reported. The Accounting Officer has a duty to:

1. Determine whether the Financial Statements agree with the Accounting Records of the Corporation;
2. Review the appropriateness of the accounting policies represented to the Accounting Officer as having been applied in the preparation of the Annual Financial Statements; and

3. Report on these matters to the Corporation.

If during the performance of his duties an Accounting Officer becomes aware of any contravention of a provision of the Close Corporations Act, the nature of the contravention must be described in his report. Where an Accounting Officer is a member or employee of a Corporation, or is a firm of which a partner or employee is a member or employee of the Corporation, his report shall state that fact.

When reporting on whether the Financial Statements are in agreement with the Accounting Records the Accounting Officer must bear in mind that the Accounting Records which are to be agreed to the Financial Statements must be prepared in the manner required by the Close Corporations Act. If the requirements of the Close Corporations Act have not been complied with then a section of the Close Corporations Act has been contravened and this must be reported. Similarly, when reviewing the accounting policies the Accounting Officer must bear in mind that the Financial Statements should be prepared in accordance with IFRS for SMEs and if this has not been done, a section of the Close Corporations Act has been contravened and this fact must be reported.

When the Accounting Officer has fulfilled his duties he must report his findings to the members of the Close Corporations. These findings will determine the wording contained in the report, but where no discrepancies are found the wording will usually be in the format recommended in Example 1 of Section 5 [5.2]. Special wordings will apply when the Financial Statements do not agree with the Accounting Records or when the accounting policies are not considered to be appropriate. In such cases it is advisable to discuss the discrepancies with the members of the Close Corporation first, with a view to making the necessary adjustments to ensure compliance with the Close Corporations Act, if possible. Where compliance with the Close Corporations Act is not possible, then non-compliance will have to be reported. Examples of wordings of reports where the requirements of the Close Corporations Act have not been complied with are also contained in Section 5, paragraph 5.2. 1.

1.4.2.2 Duties to the Registrar

The Accounting Officer has a duty to report to the Companies and Intellectual Property Commission (CIPC) if he at any time knows or has reason to believe that the Corporation is not carrying on business or is not in operation and has no intention of resuming operations in the foreseeable future, or if during the performance of his duties he finds that:

- i) Any change during a relevant financial year in respect of any particulars mentioned in the relevant founding statement has not been registered;
- ii) The Annual Financial Statements indicate that as at the end of the financial year concerned the Entity's liabilities exceed its assets; or
- iii) The Annual Financial Statements incorrectly indicate that, as at end of the financial year concerned, the assets of the Corporation exceeded its liabilities, or he/she has reason to believe that such an incorrect indication is given.

The report must be sent by registered mail to the CIPC. Examples of reports to the Registrar are contained in Section 5, paragraph 5.2.2.

The report concerning the assets and liabilities of the Entity is put on the Entity's file at the Registrar's office and is available for public inspection. The report is valid until a new report is issued at the end of the next financial year-end. If the position changes, wherein the assets exceed the liabilities, the Registrar may be advised accordingly. Provision for this is made in Section 62(4) of the Close Corporations Act.

1.4.3 DUTIES IN FORMS OF OTHER LEGISLATION

In addition to the duties of a Director, Prescribed Officer or Accounting Officer in terms of the Companies Act or Close Corporations Act, there may be duties to be performed in terms of other legislation, (for example which recognises the appointment of an Accounting Officer). In such cases the duties required in terms of the Companies Act or Close Corporations Act will act as a guide and any duties in addition to these duties will be determined by that other legislation. The appointment of an Accounting Officer to the following is relevant.

1.4.3.1 Insurance Intermediaries

A RV9 certificate for Insurance Intermediaries who are not registered as companies may be signed by an Accounting Officer. An example of an RV9 certificate appears in Section 5, Example 5.1. In terms of Section 20bis of the Insurance Act 27 of 1943, the Accounting Officer must act by special instruction in an independent capacity. The Accounting Officer must ensure that he is familiar with the requirements of the Insurance Act before undertaking such an engagement.

1.4.3.2 Body Corporates

Members are cautioned to be aware of the risks associated with a review and are reminded that a member has a duty to ensure that he does not undertake any work of a type for which he has not kept himself up to date and is fully competent to perform.

Members who undertake such engagements should ensure that they are familiar with the requirements of the Sectional Titles Act, the Sectional Titles Schemes Management Act, and should not sign off unless these are 'one owner managed'.

1.4.3.3 Tax Practitioners

In terms of Section 240 of the Tax Administration Act Clause 28 of 2011, every natural person who provides advice to another person with respect to the application of a Tax Act, or completes in completing a return by another person, must:

- i) Register with or fall under the jurisdiction of a 'Recognised Controlling Body' by the later of 1 July 2013 or 21 business days after the date on which that person for the first time provides the advice or completes or assists in completing the return; and
- ii) Register with SARS as a Tax Practitioner in the prescribed form and manner, within 21 business days after the date on which that person for the first time provides the advice or completes or assists in completing the return.

Complaints against the Tax Practitioner

In terms of Section 241 of the Tax Administration Act:

1. A senior SARS official may lodge a complaint with a 'Controlling Body' if a person who carries on a profession governed by the 'Controlling Body', did or omitted to do anything with respect to the affairs of a taxpayer, including that person's affairs, that in the opinion of the official:
 - (a) was intended to assist the taxpayer to avoid or unduly postpone the performance of an obligation imposed on the taxpayer under a tax Act;
 - (b) by reason of negligence on the part of the person resulted in the avoidance or undue postponement of the performance of an obligation imposed on the taxpayer under a tax Act;
 - (c) constitutes a contravention of a rule or code of conduct for the profession which may result in disciplinary action being taken against the person by the body; or
 - (d) constitutes conduct under subsection (2) by a registered Tax Practitioner.
2. A senior SARS official may lodge a complaint with a 'Recognised Controlling Body' if a registered Tax Practitioner has, in the opinion of the official:
 - (a) without exercising due diligence prepared or assisted in the preparation, approval or submission of any return, affidavit or other document relating to matters affecting the application of a tax Act;
 - (b) unreasonably delayed the finalisation of any matter before SARS;
 - (c) given an opinion contrary to clear law, recklessly or through gross incompetence, with regard to any matter relating to a tax Act;
 - (d) been grossly negligent with regard to any work performed as a registered Tax Practitioner;
 - (e) knowingly given false or misleading information in connection with matters affecting the application of a tax Act or participated in such activity; or
 - (f) directly or indirectly attempted to influence a SARS official with regard to any matter relating to a tax Act by the use of threats, false accusations, duress, or coercion, or by offering gratification as defined in the Prevention and Combating of Corrupt Activities Act 12 of 2004.

1.5 PROCEDURES FOR APPOINTMENTS AND RESIGNATIONS

The procedures for the election and appointment of Directors of companies are contained in Section 68 read with Section 66 and 67 of the Companies Act.

The procedures for appointments and resignations of Accounting Officers are contained in the Close Corporations Act. These procedures should be carefully considered by each and every member as failure to comply with them could result in disciplinary action.

1.5.1 APPOINTMENTS

In terms of Section 67 of the Companies Act, each incorporator of a Company is a first Director of the Company and serves until sufficient other Directors to satisfy the minimum requirements of this Act, or the Company's Memorandum of Incorporation, have been appointed or elected.

The first appointment of an Accounting Officer takes place when a Corporation is registered. A letter of consent by the Accounting Officer must accompany the registration forms (Form CK1). An example of a letter of consent is contained in Section 2, Example 2.4. Where the Corporation is not a new Corporation, the appointment of the Accounting Officer may not be consented to until the Close Corporation has removed the existing Accounting Officer from office. The new Accounting Officer must also communicate with that person to determine whether there is any professional reason why the appointment should not be accepted.

It should be noted that the fact that fees are not paid is not a professional reason for refusing to relinquish an appointment. It should also be noted that a client has the right to appoint whom he wishes as his Accounting Officer. Where the procedures for a new appointment have been followed, the existing holder of office should not refuse to resign.

The documentation required to effect an appointment is contained in Section 2 and this documentation should be referred to when the procedures have been fully understood. Once the appointment is finally accepted, the previous Accounting Officer should be advised (example 2.6) and an engagement letter should be drafted (example 2.5).

The necessary documentation should also be lodged with the Registrar of Close Corporations (Forms CK2).

The qualifications for appointment as Accounting Officer are contained in Section 60 of the Close Corporations Act.

In terms of Section 60, a member or employee of a Corporation, and a firm whose partner or employee is a member or employee of a Corporation, shall not qualify for appointment as an Accounting Officer to that Corporation unless all the members consent in writing to the appointment. A firm as defined in Section 1 of the Public Accountants' and Auditors' Act 80 of 1991, and any other firm may be appointed as an Accounting

Officer of a Corporation, provided each partner in the latter firm is qualified to be so appointed. A Close Corporation may not act as the Accounting Officer.

1.5.2 RESIGNATIONS

In terms of Section 70 of the Companies Act, a person ceases to be a director, and a vacancy arises on the Board of a Company when the person's term of office as Director expires, in the case of a Company whose Memorandum of Incorporation provides for fixed terms, as contemplated in Section 68 (1); or in any case, if the person resigns.

The procedures for resignation as Accounting Officer are contained in Section 59 of the Close Corporations Act.

The Accounting Officer may voluntarily resign, or he can be removed from office by the Entity.

Where an Accounting Officer is removed from office, he must be advised of his removal in writing.

Upon resignation or removal from office the Accounting Officer must inform every member of the Entity of his resignation or removal in writing and must send a copy of the letter to the last known address of the registered office of the Entity.

If the Accounting Officer is of the opinion that he was removed for improper reasons, he must notify the Registrar by certified post and send a copy of the letter to every member of the Close Corporation. When the Accounting Officer resigns, or when he is removed from office, he must forthwith by registered post inform the Registrar:

1. That he has resigned or been removed from office;
2. Of the date of his resignation or removal from office;
3. Of the date up to which he performed his duties; and
4. That at the time of his resignation or removal from office he was not aware of any matters in the financial affairs of the Entity which are in contravention of the Close Corporations Act. (Where the Accounting Officer is aware of any contravention's in terms of the provisions of this section of the Close Corporations Act he should advise the CIPC accordingly.)

Examples of letters of resignation are contained in Section 6. It is advisable to inform the client, where appropriate, that he has a duty to appoint another Accounting Officer within 28 days of the resignation of the previous Accounting Officer. Where the office of Accounting Officer is vacant for a period of six months the members of the Close Corporation could become personally liable for the debts of the Entity.

1.6 APPROVAL OF ANNUAL FINANCIAL STATEMENTS

1.6.1 COMPANIES ACT

The Annual Financial Statements must be approved by the corporation's Board and signed by an authorised Director and must be presented at the first shareholder's meeting after such approval. The Companies Act further provides that a person will be guilty of an offence if that person is a party to the preparation, approval, dissemination or publication of any financial statements that fail in a material way to comply with certain requirements in the Act or are materially false or misleading.

In terms of Sections 33 and 88 of the Companies Act (read with Regulation 30), every Company must file an annual return in the prescribed form (CoR 30.1), together with the prescribed fee set out in Table CR2 B of the Regulations, unless exempt from such payment, within 30 business days after:

- The anniversary of its date of incorporation, in the case of a Company incorporated in the Republic; or
- The date that its registration was transferred to the Republic, in the case of a domesticated Company.

Any Company that has been inactive during the financial year preceding the date on which its annual return becomes due, may apply to the Commission for an exemption from payment of the fee, provided that the application is supported by the Financial Statements indicating that the Company had in fact no turnover during that financial year. A Company that is required by the Act or Regulations to have its Annual Financial Statements audited must file a copy of the latest approved audited financial statements on the date that it files its annual return. Alternatively, a Company that is not required in terms of the Act or Regulations to be audited, may elect to file a copy of its audited or reviewed statements together with the return. A Company which does not file Annual Financial Statements as described above, must file a financial accountability supplement to its annual return.

1.6.2 CLOSE CORPORATIONS ACT

The procedures for the approval of the Annual Financial Statements have been dealt with in paragraph 1.3 above. When reporting on the Annual Financial Statements it is important to ensure that the relevant sections of the Act, which deal with the financial affairs of the Corporation, have been properly dealt with.

It is not necessary to hold a meeting to approve the financial statements, but where this is done, the minutes of the meeting could be of the form presented in Example 3 of Section 3. In order to ensure that the members of the Close Corporation have considered all matters relevant to the financial affairs of the Corporation, certain representations should be obtained from the members. The form of such representations may be as provided in Example 3.1 of Section 3. This letter of representation is referred to in the letter of engagement presented in Section 2, Example 2.5.

In paragraphs 1.1 and 1.2 above, the disclosure requirements of transactions with members were discussed.

In order to comply with the disclosure requirements, the completion of a certificate of payments to members, by each member of the Entity, is recommended. An example of such a certificate is contained in Section 3, Example 3.2. This certificate makes an important reference to the solvency and liquidity requirements of the Close Corporations Act. Failure to comply with these sections of the Close Corporations Act could result in the personal liability of members and the importance of these sections to the members of the Close Corporation cannot be overemphasised.

1.7 FEES

The remuneration of an Accounting Officer, or Director (or Prescribed Officer) is determined by agreement with the corporation or Company, respectively.

Representations on fees may not be misleading. It is advisable to discuss the basis on which fees are calculated and any billing arrangements with the client before including them in an engagement letter.

IAC members should be able to justify the basis on which fees have been calculated when called upon to do so.

1.8 ADVERTISING

Advertising is permitted, provided it is done in good taste and must not be misleading.

1.9 LETTERHEADS AND STATIONERY

The Institute does not prescribe the manner in which members conduct their business. Members may conduct their business as they see fit, provided, they do not misuse their rights to membership or mislead the public.

At all times it must be clear to the public who the Accounting Officer is. A letterhead should not mislead the public as to whom the properly appointed Accounting Officer is. For example:

1. A letterhead should not state that a business is the Accounting Officer, unless all the principals in the business are entitled to act as Accounting Officers.
2. A letterhead should not refer to IAC unless all the principals in the business are IAC Accounting Officers.
3. The letterhead of a Close Corporation cannot state that it is an Accounting Officer.

It should be noted that a partnership may only act as the Accounting Officer if all partners in the firm are qualified to act as such (Section 60(4) of the Close Corporations Act, 1984). A Close Corporation is not permitted to act as the Accounting Officer.

The most common example of wording of a letterhead is as follows:

Where a member provides services in the form of a Company, close corporation or partnership, he may not do anything that would not be permissible for him to do if he were operating on his own account.

1.10 COMPLAINTS AGAINST IAC MEMBERS

Complaints that are lodged against members of the Institute must be lodged in writing in the form of an affidavit and must be accompanied by sufficient evidence. Where a complaint is lodged with the Institute against a member, the member concerned will be given an opportunity to respond to the complaint. Thereafter all evidence received will be considered by the Investigation Committee and, where appropriate, the Disciplinary Committee of the Institute. Responses to complaints should be handled professionally and should provide as much information as possible to enable the Committees to arrive at an equitable decision.

The official IAC procedure for the handling of complaints and investigations:

- A complaint is lodged in the form of an affidavit.
- The CEO passes it on to the Chief Investigating Officer.
- The Investigator peruses the complaint.
- The Investigator then compares the complaint to the IAC Code of Conduct.
- He establishes whether there is “prima facie” misconduct or a breach of the Code of Conduct.
- He reports it to the President and CEO.

The President and CEO then assess the case reported to them by the Investigator.

They then make a conclusion as to whether:

- No breach is identified.
- A breach is identified but no action required.
- A breach is identified and corrective action is needed.
- A breach is identified and finds it serious enough and takes it to mediation.

If mediation cannot solve it, it must go to Tribunal.

The President and CEO then together make a decision on the following regarding the complaint:

- They acknowledge that there is a “prima facie” case, but if it is something minor, that they are not going to pursue this complaint, in which case the complaint is considered as concluded.
- They acknowledge that there is a “prima facie” case, but the Institute needs to proceed and bring about corrective action.

- They acknowledge that there is a “prima facie” case, and the Institute needs to form a disciplinary tribunal, which is established by the President, who takes the complaint forward.

Where there is no physical wrong doing, but there is merely a minor dispute between the parties, it should be handed over to the President and CEO to recommend a resolution.

If the accused is not satisfied with the finding and penalty, he/she can make an appeal to the Board. On appeal, the Board has to make the final decision (By-Law 27.3).

1.11 WORKING PAPERS

The working papers of an Accounting Officer should provide sufficient evidence to prove that he has complied with his duties in terms of the Close Corporations Act and with his professional responsibilities in terms of his membership of the Institute.

Working papers prepared during an engagement (including those prepared by the client for the practitioner) are the property of the practitioner.

Working papers can also be provided to a third-party, i.e. newly appointed reviewers with the express permission of the client.

It is suggested that the following be kept, as a minimum:

1. A list of Accounting Records together with notes indicating whether they have been maintained to an acceptable standard.
2. Evidence that the Financial Statements agree to the Accounting Records, including the Trial Balance and General Ledger, Schedules making up significant balances reflected in the Financial Statements with details of supporting documentation and explanations from clients, where appropriate.
3. A questionnaire dealing with the appropriateness of accounting policies, covering whether the accounting policies are appropriate to the business; comply with IFRS; are understood and applied by the person responsible for the accounting function; and disclosed in the Financial Statements.
4. Evidence of an overall review of the Financial Statements (see 1.12 below).
5. Evidence of a review of work performed by staff.
6. Representations from members of the Close Corporation (see 1.6 above).
7. Checklist of possible contraventions of the Close Corporations Act (see 1.14 below).
8. Checklist of matters that need to be reported to the Registrar.
9. Checklist of circumstances under which members of a Close Corporation and others become personally liable for the debts of the entity (S63).

1.12 REVIEW OF FINANCIAL STATEMENT

The working papers of an IAC member should include an overall review of the Financial Statements and an investigation into items that deviate from the norm. The Financial Statements should be carefully read and evaluated, with consideration being given to possible omissions from the financial data, such as details of secured liabilities and contingent liabilities. Consideration should also be given to the existence and ownership of certain assets and liabilities, with confirmation of balances being sought, where necessary. Stock records should be evaluated and additional checks performed if stock records are inadequate. Key financial ratios should be considered and cut-off tests performed. Obvious misstatements should be investigated. The Independent Accounting Professional (IAP) would need to pass an additional examination as stipulated by the IAC, known as ISRE 2400, in order to become a 'reviewer'.

1.13 CONTRAVENTIONS OF THE COMPANIES ACT

The following (non-exhaustive) list contains common contraventions of the Companies Act:

1. Reckless trading (Section 22)
2. Failure to accommodate a reasonable request for access to information (Section 26) or Financial Statements (Section 31)
3. Failure to keep accurate or complete Accounting Records (Section 28)
4. False Financial Statements (Section 29)
5. Ineligibility and disqualification of persons to be Director or Prescribed Officer (Section 69)
6. Directors liabilities are contained in detail in Section 77
7. Breach of Confidence (Section 213)
8. False statements, reckless conduct and non-compliance (Section 214)
9. Civil actions for contravention of the Companies Act (Section 218)

1.14 CONTRAVENTIONS OF THE CLOSE CORPORATIONS ACT

The working papers of an IAC Accounting Officer should include a checklist of common contraventions of the Close Corporations Act. The most common include:

1. Failure to register amended founding statement (Section 15);
2. Failure to keep the founding statement at registered office of the Entity (Section 16);
3. Failure to display the name and registration number of the Entity outside the place of business (Section 23);
4. Failure to include the names of members on business letters (Section 41);
5. Failure to obtain 75% consent of members in writing for a change in principal business, disposal of whole or substantial part of business, disposal of all or greater part of assets of a corporation or any acquisition or disposal of immovable property by the Corporation (Section 46) (This requirement may be altered by an association agreement);

6. Disqualified persons taking part in the management of the Corporation (Section 47);
7. Failure to comply with the solvency and liquidity requirements of the Close Corporations Act before making a distribution (Section 51);
8. Granting of loans to members without the written consent of all members (Section 52);
9. Failure to keep proper Accounting Records (Section 56);
10. Failure to prepare Financial Statements timeously (Section 58); and
11. Reckless trading (Section 64).

Where contraventions of the Close Corporations Act are established, they must be reported.

1.15 DEREGISTRATION OF A COMPANY

A Company can be referred for deregistration upon request from the Company (or Close Corporation) itself, provided that the Company or Close Corporation has ceased to carry on business; and has no assets or, because of the inadequacy of its assets, there is no reasonable probability of the Company or Close Corporation being liquidated.

A letter to CIPC must include the following statement confirming that:

The Company (or Close Corporation) is not carrying on business or is dormant; and has no assets, or because of the inadequacy of its assets, that there is no reasonable probability of the Close Corporation being liquidated;

If the Company (or Close Corporation) submits the request, the letter must be signed by at least 50% of the active Directors of the Company or members of the Close Corporation, or otherwise by the third party who is requesting the deregistration; and tax number (if available).

Deregistration will also be triggered when two or more successive annual returns are outstanding.

1.16 DEREGISTRATION OF A CLOSE CORPORATION

The Accounting Officer has a duty to inform the Registrar when a corporation has ceased to trade. Where this is done, the Registrar will proceed with deregistration in terms of Section 26 of the Close Corporations Act. Accounting Officers should be aware that deregistration of a Close Corporation that has outstanding liabilities at the time of deregistration could result in the personal liability of members of the Entity. Where application is made to deregister a Close Corporation, the consequences of personal liability should be borne in mind.

1.17 CONVERSION FROM A CLOSE CORPORATION INTO A COMPANY

The procedures for conversion from a Close Corporation into a Company are contained in Schedule 2 of the Companies Act, read with Regulation 18 of the Companies Regulations. The notice of conversion must be accompanied by a written statement of consent approving the conversion of the Close Corporation signed by members of the corporation holding in aggregate, at least 75% of the members' interest in the corporation; a Memorandum of Incorporation consistent with the requirements of the Companies Act; and the prescribed filing fee.

1.18 STANDARDS

Every IAC member has the responsibility to ensure that standards are maintained. This includes ensuring that work is performed to an adequate level and that sufficient knowledge is available to perform the work at hand. It is incumbent on every member to perform only that work which he/she is competent to perform and adequately equipped to do. This includes taking into account courses studied, training undertaken and Continuous Professional Development courses attended.

1.19 SUBORDINATION AGREEMENTS AND TRADING WHILST FACTUALLY INSOLVENT

1.19.1 DUTY OF AN ACCOUNTING OFFICER

In terms of Section 62 of the Close Corporation Act, the Accounting Officer shall, in the case of technical insolvency, report to the Registrar if, at year-end, the liabilities exceed assets.

The existence of a subordination agreement by a member, or creditors, which makes a Close Corporation commercially solvent, i.e. ability to pay its debts as they fall due, does not influence the Accounting Officer's duty (in terms of Section 62) to report.

A subordination agreement is a legal document that establishes one debt as ranking behind another in priority for collecting repayment from a debtor. The priority of debts can become extremely important when a debtor defaults on payments or goes into liquidation. It acknowledges that one party's claim or interest is superior to that of another party in the event that the borrower's assets must be liquidated to repay the debts.

The CC Act does not mention these agreements and although the Registrar is aware of the Appellate Division decision (*Ex Parte De Villiers & Another NNO: In Re Carbon Developments*), it still requires the Accounting Officer to report if the book values of liabilities exceed the book values of assets on the Statement of Financial Position, regardless of subordination agreements.

1.19.2 PERSONAL LIABILITY OF MEMBERS OF CLOSE CORPORATION

In terms of Section 64 (CC Act), if it appears that any business of a Corporation was carried on recklessly (e.g. when liabilities exceed assets), members could be held personally liable for debts of the CC – similar to Section 424 of the Companies Act where Directors are at risk. The same principle of commercial solvency (appeal Court decision) may apply to a CC carrying on trading whilst liabilities exceed assets, and it is in these circumstances that a valid subordination agreement comes into effect. Members incurring further debts will not be personally liable, provided that the CC can pay its debts when they fall due. Because of the valid subordination agreement, members will not be contravening Section 64 by carrying on business and incurring further debts and the Accounting Officer will therefore not have to report in terms of Section 62 that a provision of the Close Corporations Act has been contravened.

1.19.3 GUIDELINES ON SUBORDINATION AGREEMENTS

The Accounting Officer must also satisfy himself that the subordination agreement is acceptable for its purpose and the following legal formalities have been complied with:

- It is in writing;
- It is signed on behalf of the creditor concerned, with due authority;
- It is accepted by the undertaking concerned;
- It has been stamped in accordance with the provisions of the Stamp Duties Act;
- Other legal formalities have been complied with; and
- Reference is given to the amount of the subordinated debt, in relation to the assets and other liabilities of the Entity. (The amount subordinated should be of sufficient magnitude to at least achieve commercial solvency.)

The Accounting Officer should ensure that the wording is such that it cannot be withdrawn or cancelled unless all the other creditors have been settled or until the Entity's assets, fairly valued, exceed its liabilities.

The Accounting Officer should determine that the agreement is still in force at the date of his enquiry and should obtain a copy for his files.

The existence of a subordination agreement should be noted in the Corporation's Financial Statements, giving:

- The name of the creditors, or member, if appropriate;
- The amount subordinated; and
- The conditions of the subordination agreement, e.g. that it will continue to be in force until

On reporting to the Registrar when liabilities exceed assets, the Accounting Officer should note the existence of such an agreement in his report.

If the Accounting Officer cannot satisfy himself with the steps above, members could be personally liable in terms of Section 64 of the CC Act, and the Accounting Officer must then obtain legal opinion if the carrying on of business in such a manner is reckless and a criminal offence (see 1.19.2 above).

In terms of Section 62 of the CC Act, the Accounting Officer must describe the nature of a contravention of the provisions of the CC Act in his report. The Accounting Officer must first discuss it with the members of the CC in order to rectify the situation before a report is issued.

