

## **Summary in relation to identified requirements of the Companies Act, 2008: The CIPC's interpretation around 'voluntary audits'**

---

### **Please note:**

- 1. Every effort has been made to ensure that the information in this summary document is correct. Nevertheless, information is given purely as guidance to assist with particular problems related to the subject matter and SAICA will have no responsibility to any person for any claim of any nature whatsoever that may arise out of or related to the contents of this guide.*
  - 2. The information provided in this document does not constitute legal advice and should be read in that context.*
  - 3. Where the document suggests a particular view, such a view is based on SAICA's interpretation, at that point in time, of the Companies Act and the relevant sections. Although SAICA has consulted widely, it is possible that a different view may ultimately be followed in practice; for example, in instances where the Companies and Intellectual Property Commission provides specific guidance.*
- 

### **Introduction and background**

The Companies Act, 2008 (Companies Act) states in Section 30(2) (b) (i) that the annual financial statements must be audited if required by the Companies Regulations, 2011 (regulations) in terms of subsection (7) also taking into account the public interest, having regard for the following factors: annual turnover, size of workforce or nature and extent of activities.

Section 30(2) (b) (ii) thereafter states that the annual financial statements must be either (a) audited voluntarily if required in the Memorandum of Incorporation (MOI) or by shareholder resolution or board decision, or (b) independently reviewed in a manner that satisfies the regulations in terms of subsection (7).

The question arises whether the additional requirements that apply to companies (and also close corporations) required to have their annual financial statements audited in terms of the Companies Act, also applies to companies that choose to have their annual financial statements audited voluntarily in terms of the MOI or a shareholder resolution or a board decision.

The CIPC released a document titled [“Information Notice: Voluntary Audits”](#) dated 8 June 2018 (the Information Notice) that sets out CIPC’s interpretation around the meaning of ‘voluntary audit’.

The Information Notice discusses ‘voluntary audit’ as it is introduced in Section 30(2) (b) of the Companies Act and then draws specific attention to Section 30(4) which addresses the disclosure of directors’ remuneration. It states, among other, that *“since The Companies Act requires that a company be voluntarily audited, should its Memorandum of Incorporation, a shareholders resolution, or the board of directors so determines same, this is then a requirement in terms of the Act. Hence, moving on to subsection 4, it is stated that if the Act requires this, then the audit must include the disclosure of remuneration, and other amounts (specified above) in respect of each director.*

*All requirements relevant to a mandatory audit will then also include a ‘voluntary audit’ as per the afore-mentioned provisions. The criteria must remain the same for both types of audit ...”*

The conclusion-section of the Information Notice states: *“All entities which file audited financial statements, regardless of it being mandatory or voluntary, must ensure that there is disclosure of directors’ remuneration, as prescribed in Section 30(4), inter alia.”*

This interpretation has a logical follow-on effect on all sections in the Companies Act that require companies / close corporations to comply with certain provisions when it is required to have its annual financial statements audited in terms of this Act.

SAICA continually engaged with the CIPC on this interpretation and submitted written representations and also attended two meetings with the CIPC on 21 June and 8 August 2018.

The CIPC has subsequently released a [Confirmation Notice, Notice 69 of 2018](#) on 15 October 2018 (the Confirmation Notice) confirming their interpretation.

Although the Information Notice specifically concludes on the disclosure of directors’ remuneration, and the Confirmation Notice states in its last paragraph “Therefore, pursuant to the above, the said Notice, with emphasis on its Conclusion, remains fully effective and mandatory”, SAICA is of the view that the interpretation attached to the meaning of ‘voluntary audit’ as it has been introduced by CIPC has broader implications. It affects all sections of the Companies Act that contain provisions which apply to a company / close corporation when it is required by the Act or the regulations to have its annual financial statements audited, be it mandatory or voluntary. The latter includes instances where annual financial statements are audited voluntarily in terms of the MOI or a shareholder resolution or a board decision (read as required in the context of a close corporation).

SAICA has prepared the summary, below, that provides an overview of how certain identified provisions of the Companies Act apply to different categories of companies and close corporations. Where relevant, the summary distinguishes between views originally held by SAICA and the CIPC’s view, where different from SAICA’s view, as per published information (shown in red, italics with the relevant reference).

SAICA will continue to engage with the CIPC and other stakeholders on this matter. Some of the implications highlighted in this summary may not have been anticipated or necessarily

intended, but it is prudent that we inform SAICA members and associates regarding the CIPC's interpretation and its implications / potential implications in accordance with the information that is available at present.

