**Chartered Accountants Declaration**

***Introduction***

With the significant changes stemming from the new Companies Act (the *Companies Act,* No. 71 of 2008), there has been an increased focus on engagements to compile financial statements. The new Act has opened the doors to other practitioners who act as accounting officers to also provide compilation services.

In order to differentiate financials prepared by CAs(SA) from those of other practitioners, the SAICA National Small Medium Practices (NSMP) committee has developed a CA declaration report with the ultimate aim of promoting the CA(SA) brand. With no prescribed standard to be used for compilation engagements, together with the increased number of players in this space, it is likely that quality and consistency of financial statements will be compromised. Use of a CA(SA) will differentiate financials prepared by CA professionals from those prepared by other practitioners by ensuring that an international standard (ISRS 4410) is used and other ethical requirements per the SAICA Code of Professional Conduct are adhered to.

***What is the CA(SA) declaration?***

SAICA has developed a letter which is not a technical report, but rather a declaration that its members can issue with financial statements that they have compiled. This declaration stipulates that a CA(SA) is required to comply with the SAICA Code of Professional Conduct, which is aligned with the International Ethics Standards Board for Accountants (IESBA) code.

The declaration is not intended to replace any other technical report that is required per ISRS 4410, but rather to supplement the annual financial statements of the company. It is therefore a marketing tool to enhance the confidence in annual financial statements prepared by CAs(SA), as opposed to those prepared by the company itself or other accounting practitioners.

It is also important to bear in mind that no assurance is provided by a compilation engagement, and thus the ISRS 4410 report does not provide an opinion – what does result in credit providers relying on the relevant financial statements, is the fact that a CA(SA) is the independent professional compiler of those statements.

***The use of the CA(SA) declaration***

While this report is not compulsory, SAICA would urge all compilers of financial statements to include the declaration when performing a compilation engagement especially where there is no accompanying independent review or audit report.

***Benefits of using the CA(SA) declaration***

A study conducted by research company Terra Nova on behalf of the SAICA among some top banks and specialised small business finance providers confirmed that South African financiers prefer and place more reliance on financial records that have been prepared by chartered accountants. So while no assurance is provided in a compilation engagement, reliance is nevertheless placed on financials compiled by CAs(SA) given their rigorous qualification and training process as well as the high standards of professional conduct to which CAs(SA) are bound.

It is envisaged that the CA(SA) declaration will promote the CA(SA) brand, and instil confidence in clients, investors and users by differentiating financials prepared by CAs(SA) from those prepared by other practitioners. Therefore it is hoped that the CA(SA) declaration report will become an indicator for institutions and funders of the quality and reliability of financial statements. This becomes imperative when one considers those changes in legislation which exempt certain companies from having a statutory audit and in some cases not having any assurance provided at all. Thus, given the above and the results from the research, it is advised that businesses appoint a CA(SA) to compile their annual financial statements, so they can be assured not only that the financials were compiled in compliance with an international standard, but also that credit providers and investors are likely to place reliance thereon. Where relevant, it would therefore also greatly enhance their opportunities for external funding.

**THE CHARTERED ACCOUNTANT (SOUTH AFRICA) DECLARATION**

The following annual financial statements of XYZ (PTY) LIMITED, as presented on pages X to X, have been independently compiled by a Chartered Accountant (South Africa) [CA(SA)]. Refer to compilation report on page X.

Use of the CA(SA) designation is governed by the *Chartered Accountants Designation (Private) Act*, 1993 (Act 67 of 1993), which regulates and permits the use of the CA(SA) designation exclusively by members of The South African Institute of Chartered Accountants (SAICA). Use of the designation without SAICA membership is consequently a criminal offence, and misuse is subject to legal action.

SAICA is the premier accountancy body in South Africa and one of the leading chartered accountancy institutes in the world and all members must comply with the Code of Professional Conduct which conforms to the code released by the International Ethics Standards Board for Accountants (IESBA). The SAICA code and definitions contained therein are consistent in all material aspects with the International Federation of Accountants’ (IFAC) code as well as the Independent Regulatory Board for Auditors (IRBA) code.

The following fundamental principles are embodied in the SAICA Code of Professional Conduct and are to be upheld by all CAs(SA) at all times.

* Integrity – a duty to be straightforward and honest in all professional and business Relationships

 Objectivity – a duty to not allow bias, conflict of interest or undue influence of others to override professional or business judgments

* Professional competence and due care – a duty to maintain professional knowledge and skill at the level required to ensure that a client receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
* Confidentiality – a duty to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the chartered accountant or third parties.
* Professional behaviour – a duty to comply with relevant laws and regulations and avoid any action that discredits the accountancy profession.

A distinguishing characteristic of CAs(SA) are their responsibilities and duties which extend beyond the needs of individual clients and also includes the public as a whole.

Accordingly, this declaration serves to confirm that the above mentioned financial statements have been prepared by a CA(SA) who has observed and complied with the SAICA Code.

PARTNER/DIRECTOR

CA(SA)