1.20 GUIDELINES ON SERVICES WHICH IAC MEMBERS MAY PERFORM

The duties of an Accounting Officer are contained in Section 62 of the Close Corporations Act, as follows:

- I. determines whether the annual financial statements are in agreement with the accounting records of the corporation;
- II. reviews the appropriateness of the accounting policies represented to the accounting officer as having been applied in the preparation of the annual financial statements; and
- III. reports in respect of paragraphs (i) and (ii) to the corporation.

The Independent Accounting Professional (IAP) (Reviewer) performs the same duties as an Accounting Officer, however, the Independent Accounting Professional is allowed to do reviews of companies in terms of Regulation 29 of the Companies Act 71 of 2008 in compliance with ISRE 2400 and ISRE 4400.

Only registered Accounting Officers who completed and passed an approved Reviewer course, may apply to be registered as an Independent Accounting Professional.

1.20.1 ADMINISTRATION OF ESTATES

1. Governed by Administration of Estates Act 66 of 1965.
2. An executor 'appointed in terms of a will' may personally liquidate a deceased estate.
3. An agent may be appointed to liquidate the estate on the executor's behalf.
4. In terms of Government Gazette notice R910 of 22 May 1968, only lawyers, chartered accountants and certain other institutions may be appointed as executors.
5. The appointment of an agent is approved by the Master of the Supreme Court.

1.20.2 AGRICULTURAL PRODUCE AGENTS

1. The Agricultural Produce Agents Act 12 of 1992 governs agricultural Produce Agents.
2. The Accounting Records and Trust Account of every agricultural produce agent must be audited by a person registered with the Public Accountants' and Auditors' Board.

1.20.3 LEGAL PRACTITIONERS

1. Legal Practitioners are governed by the Legal Practice Act 28 of 2014.
2. Legal Practitioners are members of the Legal Practice Council and its Provincial Councils which regulate the affairs of and exercise jurisdiction over all legal practitioners.
3. Every attorney is required to keep a Trust Account that must be audited by an accountant.

1.20.4 COMPANIES

1. The Companies Act 71 of 2011 governs companies.
Upon its incorporation, and each year at its annual general meeting, a public Company or state-owned Company must appoint an auditor. A private Company, a personal liability Company or a non-profit Company, if the Company is required by this Act or the regulations to have its Annual Financial Statements audited every year, or a Company that is required only in terms of its Memorandum of Incorporation to have its Annual Financial Statements audited as contemplated in Sections 34 (2) and 84 (1) (c) (ii), must appoint an auditor.
2. The functions of the Auditor are prescribed by the Companies Act.

1.20.5 CO-OPERATIVES

1. Co-operative societies are governed by the Co-operatives Act 14 of 2005.
2. A co-operative is required to appoint an auditor registered with the Public Accountants' and Auditors' Board.

1.20.6 DROUGHT SCHEME FOR FARMERS

- A drought scheme for farmers was announced in June 1992.
- The Department of Agricultural Development published the procedures for compliance with the scheme.

Initially, compliance with the scheme required the appointment of an Accounting Officer or Auditor. This decision was subsequently revoked to provide for the appointment of an Auditor, who is a member of IRBA.

1.20.7 ESTATE AGENTS

- Estate agents are governed by the Estate Agency Affairs Act 112 of 1976.
- This Act requires every estate agent to appoint an Auditor registered with the Public Accountants' and Auditors' Board.
- The Auditor is appointed to audit the Trust Accounts and the books and records if the entity is a Company.
- If the entity is other than a Company, an Accounting Officer may be appointed to prepare the financials, but the Trust Account still needs to be audited by a person registered with the IRBA.

1.20.8 FUND-RAISING ORGANISATIONS AND NPO'S (NON-PROFIT ORGANISATIONS)

- The Fund-Raising Act 107 of 1978 governs fund-raising organisations.
- The Fund-Raising Act requires the appointment of an Auditor registered with the Public Accountants' and Auditors' Board.
- The Director of Fund-Raising may appoint an unregistered person as an Auditor where the appointment of a registered person is not warranted.
- The Director of Fund-Raising may exempt an organisation from furnishing information that would require the appointment of an Auditor.
- The Non-Profit Organisations Act 17 of 1997 governs NPOs.
- In terms of section 17(2), every registered NPO must arrange for a written report to be compiled by an Accounting Officer and for the report to be submitted to the organisation.
- The report must state whether or not the financial statements of the NPO are consistent with its accounting records, whether the accounting policies of the NPO are appropriate and have been appropriately applied, and that the NPO has complied with the Non-Profit Organisations Act and of its constitution which relate to financial matters.

1.20.9 GENERAL EXPERT SCHEME

- Procedures for compliance with the scheme are determined by the Department of Trade and Industry.
- The procedures require a participant to furnish audited export turnover figures.
- Audited export turnover figures are generally understood to mean figures audited by an Accountant and Auditor registered with the IRBA.
- This Scheme has been replaced with effect from August 1997.

1.20.10 INSURANCE INTERMEDIARIES

- Insurance intermediaries are governed by the Insurance Act 27 of 1943.
- Every insurance intermediary is required to issue guarantees in favour of the South African Insurance Association. Such guarantees should be in a form prescribed by regulation and certified by an Auditor.
- The prescribed form is an RV9 certificate to be signed by the Auditor.
- An Accounting Officer may attest the RV9 certificate provided the Accounting Officer is independent and the insurance intermediary is not a registered Company.
- The RV9 certificate for a registered Company must be attested by an Auditor registered with the Public Accountants and Auditors' Board.

1.20.11 REGIONAL INDUSTRIAL DEVELOPMENT PROGRAMME

- Participation in this scheme is governed by the Department of Trade and Industry.

- Claims made in terms of the scheme must be audited by an Accountant and Auditor registered with the Public Accountants' and Auditors' Board, regardless of whether the applicant is a Close Corporation or Company.
- IAC's Members under certain circumstances are entitled to draw up an Accountant's Report for a Simplified Regional Development Programme. Refer to Technical Bulletin 3 of 1995.

1.20.12 SECTIONAL TITLES

- Sectional Titles are governed by the Sectional Titles Act 95 of 1986.
 - Section 26 of the Management Rules in the Sectional Titles Scheme Management Act 8 of 2011 states as follows, with regards to:
26. Financial Records, Budgets, Reports and Audit.—(1) A Body Corporate must—
- a) keep proper books of accounts;
 - b) keep separate books of accounts and bank accounts for its administrative and reserve funds referred to in sections 3 (1) (a) and (b) of the Act;
 - c) prepare Annual Financial Statements for presentation at the annual general meeting;
 - d) prepare a maintenance, repair and replacement plan;
 - e) prepare budgets for the administrative and reserve funds comprising itemised estimates of the anticipated income and expenses during the next financial year; and
 - f) prepare a report adopted by the trustees reviewing the affairs of the Body Corporate during the financial year for presentation at the annual general meeting.
- An Accounting Officer is defined as a person qualified to perform the duties of an Accounting Officer in terms of the Close Corporations Act. In terms of the Sectional Titles Act and Regulations: Accounting Officer: Annexure 8 Management Rule 50 deals with the appointment of Accounting Officers.

Rule 40 states, in relation to audit, that at the first general meeting and thereafter at every ensuing annual general meeting, the body corporate shall appoint an auditor to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting: Provided that where a scheme comprises less than 10 units, an accounting officer may be appointed for that purpose and the auditor or accounting officer, as the case may be, must sign the financial statements.

1.20.13 SHERIFFS OF THE COURT

- Sheriffs of the Court are governed by the Sheriffs Act 90 of 1986.
- Every Sheriff must keep a Trust Account that must be audited by a registered Accountant and Auditor.
- The Regulations to the Sheriffs Act prescribe the form that must be signed by the Auditor.

1.20.14 TRAVEL AGENTS AND TRAVEL AGENCIES

- Travel agents registered with the International Air Transport Association (IATA) must keep Annual Financial Statements, which should be audited by an Auditor registered with Public Accountants' and Auditors' Board.

1.20.15 TRUSTS

- Trusts are governed by the Trust Property Control Act 57 of 1988.
- The operation of a Trust is governed by the Trust Deed.
- The appointment of a trustee in a Trust Deed should be authorised by the Master of the Supreme Court.
- In approving the appointment of a trustee, the Master must consider the question of security.
- Security would probably not be required if the Trust Deed provides for the appointment of an Auditor.
- The definition of an Auditor is not prescribed by the Trust Property Control Act. However, reference to an audit is made in Section 15 of that Act.
- A trust deed may provide for the appointment of an Accountant or Accounting Officer as defined by the Close Corporations Act. The duties of the person so appointed should be determined by the Trust Deed.

1.20.16 SCHOOLS

- Governed by the South African Schools Act 84 of 1996.
- In terms of Section 43 (1), a Governing Body must appoint a person registered as an Accountant and Reviewer.
- However, if the audit is not reasonably practicable, the Governing Body may appoint a person to examine and report on the records and financial statements of the school. The person must be qualified to act as an Accounting Officer in terms of Section 60 of the Close Corporations Act and must be approved by a Member of the Executive Council.

1.21 DUTIES OF AN ACCOUNTANT APPOINTED TO A TRUST

The appointment of the Trustees and Auditor of Trust is regulated by the provisions of the Trust Property Control Act 57 of 1988. Reference to Auditor is made in Section 15, which states that where an audit is conducted, any irregularities must be reported to the Master of the Supreme Court. The definition of Auditor is not prescribed by the Trust Property Control Act, and a Trust Deed may provide for the appointment of an Accountant (Accounting Officer as defined by the Close Corporation Act). Members are advised that the decision to accept, or not accept, an appointment must be determined on the basis of the wording in the Trust Deed.

Note the distinction between a testamentary trust and an inter-vivos trust. A testamentary trust is a provision in a will that appoints a trustee to manage the assets of the deceased. It is frequently used when the beneficiary or beneficiaries are children or disabled people. The trust is also used to reduce estate tax liabilities and ensure professional management of the assets. An inter-vivos trust is a trust that is set up during the founder's lifetime to achieve specific estate planning and asset protection purposes.

When the question of the appointment of an Accountant is raised, in terms of a Trust Deed, it is important to ensure that the duties of the Accountant are specified in the Trust Deed so that no confusion arises. Such duties would probably exclude an audit, but include all information to be furnished to the Master of the Supreme Court, such as:

1. 1.Name and address of Accountant to be appointed;
2. Undertaking to advise the Master:
 - a) Should he cease to act for the Trust;
 - b) Of the name of the new Accountant should he be aware thereof;
 - c) Should the Trust not have been administered in accordance with the terms and conditions of the Trust Deed; or
 - d) Of any substantial addition to the capital of the Trust and the value thereof;
3. An undertaking by the Trustee(s) to instruct the Accountant to furnish the Master, when requested to do so, with any information which he may require in connection with the affairs of the Trust.
4. Section 15 of the Trust Property Control Act states that, "If an irregularity in connection with the administration of a Trust comes to the notice of a person who audits the accounts of a Trust, such person shall, if in his opinion it is a material irregularity, report it in writing to the Trustee, and if such irregularity is not rectified to the satisfaction of such person within one month as from the date upon which it was reported to the Trustee, that a person shall report it in writing to the Master."

Also refer to Section 2 (letters of appointment) and Section 7 (formation of a trust).

1.22 NOTES ON REPORTS

1. Principles applicable to any report issued by IAC members – you may not:
 - Express an opinion on the Financial Statements;
 - State that an audit was conducted; or
 - State that the Financial Statements fairly present the financial position and the results of the operations.

The above implies that an audit was performed.

2. It is recommended that for any report, reference is made to:
 - The statute or terms of engagement under which the Accountant performed his work (for example Section 62 of the CC Act); and
 - The duties performed.

SECTION

2.

LETTERS AND APPOINTMENTS

EXAMPLES OF LETTERS	PAGE
2.1 Professional Courtesy from new Accounting Officer to existing Accounting Officer	51
2.2 Removal from office from Close Corporation to existing Accounting Officer	52
2.3 Appointment from Close Corporation to new Accounting Officer	53
2.4 Consent by Accounting Officer to a Company: forms lodged with Registrar of CCs	54
2.5 Engagement to follow letter of appointment in terms of [2.3] above	55
2.6 Confirmation from new Accounting Officer to previous Accounting Officer	60
2.7 Appointment for non-assurance work from IAC to existing Accounting Officer	61
2.8 Reviewer's report	63
2.9 Notice to Master of Supreme Court: Appointment as Accountant to a trust	65

2.1 EXAMPLE: LETTER OF PROFESSIONAL COURTESY

LETTERHEAD OF NEW ACCOUNTING OFFICER

REGISTERED MAIL
The Accounting Officer
Sample CC
PO Box XXXX
Cape Town
8000

(Date)

Dear Sir/Madam

APPOINTMENT AS ACCOUNTING OFFICER TO SAMPLE CC

Please be informed that I have been approached by A. Smith and B. Smith to accept the appointment as Accounting Officer to SAMPLE CC.

Kindly indicate whether you have any professional objection to my appointment.

Your immediate response would be appreciated.

Yours faithfully

J. Accountant
IAC

2.2 EXAMPLE: LETTER OF REMOVAL FROM OFFICE

LETTERHEAD OF CLOSE CORPORATION

REGISTERED MAIL

The Accounting Officer

Sample CC

PO Box XXXX

Cape Town

8000

(Date)

Dear Sir/Madam

REMOVAL FROM OFFICE

You are hereby advised of your removal from office, as required by Section 59(4) of the Close Corporations Act 69 of 1984.

Kindly make arrangements for me to collect all files, records and documentation from your office at your earliest convenience.

I look forward to hearing from you.

Yours faithfully

Sample CC

J. Smith, Member

(Signed by, or on behalf of, members)

2.3 EXAMPLE: LETTER OF APPOINTMENT

LETTERHEAD OF CLOSE CORPORATION

J. Smith
PO Box XXXX
Cape Town
8000

(Date)

Dear Sir/Madam

APPOINTMENT AS ACCOUNTING OFFICER

This letter serves to confirm your appointment as Accounting Officer to SAMPLE CC, as required by Section 59(3) of the Close Corporations Act 69 of 1984.

Kindly arrange for the necessary documentation to be lodged with the Registrar of Close Corporations.

Yours faithfully

Sample CC

J. Smith, Member

2.4 EXAMPLE: LETTER OF CONSENT BY ACCOUNTING OFFICER

LETTERHEAD OF ACCOUNTING OFFICER

REGISTERED MAIL

Sample CC

PO Box XXXX

Cape Town

8000

(Date)

Dear Sir/Madam

CONSENT TO APPOINTMENT AS ACCOUNTING OFFICER OF SAMPLE CC

I, the undersigned, J. Accountant, Member of The Institute of Accounting and Commerce of Southern Africa, do hereby consent to my appointment as Accounting Officer to SAMPLE CC.

I declare that I am qualified to accept this appointment in terms of Section 60 of the Close Corporations Act 69 of 1984.

J. Accountant IAC
Accounting Officer

DATE:

PRACTICE NO.:

2.5 EXAMPLE: LETTER OF ENGAGEMENT

LETTERHEAD OF ACCOUNTING OFFICER

REGISTERED MAIL

Sample CC
PO Box XXXX
Cape Town
8000

(Date)

Dear Sir/Madam

APPOINTMENT AS ACCOUNTING OFFICER FOR SAMPLE CC

Following on our recent discussions with, we are pleased to confirm acceptance of our appointment as Accounting Officer. This letter sets forth our understanding of the terms and objections of our engagement, and the nature and scope of the services we will provide. Our view in respect of additional services that have to be provided, as agreed, is also set out.

Accounting Officer

In terms of the Close Corporation Act 69 of 1984, we are required to determine that the Annual Financial Statement agree with the Accounting Records of the Corporation; to review the appropriateness of the accounting policies applied in the compilation of the Financial Statements and to report to the Corporation in respect of these matters. We are also required to act in a certain way if, during the performance of our duties as Accounting Officer, we become aware of any and/or all of the following:

1. A provision of the Close Corporation Act 69 of 1984 has been contravened;
2. A change to the particulars in the founding statement has not been registered;
3. The Financial Statements indicate that the liabilities exceed the assets;
4. The Financial Statements incorrectly indicate that the assets exceed the liabilities;
5. The Corporation is not carrying on business and has no intention of resuming operation in the foreseeable future.

In order to properly fulfil our duties, we will require written representations on certain matters from the members.

Contravention of the Close Corporation Act

If in the performance of our duties we become aware of any contraventions of the Close Corporations Act, we will report the matter to you immediately. You should be aware that a contravention of the Close Corporation Act could result in the personal liabilities of the members.

Accounting Records

The accounting records will be maintained by the Entity.

Note that Section 56 of the Close Corporation Act 69 of 1984 requires that proper books of account be kept in respect of all transactions entered into by the Entity. The Close Corporation Act 69 of 1984 also requires the name and registration number to appear on all letterheads, cheque books and stationery.

In order to maintain proper records you should open a bank account in the name of the Corporation. All monies received and paid by the Corporation should be channelled through this account.

Accounting Services

In addition to my duties as Accounting Officer I will assist with the preparation of Annual Financial Statements in accordance with IFRS for SMEs appropriate to the business. The Financial Statements will be prepared for your consideration and approval. Should you require Financial Statements at intervals of less than one year, this can be arranged.

It should be noted that the members ofCC are responsible for ensuring that the Financial Statements fairly present the state of affairs of the Corporation at the end of the financial year concerned, and the results of its operations for that year. The keeping of proper Accounting Records is therefore essential.

In order to assist in the preparation of the Annual Financial Statements you will be required to complete a letter of representation at the end of each financial year. A copy of such a letter is enclosed herewith for your information.

Compilation of Annual Financial Statements

It is primarilyCC's responsibility to compile Annual Financial Statements, which fairly present the organisation's financial position at the end of the book year, as well as results of operations and cash flow information for the book year.

Although we may examine the Accounting Records, as well as make certain enquiries, this will be for purposes of enabling us to adequately prepare the annual statements alone, and therefore do not fall outside the description of our appointment.

Registration with Authorities

It is necessary to register your corporation at the following authorities where applicable:

1. Receiver of Revenue for Income Tax purposes
2. Receiver of Revenue for PAYE purposes
3. Receiver of Revenue for Vat purposes
4. Workman's Compensation Commissioner
5. Unemployment Insurance Commissioner
6. Regional Services Council
7. Industrial Council
8. Receiver of Revenue for registration as Employer
9. Receiver of Revenue for Skills Development Levy

In accordance with the tax services, which are to be provided, I will affect registration with the Receiver of Revenue in terms of (1) above, on your behalf if not already done.

Taxation / Secretarial / (Other) Services

Taxation Services

In addition to the above, I will assist with the preparation and submission of the Income Tax Returns and Provisional Tax Returns of the Corporation. This includes the completion and return of IT12 and IRP6 forms, which have been duly approved and signed by you.

I will also act as your tax adviser on any other matters specifically referred to me by you.

Other Services

Whilst I may examine the Accounting Records and conduct certain inquiries in relation to the books of account, I cannot be held responsible for certain acts or omissions on the part of the members. It should be noted that certain acts, whether of commission or omission, result in the personal liability of members for the debts of the corporation. Should you require any specific advice in this regard, please feel free to contact me.

I endeavour to be of assistance to my clients on as broad a base as possible and additional services will be provided on an ongoing basis, at your request.

In addition to the services mentioned above, we will also provide the following services toCC, as agreed:

-----	-----
-----	-----
-----	-----
-----	-----

Fees

Our fees will be calculated on the basis of time spent on your affairs by the partners and personnel. Expect when agreed otherwise, our fees will be billed separately for each main type of work mentioned above, and accounts will be sent to you at appropriate intervals during the course of the year.

Fees for provisional services will be charged at an hourly rate. Fees for taxation services will be based on a fixed rate as well as an hourly rate. All fees are subject to annual review, unless otherwise agreed.

Our current hourly rates are as follows:

Computer processing & bookkeeping services	R XXX per hour
--	----------------

Specialised services, i.e. Drafting of Financial Statements

All Tax services

Preparations of Budgets

Consultations, etc.

R XXX per hour

Terms and Conditions

The terms and conditions of my appointment are as follows:

- ☒ All work performed must be paid for on presentation of our invoice.
- ☒ Should we require a deposit at any stage, this must be paid before we proceed with any work.

This letter will be effective for future years unless it is terminated, amended or suspended.

Please read this carefully. Should the content not correspond with your view of our terms of engagement, we will gladly discuss this matter further with you.

All work to be performed by the firm is subject to the following limitations:

The firm's liability, howsoever incurred and in respect of all losses and/or damages, is limited to an amount equal to twice the professional fees paid to the firm in consideration for the particular work, or to an amount of R500 000, whichever is the lesser amount.

The firm's liability is furthermore limited, in respect of any item of work, to a period of 3 years from the completion date of that particular work giving rise to liability on the firm's part, notwithstanding the provisions of the Prescription Act 68 of 1969 (as amended).

These limitations are in accordance with the recommendation made by our Professional Indemnity insurers.

I wish you a successful trading period and request that you communicate with me should you have any queries regarding the above.

Kindly acknowledge receipt of this letter.

Yours faithfully

J. Accountant
Accounting Officer

Practice Number

I/We, the undersigned, have read this service agreement, accept it on behalf of the Close Corporation and declare the Close Corporation to be bound thereby. In addition thereto, I/We, The undersigned, hereby, by our signatures hereunder interpose and bind ourselves jointly and severally as sureties, with renunciation of the benefits of excussion, division and cedendarum actionum and also with renunciation of the exception no value received and deducibus vel pluribus reis debendi, the meaning of which we declare ourselves acquainted with, to -----
--for the due fulfilment by the Close Corporation of all its obligations in terms of this agreement, including, but not limited to, the payment on due date of all fees and disbursements charged out by the said -----to the Close Corporation from time to time.

Received, read and accepted on behalf of the members on this _____ day of _____.

As Members:

1) _____ Member

2) _____

2.6 EXAMPLE: LETTER OF CONFIRMATION OF APPOINTMENT

LETTERHEAD OF NEW ACCOUNTING OFFICER

REGISTERED MAIL

The previous accounting officer
Sample CC
PO Box XXXX
Cape Town
8000

(Date)

Dear Sir/Madam

CONFIRMATION OF APPOINTMENT AS ACCOUNTING OFFICER

With reference to my letter of (date of letter in example 2.1) please be advised that I have accepted the appointment as Accounting Officer to SAMPLE CC. The necessary documentation has been lodged with the Registrar.

Yours faithfully

J. Accountant
IAC

Where the appointment is rejected by the new Accounting Officer, the previous Accounting Officer must be advised accordingly.

2.7 EXAMPLE: LETTER OF APPOINTMENT FOR NON-ASSURANCE WORK

LETTERHEAD OF ACCOUNTING OFFICER

(Date)

The Accounting Officer
Sample CC
PO Box XXXX
Cape Town
8000

Dear Sir/Madam

APPOINTMENT AS A CONSULTANT TO SAMPLE CC

Please be advised that I have been approached by J. Smith of SAMPLE CC to provide services with effect from 1 March 20XX.

Yours faithfully

J. Accountant
IAC

Examples of Scope Paragraphs for certain individual types of Non-Assurance Services

Accounting

- Assistance with the writing up of the books and records of the business
- Preparation of monthly management accounts
- Assistance with processing of company's payroll
- Specifying the nature of accounting assistance

Secretarial

Without taking on the responsibilities of the Company Secretary we will maintain the following registers and minute books in an up-to-date condition, and in the manner required by the Companies Act, 2008, of South Africa. It is your responsibility to provide us with complete, reliable and accurate information timeously, so that we can maintain these registers and minute books. The following will be maintained:

- Record of Directors (Section 24(3)(b) and 24(5));
- Securities register or its equivalent, in the case of a profit company, or a members' register in the case of a non-profit company that has members (Section 24(4) and 50);
- Securities register in respect of every class of securities issued (Section 50);
- Record of Company Secretaries and Auditors (Section 85(1));
- Notice and minutes of all shareholders meetings including resolutions adopted and any document that was made available by the company to the holders of securities in relation to each such resolution (Section 24(3)(d)); and
- Notice and minutes of all directors' meetings including resolutions adopted by written consent of the majority of directors, given in person, or by electronic communication and any document that was made available by the company to the directors in relation to each such resolution (Section 73(6) and (7) and 74(1)).

Secretarial Compliance Work

On an annual basis, and if required, we will draft the following documents in connection with the adoption of the annual financial statements:

- Minutes of a board meeting in order to formally approve the annual financial statements for presentation to the shareholders or members, as may be applicable;
- Notice (and, where appropriate, waiver of notice) of the annual general meeting;
- Letters of proxy (where necessary);
- Minutes of annual general meeting;
- Where an annual general meeting will not be held, we will arrange for the signature of the directors and annual general meeting resolutions to be recorded in terms of the Companies Act; and
- Specify the nature of secretarial compliance work.

2.8 EXAMPLE: REVIEWER'S REPORT

ON REVIEWER'S LETTERHEAD

To: The shareholders of Entity XYZ

REPORT ON THE FINANCIAL STATEMENTS

I/We have reviewed the accompanying financial statements of _____ CC that comprise the statement of financial position as at _____ (year-end date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report as set out on pages XX to XX.

Directors' Responsibility for the Financial Statements

The entity's directors/members are responsible for the preparation and fair presentation of these financial statements in accordance with _____ (IFRS for SMEs), (and the requirements of the Companies Act 71 of 2008 of South Africa), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

My/Our responsibility is/are to express a conclusion on the annual financial statements based on our review. I/We conducted my/our review in accordance with International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements. ISRE 2400 requires us to conclude whether anything has come to my/our attention that causes me/us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 consists primarily of making enquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial statements as a whole may be materially misstated.

/We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I/we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of _____ CC as at 28 February 20XX, and (of) its financial performance in accordance with the International Financial Reporting Standards for Small-and Medium-sized Entities.