## Definitions

<ul style="list-style-type: none"> <li>State-owned company:</li> </ul>	An enterprise registered in terms of the Act as a company, and either (a) is listed as a public entity in Schedule 2 or 3 of the Public Finance Management Act, 1999; or (b) is owned by a municipality, as contemplated in the Local Government Municipal Systems Act, 2000, and is otherwise similar to an enterprise referred to in par (a).
<ul style="list-style-type: none"> <li>Private company:</li> </ul>	A profit company that (a) is not a public, personal liability, or state-owned company; and (b) its Memorandum of Incorporation (i) prohibits it from offering any of its securities to the public and (ii) restricts the transferability of its securities. Please note that both requirements in b(i) and (ii) must be met.
<ul style="list-style-type: none"> <li>Personal liability company:</li> </ul>	A profit company that meets the criteria for a private company, and whose Memorandum of Incorporation states that the company is a personal liability company.
<ul style="list-style-type: none"> <li>Public company:</li> </ul>	A profit company that is not a state-owned company, a private company or a personal liability company.
<ul style="list-style-type: none"> <li>Non-profit company:</li> </ul>	Defined as: (a) a company incorporated for a public benefit or other object as required by item 1(1) of Schedule 1; and (b) the income and property of which are not distributable to its incorporators, members, directors, officers or persons related to any of them except to the extent permitted by item 1(3) of Schedule 1.
<ul style="list-style-type: none"> <li>Close corporation:</li> </ul>	Means a close corporation referred to in section 2(1) which has been registered under Part III of the Close Corporations Act, 1984.

**The summary is presented in table format, under the following headings:**

1. Profit companies
2. Close corporations
3. Non-Profit companies

## 1. Profit companies

Categories of companies	Financial Reporting Standards Regulation 27	Audit / Review Section 30, Regulations 28 & 29	Directors remuneration disclosure – Section 30(4)	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 33 and Regulation 30	Appointment of the auditor Section 90	Rotation of the auditor Section 92
State owned companies (SOC)	IFRS, but in the case of any conflict with any requirement in terms of the Public Finance Management Act, the latter prevails.	Audit	Disclose	Submit AFS via iXBRL	Applies	Applies
Public companies listed on an exchange (Ltd)	IFRS	Audit	Disclose	Submit AFS via iXBRL	Applies	Applies
Public companies not listed on an exchange (Ltd)	One of (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs	Audit	Disclose	Submit AFS via iXBRL	Applies	Applies
Private (Pty(Ltd)) or Personal Liability (Inc.) companies, whose public interest score for the particular financial year is at least 350 <u>OR</u> who hold assets in excess of R5m in a fiduciary capacity	One of (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs	Audit	Disclose	Submit AFS via iXBRL	Applies	Applies
Private (Pty(Ltd)) or Personal Liability (Inc.) companies, whose public interest score for the particular financial year is at least 100 but less than 350 and the AFS are <b>internally compiled</b>	One of (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs; or (c) SA GAAP (but has been withdrawn)	Audit Note: The Section 30(2A) "owner managed" exemption does NOT apply	Disclose	Submit AFS via iXBRL	Applies	Applies

Categories of companies	Financial Reporting Standards Regulation 27	Audit / Review Section 30, Regulations 28 & 29	Directors remuneration disclosure – Section 30(4)	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 33 and Regulation 30	Appointment of the auditor Section 90	Rotation of the auditor Section 92
Private (Pty(Ltd)) or Personal Liability (Inc.) companies, whose public interest score for the particular financial year is at least 100 but less than 350 and the AFS are <b>independently compiled</b> .	One of (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs; or (c) SA GAAP (but has been withdrawn)	Independent review. Note: If the criteria of Section 30(2A), “owner managed” exemption, are met, there is no review requirement	No disclosure required	Submit FAS or voluntarily submit AFS via iXBRL, (refer: CIPC XBRL FAQs, Question 61)	Not applicable	Not applicable
		<b>However</b> Audit of AFS if MOI requires an audit	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view – disclose directors remuneration (Information notice – voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL  <i>CIPC view - Submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Question 74)</i>	Applies (SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company)	Applies (Refer to SAICA media release: Must I replace my auditor after 5 years of service)
		<b>However</b> Audit of AFS based on a shareholder resolution or a board decision	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice- Voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL	Not applicable  <i>CIPC view– apply section 90 (refer Information notice - Voluntary audits, states that: “all requirements relevant to a mandatory audit will then also include a ‘voluntary audit’ as per the afore-stated provisions”)</i>	Not applicable  <i>CIPC view– apply section 92 (refer Information notice - Voluntary audits, states that: “all requirements relevant to a mandatory audit will then also include a ‘voluntary audit’ as per the afore-stated provisions”)</i>

Categories of companies	Financial Reporting Standards Regulation 27	Audit / Review Section 30, Regulations 28 & 29	Directors remuneration disclosure – Section 30(4)	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 33 and Regulation 30	Appointment of the auditor Section 90	Rotation of the auditor Section 92
Private (Pty (Ltd)) or Personal Liability (Inc.) companies, whose public interest score for the particular financial year is less than 100, and the AFS are <b>independently compiled</b>	One of (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs; or (c) SA GAAP (but has been withdrawn)	Independent review Note: If the criteria of Section 30(2A), “owner managed” exemption, are met, there is no review requirement	No disclosure required	Submit FAS or voluntarily submit AFS via iXBRL, (refer: CIPC XBRL FAQs, Question 61)	Not applicable	Not applicable
		<b>However</b> Audit of AFS if MOI requires an audit	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view – disclose directors remuneration (Information notice – voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL  <i>CIPC view - Submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Question 74)</i>	Applies (SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company)	Applies (Refer to SAICA media release: Must I replace my auditor after 5 years of service)
		<b>However</b> Audit of AFS based on a shareholder resolution or a board decision	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice - Voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL	Not applicable  <i>CIPC view– apply section 90 (refer Information notice - Voluntary audits, states that: “all requirements relevant to a mandatory audit will then also include a ‘voluntary audit’ as per the afore-stated provisions”)</i>	Not applicable  <i>CIPC view– apply section 92 (refer Information notice - Voluntary audits, states that: “all requirements relevant to a mandatory audit will then also include a ‘voluntary audit’ as per the afore-stated provisions”)</i>

