

Ref: #769862

Ms. Tania Wimberly
Head of Financial Reporting
Johannesburg Stock Exchange Limited
One Exchange Square
Gwen Lane
Sandown
2146
04 August 2021

Attention: Ms. Tania Wimberly

Dear Tania

TIMING OF RELEASE OF "COMBINED FINDINGS OF THE JSE PROACTIVE MONITORING OF FINANCIAL STATEMENTS" REPORT

The financial services industry appreciates the Johannesburg Stock Exchange's (JSE) review and proactive monitoring (PM) of the financial statements of listed South African companies. This process assists companies in assessing their compliance with globally recognised International Financial Reporting Standards (IFRS), which in turn strengthens perceptions of the South African market regulation process.

A key outcome of the proactive monitoring process is the publication by the JSE of its PM report. The most recent report was released on 19 February 2021. This report detailed the process undertaken by the JSE, key findings for the year under review and highlighted focus areas that issuers of financial statements should be aware of for the current year.

The PM report includes the following sentence: "From 2016, the JSE specifically requested the audit committee of every issuer to consider the findings contained in the PM reports when preparing their next set of AFS and interims. From 2017 we requested confirmation of this fact."

The issuers of financial statements would like the opportunity to ensure that any areas that the JSE highlights are fully addressed in the immediate subsequent reporting period, being either the interim or annual reporting period.

Certain of the listed companies within the financial services industry have 31 December to 31 March year-ends and publish their annual financial statements (AFS) between late February and May. The time between the publication of the JSE's most recent PM report (on 19 February 2021) and the audit committee meetings, where the AFS for December to March year end entities were approved, was very limited. For certain entities, the papers for this



final audit committee meeting were already circulated prior to the publication of the JSE PM report.

Where the PM report highlights areas where an issuer could improve its IFRS disclosures, time may be needed to source the disclosures, and possibly even comparative information. These disclosures then also need to be properly reviewed internally, typeset and audited, before the financial statements can be approved by the board of directors and the audit committee. The February release date hence creates practical timing issues for issuers, auditors and audit committees for entities with a 31 December to 31 March year-end.

We request that the JSE give consideration to publish the PM report in November each year, in order to give both issuers and auditors sufficient time to comprehensively address any areas highlighted in the report and, more specifically, disclosure inefficiencies in the immediately subsequent reporting period. We believe that this would further increase the value that the PM report adds to the financial statement process.

Yours Sincerely
Kedibone Sono
SAICA PD MIB Technical

Milton Segal
Snr Exec: Corporate Reporting

cc

Andrew Graham Taylor
Bruce Thomas
Gerdus Dixon
Shaun Osner

Chairman: SAICA Insurance Project Group
Chairman: SAICA Banking Project Group
Chairman : SAICA Insurance Project Group
Chairman : SAICA Medical Schemes Project Group