Report on Other Legal and Regulatory Requirements

(Form and content of this section of the practitioner's report will vary depending on the nature of the practitioner's other reporting responsibility.)

Reviewer's signature

Name of IAC

Reviewer Date

2.9 EXAMPLE: NOTICE TO MASTER OF SUPREME COURT: APPOINTMENT AS ACCOUNTANT TO A TRUST

LETTERHEAD OF ACCOUNTING OFFICER

The Master of the Supreme Court
Private Bag X60
PRETORIA 0001

Dear Sir/Madam

XYZ TRUST

I wish to confirm that:

10. I have been appointed to act as Accountant to this Trust.
11. I undertake to advise you should I cease to act in the Trust.
12. I shall advise you of the name of the new Accountant (or Auditor) should one be aware thereof.
13. Should I find that the Trust is not being administered in accordance with the provisions of the Trust Deed, I shall advise you thereof.
14. I undertake to furnish you with any information in regard to the Trust which you may require from time to time.
15. I shall advise you of any material additions to the capital of the Trust as well as to the value of such additions.
16. I shall advise you of any material irregularity, not rectified within a reasonable time by the Trustees.
17. The following are the Trustees of the XYZ Trust:
 - a. Mr X
 - b. Mrs Y

Yours faithfully

J. Accountant
IAC

3.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

	PAGE
3.1 Example: Letter of Representation.....	67
3.2 Example: Certificate of Payments to Members.....	69
3.3 Example: Minutes of Meeting	70
3.4 Example: Agreed Upon Procedures Report.....	72

3.1 EXAMPLE: LETTER OF REPRESENTATION

LETTERHEAD OF CLOSE CORPORATION

(Date)

The Accounting Officer
Sample CC
PO Box XXX
Cape Town
8000

Dear Sir/Madam

In connection with your duties as Accounting Officer of SAMPLE CC for the period ended (insert date). We confirm, to the best of our knowledge and belief, that the Financial Statements fairly present the state of affairs and results of the operations for SAMPLE CC; conform to IFRS for SMEs appropriate to the business; and that there have been no contraventions of the Close Corporations Act. We acknowledge that the information in these Financial Statements is the representation of the members.

We confirm, to the best of our knowledge and belief, the following representations relating to your engagement:

1. The Entity's accounting policies and the methods followed in applying them are as disclosed in the Financial Statements and there have been no changes during the financial year under review.
2. We have made available to you all Accounting Records and minutes of the Entity.
3. We are not aware of any material transactions or events that have not been properly recorded in the Accounting Records.
4. We have advised you of all actions taken at meetings of members or managers that may affect the Financial Statements.
5. We are not aware of any violations of laws or regulations the effects of which should be considered for disclosure or inclusion in the Financial Statement.
6. Except as disclosed in the Financial Statements, there are no events that have occurred subsequent to the Statement of Financial Position date that would require adjustment to, or disclosure in, the Financial Statements.
7. Provision, where material, has been made in the Financial Statements for losses sustained as a result of trading activities and, where appropriate, current assets have been reduced to net realisable values.

8. The Entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
9. The Entity has satisfactory title to all owned assets, and except as disclosed in the Financial Statements, there are no liens or encumbrances on such assets or pledges of any assets.
10. The Entity has complied with all aspects of contractual agreements that would have a material effect on the Financial Statements in the event of non-compliance.
11. The founding statement that has been made available to you is a copy of the (latest amended) founding statement that has been lodged with the Registrar of Close Corporations and there have been no changes thereto which have not been registered.
12. The Entity is factually solvent in that its assets exceed its liabilities.
13. The Entity has at all times been run in a responsible and conscientious manner by the members and the Entity or its creditors have not been unfairly prejudiced or detrimentally affected as a result of the reckless or negligent conduct of any of the members.

Yours faithfully

SAMPLE CC

MEMBER:

DATE:

In his/her capacity as member of Sample CC and who warrants that he or she is authorised hereto.

3.2 EXAMPLE: CERTIFICATE OF PAYMENTS TO MEMBERS

SAMPLE CC
(1995/010001/23)

MEMBER'S CERTIFICATE OF AMOUNTS RECEIVED

INFORMATION SUPPLIED BY

I give notice that the amounts paid to or received by me during the financial year ended 28 February 20XX were as follows:

FROM THE ENTITY

- | | |
|-------------------------|------|
| 1. REMUNERATION | |
| (a) Salaries | RXXX |
| 2. INTEREST RECEIVED | RXXX |
| 3. RENT RECEIVED | RXXX |
| 4. DISTRIBUTIONS | |
| (a) Dividends received | RXXX |
| 5. LOAN REPAID | RXXX |
| 6. CONTRIBUTIONS REPAID | RXXX |

I certify that the balance standing to the credit of my loan account in the books of the Entity at 28 February 20XX amounting to RXXX (RAND AND CENTS) is correct and records all transactions between the Entity and myself to that date.

I am satisfied that the distributions of income and repayments of contributions to me have been made in accordance with the solvency and liquidity requirements of Section 51 of the Close Corporations Act 69 of 1984. In addition to the above I am aware that I shall be liable to the Entity for any payment received contrary to Section 51 (1) of the said Act.

Signed by _____ on this _____ day of _____ 20XX.

(SIGNATURE OF MEMBER)

3.3 EXAMPLE: MINUTES OF MEETING

RECOMMENDED MINUTES FOR APPROVAL OF ANNUAL FINANCIAL STATEMENTS OF A CLOSE CORPORATION/TRUST

Approval of Annual Financial Statements of Sample CC (1995/ 010001 /23)

Minutes of a meeting of members held at _____ on _____ 20____
at _____.(specify time and place)

Present

(in the Chair)

Annual Financial Statements

The Annual Financial Statements as at 28 February 20XX were laid before the meeting.

Matters Arising

IT WAS RESOLVED THAT

The income reflected in the Income Statement represents the total income of the Entity for the period under review.

Expenditure reflected in the Income Statement including expenditure incurred by the Entity not supported by proper vouchers be approved.

J. Accountant, IAC (SA) be re-appointed as Accounting Officer to the Entity and that his remuneration for the past period be fixed by agreement.

Approval

IT WAS UNANIMOUSLY AGREED THAT

The sum of Rxxx as reflected as proposed distribution to members be distributed by way of cash payments to members, in proportion to their percentage share of total member's interest, on _____ 20_____.

The amount of retained income at 28 February 20XX be kept in tact to ensure the continued liquidity of the Entity.

The Annual Financial Statements for the year to 28 February 20XX be approved.

The Annual Financial Statements be signed on behalf of the members by J. Smith.

Distributions to Members

IT WAS NOTED THAT

Distributions to members during the year were recorded in a certificate of amounts received.

Purchases of Immovable Property

IT WAS NOTED THAT

The acquisition of fixed property had been approved in writing by J. Smith and B. Smith on _____ 20XX.

There being no further business to discuss, the meeting terminated with a vote of thanks to the Chairperson.

READ AND APPROVED THIS _____ DAY OF _____ 20_____.

Attendance Register

These minutes are a guide only and need not be strictly adhered to.

3.4 EXAMPLE: AGREED UPON PROCEDURES REPORT

EXAMPLE OF A REPORT OF THE ACCOUNTING OFFICER/INDEPENDENT REVIEWER WHEN AGREED UPON PROCEDURES WERE CARRIED OUT

REPORT OF THE ACCOUNTING OFFICER / INDEPENDENT REVIEWER TO SAMPLE CC

Part A

We have performed the duties of Accounting Officer to SAMPLE CC for the year ended 28 February 20XX as required by section 62 of the Close Corporations Act, 1984. The annual financial statements set out on pages XX to XX are the responsibility of the members. No audit is required by the Act to be carried out and no audit was conducted.

Accordingly, we do not imply or express an opinion or any other form of assurance on the annual financial statements.

We have determined that the annual financial statements are in agreement with the accounting records, summarised in the manner required by Section 58 (2) (d) of the Act, and have done so by adopting such procedures and conducting such enquiries in relation to the accounting records as we considered necessary in the circumstances.

We have also reviewed the accounting policies, which have been presented to us as having been applied in the preparation of the annual financial statements and we consider that they are appropriate to the business.

Part B

Scope

In addition to the duties of accounting officer as required by section 62 of the Act and dealt with in Part A of this report, we have performed the procedures agreed with you and described below. The procedures were undertaken in accordance with International Standards on Related Services applicable to the Engagement to perform agreed upon procedures regarding financial information (ISRS 4400). The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the members of the corporation. The procedures were performed solely to assist you in (state purpose) and should be used by you only for this purpose. The procedures are summarised as follows: (Insert list of procedures)

Findings

We report our findings below:
(Insert list of findings)

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Review Engagements, we do not express any assurance on the annual financial statements.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or Review Engagements, other matters might have come to our attention that would have been reported to you.

Part B of this report is solely for the purpose set out in the first paragraph thereof and for your information, and is not to be used for any other purpose, nor to be distributed to any other parties. This report relates only to the accounts and items specified above, and does not extend to the annual financial statements taken as a whole.

Part C

* In terms of Section 60 (3) of the Close Corporations Act, 1984, we wish to draw your attention to the fact that a member/partner/employee of our firm is also a member of the corporation and all the members have consented in writing to our appointment as accounting officer under these circumstances.

Accounting Officer

IAC Financial Accountant in Practice

4.

EXAMPLES OF ANNUAL FINANCIAL STATEMENTS

	PAGE
4.1 Close Corporations	75
4.2 Schools.....	90
4.3 Trusts	102

4.1 CLOSE CORPORATIONS – FINANCIAL STATEMENTS

SAMPLE CC

(Registration Number 1998/000001/23)

**Annual Financial Statements
for the year ended 29 February 20XX**

Compiled Financial Statements

in compliance with Companies Act 71 of 2008 Prepared: YOUR FIRM NAME CC Position: Accounting Officer

SAMPLE CC

(Registration Number 1998/000001/23)

Annual Financial Statements for the year ended 29 February 20XX

Index

The reports and statements set out below comprise the Annual Financial Statements presented to the member:

General Information	1
Report of the Accounting Officer	2
Member's Responsibilities and Approval	3
Report of the Member	4 - 5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Member's Interest	8
Statement of Cash Flows	9
Accounting Policies	10 - 11
Notes to the Annual Financial Statements	12 - 13

SAMPLE CC

(Registration Number 1998/000001/23)

Annual Financial Statements for the year ended 29 February 20XX

General Information

Country of Incorporation and Domicile

South Africa

Nature of Business and Principal Activities

Software Development and
Technology Consulting

Member

A MEMBER

Registered Office

Address here

Business Address

Address here

Bankers

XYZ Bank

Income Tax Registration Number

0000000001

Accounting Officers

YOUR FIRM NAME CC
YOUR ADDRESS HERE

Company Secretary

YOUR FIRM NAME
YOUR ADDRESS HERE

Accounting Officer's Report

Report of the Accounting Officer to SAMPLE CC

We have performed the duties of Accounting Officer to SAMPLE CC as required by Section 62 of the Close Corporations Act, 1984. The Annual Financial Statements set out on pages XX to XX are the responsibility of the member. No audit or review is required to be carried out by the Act and no audit or review was conducted. Accordingly, we do not imply or express an opinion or any other form of assurance on the Annual Financial Statements.

Duties of Accounting Officer

We report, as required in terms of Section 62(1) of the Close Corporations Act of South Africa, having performed such procedures and conducted such enquiries in relation to the Accounting Records as we considered necessary in the circumstances, that:

- the Annual Financial Statements are in agreement with the Accounting Records, summarised in the manner required by Section 58(2)(d) of the Act; and
- the accounting policies presented to us as having been applied in the preparation of the Annual Financial Statements are appropriate to the business as per the reasons set out below.

Restriction of Distribution

Our report is intended solely for your use in your capacity as the member of SAMPLE CC and shall not be distributed to other parties.

YOUR FIRM NAME CC

15 June 20XX

Per:

Accounting Officer

Member's Responsibilities and Approval

The member is required by the South African Companies Act to maintain adequate Accounting Records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is his responsibility to ensure that the Annual Financial Statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the entity, and explain the transactions and financial position of the business of the Entity at the end of the financial year. The Annual Financial Statements are based upon appropriate accounting policies consistently applied throughout the Entity and supported by reasonable and prudent judgements and estimates.

The member acknowledges that he is ultimately responsible for the system of internal financial controls established by the Entity and places considerable importance on maintaining a strong control environment. To enable the member to meet these responsibilities, the member sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Entity and all employees are required to maintain the highest ethical standards in ensuring the Entity's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Entity is on identifying, assessing, managing and monitoring all known forms of risk across the Entity. While operating risk cannot be fully eliminated, the Entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The member is of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the member has no reason to believe that the Entity will not be a going concern in the foreseeable future. The financial statements support the viability of the Entity.

The Accounting Officer is responsible for reporting on the Entity's Annual Financial Statements. The Accounting Officer's report is presented on page XX.

The Annual Financial Statements set out on pages XX to XX were approved by the member on 15 June 20XX and were signed by him.

A MEMBER

SAMPLE CC

(Registration Number 1998/000001/23)

The member presents his report for the year ended 29 February 20X0.

1. General review

The Entity's business and operations and the results thereof are clearly reflected in the attached Financial Statements. No material fact or circumstance has occurred between the accounting date and the date of the report.

The Entity carries on the business of Software Development and Technology Consulting.

2. Going concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Statements of responsibility

The member is responsible for the maintenance of adequate Accounting Records and the preparation and integrity of the Financial Statements and the related information. The Accounting Officer is responsible to determine that the Financial Statements are in agreement with the Accounting Records, summarised in the manner required by Section 58(2)(d) of the Act.

The member is also responsible for the Entity's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the Financial Statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the member to indicate that any material breakdown in the functioning of these controls, procedures and system has occurred during the year under review.

The Financial Statements have been prepared on the going-concern basis, since the member has every reason to believe that the Entity has adequate resources in place to continue in operation for the foreseeable future.

4. Member and contributions by the member

There were no new contributions introduced by the member during the year under review.

The member of the Entity during the accounting period and up to the date of this report was as follows: A MEMBER

5. Distributions to members

There were no distributions paid to members during the period under review.

6. Events after reporting date

All events subsequent to the date of the Annual Financial Statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The Directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Company.

7. Accounting Officers

YOUR FIRM NAME CC were the Accounting Officers for the year under review.

The annual financial statements were authorised for issue and were signed on 15 June 20XX.

A MEMBER

SAMPLE CC

(Registration Number 1998/000001/23)

Financial Statements for the year ended 29 February 20XX

Statement of Financial Position

Figures in R	Notes	20X0	20X9
Assets			
Non-Current Assets			
Property, plant and equipment	3	xxx	xxx
Current Assets			
Inventories	4	xxx	xxx
Current tax asset		-	-
Trade and other receivables	5	xxx	xxx
Cash and cash equivalents	6	xxx	xxx
		xxx	xxx
Total Assets		xxx	xxx
Equity and Liabilities Equity			
Member's contribution		xxx	xxx
Accumulated loss		(xxx)	(xxx)
		(xxx)	(xxx)
Non-Current Liabilities			
Loan from member	7	xxx	xxx
Current Liabilities			
Trade and other payables	8	-	-
Total Equity and Liabilities		xxx	xxx

SAMPLE CC

(Registration Number 1998/000001/23)

Annual Financial Statements for the year ended 29 February 20XX

Statement of Comprehensive Income

Figures in R	Note	20X0	20X9
Revenue		xxx	xxx
Operating costs		(xxx)	(xxx)
Operating profit / (loss)		xxx	xxx
Finance costs		(xxx)	(xxx)
Profit / (loss) for the year		xxx	xxx

SAMPLE CC

(Registration Number 1998/000001/23)

Annual Financial Statements for the year ended 29 February 20XX

Statement of Changes in Member's Interest

Figures in R	Member's contribution	Accumulate d loss	Total
Balance at 1 March 20X8	100	(xxx)	(xxx)
Total comprehensive income for the year			
Loss for the year		(xxx)	(xxx)
Total comprehensive income for the year	-	(xxx)	(xxx)
Balance at 28 February 20X9	100	(xxx)	(xxx)
Balance at 1 March 20X9	100	(xxx)	(xxx)
Total comprehensive income for the year			
Profit for the year		xxx	xxx
Total comprehensive income for the year	-	xxx	xxx
Balance at 29 February 20X0	100	(xxx)	(xxx)

SAMPLE CC

(Registration Number 1998/000001/23)

Annual Financial Statements for the year ended 29 February 20XX

Statement of Cash Flows

Figures in R	20X0	20X9
Cash flows used in operating activities		
Profit / (loss) for the year	(xxx)	(xxx)
<i>Adjustments for:</i>		
Finance costs	xxx	xxx
Depreciation of property, plant and equipment	xxx	xxx
Operating cash flow before working capital changes	xxx	xxx
<i>Working capital changes</i>		
Increase in inventories	-	-
Increase in trade and other receivables	(xxx)	(xxx)
Increase in short term loans	-	-
(Decrease) / increase in trade and other payables	xxx	xxx
Net cash flows used in operations	(xxx)	(xxx)
Finance costs	(xxx)	(xxx)
Income tax paid	(xxx)	(xxx)
Net cash flows used in operating activities	(xxx)	(xxx)
Cash flows from investing activities		
Proceeds on disposals of property, plant and equipment	-	-
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Member's loan raised	xxx	xxx
Net cash flows from financing activities	xxx	xxx
Net decrease in cash and cash equivalents	(xxx)	(xxx)
Cash and cash equivalents at beginning of the year	xxx	xxx
Cash and cash equivalents at end of the year	xxx	xxx

1. General information

SAMPLE CC is a Close Entity incorporated in South Africa.

2. Summary of significant accounting policies

The Annual Financial Statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board and the requirements of the Close Corporations Act of South Africa. The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Annual Financial Statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or services in the ordinary course of the Entity's activities. Revenue is shown net of value-added tax, returns, and discounts.

The Entity recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; criteria and specific have been met for each of the entity's activities, as described below:

2.1.1 Services revenue

The service rendered is recognised as revenue by reference to the stage of completion of the transaction at the Statement of Financial Position date.

2.2 Income tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been significant change from the previous estimates.

Summary of significant accounting policies continued...

Plant and equipment	20.00%
Office equipment	20.00%
Computer software	33.33%

2.4 Inventories .

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises packaging costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

2.5 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

2.7 Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

3. Property, plant and equipment

	20X0			20X9		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Owned assets						
Land and buildings	xxx	xxx	xxx	xxx	xxx	xxx
Motor vehicles	xxx	xxx	xxx	xxx	xxx	xxx
Furniture and fittings	xxx	xxx	xxx	xxx	xxx	xxx
IT equipment	xxx	xxx	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	xxx	xxx	xxx

Figures in R	20X0	20X9
--------------	------	------

4. Inventories

Merchandise	xxx	xxx
-------------	-----	-----

5. Trade and other receivables

Trade debtors	xxx	xxx
---------------	-----	-----

6. Cash and cash equivalents

Favourable cash balances		
Cash on hand	xxx	xxx
Nedbank Credit Card	xxx	xxx
Nedbank - current account	xxx	xxx
	xxx	xxx

Overdraft

Nedbank - current account	xxx	xxx
Current assets	xxx	xxx
Current liabilities	xxx	xxx
	xxx	xxx

Figures in R	20X0	20X9
7. Loan from member		
Loans to/(from) member : A MEMBER	xxx	xxx
The loans bear interest at a rate of 10.75% and have no fixed terms of repayment*.		
8. Trade and other payables		
Trade creditors	-	xxx
9. Profit before tax		
The following items have been recognised as expenses (income) in determining profit before tax:		
Depreciation - Tangible assets	xxx	xxx
10. Finance costs		
Long-term loans	xxx	
11. Member's emoluments		
No emoluments have been awarded to the member for the year under review		

4.2 SCHOOLS – FINANCIAL STATEMENTS

The Department of Education has issued guidelines for drawing up Annual Financial Statements for Schools. These guidelines are issued by the *Member of the Executive Council* in terms of Section 42(b) of the South African Schools Act (SASA) 84 of 1996.

See SECTION 9

XYZ PRIMARY SCHOOL ESTABLISHED 1981

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 20X2

Contents of Annual Financial Statements	Page
Independent Auditors'/ Reviewers' Report	—
School Governing Body's Responsibilities and Approval	—
School Governing Body's Report	—
Statement of Comprehensive Income	—
Statement of Financial Position	—
Statement of Cash Flows	—
Statement of Changes in Reserves	—
Accounting Policies	—
Notes to the Annual Financial Statements	—

To the School Governing Body of XYZ Primary School

We have audited/performed a review of the Annual Financial Statements of Glenstantia Primary School, which comprise the statement of Financial Position as at 31 December 20X3, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the School Governing Body's report, as set out on pages _ to _.

School Governing Body's Responsibility for the Annual Financial Statements

The School Governing Body is responsible for the preparation and presentation of these Annual Financial Statements in accordance with the basis of accounting as described in note 1 to the Annual Financial Statements for the purpose of annual review by the School Governing Body. This responsibility includes: determining that the basis of accounting described in note 1 to the Annual Financial Statements is an acceptable basis for preparing and presenting Annual Financial Statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation and presentation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

School Governing Body's Responsibilities and Approval

Statement of Responsibility

The School Governing Body is required to maintain adequate Accounting Records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure the Annual Financial Statements fairly present the state of affairs of the school as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the approved accounting policies as set out in note I. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements are prepared in accordance with the approved accounting policies as set out in note I and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The School Governing Body acknowledges that it is ultimately responsible for the system of internal financial control established by the school and places considerable importance on maintaining a strong control environment. To enable the School Governing Body to meet these responsibilities, the members set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the school and all employees are required to maintain the highest ethical standards in ensuring the school's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the school is on identifying, assessing, managing and monitoring all known forms of risk across the school.

While operating risk cannot be fully eliminated, the school endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The School Governing Body is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The School Governing Body has reviewed the school's cash flow forecast for the year to 31 December 20X4 and, in the light of this review and the current financial position, they are satisfied that the school has or has access to adequate resources to continue operational existence for the foreseeable future.

The external auditors/reviewers are responsible for independently reviewing and reporting on the school's Annual Financial Statements. The Annual Financial Statements have been examined by the school's external auditors and their report is presented on pages _ to _.

The Annual Financial Statements set out on pages _ to _, which have been prepared on the going-concern basis, were approved by the School Governing Body on 14 March 20X3 and were signed on its behalf by:

Signature of Chairman

School Governing Body's Report

1. The School Governing Body submit their report for the year ended 31 December 20X3
2. General review

Main business and operations

The primary school operates principally in South Africa.

The operating results and state of affairs of the school are fully set out in the attached Annual Financial Statements and do not in our opinion require any further comment.

Going concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Events after the reporting period

The School Governing Body is not aware of any matter or circumstance arising since the end of the financial year.

Accounting policies

The Annual Financial Statements have been drawn up in accordance with the guidelines determined by the MEC as per the South African Schools Act 84 of 1996, as amended. The school applied an entity-specific basis of accounting as described in note 1 of the Annual Financial Statements. The Financial Statements have not been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice or International Financial Reporting Standards.

Auditors/Reviewers

XYZ Consultants continued in the office as Auditors/Reviewers in accordance with Section 43 (l) of South African Schools Act 84 of 1996.

XYZ Primary School

Annual Financial Statements for the year ended 31 December 20X3

Statement of Comprehensive Income

	Note	20X3	20X2
		R	R
Revenue	1.4	xxx	xxx
Gross Profit		xxx	xxx
Other Income		xxx	xxx
Operating revenue		xxx	xxx
Operating costs		xxx	xxx
Operating surplus / (deficit)		xxx	xxx
Investment revenue		xxx	xxx
Net surplus / (deficit) for the year		xxx	xxx
Transfer from reserve			
Property, plant and equipment depreciation reserve			
Building reserve		(xxx)	(xxx)
Accumulated surplus / (deficit) brought forward		xxx	xxx
Accumulated surplus / (deficit) at end of year		xxx	xxx

XYZ Primary School

Annual Financial Statements for the year ended 31 December 20X3

Statement of Financial Position

Figures in R	Note(s)	20X3	20X2
Assets			
Non-Current Assets			
Property, plant and equipment	2	xxx	xxx
Loans to shareholders		xxx	xxx
		xxx	xxx
Current Assets			
Inventories	3	xxx	xxx
Trade and other receivables		xxx	xxx
Cash and cash equivalents	4	xxx	xxx
			xxx
Total Assets		xxx	xxx
Reserves and Liabilities Equity Capital Reserves			
Accumulated surplus		xxx	xxx
		xxx	xxx
Non-Current Liabilities			
Loans from shareholders		xxx	xxx
Borrowings		xxx	xxx
		xxx	xxx
Current Liabilities			
Trade and other payables		xxx	xxx
Trade and other payables	5	xxx	xxx
		xxx	xxx
Total Reserves and Liabilities		xxx	xxx

XYZ Primary School

Annual Financial Statements for the year ended 31 December 20X3

Statement of Cash Flows

Figures in R	Note(s)	20X3	20X2
Cash flows from operating activities			
Loss for the year		xxx	xxx
Adjustments for:			
Finance costs		xxx	xxx
Depreciation of Tangible assets		xxx	xxx
Investment income		xxx	xxx
Operating cash flow before working capital changes		xxx	xxx
Working capital changes			
Decrease/(increase) in trade and other receivables		xxx	xxx
Decrease in short-term loans		-	-
Increase/(decrease) in trade and other payables		xxx	xxx
Cash generated by/(utilised in) operating activities		xxx	xxx
Investment income		xxx	xxx
Finance costs		xxx	xxx
Income tax paid		xxx	xxx
Net cash from operating activities		xxx	xxx
Cash flows from investing activities			
Property, plant and equipment acquired	2	xxx	xxx
Net cash utilised in investing activities		xxx	xxx
Cash flows from financing activities			
Loans repaid		xxx	xxx
Shareholders loans repaid		xxx	xxx
Dividends paid		xxx	xxx
Net cash utilised in financing activities		xxx	xxx
Increase/(decrease) in cash and cash equivalents		xxx	xxx
Cash and cash equivalents at beginning of the year		xxx	xxx
Cash and cash equivalents at end of the year	4	xxx	xxx

XYZ Primary School

Annual Financial Statements for the year ended 31 December 20X3

Statement of Changes in Reserves

Figures in Rand	Salary reserve	Computer replacemen t reserve	PPE Building reserve	Depreciation reserve	Total reserve	Accumulate d (Deficit)/ Surplus	Total reserve
Balance at 01 January 20X2	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Changes in reserves							
Surplus for the year						xxx	xxx
Transfers				(xxx)	(xxx)	xxx	
Total Changes				(xxx)	(xxx)	xxx	xxx
Balance at 01 January 20X3	xxx	xxx	xxx		xxx	xxx	xxx
Changes in reserves							
Surplus for the year						xxx	xxx
Transfers			xxx		xxx	(xxx)	
Total Changes		-	xxx		xxx	xxx	xxx

Balance at 31 December 20X3

XYZ Primary School

Annual Financial Statements for the year ended 31 December 20X3

Accounting Policies

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The South African Schools Act 84 of 1996, as amended, requires that the School Governing Body must draw up Financial Statements in accordance with the guidelines determined by the MEC. These guidelines require the preparation of Annual Financial Statements, which indicate with suitable particulars, money received and expenditure incurred by the school during the financial year and its assets and liabilities at the end of the financial year concerned. The school applied an entity-specific basis of accounting as described hereunder. The Financial Statements have not been prepared in accordance with International Financial Reporting Standards.

The Financial Statements have been prepared on a historical cost basis except when otherwise dictated. The Financial Statements are prepared on the accrual basis of accounting in terms of which the effects of Transactions and other events are recognised when they occur and they are recorded and reported in the periods to which they relate. Furthermore, the Financial Statements are prepared on the basis that the school is a going concern.

The financial position of the school is presented in a Statement of Financial position, comprising assets, liabilities and reserves. The financial performance of the school is presented in a Statement of Comprehensive Income, comprising income and expenses:

- **Assets:** An asset is a resource controlled by the school as a result of a past event from which future economic benefits are expected to flow to the school.
- **Liabilities:** A liability is a present obligation of the school arising from past events, the settlement of which is expected to result in an outflow from the school of resources embodying economic benefits.
- **Reserves:** Comprise the residual of assets after deducting all liabilities.
- **Income:** Income includes revenue and gains, and are increases in economic benefits during an accounting period in the form of inflows of enhancements of assets or decreases of liabilities that result in increases in reserves.
- **Expenses:** Are decreases in economic benefits during an accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in reserves.

The financial statements incorporate the following principal accounting policies which have been consistently applied in all material respects, unless when otherwise indicated:

1. Fixed Property

Improvements to fixed property are written off when acquired.

2. Plant and Equipment

Property, Plant and Equipment is measured at cost, including costs incurred initially to acquire or construct an item of Property, Plant and Equipment.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses, and is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of Property, Plant and Equipment have been assessed as follows:

3. Inventories

The school's inventories comprises of various saleable items, including items on hand in the tuck shop, as well as classroom requirements and stationery. Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis.

4. Revenue

Income is recognised to the extent that it is probable that the economic benefits will flow to the school and the revenue can be reliably measured:

- School fees and other fees are recognised when invoiced in the beginning of the school year.
- Activity-Based Income is recognised when received, after the occurrence of the specific activity.
- Interest is recognised on an accrual basis, relating to the underlying asset.
- All other income is accounted for when received.

5. Financial Instruments

Financial instruments carried on the Statement of Financial Position include bank and cash balances, accounts receivable and accounts payable. The financial instruments are carried at expected net realisable value on a historical cost basis. Particular recognition methods adopted are disclosed in the individual notes associated with each item, as appropriate.

XYZ Primary School

Annual Financial Statements for the year ended 31 December 20X3

Notes to the Annual Financial Statements

	20X2	20X3
1. INVENTORY	xxx	xxx
<u>Stock On Hand</u>		
Inventory consists of tuck shop stock, classroom requirements and stationery on hand at year end.		
Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first in, first out basis.		
2. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of cash on hand and balances with banks, Cash and cash equivalents included in the cash statement comprise the following Statement of Financial Position amounts.		
Bank balances	xxx	xxx
Cash on hand	xxx	xxx
Short-term deposits	xxx	xxx
	xxx	xxx
3. TRADE AND OTHER PAYABLES		
Accounts Payable	xxx	xxx
Fees received in advance	xxx	xxx
Special project fund (Refer to 5.1) SARS	xxx	xxx
Accrued expenses	xxx	xxx
	xxx	

4.3 TRUSTS – FINANCIAL STATEMENTS

NOTE: Overall comments

As there is no specific law relating to Financial Statements for Trusts, IAC members are advised to carefully read the entire Trust Deed before commencing with the preparation of the Financial Statements. This will ensure that all the provisions relating to the Financial Statements dealt with in the Trust Deed are complied with in the Financial Statements.

If the Trust Deed states that the Financial Statements require an audit, then a duly qualified Auditor should audit the Financial Statements and attach his report thereto.

The basis of taxation of Trusts is extremely complex and there are numerous provisions in the Income Tax Act dealing with the basis of taxation of the income of the Trusts. In certain cases, the income could be taxable in the hands of the Trust itself, or in the hands of beneficiaries, or in the hands of the original donors, or in the hands of the founder of the Trust. For these reasons, it is essential that the Financial Statements are prepared in a manner which is not prejudicial to the tax objectives, which are sought to be achieved.

Although the financial statements of a Trust do not have to comply fully with International Financial Reporting Standards (IFRS), it is desirable for as much information as is reasonably possible to be reflected on the face of the Financial Statement or in the explanatory notes.

The Financial Statements set out below are intended as a guide, and will vary depending on the wording of the Trust Deed as well as the type of Trust being created.

Please note that the Financial Statements below are for a Trust that has been in existence for more than one year (hence the comparative figures). Where a new Trust has been created, the wording of the Trust Capital account may have the word "donation", and may have a nominal value of R100-00.

SAMPLE TRUST

(Registration number IT000001/2019)

Annual Financial Statements for the year ended 29 February 2020

Compiled Financial Statements

Prepared: Your Firm name

Position: Accounting Officer

SAMPLE TRUST

(Registration Number IT000001/2019)

Annual Financial Statements for the year ended 29 February 2020

Index

The reports and statements set out below comprise the Annual Financial Statements presented to the Trustees:

General Information	1
Report of the Accounting Officer	2
Trustees Responsibilities and Approval	3
Report of the Trustees	4 - 5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Trust Funds	8
Statement of Cash Flows	9
Accounting Policies	10 - 11
Notes to the Financial Statements	12 - 13
Supplementary information:	
Detailed Statement of Comprehensive Income	14
Income Tax Computation	15

SAMPLE TRUST

(Registration Number IT000001/2019)

Annual Financial Statements for the year ended 29 February 2020

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
TYPE OF TRUST AND NATURE OF BUSINESS	To utilise the RentalIncome for the benefit of the beneficiaries
TRUSTEES	Mr X Mr Y
BENEFICIARIES Wife/Widow of Mr X The Lawful issue of Mr X Any husband, wife, widower, widow of the lawful issue	Mr X
REGISTERED OFFICE RICHWOOD 7441	SAMPLE Farm
BANKERS	Bank no 1; Bank no 2
ACCOUNTING OFFICERS Unit 15 Montague Centre 19 Nerina Avenue Richwood 7441	Your Firm name CC
SECRETARY ADDRESS	NAME
TRUST REGISTRATION NUMBER	IT000001/2019

SAMPLE TRUST

(Registration Number IT000001/2019)

Annual Financial Statements for the year ended 29 February 2020

Report of the Accounting Officer

To the Trustees of the SAMPLE Trust

We have performed the duties of Accountant to SAMPLE Trust IT000001/2019 as required by the rules of the Trust Deed.

The Annual Financial Statements for the year ended 29 February 2020 have been prepared by the Accounting Officer. The Financial Statements are the responsibility of the Trustees.

Our preparation was based on documents and information supplied to us by the trustees. We have also reviewed the Annual Financial Statements and the accounting policies that have been presented to us as having been applied in the preparation of the Annual Financial Statements and we consider that they are appropriate to the Trust.

Your Firm name CC

**Unit 15 Montague Centre
19 Nerina Avenue
Richwood 7441**

**Per:
Accounting Officer**

Trustees Responsibilities and Approval

The Trustees are required to maintain adequate Accounting Records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations of the Trust, and explain the transactions and financial position of the business of the Trust at the end of the financial year. The Annual Financial Statements are based upon appropriate accounting policies consistently applied throughout the Trust and supported by reasonable and prudent judgements and estimates.

The Trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Trust and place considerable importance on maintaining a strong control environment. To enable the Trustees to meet these responsibilities, the Trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all Trustees are required to maintain the highest ethical standards in ensuring the Trust's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Trust is on identifying, assessing, managing and monitoring all known forms of risk across the Trust. While operating risk cannot be fully eliminated, the Trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Trustees are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the Financial Statements. Based on forecasts and available cash resources the Trustees have no reason to believe that the Trust will not be a going concern in the foreseeable future. The Financial Statements support the viability of the Trust.

The Accountant is responsible for reporting on the Annual Financial Statements. The Accountant's report is presented on page 2.

The Annual Financial Statements have been prepared on the going-concern basis and are not subject to any material changes to the present financial status. The Annual Financial Statements as set out on pages 6 to 13 were approved by the Trustees on _____DATE _____and were signed on their behalf by:

Mr X

Mr Y

SAMPLE TRUST

(Registration Number IT000001/2019)

Annual Financial Statements for the year ended 29 February 2020

Report of the Trustees

The Trustees present their annual report for the year ended 29 February 2020.

1. Objective of the trust

The primary object of the trust is to utilise the Rental Income for the benefit of the beneficiaries.

2. Founders of the trust

The founder of the trust is Mr X.

3. Financial results

The Financial Statements reflect the financial position of the trust at 29 February 2020 and the result of its activities for the year then ended.

4. Going concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

5. Events after reporting date

All events subsequent to the date of the Annual Financial Statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The Trustees are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Trust.

6. The Trustees during the year to the date of this report were the following:

Mr X

Mr Y (Chairperson)

7. Beneficiaries

Mr X

Wife/Widow of Mr X

The Lawful issue of Mr X

Any husband, wife, widower, widow of the lawful issue

SAMPLE TRUST

(Registration Number IT000001/2019)

Annual Financial Statements for the year ended 29 February 2020

Report of the Trustees

8. The business and postal address of the Trust is:

NO 43 SAMPLE LOCATION

RICHWOO 7441

SAMPLE TRUST

(Registration Number IT000001/2019)

Financial Statements for the year ended 29 February 2020

Statement of Financial Position

Figures in R	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	3	xxx	xxx
Loan to beneficiary	4		xxx
		xxx	xxx
Current Assets			
Trade and other receivables	5	xxx	xxx
Cash and cash equivalents	6	xxx	xxx
		xxx	xxx
Total Assets		xxx	xxx
Trust Funds and Liabilities Trust Fund			
Trust Capital Account	7	xxx	xxx
Retained earnings			(x)
		xxx	xxx
Non-Current Liabilities			
Loans from beneficiaries	8	xxx	xxx
		xxx	xxx
Current Liabilities			
Trade and other payables	9	xxx	xxx
		xxx	xxx
Total Funds and Liabilities		xxx	xxx

SAMPLE TRUST

(Registration Number IT000001/2019)

Financial Statements for the year ended 29 February 2020

Statement of Comprehensive Income

Figures in R	Notes	2020	2019
Income		xxx	xxx
Operating costs		(xxx)	(xxx)
Operating profit		xxx	xxx
Finance income	10	xxx	xxx
Finance costs	11	(xxx)	(xxx)
Distribution to Mr X Distribution to Mr Y		(xxx)	(xxx)
		(xxx)	(xxx)
Profit after distribution		xxx	xxx
Net profit for the year		xxx	xxx

SAMPLE TRUST

(Registration Number IT000001/2019)

Financial Statements for the year ended 29 February 2020

Statement of Changes in Trust Funds

Figures in R	Trust capital	Retained earnings	Total
Balance at 1 March 2018	xxx	{xxx}	{xxx}
Total comprehensive income for the year			
Profit for the year		xxx	xxx
Total comprehensive income for the year		xxx	xxx
Distributions		(xxx)	(xxx)
Balance at 28 February 2019	xxx	(xxx)	xxx
Balance at 1 March 2019	xxx	(xxx)	xxx
Total comprehensive income for the year		xxx	xxx
Profit for the year		xxx	xxx
Total comprehensive income for the year		xxx	xxx
Distributions		(xxx)	(xxx)
Balance at 29 February 2020	xxx		xxx
Note	7		

SAMPLE TRUST

(Registration Number IT000001/2019)

Financial Statements for the year ended 29 February 2020

Statement of Cash Flows

Figures in R	Note	2020	2019
Cash flows from operating activities			
Profit for the year		xxx	xxx
<i>Adjustments for:</i>			
Finance costs		xxx	xxx
Investment income		(xxx)	(xxx)
Operating cash flow before working capital changes		xxx	xxx
<i>Working capital changes</i>			
Increase in trade and other receivables		(xxx)	(xxx)
(Decrease)/increase in trade and other payables		xxx	xxx
Cash generated by operating activities		xxx	xxx
Investment income		xxx	xxx
Finance costs		(xxx)	(xxx)
Net cash from operating activities		xxx	xxx
Cash flows from financing activities			
Loans repaid			
Beneficiary loans raised/(repaid)		(xxx)	(xxx)
Trustees loans raised		xxxx	xxxx
Distribution to beneficiaries			
Net cash utilised in financing activities		(xxx)	(xxx)
Increase/(decrease) in cash and cash equivalents		xxx	xxx
Cash and cash equivalents at beginning of the year		xxx	xxx
Cash and cash equivalents at end of the year	6	xxx	xxx

SAMPLE TRUST

(Registration Number IT000001/2019)

Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

1. General information

SAMPLE Trust is a trust founded in South Africa. The type of trust and its principal activities is that of an Inter Vivos trust to utilise the Rental Income for the benefit of the beneficiaries.

2. Summary of significant accounting policies

These Financial Statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These Financial Statements have been prepared under the historical cost convention and are presented in South African Rand.

2.1. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or services in the ordinary course of the Trust's activities. Revenue is shown net of value-added taxation, returns, and discounts.

The Trust recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Trust's activities, as described below:

2.1.1. Rental income

Rental income from investment property that is leased to a third party under an operating lease is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Land and buildings	0.00%
--------------------	-------

2.3. *Leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the trust at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciation and impairment losses are recognised.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

2.4. *Trade and other receivables*

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the trust will not be able to collect all amounts due according to the original terms of the receivables.

2.5. *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

2.6. *Trust capital and retained earnings*

All funds of a capital nature received by the trust are accounted for directly to the Trust capital account. This includes the original donation received by the Trustees to establish the Trust, as well as all donations received by the Trustees since the Trust's inception. This excludes capital gains and losses realised by the trust in the normal course of its business activities. Trust capital is reduced by any capital distributed by the Trustees to any capital beneficiary.

Retained earnings consists of all revenues, capital gains and capital losses retained by the Trust after payment of all expenses, taxes and distributions of income and capital gains to beneficiaries.

2.7. Borrowing costs

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest rate method and is included in finance costs.

Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.8. Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

2.9. Distribution to beneficiaries

Distribution to the beneficiaries is recognised as a liability in the Financial Statements in the period in which the distribution is approved by the Trustees.

3. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Land and buildings	xxx	xxx	xxx	xxx	xxx	xxx
Motor vehicles	xxx	xxx	xxx	xxx	xxx	xxx
Furniture and fittings	xxx	xxx	xxx	xxx	xxx	xxx
IT equipment	xxx	xxx	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	xxx	xxx	xxx

4. Loan to beneficiary

Mr X xxx

5. Trade and other receivables

Trade debtors xxx xxx

6. Cash and cash equivalents

Favourable cash balances

Bank no 1	xxx	xxx
Bank no 2	xxx	xxx
	xxx	xxx

Figures in R	2020	2019
--------------	------	------

7. Trust Capital Account

Balance at beginning of the year	100	100
Balance at the end of the year	100	100

8. Loans from beneficiaries

Mr X	xxx	xxx
Mr Y	xxx	xxx
	xxx	xxx

The loans bear interest at a rate of 7.75% and must be paid annually.

9. Trade and other payables

Trade creditors	xxx	xxx
Accrued liabilities	xxx	xxx
Sundry creditors	xxx	xxx
VAT owing or credit	xxx	xxx
	xxx	xxx

10. Finance income

Interest income

Interest received	xxx	xxx
-------------------	-----	-----

11. Finance costs

Long-term loans	xxx	xxx
SARS	xxx	xxx
Other	xxx	xxx

SAMPLE TRUST

(Registration Number IT000001/2019)

Financial Statements for the year ended 29 February 2020

Detailed Statement of Comprehensive Income

Figures in R	2020	2019
	xxx	xxx
Income		
Rent received		
Other income	xxx	xxx
Investment income		
Expenditure	xxx	xxx
Accounting fees		
Bank charges	xxx	xxx
Electricity and water	xxx	xxx
Finance costs	xxx	xxx
Legal expenses	xxx	xxx
Trustees fees	xxx	xxx
	xxx	xxx
Operating profit before distributions	xxx	xxx
Distribution		
Distribution to Mr X	xxx	xxx
Distribution to Mr Y	xxx	xxx
	xxx	xxx
Profit after distribution	xxx	xxx

SAMPLE TRUST

(Registration Number IT000001/2019)

Financial Statements for the year ended 29 February 2020

Taxation

Figures in R	Add Back	Deduct	2020	2019
Operating profit before distributions			xxx	xxx
Distribution to beneficiaries		xxx		(xxx)
Legal expenses				xxx
Interest and penalties				xxx
		xxx	(xxx)	(xxx)
Computed loss for the year			(xxx)	(xxx)
Assessed loss brought forward			(xxx)	(xxx)
Computed loss before capital gain/(loss)			(xxx)	(xxx)
Capital Gain Portion				
Taxable loss			(xxx)	(xxx)

SECTION

5.

WORDING OF REPORTS

	PAGE
5.1 Insurance Intermediaries.....	121
5.2 Close Corporations	123
5.3 Trusts	130
5.4 Partnership and the Sole Trader	131
5.5 Club and/or Institution	132
5.6 Compilation Engagement Report	133
5.7 Fundraising/Welfare Organisation.....	135
5.8 Schools Report.....	136

5.1 EXAMPLE: RV9 CERTIFICATE FOR INSURANCE INTERMEDIARIES

Certificate in respect of amount of guarantee to be furnished by an agent, broker or other person in terms of Section 20bis (2)(b) of the Insurance Act, 1943.

Name of agent, broker or other person:

(Insert the name of the agent, broker or person referred to in Section 201bis (2) (b) of the Act.)

FINANCIAL YEAR ENDED:

1. The aggregate amount of gross short-term insurance premiums less commissions that became due to registered insurers and underwriters at Lloyd's during the above year amounted to R_____
2. Amount of guarantee required (20 per cent of the amount in 1 above) R_____
3. Less amount of guarantee in force at present R_____
4. .Amount of additional guarantee required R_____

Date
or other person

Signature of agent, broker

REPORT:

(1) (in the case of a Company) BY INDEPENDENT AUDITOR in respect of _____ (NAME OF AGENT, BROKER OR PERSON CONCERNED, hereinafter referred to as the AGENT) Section 201bis (2) (b) of Insurance Act, 1943.

For compliance by the said Agent to regulation 5quin of the Regulations promulgated under Section 76 of the Insurance Act, 1943. I/We have reviewed the information in the attached return as it relates to information applicable to the guarantee required in terms of Section 20bis (2) (b) of the Insurance Act, 1943. I/We have initialled the return for identification purposes. The financial information, on which this return is based, is the responsibility of the Company's Directors. My/Our responsibility is to report on this return.

My/Our review was generally limited to analytical procedures, to discussion with the Company's personnel responsible for financial and accounting matters, and to review and analysis of certain information. It should be recognised that my/our review did not constitute an audit and may not necessarily have revealed all material facts.

My/Our review revealed nothing which caused me/us to believe that the said Agent was not in compliance, as at _____ 19____ (last date of Agent's financial year), with the said Regulation 5quin, read with the said Section 20bis (2) (b) of the Insurance Act, 1943.

Signature of Auditors/Reviewer

Name in block letters

Address:

Date:

(2) (in the case of any other enterprise than a Company) BY INDEPENDENT ACCOUNTING OFFICER in respect of (AGENT, BROKER, OR OTHER PERSON Concerned, hereinafter referred to as the AGENT) Section 20bis (2)(b) of the Insurance Act, 1943.

In the compliance by the said AGENT with regulation 5quin of the Regulations promulgated under Section 76 of the Insurance Act, 1943, I have reviewed the information relating to the guarantee required in terms of Section 20bis (2)(b) of the said Act, reflected in the attached return. I have initialled the return for identification purposes. The financial information, on which this return is based, is the responsibility of the members, partners or other persons managing the enterprise. My responsibility is to report on this return.

I have determined that the return is in agreement with the Financial Statements and the Accounting Records, and have done so by adopting such procedures and conducting such enquiries in relation to the books of account and records as I considered necessary in the circumstances. It should be recognised that no audit has been performed and my review may not necessarily have revealed all material facts.

My review revealed nothing which caused me to believe that the said Agent was not in compliance, as at _____ (last date of Agent's financial year), with the said Regulation 5quin, read with the said Section 20bis (2) (b) of the Insurance Act, 1943.

Signature of Accounting Officer

Name and designation of
Accounting Officer in block letters.

Address:

Date:

Practice No.

5.2 EXAMPLES: WORDING OF REPORTS FOR ACCOUNTING OFFICERS TO CLOSE CORPORATIONS

5.2.1 EXAMPLES: REPORTS TO THE CORPORATION

EXAMPLE 1

Accounting Officer's Report

Report of the Accounting Officer to SAMPLE CC

We have performed the duties of Accounting Officer to SAMPLE CC as required by Section 62 of the Close Corporations Act, 1984. The Annual Financial Statements set out on pages ___ to ___ are the responsibility of the member. No audit or review is required to be carried out by the Close Corporations Act and no audit or review was conducted. Accordingly, we do not imply or express an opinion or any other form of assurance on the Annual Financial Statements.

Duties of an Accounting Officer

We report, as required in terms of Section 62(1) of the Close Corporations Act of South Africa, having performed such procedures and conducted such enquiries in relation to the Accounting Records as we considered necessary in the circumstances, that:

- the Annual Financial Statements are in agreement with the Accounting Records, summarised in the manner required by Section 58(2)(d) of the Close Corporations Act; and
- the accounting policies presented to us as having been applied in the preparation of the Annual Financial Statements are appropriate to the business as per the reasons set out below.

Restriction of distribution

Our report is intended solely for your use in your capacity as the member of SAMPLE CC and shall not be distributed to other parties.

YOUR FIRM NAME CC

Date

Address:

19 Nerina Avenue
Richwood
7441

Per:

Accounting Officer

EXAMPLE 2

Accounting Officer's Report with contravention

Report of the Accounting Officer to SAMPLE CC

We have performed the duties of Accounting Officer to SAMPLE CC as required by Section 62 of the Close Corporations Act, 1984. The Annual Financial Statements set out on pages ___ to ___ are the responsibility of the member. No audit or review is required to be carried out by the Close Corporations Act and no audit or review was conducted. Accordingly, we do not imply or express an opinion or any other form of assurance on the Annual Financial Statements.

Duties of an Accounting Officer

We report, as required in terms of Section 62(1) of the Close Corporations Act of South Africa, having performed such procedures and conducted such enquiries in relation to the Accounting Records as we considered necessary in the circumstances, that:

- the Annual Financial Statements are in agreement with the Accounting Records, summarised in the manner required by Section 58(2)(d) of the Close Corporations Act; and
- the Accounting Policies presented to us as having been applied in the preparation of the Annual Financial Statements are appropriate to the business as per the reasons set out below.

It is my duty to draw your attention to the fact that a fixed assets register, as required by section 56(1) (b) of the Close Corporations Act has not been maintained.

(If during the performance of his duties an Accounting Officer becomes aware of any contravention of a provision of this Act, he shall describe the nature of such contravention in his report.)

Restriction of distribution

Our report is intended solely for your use in your capacity as the member of SAMPLE CC and shall not be distributed to other parties.

YOUR FIRM NAME CC

Date:

Address:

**19 Nerina Avenue
Richwood
7441**

Per:

Accounting Officer



NOTE: S62 should be read together with all the subsections of Sections 56 and 58.

EXAMPLE 3

Accounting Officer's Report with officer being an employee or member of the Entity in terms of S62(2)b of the Close Corporations Act

Report of the Accounting Officer to SAMPLE CC

We have performed the duties of Accounting Officer to SAMPLE CC as required by Section 62 of the Close Corporations Act, 1984. The Annual Financial Statements set out on pages ___ to ___ are the responsibility of the member. No audit or review is required to be carried out by the Close Corporations Act and no audit or review was conducted. Accordingly, we do not imply or express an opinion or any other form of assurance on the Annual Financial Statements.

Duties of an Accounting Officer

We report, as required in terms of Section 62(1) of the Close Corporations Act of South Africa, having performed such procedures and conducted such enquiries in relation to the Accounting Records as we considered necessary in the circumstances, that:

- the Annual Financial Statements are in agreement with the Accounting Records, summarised in the manner required by Section 58(2)(d) of the Close Corporations Act; and
- the accounting policies presented to us as having been applied in the preparation of the Annual Financial Statements are appropriate to the business as per the reasons set out below.

It is my duty to draw your attention to the fact that the Accounting Officer of the Entity is also an employee of the Entity, as required in terms of S60 (3) of the Close Corporations Act.

Restriction of distribution

Our report is intended solely for your use in your capacity as the member of SAMPLE CC and shall not be distributed to other parties.

YOUR FIRM NAME CC

Date:

Address:

**19 Nerina Avenue
Richwood
7441**

Per:

Accounting Officer

EXAMPLE 4

Accounting Officer's Report where an Entity has ceased to trade, as described in Section 62(3) (a) of the Close Corporations Act

Report of the Accounting Officer to SAMPLE CC

As Accounting Officer to SAMPLE CC it is my duty to report, in terms of Section 62(3) (a) of the Close Corporations Act, that the aforementioned Entity has ceased to trade. To the best of my knowledge the Entity has no intention of resuming operations in the foreseeable future.

YOUR FIRM NAME CC

Date:

Address:

**19 Nerina Avenue Richwood
7441**

Per:

Accounting Officer



NOTE: In accordance with S26(2), If the Registrar has reasonable cause to believe that an Entity is not carrying on business or is not in operation, he shall serve on the Entity at its postal address a letter by registered post in which the Entity is notified thereof and informed that if he is not within 60 days from the date of his letter informed in writing that the Entity is carrying on business or is in operation, the Entity will, unless good cause is shown to the contrary, be deregistered.

EXAMPLE 5

Accounting Officer's Report where a change in particulars has not been registered, as described in S62 (3) (b) (I)

VIA REGISTERED POST

Report of the Accounting Officer to SAMPLE CC

We have performed the duties of Accounting Officer to SAMPLE CC as required by Section 62 of the Close Corporations Act, 1984. The Annual Financial Statements set out on pages ___ to ___ are the responsibility of the member. No audit or review is required to be carried out by the Close Corporations Act and no audit or review was conducted. Accordingly, we do not imply or express an opinion or any other form of assurance on the Annual Financial Statements.

Duties of an Accounting Officer

We report, as required in terms of Section 62(1) of the Close Corporations Act of South Africa, having performed such procedures and conducted such enquiries in relation to the Accounting Records as we considered necessary in the circumstances, that:

- the Annual Financial Statements are in agreement with the Accounting Records, summarised in the manner required by Section 58(2)(d) of the Close Corporations Act; and
- the accounting policies presented to us as having been applied in the preparation of the Annual Financial Statements are appropriate to the business as per the reasons set out below.

It is my duty to report as Accounting Officer to SAMPLE CC and in terms of Section 62(3) (b)(i) of the Close Corporations Act, a change in the principal business of the Entity, which occurred during the year, was not registered as required by Section 15(1) of the said Act.

Restriction of distribution

Our report is intended solely for your use in your capacity as the member of SAMPLE CC and shall not be distributed to other parties.

YOUR FIRM NAME CC

Date:

Address:

**19 Nerina Avenue
Richwood
7441**

Per:

Accounting Officer

EXAMPLE 6

Accounting Officer's Report where the liabilities of an Entity exceed its assets, as described in S62 (3) (b) (ii)

VIA REGISTERED POST

Report of the Accounting Officer to SAMPLE CC

We have performed the duties of Accounting Officer to SAMPLE CC as required by Section 62 of the Close Corporations Act, 1984. The Annual Financial Statements set out on pages ___ to ___ are the responsibility of the member. No audit or review is required to be carried out by the Close Corporations Act and no audit or review was conducted. Accordingly, we do not imply or express an opinion or any other form of assurance on the Annual Financial Statements.

Duties of an Accounting Officer

We report, as required in terms of Section 62(1) of the Close Corporations Act of South Africa, having performed such procedures and conducted such enquiries in relation to the Accounting Records as we considered necessary in the circumstances, that:

- the Annual Financial Statements are in agreement with the Accounting Records, summarised in the manner required by Section 58(2)(d) of the Close Corporations Act; and
- the accounting policies presented to us as having been applied in the preparation of the Annual Financial Statements are appropriate to the business as per the reasons set out below.

As Accounting Officer to SAMPLE CC, it is my duty to report in terms of Section 62 (3) (b) that at (INSERT DATE HERE) the Annual Financial Statements indicate that the liabilities of the Entity exceed its assets. Notated on the said statements is an undertaking by the members that their loans are subordinated in favour of all other creditors (and/or that surety has been given by the member for all or some of the debts of the Entity).

Restriction of distribution

Our report is intended solely for your use in your capacity as the member of SAMPLE CC and shall not be distributed to other parties.

YOUR FIRM NAME CC

Date:

Address:

**19 Nerina Avenue Richwood
7441**

Per:

Accounting Officer

EXAMPLE 7

Accounting Officer's Report where the Financial Statements incorrectly indicate that the assets of the Entity exceed its liabilities, as described in S62 (3) (b) (iii)

VIA REGISTERED POST

Report of the Accounting Officer to SAMPLE CC

We have performed the duties of Accounting Officer to SAMPLE CC as required by Section 62 of the Close Corporations Act, 1984. The Annual Financial Statements set out on pages ___ to ___ are the responsibility of the member. No audit or review is required to be carried out by the Close Corporations Act and no audit or review was conducted. Accordingly, we do not imply or express an opinion or any other form of assurance on the Annual Financial Statements.

Duties of an Accounting Officer

We report, as required in terms of Section 62(1) of the Close Corporations Act of South Africa, having performed such procedures and conducted such enquiries in relation to the Accounting Records as we considered necessary in the circumstances, that:

- the Annual Financial Statements are in agreement with the Accounting Records, summarised in the manner required by Section 58(2)(d) of the Close Corporations Act; and
- the accounting policies presented to us as having been applied in the preparation of the Annual Financial Statements are appropriate to the business as per the reasons set out below.

As Accounting Officer to SAMPLE CC, it is my duty to report in terms of S62 (3) (b) that I have reason to believe that the Annual Financial Statements at (INSERT DATE HERE) incorrectly indicate that the assets of the Entity exceed its liabilities. This conclusion has been reached after having been unable to substantiate the existence of certain fixed property belonging to the Entity.

Restriction of distribution

Our report is intended solely for your use in your capacity as the member of SAMPLE CC and shall not be distributed to other parties.

YOUR FIRM NAME CC

Date:

Address:

19 Nerina Avenue Richwood

7441

Per:

Accounting Officer



NOTE: In accordance with Section 62 (4) of the Close Corporations Act, an Accounting Officer may report to the Registrar when the positions referred to in Examples 6 and 7 above have been rectified.

5.3 EXAMPLE: REPORT OF THE ACCOUNTANT TO THE TRUSTEES OF XYZ TRUST

Report of the Accounting Officer

To the Trustees of the Valley View Trust

We have performed the duties of Accountant to XYZ Trust (1234/56) as required by the rules of the Trust Deed.

The Annual Financial Statements for the year ended (INSERT DATE) have been prepared by the Accounting Officer. The Financial Statements are the responsibility of the trustees.

Our preparation was based on documents and information supplied to us by the Trustees. We have also reviewed the Annual Financial Statements and the accounting policies that have been presented to us as having been applied in the preparation of the Annual Financial Statements and we consider that they are appropriate to the Trust.

YOUR FIRM NAMECC

YOUR BUSINESS ADDRESS

Per:

Accounting Officer

5.4 EXAMPLE: WORDING OF A REPORT FOR THE PARTNERSHIP AND THE SOLE TRADER

To the Partners of Jolly Rockers Record Bar

I have compiled the Annual Financial Statements as set out on pages ____ to ____ from the books of account which were written up by me from the vouchers, information and explanations as supplied to me. Based on the performance of my duties and to the best of my knowledge and belief, the enclosed statements are in agreement with the financial position of the partnership at 28 February 19XI and the results of its operations for the year ended on that date.

John Citizen, IAC

Date

Address:

5.5 EXAMPLE: WORDING OF A REPORT FOR A CLUB AND/OR INSTITUTION

To the Members of XYZ Sports Club

I have examined the books, accounts and vouchers of the Club to the extent that I considered necessary. The attached Financial Statements as set out on pages ____ to ____ are in agreement with the books of account. In my opinion the books of account have been properly kept and the statements give a true and fair view of the state of the financial affairs of the Club as at 30 June 20X2 and of the income and expenditure for the year ended on that date.

John Citizen, IAC
INDEPENDENT REVIEWER

Date

Address:

5.6 EXAMPLE: REPORT FOR COMPILATION ENGAGEMENTS

Engagement Letter for Non-Assurance Services

We appreciate the opportunity to be of service to (INSERT NAME OF CLIENT). We are committed to providing you with high quality professional services in an efficient and timely manner.

This engagement letter, including the Standard Terms and Conditions for Non-Assurance Services attached as Annexure “A” (and any other attachments, collectively, this “Agreement”), contains the terms and conditions upon which (INSERT FIRM’S NAME) (“we”) have been engaged by (INSERT NAME OF CLIENT) (“client” or “[INSERT SHORT NAME]”) to provide the services as set out in this engagement letter, hereafter referred to as the “services” or “non-assurance services”.

You have approved the provision of the non-assurance services listed in the scope of work below, under the terms and conditions of this engagement letter. The limits on the extent of our non-assurance services are as set out in the standard terms and conditions.

Where specific work is undertaken under this letter, the nature and result of the service will be recorded in the final deliverable arising from such work.

Scope of work

We will perform the following services:

Representations by management

As part of our engagement process, we will request management to provide us with written confirmation concerning representations made to us or that we require in connection with the engagement.

Fees

Our fees and disbursements, plus VAT, will be billed as agreed from time to time and are payable on presentation of our invoice. Fees will be payable within (INCLUDE PAYMENT TERMS) days of receipt of invoice. Any such invoice will not necessarily be our final invoice; we therefore reserve the right to issue additional invoices for services rendered.

Agreement of terms

We kindly request that you/your authorised representative sign this letter of engagement indicating that you are in agreement with the terms and conditions contained herein and forward the signed letter to our offices as soon as possible. In the absence of a signed engagement letter, further instructions received from you in your capacity as the client will constitute acceptance of the terms and conditions contained in this letter.

We are available to discuss this letter with you should you so wish. Once agreed, the terms and conditions of this agreement will remain in force until the engagement for non-assurance services is completed or the agreement is terminated.

We look forward to full co-operation from your staff and we trust that they will make available to us all records, documentation and other information requested in connection with our non-assurance service(s).

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for the provision of our non-assurance services.

Yours faithfully

Name of practitioner responsible and accountable for the services
Title

The terms and conditions of the engagement set out are acknowledged by:

Name of client

Name

Authorised signature

Designation

Date

5.7 EXAMPLE: WORDING OF REPORT FOR FUNDRAISING/WELFARE ORGANISATION

Report of the Accounting Officer to (XYZ WELFARE ORGANISATION) for the Year ended 28 February 20X1

I have performed the duties of accounting officer to (XYZ WELFARE ORGANISATION) for the year ended 28 February 20X1 as required by section 12(2) of the Fundraising Act 107 of 1978 as amended.

The Financial Statements set out on pages ___ to ___ have been prepared by (INSERT NAME) (*) that are responsible for the fair presentation of its affairs, and its finances and transactions for the year ended 28 February 20X1.

In common with similar organisations, it is not feasible for the society / trust / organisation to institute accounting controls over cash collections from donations prior to the initial entry of the collections in the Accounting Records.

I have determined that the Financial Statements are in agreement with the Accounting Records and have done so by adopting such procedures and conducting such enquiries in relation to the books of accounts and records as is considered necessary in the circumstances.

I have reviewed the Financial Statements and the accounting policies that have been represented to me as having been applied in the preparation of the Annual Financial Statements and I consider that they are appropriate to a fundraising organisation and in conformity with IFRS/IFRS for SMEs.

John Citizen, IAC
Accounting Officer

Date:

Address:

(*) If applicable, where the Accounting Officer prepares the financial statements this must be stated.

5.8 EXAMPLE: REPORT FOR SCHOOLS

Report of the Accounting Officer to (NAME OF SCHOOL) for the year ended (DATE)

I/We have performed the duties of Accounting Officer for (INSERT NAME OF SCHOOL) for the year ended (INSERT DATE), as required by Section 43(2)(a) of the South African Schools Act 84 of 1996.

The Financial Statements set out on pages ____ to ____ are the responsibility of the governing body of (INSERT NAME OF SCHOOL). I/We have determined that the Financial Statements are in agreement with the Accounting Records, summarised to conform to IFRS for SMEs, and have done so by adapting such procedures and conducting such enquiries in relation to the Accounting Records as is considered necessary in the circumstances.

I/We have also reviewed the accounting policies that have been represented to me/us as having been applied in the preparation of the Annual Financial Statements, and I/we consider that they are appropriate to the school.

John Citizen, IAC
Accounting Officer

Date:

Address:



NOTE: The IAC member performing the examination must be appointed by the governing body of the school; shall not have an interest in the affairs of the school; and must be approved by the Member of the Executive Council.

The Financial Statements must be prepared no later than three (3) months after the financial year end of the school, and the governing body should submit the Financial Statements to the Head of Department within six (6) months of the financial year end.

6.

LETTERS OF RESIGNATION

	PAGE
6.1 Example: Reply to letter of professional courtesy	138
6.2 Example: Reply to letter of removal from office	139
6.3 Example: Letter to Registrar of Close Corporations	140
6.4 Example: Letter of Resignation of Officer – to Members.....	141
6.5 Example: Letter of Resignation of Officer – to Registrar	142

6.1 EXAMPLE: REPLY TO LETTER OF PROFESSIONAL COURTESY

LETTERHEAD OF EXISTING ACCOUNTING OFFICER

(Date)

REGISTERED POST

The Accounting Officer
P.O Box XXX
JOHANNESBURG
2000

Dear Sir/Madam

APPOINTMENT AS ACCOUNTING OFFICER TO SAMPLE CC

I acknowledge receipt of your letter dated (INSERT DATE).

Please be advised that I have no professional objections to your appointment as Accounting Officer to SAMPLE CC. However, I consider it necessary to inform you that (IN AMOUNT OF RXXX) is still outstanding for fees in respect of the period ended (INSERT DATE).

Yours faithfully

John Citizen, IAC
Accounting Officer

6.2 EXAMPLE: REPLY TO LETTER OF REMOVAL FROM OFFICE

LETTERHEAD OF ACCOUNTING OFFICER

(Date)

REGISTERED POST

The Member
Sample CC
P.O. Box XXX
JOHANNESBURG
2000

Dear Sir/Madam

REMOVAL FROM OFFICE

It is my duty to inform you of my removal from office as Accounting Officer to SAMPLE CC with effect from (INSERT DATE).

The relevant files, records and documentation will be released on receipt of the settlement amount of RXXX, which fell due on (INSERT DATE).

A copy of this letter has been sent to the registered address of the Entity.

Yours faithfully

John Citizen, IAC



NOTE: If an Accounting Officer who has been removed from office is of the opinion that he was removed for improper reasons, he shall forthwith by registered post inform the Registrar thereof, and shall send a copy of the letter to every member.

6.3 EXAMPLE: LETTER TO REGISTRAR OF CLOSE CORPORATIONS

LETTERHEAD OF ACCOUNTING OFFICER

(Date)

REGISTERED POST

The Registrar of Close Corporations
P.O. Box 429
PRETORIA
0001

Dear Sir/Madam

RESIGNATION AS ACCOUNTING OFFICER OF SAMPLE CC (8510001125)

It is my duty to inform you that I have been removed from office as accounting officer to SAMPLE CC with effect from (INSERT DATE). I have performed my duties as accounting officer to SAMPLE CC up to (INSERT DATE). At the time of my removal from office I was not aware of any matters in the financial affairs of the corporations which are in contravention of the provisions of the Close Corporations Act 69 of 1984).

Yours faithfully

John Citizen, IAC
Practice no.:



NOTE: *If an Accounting Officer who has been removed from office is of the opinion that he was removed for improper reasons, he shall forthwith by registered post inform the Registrar thereof, and shall send a copy of the letter to every member.*

If the Accounting Officer was aware of any matters in the financial affairs of the corporation which are in contravention of the provisions of this Act: the Accounting Officer shall submit the full particulars thereof in writing to the Registrar.

6.4 EXAMPLE: LETTER OF RESIGNATION OF OFFICER TO THE MEMBERS

LETTERHEAD OF ACCOUNTING OFFICER

(Date)

REGISTERED POST

Sample CC
P.O. Box XXXX
JOHANNESBURG
2000

Dear Sir/Madam

RESIGNATION AS ACCOUNTING OFFICER

You are hereby advised that I (NAME OF ACCOUNTING OFFICER) resign as Accounting Officer with effect from (INSERT DATE OF RESIGNATION). As is required by Section 59(5) (a) of the Close Corporations Act 69 of 1984, I am obliged to inform all the members of the Close Corporation.

I have performed my duties up to and including (INSERT DATE UP TO WHICH DUTIES WERE PERFORMED).

May I draw your attention to Section (59) (3) of the Close Corporations Act which states that any vacancy occurring in the office of Accounting Officer must be filled by the corporation within 28 days.

Yours faithfully

John Citizen
Accounting Officer



NOTE: A copy of this letter must be sent to all the members of the Entity, as well as the last known registered address of the Corporation.

If the Accounting Officer was aware of any matters in the financial affairs of the Corporation which are in contravention of the provisions of this Act: the Accounting Officer shall submit the full particulars thereof in writing to the Registrar.

6.5 EXAMPLE: LETTER OF RESIGNATION OF OFFICER TO THE REGISTRAR

LETTERHEAD OF ACCOUNTING OFFICER

(Date)

REGISTERED POST

Registrar of Close Corporations
P.O. Box 429
PRETORIA
0001

Dear Sir/Madam

RESIGNATION AS ACCOUNTING OFFICER

You are hereby advised that I (NAME OF ACCOUNTING OFFICER) have resigned as Accounting Officer to (INSERT NAME OF CC) with effect from (INSERT DATE OF RESIGNATION). As is required by Section 59(5) (a) of the Close Corporations Act 69 of 1984, I have informed all the members of the Corporation, and have also sent a copy of this letter to the last known registered address of the Corporation.

I have performed my duties up to and including (INSERT DATE UP TO WHICH DUTIES WERE PERFORMED).

At the date of resignation, I was not aware of any matters in the financial affairs of the Corporation which were in contravention of the provisions of the Close Corporations Act.

Yours faithfully

J Accountant
Accounting Officer



NOTE: If the Accounting Officer was aware of any matters in the financial affairs of the Corporation which are in contravention of the provisions of this Act: the Accounting Officer shall submit the full particulars thereof in writing to the Registrar.

7.

FORMATIONS AND CONVERSIONS

	PAGE
7.1 Formation of a Trust.....	144

7.1 Formation of a Trust

1. Trusts should comply with the requirements of the Trust Property Control Act 57 of 1988.
2. Persons who want to form a Trust for business purposes will, of necessity, have to resort to an Inter-Vivos Trust (as opposed to a Testamentary Trust).
3. There are no prescribed forms or statutory formalities that have to be complied with in order to form a Trust, just an agreement, oral or written.
4. An agreement can and should however be drawn up. The written agreement would become the Trust instrument (by law) and called a Trust Deed. In brief, the founder and the trustees must enter into a valid trust agreement whereby the founder undertakes to transfer assets to the control of the trustees, and the trustees undertake to administer the trust assets for the benefit of the trust beneficiaries and agree to abide by the terms of the Trust Deed.
5. The trustees are governed by the Trust Deed, which must be lodged with the Master of the Supreme Court.
6. The trustees must obtain authority to act as trustees from the Master of the Supreme Court by submitting a copy of the Trust Deed together with affixed revenue stamps of R102.
7. The Trust Deed will usually stipulate that an Auditor/Reviewer must be appointed. The Trust Deed may also provide for the appointment of an Accountant (Accounting Officer) and the duties of the Accountant/Reviewer so appointed should be determined by the Trust Deed.

Refer Section 1.21 (Duties of Accountant) and Section 2 (Letters of Appointment) of the technical guidelines.

8. The following requirements must be met in order to create a valid Inter-Vivos Trust (business or trade trust):

The INTENTION of the founder to form a binding Trust whereby an OBLIGATION arises between himself and the trustee(s) whose duties are laid out and who accept their position and involving Trust PROPERTY which is subject of the Trust and must be defined in no uncertain terms naming the BENEFICIARY(IES) and the PURPOSE OBJECTIVE of the Trust so formed.

9. A trustee must furnish security to the satisfaction of the Master for the due and faithful performance of his duties as a trustee, before the Master will grant the trustee the authority to act as a trustee. A trustee may be exempted from furnishing security by a court order or by the Master or in terms of the trust instrument.
10. The essential requirements for a Trust to come into existence are:
 - The Trust assets must be separated from the founder's other assets.
 - The Trustee must be the administrator for purely unselfish reasons.

- The Trustee must be independent of the founder and Beneficiary(ies).
 - The administrator of the Trust must be subject to the laws of the court under the Trust Property Control Act.
11. Once the Trust Deed with the revenue stamps is lodged with the Master, and he has issued a letter of authority, the Trust can commence.

SECTION

8.

USEFUL TEMPLATES FOR ACCOUNTING OFFICERS

	PAGE
8.1 New Client Engagement Checklist.....	147
8.2 Knowing your Client – Industry Specific	149
8.3 Employee Notes – Monthly Engagements	150
8.4 Monthly Engagement Review	151
8.5 Document Control	152
8.6 Required Documentation Request	153
8.7 Client Meeting Notes.....	154
8.8 VAT Registration Requirements	155
8.9 Financial Statement Prep Form Checklist.....	156
8.10 VAT Recon: Outputs	157
8.11 VAT Recon: Inputs	158
8.12 Payroll Recon	160
8.13 Bank Certificate Review	161
8.14 Cash and Cash Equivalents – Recon	162
8.15 Cash and Cash Equivalents: Cash on Hand	163
8.16 Loans to Members: Details.....	164
8.17 PPE	165
8.18 Deferred Tax Notes.....	167
8.19 Tax Calculation.....	168
8.20 Director's/Member's Remuneration	169
8.21 Director's Certificate.....	170
8.22 Authorised Capital Review	171
8.23 Assets and Liabilities Review	172
8.24 Inventories Certificate	174
8.25 Minutes of the AGM of Shareholders.....	175
8.26 Minutes of a Meeting of Directors	177

8.1 NEW CLIENT ENGAGEMENT CHECKLIST

001.000

Client

Industry type		CIPC/ID Reg No	
Date of checklist completed		Tax Reg No	
Date of first meeting		VAT Reg No	
Name of person interviewed		PAYE Reg No	
Date of second meeting		Dep of Labour No	
Name of person interviewed 2nd		COIDA No	
Business Type		Customs Code	

Use this section as a guide for any new client. Check the appropriate response. If the question is not relevant, place "N/A" (not applicable) in the space provided for the workpaper reference. If additional explanation is needed with respect to a question, provide a proper cross-reference to another workpaper. Enter SARS case number when doing SARS compliance check.

	Yes	No	Workpaper Ref
1. Has the client signed a SARS power of attorney?			
• SARS Compliance check?			
• CIPC Compliance check?			
• Dep of Labour Compliance check?			
• Client notes?			
• Previous accountant's notes?			
• Directors/Members Tax Compliance?			
• Clear understanding of role required?			
• Fees discussed?			
• Client accepted?			
2. Signed engagement letter			
3. Open File and Digital File			
4. CK2A submitted (if applicable)			
5. Copy of Incorporation Documents			
6. Proof of address of the company			

7.	Copy of Directors/Members IDs			
8.	Proof of address for the owners			
9.	Copy of last financial statements			
10.	Copy of last trial balance and GL			
11.	Copy of last IT14/IT12 and ITA34			
12.	e-filing profile requested			
13.	u-filing profile requested			
14.	COIDA online registered			
15.	Previous accountants WP/Notes			
16.	VAT summaries and checks			
17.	EMP summaries and checks			
18.	Industry specific checklist			

Manager sign off

Document

scanned:

8.2 KNOWING YOUR CLIENT – INDUSTRY SPECIFIC

001.016

Client

Engagement Type

Enquiry Date

Date Prepared

Comment

By

Industry type

Specialise in

Description of the main business:	
Supplementary business activities:	
Description of key management positions:	
Accounting personnel:	
Major clients, including conditions of sale:	
Major suppliers, including conditions of purchase:	
Accounting records in use:	
Description of control accounts and reconciliations in use:	
Periodic and regular expenses or payments:	

002.012

Engagement Type	Staff Member
Reporting Date	Manager Review
Date Prepared	Partner Review
Comment	Month

[illegible]

8.4 MONTHLY ENGAGEMENT REVIEW

002.013

Client

Engagement Type	_____	By	_____
Enquiry Date	_____	Industry Type	_____
Date Prepared	_____	Specialise in	_____
Comment	_____	Month	_____

Monthly Documents	Rec Y/N	Notes
Bank Statement		
General Ledger		
MTD Trial Balance		
Cash Books		
Salary Journals		
Creditors Journal		
Debtors Journal		
Copies of Source Documents (Debtors)		
Copies of Source Documents (Creditors)		
Investment Source Documents (CA & NCA)		
Liabilities Source Documents (CL & NCL)		
Document Control		
Employee Record – Own		
VAT Submitted		
PAYE Submitted		
UIF Submitted (Dep of Labour)		
Review and signoff – Partner/Manager		

Engagement partner/practitioner	Signature	Date
File quality review (if applicable)		
Tax reviewer		
Other (specify)		

Have all clerical reviews (adds/proofs) been completed? _____

Special instruction

8.5 DOCUMENT CONTROL

002.014

Client	_____	By	_____
Engagement Type	_____	Industry Type	_____
Enquiry Date	_____	Specialise in	_____
Date Prepared	_____		_____
Comment	_____		_____

Source	QTY	Label	Location
Stor-Box			
Boxes			
Lever Arch Files			
Narrow Files			
Soft Files			
Hanging Files			
Loose Documents			
Cash Books (Manual)			
Journals (Manual)			

Client Name in full (person collecting or delivering)

Office Manager name in full

Client Signature

Office Manager Signature

Date

Date

8.6 REQUIRED DOCUMENTATION REQUEST

002.016

Client

Engagement Type

Enquiry Date

Date Prepared

Comment

By

Industry Type

Specialise in

Source

QTY Details

Client Name in full (Acknowledgment)

Office Manager name in full

Client Signature

Office Manager Signature

Date

Date

8.7 CLIENT MEETING NOTES

003.002

Client			
Engagement Type		Staff Member	
Reporting Date		Manager Review	
Date Prepared		Partner Review	
Comment		Materiality/Subject	

Client representative:	
Manager:	
Bookkeeper/Accountant/Clerk:	
Assistant:	

Meeting confirmed by email or other type of communication	
---	--

Minutes recorded approved	
---------------------------	--

All items appearing in this Client meeting review have either been completed satisfactorily or are considered not applicable.

Manager	Date
Partner	Date

8.8 VAT REGISTRATION REQUIREMENTS

003.010

Client

Engagement Type		Staff Member	
Reporting Date		Manager Review	
Date Prepared		Partner Review	
Comment		Materiality/Subject	

- Signed & completed VAT101
- Signed Power of Attorney
- CIPC documents – CoR 14.1 and CoR 14.3
- Appointment of Public Officer
- Acceptance as Public Officer
- Certified ID of Directors
- Proof of Address (Company)
- Proof of Address (Public Officer)
- Bank Statement
- Proof of Turnover (Minimum of 3 invoices => R50 000 reflecting in the Bank Statement)
- Tax Compliance for all Directors

NB: Please ensure the following:

- That all documents are legible

8.9 FINANCIAL STATEMENT PREP FORM CHECKLIST

004.006

Client	_____	Staff Member	_____
Engagement Type	_____	Manager Review	_____
Reporting Date	_____	Partner Review	_____
Date Prepared	_____	Materiality	_____
Comment	_____		

	Yes/No/NA	W/P Ref	Comments
Engagement Letter Signed			
VAT 201 Recon Done/Received			
EMP 201 Recon Done/Received			
Bank Statements			
Bank Statements reflecting end balance			
Asset and depreciation register			
Debtors Journal			
Creditors Journal			
Trial Balance			
General Ledger			
Inventory Count Sheet			
Directors Certificates			
CIPC Check			

8.10 VAT RECON: OUTPUTS

004.009

WORKING PAPERS

NAME OF FIRM:

DATE:

SALES:

METHOD OF CALCULATION OF VAT	INVOICE BASIS	
Sales from Vat Returns		
2016/03	-	
2016/05	-	
2016/07	-	
2016/09	-	
2016/11	-	
2017/01	-	
2017/03	-	
Total Sales as per VAT Returns Recon	-	
VAT excluded Sales	-	
Add Zero-Rated Sales from VAT Recons	-	
Less: Sales from Feb 20X6 (if un-even vat returns)	-	From GL
Less: Sales from Mar 20X6 (if un-even vat returns)	-	From GL
	-	
Less VAT cancelled	-	
Total Sales as per VAT Returns	-	
Sales generated per trial balance	-	
Sales per VAT Returns	-	
Difference (Rand value)	-	
Difference (%)	-	
Material difference (more than 5%)	#DIV/0!	
Difference not material		
If material, how was that dealt with?		

8.11 VAT RECON: INPUTS

004.010

WORKING PAPERS

NAME OF FIRM:

DATE:

INPUT/EXPENSES TAX

METHOD OF CALCULATION OF VAT	INVOICE BASIS
Input from Vat Returns	-
2016/03	-
2016/04	-
2016/05	-
2016/06	-
2016/07	-
2016/08	-
2016/09	-
2016/10	-
2016/11	-
2016/12	-
2017/01	-
2017/02	-
Total Input Tax as per VAT Returns Recon	-
VAT excluded total	-
Less Expenses for Mar 20X7	-
Less Capital Inputs	-
Less Change in use	-
Less Bad Debt	-
Less Other	-
	-
Less VAT cancelled	-
Total Input as per VAT Returns	-
Total Expenses as per TB	-
Less Non VAT Expenses	-

GL Total	-
Expenses per VAT Returns	-
Difference (Rand value)	-
Difference (%)	#DIV/0!
Material difference (more than 5%)	Yes
Expenses not for VAT	
Salaries and wages	-
Depreciation	-
Interest/Finance charges	-
Donations	-
Entertainment	-
Staff expenses	-
Loss on foreign investment	-
Levies	-
Other non VAT expenses	-
	-
Difference not material	
If material, how was that dealt with?	

004.015

Engagement Type	Staff Member
Reporting Date	Manager Review
Date Prepared	Partner Review
Comment	Materiality

Page 1

Name/Emp Nr	Certificate Nr	Total Remuneration	PAYE	UIF	SDL
		-	-	-	-

Page 2

As per trial balance	-
As per IRP5	-
Casual workers	-
Other Employment	-
Difference	-

Have all clerical reviews (adds/proofs) been completed?

8.13 BANK CERTIFICATE REVIEW

004.018

WORKING PAPERS

NAME OF FIRM:

DATE:

SCHEDULE OF BANK ACCOUNT

ABSA - account number 6702XXXX

20XX

BALANCE PER BANK CERTIFICATE (BL4.1)

OUTSTANDING CHEQUES

CASHBOOK BALANCE AT 28/02/20XX
(Per trial balance)

0

Security:

The bank overdraft is secured by a personal guarantee from

8.14 CASH AND CASH EQUIVALENTS – RECON

004.022

Client			
Engagement Type		Staff Member	
Reporting Date		Manager Review	
Date Prepared		Partner Review	
Comment		Materiality	

	Notes/ref	Current year	Previous year
CURRENT BANK ACCOUNTS			(a)
Account #1 (refer p.2)			
Account #2 (refer p.2)			
OTHER BANK ACCOUNTS			
Bank:			
No.			
Balance per trail balance			(b)
Bank:			
No.			
Balance per trial balance			(c)
CASH ON HAND (4.6.2)			(d)
Cash and cash equivalents on the balance sheet	(a+b+c)		
Bank and cash (current asset)			
Bank overdraft (current liability)			
Included in debtors:			
Included in creditors:			

8.15 CASH AND CASH EQUIVALENTS: CASH ON HAND

004.025

Client	_____	Staff Member	_____
Engagement Type	_____	Manager Review	_____
Reporting Date	_____	Partner Review	_____
Date Prepared	_____	Materiality	_____
Comment	_____		_____

Description of petty cash: _____

Balance per petty cash book: _____

Represented by:

Physical money:	R200	X
	R100	_____
	R50	_____
	R20	_____
	R10	_____
	R5	_____
	R2	_____
	R1	_____
	50c	_____
	20c	_____
	10c	_____
	5c	_____
	2c	_____
	1c	_____

Other items in petty cash: (e.g. unrecorded expenses, cheques, postal orders, stamps, etc.)

Specify: _____

Total: _____

8.16 LOANS TO MEMBERS: DETAILS

004.051

Client			
Engagement Type		Staff Member	
Reporting Date		Manager Review	
Date Prepared		Partner Review	
Comment		Materiality	

Name of member:		Member 1	Member 2	etc
Particulars:	Interest rate (if any)	_____	_____	_____
	Unfixed term?	Yes / No	Yes / No	Yes / No
	Unsecured?	Yes / No	Yes / No	Yes / No
Balance at the beginning of the year				
Interest added				
Advances to members				
(refer page 3 for a summary of advances)				
Repayments by members				
(refer page 3 for a summary of repayments)				

Balance at year end (per trial balance) _____

Note:

Should the answer to any of the above questions be “No”, full details must be provided on a separate working paper, together with any other comments related to these loans – refer: _____

8.17 PPE

Client _____ Reviewed _____
 Date of report _____ Sign Off _____

Tangible Assets

Description of Asset	Land and buildings	Plant and equipment	Motor vehicles	Furniture and	Office equipment	IT equipment	Computer software	Other fixed asset	Total
Cost to company	R	R	R	R	R	R	R	R	R
Opening Balance	-	-	-	-	-	-	-	-	-
Current Additions	-	-	-	-	-	-	-	-	-
(Current Disposals)	-	-	-	-	-	-	-	-	-
Intergroup additions	-	-	-	-	-	-	-	-	-
(Intergroup disposals)	-	-	-	-	-	-	-	-	-
Adjustments per schedule	-	-	-	-	-	-	-	-	-
Written up on revaluations	-	-	-	-	-	-	-	-	-
Leased assets capitalised	-	-	-	-	-	-	-	-	-
Closing balances	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Opening balances	-	-	-	-	-	-	-	-	-
Intergroup additions	-	-	-	-	-	-	-	-	-
Current depreciation	-	-	-	-	-	-	-	-	-
(Elimination of disposals)	-	-	-	-	-	-	-	-	-
Intergroup disposals	-	-	-	-	-	-	-	-	-
Adjustments per schedule	-	-	-	-	-	-	-	-	-
Provision for scrapping	-	-	-	-	-	-	-	-	-
Leased assets capitalised	-	-	-	-	-	-	-	-	-
Closing balances	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-
Opening net book value	-	-	-	-	-	-	-	-	-
Closing net book value	-	-	-	-	-	-	-	-	-

Realisations of scrapings									
Cost of disposals	-	-	-	-	-	-	-	-	-
(Accumulated Depreciation)	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-
Realised on disposal	-	-	-	-	-	-	-	-	-
Profit/(loss)	-	-	-	-	-	-	-	-	-
Depreciation Rates	-	-	-	-	-	-	-	-	-
Depreciation Method	S/L								

8.18 DEFERRED TAX NOTES

004.086

	Clerk	
	Manager	
	Partner	

	W/P Ref	Book Value	Tax Value	Difference
Buildings				
Plant and machinery				
Consumable stores				
Retention debtors				
Unearned profit on suspensive sale debtors				

SUBTOTAL 0

Computed loss per schedule "W" (Limited to subtotal above) 0

TOTAL 0

Normal tax thereon @ % (Balance per balance sheet) *	
Deferred tax in previous year	
Increase/decrease (amount including in tax per income statement)	0

* Tax will be provided if the book value exceeds the tax value.

1. The computation of deferred taxation takes into account the effect of income tax liabilities that may arise at a future date as a result of:
 - 1.1 Differences in the book and tax values of fixed assets
 - 1.2 Allowances in terms of the Income Tax Act relating to advance payments received.
2. Deferred tax must only be shown in the financial statements as an asset after confirmation with a partner.
3. Details of the make up of deferred tax must be shown in the taxation notes to the accounts and may include:
 - 3.1 Deferred tax in respect of previous years
 - 3.2 Adjustment in respect of change in rates in previous years.

8.19 TAX CALCULATION

004.088

Client			
Area		Staff Member	
Reporting Date		Manager Review	
Date Prepared		Partner Review	
Comment		Materiality	

Net income before tax per Income statement

Less: Exempt income

Dividends received

Tax-free incentives

Capital profit on sale of assets

Other

-

Add: Disallowed expenditure

Depreciation

Legal fees

Consulting fees - Capital

Finance charges on Capitalised leases

Donations

Other

-

Less: Special allowances

Wear & tear

Building allowances

Lease payments

Other

Taxable income for the year

-

Assessed loss b/f

Taxable income

-

Tax thereon @

xx%

-

8.20 DIRECTOR'S/MEMBER'S REMUNERATION

004.100

	Clerk	
	Manager	
	Partner	

		1	2	3	4	5	6		
Director's/Member's Name	W/P Ref.	Fees	Salary	Pension (P) Provident (PF)	Fring Benefits	Medical Aid	Interest	Directors Remuneration	Loan Balance
								-	
								-	
								-	
								-	
								-	
								-	
								-	
								-	
								-	
								-	
								-	
								-	

TOTAL: Current year

-	-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---	---

TOTAL: Last year

-	-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---	---

8.21 DIRECTOR'S CERTIFICATE

004.105

COMPANY NAME

DIRECTOR'S CERTIFICATE

INFORMATION SUPPLIED BY DIRECTOR 1

Auditor/Company Secretary Name:

Address _____
Address _____
Address _____

I give notice that the emoluments paid to or receivable by me, applicable to the company's financial year ended 28 February 20XX were as follows:

	R
REMUNERATION	
a) As director	NIL
b) Otherwise in connection with the management	NIL

OTHER EMOLUMENTS	
a) Expense allowance – other	NIL
b) Any contributions paid on my behalf under any provident fund medical aid	NIL
c) Estimated money value of other benefits received otherwise than in cash - travel allowance	NIL

PENSIONS (other than from a scheme where the contributions hereunder are substantially adequate for the maintenance of the scheme) including any superannuation allowance or gratuity or similar payment.	NIL
---	-----

COMPENSATION in respect of loss of office, including sums paid as considerations for or in connection with retirement from office.	NIL
--	-----

TOTAL	<u>NIL</u>
-------	------------

I hereby certify that the balance standing to the credit of my loan account in the books of the company at 28 February 20XX amounting to Rxxx (AMOUNT IN WORDS) is correct and records all transactions between the company and myself to that date.

MR. X
SIGN
AMOUNT RXXX
AMOUNT IN WORDS ONE THOUSAND...

8.22 AUTHORISED CAPITAL REVIEW

004.110

Client

Clerk

Manager

Partner

for the year ended 28 February 20XX

Registration Number:

Details

1. Registered name:

2. Major objects:

3. Authorised Capital

shares of each

shares of each

shares of each

shares of each

4. The unissued shares are under the control of the directors.

Yes/No

5. Restrictions on transfer of shares

6. Quorum of shareholders:

7. Number of directors:

– minimum

– maximum

8. Quorum of directors:

9. Rotation of directors:

10. Directors qualification shares:

11. Directors power re dividends:

- to declare:

- to recommend:

12. Restriction on borrowing powers:

13. Amdendments by special resolution

Date

Details

COMPANY NAME (PTY) LTD

Assets and Liabilities

Accountants name

Address

Address

Address

Dear Sirs,

In connection with your review of the books of the company, we certify to the best of our belief that at 28 February 20XX:

1. All ascertainable assets and liabilities have been recorded in the books and the assets are adequately insured.
2. The current assets will realise not less than the value shown in the annual financial statements and the amounts owing by the debtors represent amounts which to the best of our knowledge are good and recoverable.
3. There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the annual financial statements.
4. We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and the board of directors.
5. We confirm the completeness of the information provided regarding the identification of related parties.
6. The annual financial statements are free of material misstatements, including omissions.
7. The company has complied with all aspects of contractual agreements that could have a material effect on the annual financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
8. The following have been properly recorded and when appropriate, adequately disclosed in the annual financial statements:
 - 8.1. The identity of, and balances and transactions with, related parties;
 - 8.2. Losses arising from sale and purchase commitments;
 - 8.3. Agreements and options to buy back assets previously sold; and

- 8.4. Assets, loans and investments ceded or pledged as collateral.
- 8.5. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the annual financial statements.
- 8.6. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
- 8.7. The company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the annual financial statements.
- 8.8. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
- 8.9. Other than as described in the annual financial statements, there have been no events subsequent to the year end which require adjustment of or disclosure in the financial statements or notes thereto.
- 8.10. No claims in connection with litigation have been or are expected to be received.
- 8.11. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the annual financial statements, we have no other line of credit arrangements.
- 9. All pledges and bonds have been entered in the register of pledges, cessions and bonds in compliance with section 127 of the Companies Act, 1973.
- 10. The commitments in respect of future leasing charges payable for the use of assets (other than immovable property) are fully disclosed in the annual financial statements.
- 11. There were no commitments for future expenditure other than contracts open for the supply of goods and services in the ordinary course of the company's business.
- 12. All important contracts and transactions and contracts not in the ordinary course of the company's business appear in the books of account.
- 13. No assets of the company have been encumbered to secure the liability of any director.

Yours faithfully

DIRECTOR

DIRECTOR

11 March 20XX

8.24 INVENTORIES CERTIFICATE

004.151

COMPANY (PTY) LTD

Inventories certificate at 28 February 20XX

We hereby certify that the inventories and stores summarised below were on hand in transit at 28 February 20XX.

We hereby certify that:

The values placed on the inventories are not in excess of the cost prices or market values which ever were the lower at the end of the financial year and are in our opinion a fair valuation of the said inventories valued on a first in, first out basis and consistent with that of the previous year.

The values of any obsolete, defective or slow-selling inventories have been determined after adequate allowances have been made for those factors.

The items listed in the stocksheets were the unencumbered property of the company at the end of the financial year and do not include any articles which are shown in the books as having been sold on or before that date.

All invoices and credit notes relative to the purchase and sale of inventories were entered in the books of the company prior to the closing of the books at the above date.

Summary

	Amount
Description of inventories	R
	-
	-
	-
Total	

[IN WORDS:]

DIRECTOR

DIRECTOR

11 March 20XX

8.25 MINUTES OF THE AGM OF SHAREHOLDERS

004.200

COMPANY (PTY) LTD

MINUTES OF THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS
HELD AT JOHANNESBURG ON 31 MAY 20XX

PRESENT	Mr. X Mr. Y Mr. Z	(In the chair)
QUORUM	A quorum being present the chairman declared the meeting duly constituted.	
NOTICE CONVENING THE MEETING	The notice convening the meeting and the reports of the directors and auditors were read.	
PREVIOUS ANNUAL GENERAL MEETING	The minutes of the previous annual general meeting were read and confirmed.	
REGISTER OF SHAREHOLDINGS AND INTERESTS	The register of shareholdings of the directors and of the interest of the directors in contracts was tabled and remained open and accessible during the meeting. The interests of the directors in all contracts as shown in the register were noted and approved.	
ANNUAL FINANCIAL STATEMENTS	IT WAS RESOLVED that the annual financial statements at 28 February 20XX as submitted to the meeting be approved and adopted and that all matters undertaken by the directors on behalf of the company be and are hereby confirmed.	
ELECTION OF DIRECTORS	IT WAS UNANIMOUSLY RESOLVED that the current directors continue to act as the directors of the company.	
APPOINTMENT OF ACCOUNTANTS	The retiring accountant, Messrs GL Palmner and Company were re-appointed for the ensuing year.	
DIVIDENDS	IT WAS RESOLVED that the payment of the dividends as shown in the annual financial statements and directors report for the year be authorised and approved.	
DIRECTORS REMUNERATION	IT WAS RESOLVED that the following emoluments be awarded to the directors: (a) Fees for services (b) Other	

DIRECTORS
REMUNERATION

IT WAS RESOLVED that no emoluments be awarded to the directors:

RESTRICTION OF
POWERS OF DIRECTORS
TO ISSUE SHARE
CAPITAL

IT WAS RESOLVED that the directors be granted the power to issue all or any of the unissued shares of the company at their discretion.

There being no further business to discuss the meeting then terminated.

READ AND APPROVED THIS 31 DAY OF MAY 20XX

ATTENDANCE REGISTER

_____ Chairperson

8.26 MINUTES OF A MEETING OF DIRECTORS

004.207

COMPANY (PTY) LTD MINUTES OF A MEETING OF DIRECTORS HELD AT JOHANNESBURG ON 11 MARCH 20XX

PRESENT	Mr. X Mr. Y Mr. Z	(in the chair)
---------	-------------------------	----------------

ANNUAL ACCOUNTS	The annual financial statements at 28 February 20XX were laid before the meeting.
-----------------	---

IT WAS RESOLVED that these statements be adopted as the accounts of the company for the year under review and the directors expressed the opinion that all liabilities of the company have been included and the current assets would realise not less than the value shown in the annual financial statements.

IT WAS FURTHER RESOLVED that the accounts be signed on behalf of the board by the chairperson and any other director.

ARISING FROM THE ACCOUNTS

IT WAS RESOLVED THAT:

Purchases and sales of property, plant and equipment and depreciation as shown in the accounts be approved.

The income reflected in the detailed income statement including the total income of the company for the year under review.

Expenditure reflected in the detailed income statement including expenditure incurred by the company not supported by proper vouchers be approved.

Subject to the approval of the company in general meeting, Messrs Accountants be re-appointed as accountants/accounting officers to the company and that their remuneration for the past audit be fixed by agreement.

The company accept any undertakings by any creditor to defer claims as shown in the notes to the annual financial statements

The dividends provided for in the annual financial statements be recommended for approval at the annual general meeting.

INTEREST OF
DIRECTORS

IT WAS NOTED that the interests of the directors and officers in contracts were recorded in the statutory register.

There being no further business to discuss, the meeting terminated with a vote of thanks to the chair.

READ AND APPROVED THIS 11 DAY OF MARCH 20XX

ATTENDANCE REGISTER

Chairperson

SECTION

9.

USEFUL DOCUMENTS FOR SCHOOLS

	PAGE
9.1 Guidelines for drawing up Annual Financial Statements.....	180
9.2 Statement of financial performance: Income Statement [Annexure A]	Attached
9.3 Statement of financial position: Balance Sheet [Annexure B].....	Attached
9.4 Cash Flow Statement [Annexure C]	Attached
9.5 Audit Report [Annexure D]	Attached
9.6 Asset Verification Certificate [Annexure E]	Attached
9.7 Bank Reconciliation [Annexure F]	Attached
9.8 Statement of investment/s or note to Annual Financial Statements [Annexure G]	Attached
9.9 Statement of outstanding debtors or note to Annual Financial Statements [Annexure H]	Attached
9.10 Certificate of Sound Financial Management [Annexure I]	Attached
9.11 Certificate of Verification of Computerised Receipting [Annexure J]	Attached

9.1 GUIDELINES FOR DRAWING UP AFS

1. Introduction

These guidelines are issued by the Member of the Executive Council in terms of section 42(b) of the South African Schools Act (SASA) 84 of 1996.

2. Objectives

- 2.1 To give effect to the legislative requirements of the South African Schools Act (SASA) 84 of 1996, as well as section 38 of the Public Finance Management Act 1 of 1999.
- 2.2 To provide guidelines to the governing body and finance committee of a school in preparing a set of annual financial statements.
- 2.3 To provide information about the financial position, financial performance and cash flows of a school, which is useful to a wide range of users (governing body, the public and the Western Cape Education Department (WCED)).
- 2.4 To show the results of management's stewardship of the resources entrusted to them.

3. Legislative prescripts and regulatory framework

- 3.1 Generally Recognised Accounting Practices (GRAP)
- 3.2 Section 43(1) & (2) of the South African Schools Act (SASA) 84 of 1996
- 3.3 Public Finance Management Act 1 of 1999
- 3.4 WCED Circular 0027/2001, dated 12 March 2001: Auditors appointed under Section 43(2) (b) of SASA
- 3.5 WCED Circular 0205/2003, dated 20 October 2003: Annual Audited Financial Statements
- 3.6 WCED Circular 0007 of 2014, dated 05 March 2014: Annual Audited Financial Statements: 01 January to 31 December

4. Drafting and submission of financial statements

- 4.1 In terms of SASA the governing body of a public school must:
 - within three months of the end of each financial year, i.e. 31 March, draw up annual financial statements in accordance with the guidelines determined by the Member of the Executive Council (MEC); and
 - within six months of the end of each financial year, i.e. 30 June, submit a copy of the annual audited financial statements to the Head of the WCED.

- 4.2 The governing body is responsible for drawing up the annual financial statements and should then submit these documents to their auditor for auditing.
- 4.3 Auditors must clearly show that they have mechanisms in place to ensure that they maintain a functional and healthy separation of duties in terms of the compiling and auditing of the financial statements.
- 4.4 Upon receipt of the audited financial statements from the auditors, the governing body must hold a meeting to discuss the statements.
- 4.5 The governing body must clarify issues, if any, with the auditors and thereafter adopt and sign off the statements as correct.
- 4.6 Auditors usually make provision in the audited financial statements for the SGB to sign off.
- 4.7 The SGB must submit a copy of the signed audited financial statements, which must include the management report of the auditors, to the district office on or before 30 June.

 **Important:** The auditor should not do the bookkeeping of the school, other than the year-end journals and adjustments. Furthermore the audit/review of the school's financial statements must not be carried out by the same accounting professional who was involved in the preparation of the financial statements i.e. segregation of duties. This is in line with the Auditing Standard of Independent Review (ISRE 2400).

5. An auditor or person to examine and report on financial documents

- 5.1 In terms of section 43(1) of SASA, the governing body must appoint a person registered as an accountant and auditor in terms of the Public Accountants' and Auditors' Act 80 of 1991.
- 5.2 If this is not reasonably practicable, it must appoint a person who is qualified to perform the duties of an accounting officer of Close Corporations (section 43(2)(a) of SASA). In this instance, the words “is not reasonably practicable” can be interpreted as follows:
- “the governing body has proper measures implemented to determine whether an appointment of a registered auditor is not feasible to implement and therefore compliance to section 43(2)(a) and (b) will be the next required alternative to appoint a person to examine the records.”
- 5.3 The list of organisations with which accounting officers can be associated is as follows:
- The South African Institute of Chartered Accountants (SAICA)
 - Auditors registered in terms of the provisions of the Auditing Profession Act 26 of 2005 (CA)
 - The Southern African Institute of Chartered Secretaries and Administrators (ICSA)
 - The Chartered Institute of Management Accountants (CIMA)
 - The South African Institute of Professional Accountants (SAIPA)
 - The Institute of Accounting and Commerce (IAC) who has obtained the Diploma in Accountancy (IAC)
 - The Association of Chartered Certified Accountants (ACCA)
 - The Chartered Institute of Business Management (MCIBM)
 - The Southern African Institute for Business Accountants (SAIBA)
 - The Southern African Institute of Government Auditors (SAIGA)

- 5.4 If the governing body appoints an accounting officer they must provide:
- a) three quotations obtained from different auditing firms for comparison. These should be kept safely for monitoring and evaluation or audit purposes;
 - b) a motivation letter attached and signed by the governing body as an indication that control measures were in place and a feasibility study was performed to appoint an accounting officer instead of a registered auditor; and
 - c) the minutes of the governing body meeting regarding the appointment of the accounting officer which have been signed and are kept by the school for record keeping purposes.
- 5.5 If this is not reasonably practicable, the governing body must appoint a competent person, but the approval of the Provincial Minister of Education is needed for such an appointment (see section 43(2)(b) of SASA). An application form (Annexure A1) must be filled in and be sent, together with the applicable information, directly to the relevant district office. The governing body should ensure that qualified individuals are appointed to examine the records. Appointing unqualified or unskilled individuals to perform an examination of the books will pose a risk of fruitless and wasteful expenditure.
- 5.6 In terms of section 43(3) of SASA no person who has a financial interest in the affairs of the public school may be appointed under this section.

6. Diagrammatic representation of a financial statement:



7. Components of a financial statement

- A statement of the financial performance: Income statement [Annexure A]
- A statement of financial position: Balance sheet [Annexure B]
- A cash flow statement [Annexure C]
- Audit report [Annexure D]
- Notes or schedules comprising a summary of significant accounting policies and other explanatory notes
- Management report (report from the auditor highlighting any shortcomings – this report must also be provided to the WCED)

8. Schedules to be included in a financial statement

- Asset verification certificate [Annexure E]
- Bank reconciliation [Annexure F]
- Statement of investment/s or note to annual financial statements [Annexure G]
- Statement of outstanding debtors or note to annual financial statements [Annexure H]
- Copy of bank statement for December
- Certificate of sound financial management [Annexure I]
- Certificate of verification of computerised receipting [Annexure J]

9. Information to be presented on the face of the statement of financial position:

9.1 Non-current assets (fixed assets)

- Equipment
- Vehicles

9.2 Current assets

- Cash and cash equivalents
- Investments
- Inventory
- Accounts receivable

9.3 Non-current liabilities

- Long-term loans
- Interest-bearing borrowings

9.4 Current liabilities

- Accounts payable
- Provisions
- Arrear municipal accounts
- Arrear Workman's Compensation
- Bank overdraft
- SARS – Tax

10. Information to be presented on the face of the income statement/statement of financial performance or in the notes:

10.1 Revenue/income

10.1.1 *School fees*

- Mainstream (Nett = Gross – bad debt and exemptions)
- Pre-primary/Grade R

10.1.2 *Other operating income*

- Other fees (e.g. Music)
- Fundraising
- Donations

10.1.3 *Other operating income*

- Other fees (e.g. Music)
- Fundraising
- Donations
- Scheduled maintenance
- Grade R
- National School Nutrition Programme (NSNP)

10.1.4 *Other income*

- Interest received (current account and investment account)
- Other income
- Profit on disposal of assets

10.2 Expenditure

10.2.1 *Administration Expenses*

- Affiliations and subscriptions
- Accounting fees
- Auditing fees
- Computer expenses
- Depreciation
- Interest paid
- Other expenses
- Municipal services
- Textbooks and learning support material
- Transport
- Tax – SARS pay-over
- Repairs and maintenance
- Printing and stationery
- Rentals
- Telephone and fax

10.2.2 *Personnel expenditure*

- CS Educators
- Non-CS Educators
- Extra remuneration (38A) – per staff member

10.2.3 *Surplus/deficit for the year (Circular 0007 of 2014, dated 05 March 2014)*

11. Notes to the financial statements

11.1 Accounting policies

Basis of presentation – The annual financial statements are prepared on the historical cost basis and in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP). The following are the principal accounting policies used by the school, which is consistent with those of the previous year:

11.1.1 *Fixed/tangible assets and depreciation*

Depreciation of fixed assets is shown at book value (cost less accumulated depreciation).

Depreciation is written off by a charge to income computed on a straight-line basis as to write-off cost over their expected useful lives. The depreciation rates applicable to each category of fixed/tangible asset are as follows:

- Furniture and fittings – 10% p.a.
- Office equipment – 20% p.a.
- Computer – 33.33% p.a.
- Computer software – 50% p.a.

11.1.2 *Inventory*

Saleable items are stated at the cost or net realisable value, whichever is lower. Administrative items are stated at cost. Where necessary, provision is made for obsolete, slow-moving and defective inventory.

11.1.3 *Revenue/income*

Revenue/income comprises school fees, fundraising, WCED transfer payments, donations and other income.

11.1.4 *Interest received*

Interest received is recognised in the period in which it occurs.

11.1.5 *Accounts receivable*

Accounts receivable is carried at expected realisable value. An estimate is made for doubtful accounts receivable based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

11.1.6 *Accounts payable*

Accounts payable is carried at expected payment values. An estimate is made for accruals based on a review of all outstanding amounts at year end. Interest is written off in the year that they occur.

11.1.7 *Employee benefits (governing body posts)*

Contributions to a defined contribution plan in respect of services in a particular period are recognised as an expense in that period.

11.2 Employee entitlements

Short-term employee benefits: The cost of short-term employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements to annual leave are recognised when they accrue to employees.

11.3 Taxation

No provision is made for taxation, as schools are exempted from income tax in terms of Section 10 (1)(d)(iv)(bb) of the Income Tax Act 52 of 1962.

10.

BUSINESS RESCUE AND CERTIFIED BUSINESS RESCUE PRACTITIONER (CBRP)

	PAGE
Notice 02 of 2019: Guideline for Licensing a BRP	191
Notice 3 of 2019: Business Rescue Filing Procedure	193
Notice 65 of 2018: Notice of Appointment of Business Rescue Practitioner	196
Notice 35 of 2020: New method of issuing Confirmations of Processing	197
Notice 36 of 2020: Acknowledgement of the Appointment of Business Rescue Practitioners	198
CBRP Application for Membership	204
Letter of Good Standing - Certified Business Rescue Practitioner	221

1. Introduction

In this section, we look at the legalities of the business rescue process and becoming a certified practitioner in South Africa, and how businesses in financial difficulty may find some relief under the Companies Act 71 of 2008 (“the Act”).

2. The Business Rescue Practitioner

In terms of section 128 (1)(b) of the Act, “business rescue” is defined as proceedings to facilitate the rehabilitation of a company that is financially distressed by providing for the temporary supervision of the company, and the management of its affairs, business and property, by a business rescue practitioner; a temporary moratorium on the rights of claimants against the company or in respect of property in its possession; and the development and implementation, if approved, of a business rescue plan to rescue the company by restructuring its business, property, debt, affairs, other liabilities and equity in a manner that maximises the likelihood of the company continuing in existence on a solvent basis or, if it is not possible for the company to so continue in existence, results in a better return for the company’s creditors or shareholders than would result from the immediate liquidation of the company.

The Act defines a “business rescue practitioner” as a person appointed, or two or more persons appointed jointly, to oversee a company during business rescue proceedings, and “practitioner” has a corresponding meaning.

3. Qualifications of Practitioners: Section 138 (1)(A)-(F) of the Act

The Act provides that a person may be appointed as the business rescue practitioner of a company only if he or she satisfies the following criteria, namely, that he or she:

- (a) is a member in good standing of a legal, accounting or business management profession accredited by the commission;
- (b) has been licensed as such by the commission;
- (c) is not subject to an order of probation;
- (d) would not be disqualified from acting as a director of the company;
- (e) does not have any other relationship with the company such as would lead a reasonable and informed third party to conclude that the integrity, impartiality or objectivity of that person is compromised by that relationship; and
- (f) is not related to a person who has such a relationship.

4. The Accreditation of Business Rescue Practitioners and Ancillary Matters: Companies Regulations 126-128

The Commission must, when considering an application for accreditation of a profession under section 138 (1), have due regard to the qualifications and experience that are set as conditions for membership of any such profession, and the ability of such profession to discipline its members. The Commission may revoke any such accreditation if it has reasonable grounds to believe that the profession is no longer able to properly monitor or discipline its members.

Sub-regulations 126 (2) to (8) do not apply to any person who is eligible to be appointed as a business rescue practitioner in terms of section 138 (1) (a), which states that “a person may be appointed as the business rescue practitioner of a company only if the person is a member in good standing of a legal, accounting or business management profession accredited by the Commission”, as discussed above.

Sub-regulation 126 (2) states that a person may apply to the Commission for a license to serve as a business rescue practitioner, as contemplated in section 138 (1) (b), by filing Form CoR 126.1, together with the fee set out in Table CR 1.

Sub-regulation 126 (3) states that when considering an application in terms of sub-regulation (2), the Commission may require the applicant to provide—

- (a) further information relevant to the application; or
- (b) evidence in support of any facts set out in the application.

Sub-regulation 126 (4) states that, subject to sub-regulation 126 (5), the Commission may issue a business rescue practitioner’s licence to an applicant if the Commission is satisfied that—

- (a) the applicant is of good character and integrity; and
- (b) the applicant’s education and experience are sufficient to equip the applicant to perform the functions of a business rescue practitioner.

The Commission must not issue a license to an applicant who is disqualified from appointment as a practitioner.

In terms of sub-regulation 126 (6), after considering an application, the Commission must either—

- (a) issue a license as applied for in Form CoR 126.2;
- (b) issue a conditional license, on terms that are reasonable having regard to the applicant’s education and experience; or
- (c) refuse to issue the license, by notice in writing to the applicant, setting out the reasons for the refusal.

The Commission, by notice in writing to a licensee, must revoke the license of a person who, after being licensed, becomes disqualified from appointment as a practitioner in terms of section 138 (1) (c) or (d); and may suspend or revoke a license if the Commission has reasonable grounds to believe that the person is no longer qualified to be licensed, or has contravened the conditions of the license.

An applicant whose application has been refused, or who has been issued a conditional license, or a licensee whose license has been suspended or revoked, may apply to the Tribunal to review the Commission’s decision in the matter, and the Tribunal may partially or entirely confirm or set aside the Commission’s decision.

In this regard see in the block hereunder an important notice from the Companies and Intellectual Property Commission regarding Licencing:



Companies and Intellectual
Property Commission

a member of the dti group

Notice to Customers (Notice 02 of 2019)

Guideline for the Application for Licensing as a Business Rescue Practitioner (CoR126.1)

Version 1.5

Note that Notice 66 of 2018 is hereby withdrawn and replaced by Notice 02 of 2019.

The following form and supporting documents are required by the (Companies and Intellectual Property Commission (CIPC) for issuing a License for Business Rescue Practitioners. All documents must be submitted via e-mail to CoR126.1@cipc.co.za.

Documents to be submitted:

- COR126.1 Form (duly completed dated and signed).
- Proof of filing fee of R500;
- Customer Code (clearly indicated on the top right hand corner of the form).
- Certified ID or passport copy of the applicant (owner of customer code).
- Certified ID or passport copy of the prospective Business Rescue Practitioner.
- Certified copies of educational qualifications.
- Letter of good standing from Accredited Professional Body.
- A comprehensive résumé (CV) containing full and detailed particulars of the applicant's history and relevant practical experience working in a distressed business environment and demonstrating relevant turn around experience.
- Supporting documentation to substantiate the factual information in respect of the history and relevant practical experience, (provide references).
- Certified copy of a valid TAX clearance certificate (individual).
- A Sworn statement in terms of Section 138 stating that the applicant:
 - a. Is not subject to an order of probation in terms of section 162 (7);
 - b. Would not be disqualified from acting as a director of the company in terms of section 69 (8); and
 - c. Is of sound financial status;
- The applicant must adhere to the concurrent application of Section 5(6) of the Companies Act 71 of 2008 as amended, in case of a listed entity.
- Personal contact details containing e-mail address and cell phone number.

NB: A person who knowingly provides false information to the Commission commits an offence.

Any enquiries based on the above can be directed to Ms. Veronica van Dyk at vdyk@cipc.co.za, Mr. Samuel Nkuna at snkuna@cipc.co.za and Ms. Kgomotso Masemola on kmasebola@cipc.co.za.

Sincerely,


Adv. Rory Voller
CIPC: - Commissioner
.....11/.....01...../2019

The dti Campus (Block F - Entfufukweni), 77 Meintjies Street, Sunnyside, Pretoria I P O Box 429, Pretoria. 0001
Tel: +27 12 394 1358 | Fax: +27 12 394 6224 | Call Centre: 086 100 2472
Email: CoR126.1@cipc.co.za | Website: www.cipc.co.za

5. Appointment of the Business Rescue Practitioner

A business rescue practitioner may be appointed in a number of ways. In terms of section 129(3) of the Act, the board of a company may, within five business days after the company has adopted and filed the resolution with the Companies and Intellectual Property Commission (“CIPC”) (or such longer time as the CIPC may allow on application to it), appoint a business rescue practitioner.

In terms of section 130 (6), if the court, after considering an application brought by an affected person, sets aside the appointment of a business rescue practitioner, the court must appoint an alternate practitioner recommended by, or acceptable to, the holders of a majority of the independent creditors’ voting interests who were represented in the hearing before the court.

In terms of section 131(5) of the Act, if a court, on application to it by an affected person, grants an order placing a company under business rescue, the court may make a further order appointing an interim practitioner who satisfies the necessary requirements for appointment and who has been nominated by the affected person who applied to the court. However, this appointment will be subject to ratification by the holders of a majority of the independent creditors’ voting interests at the first meeting of the creditors.

In addition, in terms of section 139 (3) of the Act, the company, or affected person who nominated the practitioner, as the case may be, must appoint a new practitioner if a practitioner dies, resigns or is removed from office, subject to the right of an affected person to bring a fresh application to object to the appointment and set aside that new appointment.

In this regard see in the blocks hereunder important notices from the Companies and Intellectual Property Commission:

PRACTICE NOTE 3 OF 2019

BUSINESS RESCUE FILING PROCEDURE

This practice note is issued in terms of Regulation 4 of the Companies Regulation, 2011 and replaces Practice Note 3 of 2014 in its entirety. This practice note is applicable to companies and close corporation Business Rescue filings and shall take effect on 1 October 2019.

The following forms and supporting documents are required by the Companies and Intellectual Property Commission (CIPC) when applying for business rescue proceedings and filing documents relating to the proceedings itself. All applications stated below must be submitted via e-mail to businessrescue@cipc.co.za.

Notice to Start Business Rescue Proceedings (Form CoR123.1):

Documents to be submitted: -

- CoR123.1 (duly completed including customer code and signature of an active director / member as per the CIPC register);
- Certified ID copy of the owner of the customer code;
- Certified ID copy of the director / member undertaking the sworn statement;
- Sworn statement which contains *inter alia* the following information:
 - Full name, surname and ID number of person undertaking the sworn statement;
 - Reasons for resolution to start business rescue proceedings;
 - Physical address where most of the business activities in the current financial year were undertaken; and
 - All legal proceedings the company or close corporation is involved in (especially proceedings against the company or close corporation), the nature of such legal proceedings and the status thereof.(if the company or close corporation is not involved in any legal proceedings such must be indicated as well)
- Letter from the business on its letter head stating:
 - PI Score break down and total (as indicated in Companies Regulation 26(2));
 - Primary business activities (industry as per SIC Code version 7 issued by SARS) undertaken in the current financial year; and
 - Nomination of Business Rescue Practitioner (BRP) with declaration of his independence
- Resolution by the company or close corporation to start business rescue; and
- Letter from the BRP to-be declaring his/her:
 - Capacity to accept the new nomination;
 - Independence from the business; and
 - Not disqualified as prescribed in the Act.

It should be noted that the date of filing will be the date the minimum legal requirements, completed CoR123.1, sworn statement and resolution are submitted to the CIPC.

Business Rescue Status Report (Form CoR125.1):

Documents to be submitted: -

- CoR125.1 (duly completed including customer code and signature of the appointed Business Rescue Practitioner); and
- Progress report on the progress of the business rescue proceedings as required in terms of section 132(3) of the Companies Act, 71 of 2008 ("the Act").

Notice of Termination of Business Rescue Proceedings (Form CoR125.2)

Documents to be submitted: -

- CoR125.2 (duly completed including customer code and signature of the appointed business rescue practitioner);
- The grounds on which the proceedings are terminated. The grounds may either be stated on the CoR125.2 or on a letterhead which is attached to the CoR125.2; and
- Confirmation of the grounds of termination.

The following confirmation to termination shall be required depending on the indicated ground: -

- A termination on the ground that there is no reasonable prospect to rescue the company or close corporation, the filing of the relevant court order that the business rescue proceedings have been discontinued and the company or close corporation has been placed into provisional or final liquidation as per section 132(2)(a)(ii) read with section 141(2)(a)(i) and (ii) of the Act.
- A termination on the ground that the company or close corporation is not financially distressed, and such termination is filed after three months of commencement of the business rescue proceedings, the reason(s) as to why it took longer than three months to come to such conclusion and to file the CoR125.2.
- A termination on the ground that the business rescue plan was not adopted as per section 153 of the Act, minutes of the meeting confirming the outcome of such meeting.

Notice of Substantial Implementation of Business Rescue Plan (Form CoR125.3):

Documents to be submitted:

- CoR125.3 (duly completed including customer code and signature of the appointed business rescue practitioner); and
- Public Interest (PI) Score breakdown and total PI Score (as indicated in Companies Regulation 26(2)) as at end of the implementation of the business rescue plan.



Companies and Intellectual
Property Commission

a member of **the dti** group

Court orders relating to business rescue proceedings (including liquidation) and business rescue practitioners:

All court orders relating to business rescue proceedings and BR practitioners must be submitted to businessrescue@cipc.co.za or alternatively corporatelegalservices@cipc.co.za

Court orders should be accompanied by a covering letter / e-mail indicating the contact details and customer code of the person submitting the court order to CIPC.

Yours sincerely,

Adv R Voller
Commissioner: CIPC
_____/_____/2019



Companies and Intellectual
Property Commission

a member of the dti group

Notice 65 of 2018

Notice of Appointment of Business Rescue Practitioner (CoR123.2)

v0.0

The above form and the supporting documents are required by the (Companies and Intellectual Property Commission (CIPC) for acknowledging the appointment of a Business Rescue Practitioner. All documents must be submitted in PDF form via e-mail to CoR123.2@cipc.co.za.

Documents to be submitted

- COR123.2 Form (duly completed, dated and signed);
- Customer Code (clearly indicated on the form);
- Form must be signed by an authorized person;
- Power of Attorney/Mandate must be attached in an event that third party signed on behalf of the Company that is if the signatory's name does not reflect on ERMS as a Director / Member
- Consent letter by Practitioner accepting the appointment, reflecting the following information:
 - Full names and surname;
 - ID number of appointed Business Rescue Practitioner;
 - Contact details of practitioner, (e-mail address, cell number and telephone numbers);
 - Addresses of the appointed Business Rescue Practitioner, (Office)
- Certified ID copy of the appointed Business Rescue Practitioner;
- Certified ID copy of the Authorized person who signed the form;

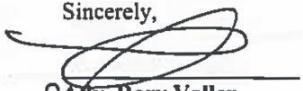
Court Order application

Documents to be submitted

- COR123.2 Form (duly completed, dated and signed);
- Customer Code (clearly indicated on the form);
- Form signed by authorized person of the Company
- Court Order;
- Consent letter by Practitioner accepting the appointment, reflecting the following information:
 - Full names and surname;
 - ID number of appointed Business Rescue Practitioner;
 - Contact details of practitioner, (e-mail address, cell number and telephone numbers);
 - Addresses of the appointed Business Rescue Practitioner, (Office)
- Certified ID copy of the appointed Business Rescue Practitioner;
- Certified ID copy of the active Director / Member / Authorized person who signed the form;

Any enquiries based on the above can be directed to Ms. Veronica van Dyk at vvdyk@cipc.co.za, Mr. Samuel Nkuna at snkuna@cipc.co.za and Ms. Kgomotso Masemola on kmsemola@cipc.co.za.

Sincerely,


Adv. Rory Voller
CIPC: - Commissioner
.....2/.....10...../2018

ISO 9001: 2008 Certified

The dtiCampus (Block F - Entufukweni), 77 Meintjies Street, Sunnyside, Pretoria | P O Box 429, Pretoria, 0001

Tel: +27 12 394 1358 | Fax: +27 12 394 6378 | Call Centre: 086 100 2472

Email: cor123.2@cipc.co.za | Website: www.cipc.co.za

Notice Number 35 of 2020
NOTICE TO CUSTOMERS

NEW METHOD OF ISSUING CONFIRMATIONS OF PROCESSING COR123.1, COR125.2, COR125.3, AND OTHER COURT ORDERS RELATED TO BUSINESS RESCUE PROCEEDINGS

The Companies and Intellectual Property Commission would like to advise customers that the CIPC will change the method of issuing confirmation of business rescue proceedings matters (form CoR123.1, CoR125.2, CoR125.3 and court orders relating to business rescue proceedings).

As from 15 July 2020, a letter will be issued confirming that the application was received, processed and that the relevant status change has been made on the companies registry. This confirmation letter will be signed by either the Senior Manager: Companies and Close Corporations, Manager: Company and Close Corporation Annual Returns, Deregistrations, Liquidations, Business Rescue Proceedings and Re-instatements or any person acting in such position.

Thus, the CIPC will no longer issue a stamped copy of the submitted application as confirmation for such applications. This method is aligned to other existing applications within CIPC whereby a confirmation letter is issued as confirmation that application was processed e.g. amendment to Memorandum of Incorporation (form CoR15.2).

For further assistance kindly log a ticket via the CIPC online ticketing system www.cipc.co.za/ enquiries.

Yours sincerely,



Adv. RW Voller
Commissioner
...15 July 2020

Notice Number 36 of 2020

NOTICE TO CUSTOMERS

ACKNOWLEDGEMENT OF THE APPOINTMENT OF BUSINESS RESCUE PRACTITIONERS

Since the introduction of Chapter 6 of the Companies Act it has been the practice that upon receiving the appointment of the business rescue practitioner (CoR123.2) by the company, we the Commission date stamp it to confirm such appointment.

Due to challenges posed by the Covid-19 pandemic, at times it is not always possible to affix a date stamp because of the office closure due to deep cleaning and sanitization at various intervals. Having said the above and in order to verify and confirm appointment of the business rescue practitioner, kindly do a company disclosure where the records should include the name of the appointed practitioner, since we cannot physically date stamp the CoR123.2 form.

All enquiries including applications relating to the appointments of the business rescue practitioners must be forwarded to cor123.2@cipc.co.za

For further assistance kindly log a ticket via the CIPC online ticketing system www.cipc.co.za/ enquiries.

Yours sincerely,



Adv. RW Voller
Commissioner
...15 July 2020

6. Categories of Companies for which Business Rescue Practitioners are Appointed

Regulation 127 of the Act distinguishes between different categories of companies for the appointment of business rescue practitioners:

“Senior practitioner” means a person who is qualified to be appointed as a business rescue practitioner in terms of section 138 (1) and who, immediately before being appointed as practitioner for a particular company, has actively engaged in business turnaround practice before the effective date of the Act, or as a business rescue practitioner in terms of the Act, for a combined period of at least 10 years. A senior practitioner can take appointment for a medium company (one with a public interest score between 100 and 500) or for a large company (one with a public interest score of 500 or more).

“Experienced practitioner” being a person who is qualified to be appointed as a business rescue practitioner in terms of section 138 (1) and who, immediately before being appointed as practitioner for a particular company, has actively engaged in business turnaround practice before the effective date of the Act, or as a business rescue practitioner in terms of the Act, for a combined period of at least 5 years. An experienced practitioner can take appointment for a small company (one with a public interest score of less than 100) or for a medium company (one with a public interest score between 100 and 500).

“Junior practitioner” means a person who is qualified to be appointed as a business rescue practitioner in terms of section 138 (1) and who, immediately before being appointed as practitioner for a particular company, has either not previously engaged in business turnaround practice before the effective date of the Act, or acted as a business rescue practitioner in terms of the Act; or has actively engaged in business turnaround practice before the effective date of the Act, or as a business rescue practitioner in terms of the Act, for a combined period of less than 5 years. A junior practitioner can take appointment only for small companies (those with a public interest score of less than 100) or as an assistant to an experienced or senior practitioner.

7. General Powers, Duties and Liabilities of Practitioners: Section 140 of the Act

The practitioner must, as soon as practicable after appointment, inform all relevant regulatory authorities having authority in respect of the activities of the company, of the fact that the company has been placed under business rescue proceedings and of his or her appointment.

This key provision also spells out the powers of the business rescue practitioner. During a company's business rescue proceedings, the practitioner, in addition to any other powers and duties set out in chapter 6 of the Act, has full management control of the company in substitution for its board and pre-existing management and may delegate any of his or her powers or functions to a person who was part of the board or pre-existing management of the company. It is noteworthy that the Act provides that the practitioner, “has full management control of the company in substitution for its board and pre-existing management”. But it should be borne in mind that, when business rescue proceedings commence, the existing board of directors remains in office and each director “must continue to exercise the functions of director”, albeit subject to the authority of the practitioner.

In addition, he or she may remove from office any person who forms part of the pre-existing management of the company or appoint a person as part of the management of a company, whether to fill a vacancy or not, subject to what is said below; and is responsible to develop a business rescue plan to be considered by affected persons and implement any business rescue plan that has been adopted, in accordance with part D of chapter 6 of the Act.

However, except with the approval of the court on application by the practitioner, a practitioner may not appoint a person as part of the management of the company or an advisor to the company or to the practitioner if that person has any other relationship with the company such as would lead a reasonable and informed third party to conclude that the integrity, impartiality or objectivity of that person is compromised by that relationship or if that person is related to a person who has such a relationship.

During a company's business rescue proceedings, the practitioner is an officer of the court, and must report to the court in accordance with any applicable rules of or orders made by, the court and has the responsibilities, duties and liabilities of a director of the company. Aside from those directorial duties, he or she is not liable for any act or omission in good faith in the course of the exercise of the powers and performance of the functions of practitioner but may be held liable in accordance with any relevant law for the consequences of any act or omission amounting to gross negligence in the exercise of the powers and performance of the functions of practitioner.

If the business rescue process concludes with an order placing the company in liquidation, any person who has acted as practitioner during the business rescue process may not be appointed as liquidator of the company.

8. Investigation of Affairs of Company: Section 141 of the Act

As soon as practicable after being appointed, a practitioner must investigate the company's affairs, business, property and financial situation and, after having done so, consider whether there is any reasonable prospect of the company being rescued.

If, at any time during business rescue proceedings, the practitioner concludes that there is no reasonable prospect for the company to be rescued, the practitioner must inform the court, the company, and all affected persons in the prescribed manner and apply to the court for an order discontinuing the business rescue proceedings and placing the company in liquidation. The implication of this provision is that if, at the outset, the practitioner decides that there is indeed a reasonable prospect of the company's being rescued, he or she must not then doggedly hold to that decision through thick and thin but must constantly review that decision in the light of the unfolding development of the business rescue process.

On the other hand, if there are no longer reasonable grounds to believe that the company is financially distressed, the practitioner must inform the court, the company, and all affected persons in the prescribed manner and, if the business rescue process was confirmed by a court order, or initiated by an application to the court, apply to a court for an order terminating the business rescue proceedings or, otherwise, file a notice of termination of the business rescue proceedings.

If there is evidence, in the dealings of the company before the business rescue proceedings began, of voidable transactions, or a failure by the company or any director to perform any material obligation relating to the

company, the practitioner must direct the management to take any necessary steps to rectify the matter and may direct the management to take appropriate steps.

If there is evidence of reckless trading, fraud or other contravention of any law relating to the company, the practitioner must forward the evidence to the appropriate authority for further investigation and possible prosecution and direct the management to take any necessary steps to rectify the matter, including recovering any misappropriated assets of the company.

A court to which an application has been made in terms of the above provisions may make the order applied for, or any other order that the court considers appropriate in the circumstances.

9. Directors of Company to Cooperate with and Assist Practitioner: Section 142 of the Act

As soon as practicable after business rescue proceedings begin, each director of the company must deliver to the practitioner all books and records that relate to the affairs of the company and are in the director's possession.

Any director of the company who knows where other books and records relating to the company are being kept must inform the practitioner as to the whereabouts of those books and records.

No person is entitled, as against the practitioner of a company, to retain possession of any books or records of the company or to claim or enforce a lien over any such books or records, unless such books or records are in the lawful possession of such person and he or she has made copies available to the practitioner or has afforded the practitioner a reasonable opportunity to inspect the books or documents concerned.

Within 5 business days after business rescue proceedings begin or such longer period as the practitioner allows, the directors of a company must provide the practitioner with a statement of affairs containing, at a minimum, particulars of the following: any material transactions involving the company or the assets of the company, and occurring within 12 months immediately before the business rescue proceedings began; any court, arbitration or administrative proceedings, including pending enforcement proceedings, involving the company; the assets and liabilities of the company, and its income and disbursements within the immediately preceding 12 months; the number of employees, and any collective agreements or other agreements relating to the rights of employees; any debtors and their obligations to the company and any creditors and their rights or claims against the company.

10. Removal and Replacement of Practitioner: Section 139 of the Act

The Act provides that a practitioner may be removed only by a court order or as provided for in the circumstances outlined below.

Upon request of an affected person or on its own motion, the court may remove a practitioner from office on any of the following grounds, namely: incompetence or failure to perform the duties of a business rescue practitioner of the particular company, failure to exercise the proper degree of care in the performance of the practitioner's functions, engaging in illegal acts or conduct or if the practitioner no longer satisfies the statutory

requirements for appointment, or on the grounds of conflict of interest or lack of independence, or that the practitioner is incapacitated and unable to perform the functions of that office, and is unlikely to regain that capacity within a reasonable time.

The company, or the creditor who nominated the practitioner, as the case may be, must appoint a new practitioner if a practitioner dies, resigns or is removed from office, subject to the right of an affected person to bring a fresh application to set aside that new appointment.

11. Remuneration of Practitioner: Section 143 of the Act

In terms of the Companies Act, the practitioner is entitled to charge an amount to the company for the remuneration and expenses of the practitioner in accordance with the prescribed tariff.

The Tariff of Fees is contained in Companies Regulation 128 as follows:

“Tariff of fees for business rescue practitioners.—See s. 143—

- (1) The basic remuneration of a business rescue practitioner, as contemplated in section 143 (1), to be determined at the time of the appointment of the practitioner by the company, or the court, as the case may be, may not exceed—
 - (a) R 1250 per hour, to a maximum of R 15 625 per day, (inclusive of VAT) in the case of a small company;
 - (b) R 1500 per hour, to a maximum of R 18 750 per day, (inclusive of VAT) in the case of a medium company; or
 - (c) R 2000 per hour, to a maximum of R 25 000 per day, (inclusive of VAT) in the case of a large company, or a state-owned company.
- (2) Sub-regulation (1) does not apply to, limit or restrict any ‘further remuneration’ for a business rescue practitioner, as contemplated in section 143 (2) to (4).
- (3) In addition to the remuneration determined in accordance with section 143 (1) to (4), and this regulation, a practitioner is entitled to be reimbursed for the actual cost of any disbursement made by the practitioner, or expenses incurred by the practitioner to the extent reasonably necessary to carry out the practitioner’s functions and facilitate the conduct of the company’s business rescue proceedings.”

The practitioner may propose an agreement with the company providing for further remuneration, additional to the tariff, to be calculated on the basis of a contingency related to the adoption of a business rescue plan at all, or within a particular time, or the inclusion of any particular matter within such a plan or the attainment of any particular result or combination of results relating to the business rescue proceedings.

Subject to what is said below, such an agreement is final and binding on the company if it is approved by the holders of a majority of the creditors’ voting interests, present and voting at a meeting called for the purpose of considering the proposed agreement, and the holders of a majority of the voting rights attached to any shares of the company that entitle the shareholder to a portion of the residual value of the company on winding-up, present and voting at a meeting called for the purpose of considering the proposed agreement.

A creditor or shareholder who voted against a proposal contemplated in this provision may apply to a court within 10 business days after the date of voting on that proposal, for an order setting aside the agreement on the grounds that the agreement is not just and equitable or that the remuneration provided for in the agreement is unreasonable having regard to the financial circumstances of the company.

To the extent that the practitioner's remuneration and expenses are not fully paid, the practitioner's claim for those amounts will rank in priority before the claims of all other secured and unsecured creditors. The minister may make regulations prescribing a tariff of fees and expenses.

12. Institute of Accounting and Commerce Process/Steps involved in attaining the Designation of a BRP

Step 1: Meet all requirements per the Application Form as illustrated in the block hereunder.



INSTITUTE OF ACCOUNTING & COMMERCE

A RECOGNISED CONTROLLING BODY FOR
ACCOUNTANTS, TAX AND BUSINESS RESCUE PRACTITIONERS

APPLICATION FOR MEMBERSHIP

Category of Membership

Business Rescue Practitioner (BRP)

Code: IAC012

Membership No.

Name

Surname

Cell

Ph No. Code ()

On completion, this form should be returned to the Institute at:

P O Box 36477
GLOSDERRY
7702

Enquiries can be directed to:

Tell: (021) 761 - 6211

Email: members@iacsa.co.za



Application for Membership Business Rescue Practitioner (BRP)

Short Description of the Designation :

The Business Rescue Practitioner (BRP) assists companies who are technically insolvent from trading out of the state insolvency back to solvency.

Some of the duties of a Business Rescue Practitioner are:

1. To liaise with creditors of the company.
2. To negotiate a compromise agreement with their outstanding creditors in order that the company may continue to trade; e.g., by making an offer of 10c or 20c in the rand as an example.
3. To negotiate with current creditors, including Banks, to continue to supply the company with goods and services at a full rate in order for the company to trade.
4. To ensure the prompt settlement of all outstanding debts by the companies debtors
5. To negotiate with all staff members (and trade unions) on their condition of employment, and their continued employment or any staff reductions if it is deemed necessary for the continuance of the business.
6. To fully determine what caused the company to enter into business rescue and how the business rescue is initiated. It is important to understand the terms and provisions including the definition as contained in chapter 6 of the Companies Act No.71 of 2008.
7. To manage the company during business rescue operations and assist the company to trade out of its difficulties.

Criteria for obtaining the Professional Designation

In terms of Section 138(1) (chapter 6) of the Companies Act 71 of 2008, a person who is a member in good standing of a Recognised Controlling Body (RCB) with CIPC may be appointed as a Business Rescue Practitioner, provided that the person has a qualification in law, accounting or business management.

It is important that the Business Rescue Practitioner must also have practical experience of running a business. It is difficult at this stage to say what number of years of experience is

needed, however, it would be preferable if the person has had business experience in different fields of business rather than have had many years of experience in one particular area.

Academic Component

To have completed a qualification in Law, Accounting or a Business Management with a minimum SAQA rated NQF level 6 (pre 2009) and NQF 7 (Post 2009).

Practical/Workplace Experience

The Act does not prescribe the minimum number of years of experience required however it must be taken into account that this Act, although passed in 2008, only became effective on 1 May 2011.

We also note that CIPC only implemented this section of the Act in 2012. Taking this into account it indicates that no Business Rescue Practitioner has had more than 5 years practical experience as a BRP.

It could be argued that persons (Lawyers, Trustees etc.) provided a service for sequestration of companies for many years, but the Business Rescue aspect is a completely new concept and in actual fact contrary to liquidations.

It is therefore proposed by the IAC that an applicant should have at least 5 years practical experience as a Practicing Accountant / Commercial Lawyer or a Business Manager.

Board Examination/Competency Assessment

The IAC should set an entrance evaluation / exam of between 3 – 5 hours covering the following:

1. The administrative requirements for Business Rescue Practitioners with CIPC, i.e., the completion and timeous submission of the various forms required by CIPC.
2. Principles of Management.
3. Accounting
4. Company and Commercial Law
5. The Law of Insolvency (Insolvency Act)
6. Taxation.

Criteria for retaining the professional designation

(In order to ensure the currency of professional knowledge and to retain the Professional Designation, the professional must comply with the following minimum requirements)

Continuing Professional Development (CPD)

It was agreed between CIPC and the Controlling Bodies during May 2017 that the minimum CPD Hours would be as follows:

- ❖ 20 hours per year in total, of which:

- 12 hours must be verifiable / structured
 - 4 hours must be business rescue related
 - 8 hours non-core but have the elements of Tax, Finances, Company and Commercial Law
- 8 hours not verifiable / unstructured, e.g., reading material, etc.

The following proposal was made regarding CPD Hours:

1. The qualification and / experience of the presenter
2. Contents of the presentation split into:
 - a. Technical / Practical
 - b. Theory
3. Assessment (Assignment and questionnaire)
4. Length of time
5. NQF level of the programme

The committee recommended that the renewable period of the licence be done every 3 years, and therefore an evaluation need to done every 3 years.

Professional Indemnity Insurance

1. In order to comply and fall within the scope of the IAC, all Business Rescue Practitioners registered with the IAC are required to have satisfactory PII for each and every business rescue appointment accepted by such member.
2. The Member has the right to elect any Insurance Company as their chosen provider of PII, or use the R5m cover provided by the IAC PI Insurance through AON; the. The purpose of this Clause is merely for the provision of satisfactory PI Insurance Cover for each business rescue appointment rather than using a particular Insurance Company.
3. Failure on the Members part to acquire PII Cover will be strictly regarded as a violation of IAC membership conditions and as a result the Member may be subjected to disciplinary charges.
4. In the case where the Member has refused or neglected to acquire Professional Indemnity Insurance, the member hereby indemnifies the IAC against any claims which may arise due to the Member's failure or negligence or any other cause of whatever nature or reason.
5. By signature hereto the Member acknowledges and confirms that he /she has a valid and satisfactory PI Insurance Cover for each and every business rescue appointment.

1. Should there be any claims instituted against the IAC for whatsoever reason or nature relating to a Member's negligence, and if the said Member cannot produce proof of satisfactory PII cover, he /she, will be held personally liable for any damages that may arise due to such failure or negligent claim.
2. Each Member personally indemnifies the IAC for any damage or loss that may be incurred in the event of any Claim concerning failure of cover or the difference in cover for the variable loss that cannot be recovered by the Claimant.

Please attach certified copies of the following documents with your application form:

- I.D. document
- Proof of residence
- Matric certificate
- Degree Diploma
- Academic transcript
- A detailed affidavit of working experience
- Personal Tax clearance certificate (TCC)

and post to:

P.O. Box 36477, Glosderry, 7702

Phone: (021) 7616211 Email: members@iaca.co.za

Application for Membership Business Rescue Practitioner (BRP)

1. Personal Details

Prof [☐] Dr [☐] Mr [☐] Mrs [☐] Miss [☐] (Please TICK or specify other) _____

Name	
Surname	
Nationality	
ID / Passport Number	
Postal Address	

2. Contact Details

Telephone	Area Code ()
Fax	Area Code ()
Cell phone	
Email	

3. Present Employer

Name of Business	
VAT Number	

4. Business Address

Postal Address	
Street Address	

5. Currently Practicing as:

(Please TICK where applicable.)

- ☐ Business Rescue Practitioner
- ☐ Insolvency Practitioner
- ☐ Attorney
- ☐ Engaged in Insolvency administration
- ☐ Engaged in Business Rescue administration

6. Membership and Accreditation:

Member of IAC?

Yes

☐

No

☐

Certified by CIPC as a Business Rescue Practitioner?

Yes

☐

No

☐

If answers to both parts of pt. 6 are “Yes” the applicant need not complete Section A, and is only required to provide a certified copy of CIPC’s certification.

Section A

7. Where have you worked, the years employed in that company, and in what capacity?

Company	
No. of years	
Designation & Work Experience	

Company	
No. of years	
Designation & Work Experience	

Company	
No. of years	
Designation & Work Experience	

8. Referees - IAC Persons who will confirm that you have the necessary practical work experience:

Referee 1

Full Name	
Cell phone	
Email	
Signature	

Referee 2

Full Name	
Cell phone	
Email	
Signature	

9. Application for Professional Designation as a BUSINESS RESCUE PRACTITIONER (BRP)

(Please TICK where applicable.)

NQF - Registered Qualifications

- ☐ LLB, Level 7 or 8
- ☐ BCom, Level 6 or 7 with Accounting (first year)
- ☐ Attorney
- ☐ Engaged in Insolvency administration
- ☐ Engaged in Business Rescue administration

Any foreign qualification/s evaluated by SAQA as equivalent/comparable to a relevant NQF-registered Level 7 qualification?

Any other relevant level 7 qualification - specify

Section B

10. Membership of other Professional and Statutory Bodies

Are you currently a member of any other professional or statutory regulated body/bodies?

Yes

☐

No

☐

If YES, please list

Have you ever been refused membership to any other professional or statutory body?

Yes

☐

No

☐

If YES, please provide details.

Have you ever been disciplined, suspended, or had your membership terminated by any other professional or statutory regulated body?

Yes

☐

No

☐

If YES, please provide details.

11. Declaration

1. I hereby state that all details supplied in this application are true and correct.v
2. The Referees I have listed are aware of this application and have agreed to make themselves available to confirm my suitability for professional recognition.
3. I have attached certified copies of all my relevant qualifications, and understand that IAC may choose to verify them with the appropriate institutions.
4. I have read and accept the IAC Code of Conduct, and undertake to conduct myself accordingly.
5. I understand that I will be required to comply with the ongoing requirements of IAC's Continuing Professional Development Policy for the retention of any professional designation awarded me.
6. I understand that if this application is successful, in addition to my annual IAC membership subscription, there will be an annual fee of R5,000.00 to attain the professional designations of a Business Rescue Practitioner.

7. Have you ever been convicted of an offence under the Companies Act, the Close Corporation Act, the Insolvency Act or the Tax Act or been found guilty of a criminal offence in terms of section 234 to 237 of the Tax Administration Act of 2011.
- Yes [] No []

(If yes, please state details.)

8. Have you ever been convicted of a criminal offence?
- Yes [] No []

(If yes, please state details.)

9. Have you ever been insolvent, or assigned your estate, or been placed under debt review?
- Yes [] No []

(If yes, please state details.)

I hereby certify that the above particulars are correct. Should it be necessary,
I hereby authorize the Institute of Accounting and Commerce to make any enquiries it considers relevant to its acceptance of this application. If admitted as a member, I agree to abide by the rules, regulations and by-laws of the Institute of Accounting and Commerce as they now exist and as they may hereafter be altered, and to use my status as a member of the Institute in an honourable manner.

Signature of applicant

Signed at

Date

IAC Banks with: NEDBANK
Branch: Southern Peninsula
Branch Code: 12320900
Account Number: 1103711784
Account Type: Current Account

Please note: It is very important that you write your IAC membership number or name and surname in the reference section on the deposit slip.

Enquiries can be directed to:
Tel: (021) 761-6211 or
Email: members@iacsa.co.za

CONSENT AND ACKNOWLEDGMENTS IN TERMS OF THE PROTECTION OF PERSONAL INFORMATION ACT 2013 (POPI)

Introduction

The Protection of Personal Information Act (POPI) aims to give effect to the constitutional right to privacy by balancing the right to privacy against that of access to information. POPI requires that personal information pertaining to individuals be processed lawfully and in a reasonable manner that does not infringe on the right to privacy.

This consent form sets out how personal information will be collected, used and protected by IAC, as required by POPI. The use of the words “the individual” for the purposes of this document shall be a reference to any individual communicating with IAC and/or concluding any agreement, registration or application, with the inclusion of each individual referred to or included in terms of such agreement, registration or application

What is personal information?

The personal information that IAC requires relates to names and surnames, birth dates, identity numbers, passport numbers, demographic information, education information, occupation information, health information, addresses, memberships, personal and work email and contact details.

What is the purpose of the collection, use and disclosure (the processing) of personal information?

IAC is legally obligated to collect, use and disclose personal information for the purposes of:

- reporting to various organizations e.g., SARS, CIPC, SAQA, FASSET, PAFA, QCTO, etc;
- evaluate and process applications;
- compiling statistics and other research reports;
- providing personalized communications;
- complying with the law;

How will IAC process personal information?

IAC will only collect personal information for the purpose as stated above. Information will be collected in the following manner:

- direct from the individual;
- from education institutions, training providers, or other service providers that are providing or provided the individual with services;
- from our own records relating to our previous supply of services or responses to the individual's request for services;
- from a relevant public or equivalent entity.

To whom will personal information be disclosed?

The personal information may be disclosed to other relevant public or other entities on whose behalf we act as intermediaries, other third parties referred to above in relation to the purpose or who are sources of personal information,

Consent and Permission to process personal information:

- I hereby provide authorization to IAC to process the personal information.
- I understand that withholding of or failure to disclose personal information will result in IAC being unable to perform its functions and/or any services or benefits I may require from IAC.
- I indemnify and hold IAC harmless in respect of any claims by any other person on whose behalf I have consented; against IAC should they claim that I was not so authorized.
- I understand that in terms of POPI and other laws of the country, there are instances where my express consent is not necessary in order to permit the processing of personal information, which may be related to police investigations, litigation or when personal information is publicly available
- I will not hold IAC responsible for any improper or unauthorized use of personal information that is beyond its reasonable control.

Signature of Applicant: _____

Rights regarding the processing of personal information:

- The individual may withdraw consent to the processing of personal information at any time, and should they wish to do so, must provide IAC with reasonable notice to this effect. Please note that withdrawal of consent is still subject to the terms and conditions of any contract that is in place. Should the withdrawal of consent result in the interference of legal obligations, then such withdrawal will only be effective if IAC agrees to same in writing. IAC specifically draws to the attention that the withdrawal of consent may result in it being unable to provide the requested information and/or services and/or financial or other benefits. Further, please note that the revocation of consent is not retroactive and will not affect disclosures of personal information that have already been made.
- In order to withdraw consent, please contact the Membership Dept. on members@iacsa.co.za
- Where personal information has changed in any respect, the individual is encouraged to notify IAC so that our records may be updated. IAC will largely rely on the individual to ensure that personal information is correct and accurate.

- The individual has the right to access their personal information that IAC may have in its possession and is entitled to request the identity of which third parties have received and/or processed personal information for the purpose. Please note however, that any request in this regard may be declined if:

- the information comes under legal privilege in the course of litigation,
- the disclosure of personal information in the form that it is processed may result in the disclosure of confidential information,
- giving access may cause a third party to refuse to provide similar information to IAC,
- the information as it is disclosed may result in the disclosure of another person's information,
- the information contains an opinion about another person and that person has not consented,
- the disclosure is prohibited by law.

Requesting access and lodging of complaints:

- Please submit any requests for access to personal information in writing to IAC's Membership Dept members@iacsa.co.za
- With any request for access to personal information, IAC will require the individual to provide personal information in order to verify identification and therefore the right to access the information.
- There may be a reasonable charge for providing copies of the information requested.

RECOMMENDED BY:

I hereby declare that I have been recommended to the

Institute of Accounting and Commerce by:

Member Name and membership number:

Category of membership:

Signed by Applicant:

Signed by Member:

Date:

Approved by:

Date:

For Office Use Only:

Membership Recommended:

Business Rescue Practitioner

[Y] [N]

Action to be taken:

Signature of Membership Officer:

Date:

Approved on:

Not Approved on:

Application for Membership Approved by EXCO Meeting on:

Application for Membership Approved by Board Meeting on:

Signature of: CEO OR GM:

Date:

- a) In terms of Section 138(1) (chapter 6) of the Companies Act 71 of 2008, a person who is a member in good standing of a Recognised Controlling Body (RCB) with CIPC may be appointed as a Business Rescue Practitioner, provided that the person has a qualification in law, accounting or business management.
- b) Academic Component
 - i. To have completed a qualification in Law, Accounting or Business Management with a minimum SAQA rated NQF level 6 (pre-2009) and NQF 7 (post-2009).
- c) Practical/Workplace Experience
 - i. The IAC proposes that an applicant should have at least 5 years practical experience as a Practising Accountant / Commercial Lawyer or a Business Manager.

Step 2: Submit Application Form to IAC which includes CV with experience reference list.

Step 3: Complete the Assessment (CIPC, Insolvency & Liquidation, Principles of Management & some questioning on Tax, Accounting & Company Law – 4 hours; confirmation by assessor of sufficient experience).

Step 4: Apply for letter of Good Standing issued by the CEO, a sample of which is contained in the block hereunder.



Tel: +27 217616211 Fax: +27 866376989 Email: info@iacsa.co.za URL: www.iacsa.co.za
Head Office: 252 Rosmead Avenue, Wynberg 7780 PO Box: 36477, Glosderry, 7702
Non-Profit Company (NPC) Reg. No. 1981/011981/08

19th July 2021

To whom it may concern

Re: Mr. Joey Soap - Membership No.000001

The Institute of Accounting and Commerce (IAC) is a Recognised Controlling Body (RCB) with the Companies and Intellectual Property Commission (CIPC) and South African Revenue Service (SARS) to register Accounting Officers, Tax and Business Rescue Practitioners.

This serves to confirm that **Mr. Joey Soap (I.D.: 00000000000000)** membership number 000001, is a registered **Certified Business Rescue Practitioner** with the Institute of Accounting and Commerce, which is a Recognised Professional Body.

Mr. Soap joined the Institute on the 31st January 2021 and is currently a member in Good Standing.

This letter of Good Standing is valid for 12 months from date of issue, i.e., 19th July 2021 until 18th June 2022.

Membership with the Institute is renewed on an annual basis and runs from 01st January to 31st December in each calendar year.

Should any material adverse facts or circumstances come to the attention of the Institute regarding the member, after the date of the issue of this confirmation, the Institute reserves the right to withdraw this confirmation without further notice.

Yours faithfully,

Prakash Singh
Chief Executive Officer



Directors: A.W. Bezuidenhout (President), S.T. Cupido (Vice-President), D.M. Johnstone, J.M.J. Lubbe, T. Mzwakali, D.W. Swanepoel,
M. Telleman, H.R. Badenhorst



Step 5: Receive letter of Good Standing from IAC.

Step 6: Issuing of licence to be a BRP by CIPC – Junior / Experienced / Senior.

Step 7: Inform CIPC in the prescribed format when you get an assignment of a Company in Distress.

Step 8: The Board of the Company can resolve to seek Business Rescue voluntarily (COR 123.1).

Step 9: Company notifies affected persons to appoint a BRP after filing a COR 123.1 within 5 business days.

Step 10: BRP convenes first meeting with affected persons within 10 business days.

Step 11: BRP does the Business Rescue Plan comprising: Background / Proposals / Assumptions & Conditions.

Step 12: CBRP takes control of the Company – but cannot remove pre-existing management/staff.

Step 13: Business rescue ends if there is no reasonable ground for rehabilitation – Company is declared Insolvent.

- d) However, if the business rescue is successful, the CBRP completes the implementation plan, and when completed, hands back control of the business to the board of directors.

Step 14: BRP then files for liquidation with the Master of the High Court and notifies CIPC.

Step 15: That is where business rescue ends, and the liquidation process starts.

Step 16: It was agreed between CIPC and the IAC that the minimum CPD hours for Certified Business Rescue Practitioners would be as follows:

- e) 20 hours per year in total, of which:
 - i. 12 hours must be verifiable/structured of which
 - ii. 4 hours must be business rescue related and 8 hours non-core but have the elements of Tax, Finances, Company and Commercial Law
 - iii. 8 hours not verifiable / unstructured.
- f) As per the agreement between the IAC and the CIPC Committee, an evaluation of the Certified Business Rescue Practitioner needs to be completed every 3 years.



Copyright © 2020 Institute of Accounting and Commerce of South Africa

252 Rosmead Avenue, Wynberg, 7708 South Africa
PO Box 36477, Glosderry, 7702 South Africa
Telephone: +27 (0)21 761 6211

Non-Profit Company registration Number 1981/0011981/08

All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means without permission
in writing from the Institute of Accounting and Commerce of South Africa

Compiled by the Education Committee (EDCOM) of the Institute of Accounting and Commerce of South Africa:
Daryl Swanepoel (Chairperson), Stephen Klein, Aaiesha Jacobs, Prakash Singh (ex officio)