Categories of companies	Financial Reporting Standards Regulation 27	Audit / Review Section 30, Regulations 28 & 29	Directors remuneration disclosure – Section 30(4)	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 33 and Regulation 30	Appointment of the auditor Section 90	Rotation of the auditor Section 92
Private (Pty(Ltd)) or Personal Liability (Inc.) companies, whose public interest score for the particular financial year is less than 100, and the AFS are internally compiled	The Financial Reporting Standard as determined by the company for as long as no Financial Reporting Standards are prescribed	Independent review Note: If the criteria of Section 30(2A), “owner managed” exemption, are met, there is no review requirement	No disclosure required	Submit FAS or voluntarily submit AFS via iXBRL, (refer: CIPC XBRL FAQs, Question 61)	Not applicable	Not applicable
		<b>However</b> Audit of AFS if MOI requires an audit	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view – disclose directors remuneration (Information notice – voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL  <i>CIPC view - Submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Question 74)</i>	Applies (SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company)	Applies (Refer to SAICA media release: Must I replace my auditor after 5 years of service)
		<b>However</b> Audit of AFS based on a shareholder resolution or a board decision	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice - Voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL	Not applicable  <i>CIPC view– apply section 90 (refer Information notice - Voluntary audits, states that: “all requirements relevant to a mandatory audit will then also include a ‘voluntary audit’ as per the afore-stated provisions”)</i>	Not applicable  <i>CIPC view– apply section 92 (refer Information notice - Voluntary audits, states that: “all requirements relevant to a mandatory audit will then also include a ‘voluntary audit’ as per the afore-stated provisions”)</i>

## 2. Close corporations

Close corporations	Financial Reporting Standards Section 10(3) of the Close Corporations Act, Regulation 29(4) of the Companies Act	Accounting officer's report / Audit / Review Sections 58(2A) and 62(1)(c) of the Close Corporations Act	Member remuneration disclosure Section 58(2A) of the Close Corporations Act	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 15A of the Close Corporations Act	Appointment of the auditor – Section 62A of the Close Corporations Act refers to Chapter 3 (Companies Act) application	Rotation of the auditor Section 62A of the Close Corporations Act refers to Chapter 3 (Companies Act) application
Close corporations, whose public interest score for the particular financial year is at least 350 <u>OR</u> who hold assets in excess of R5m in a fiduciary capacity	One of (a) IFRS; or (b) IFRS for SMEs, provided that the close corporation meets the scoping requirements outlined in the IFRS for SMEs	Audit AND Accounting officer's report	Disclose	Submit Annual return, no requirement to submit AFS  <i>CIPC view - Submit AFS via iXBRL (refer CIPC XBRL FAQs v3.8, Question 13 and Notice 52 of 2018)</i>	Applies	Applies
Close corporations, whose public interest score for the particular financial year is at least 100 but less than 350 and the AFS are <b>internally compiled</b>	One of (a) IFRS; or (b) IFRS for SMEs, provided that the close corporation meets the scoping requirements outlined in the IFRS for SMEs, or (c) SA GAAP (but has been withdrawn)	Audit AND Accounting officer's report Note: The Section 30(2A) "owner managed" exemption does not apply <sup>1</sup> , and independent review does not apply.	Disclose	Submit Annual return, no requirement to submit AFS  <i>CIPC view - Submit AFS via iXBRL (refer CIPC XBRL FAQs v3.8, Question 13 and Notice 52 of 2018)</i>	Applies	Applies

<sup>1</sup> Section 58(2A) of the Close Corporations Act states that Section 30(2) (b), and (3) to (6) of the Companies Act, read with the changes required by the context, apply to a corporation that is required by the Regulations made in terms of section 30(7) of the Companies Act, to have its annual financial statements audited. Therefore, Section 30(2A) is not applicable to a close corporation.



Close corporations	Financial Reporting Standards Section 10(3) of the Close Corporations Act, Regulation 29(4) of the Companies Act	Accounting officer's report / Audit / Review Sections 58(2A) and 62(1)(c) of the Close Corporations Act	Member remuneration disclosure Section 58(2A) of the Close Corporations Act	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 15A of the Close Corporations Act	Appointment of the auditor – Section 62A of the Close Corporations Act refers to Chapter 3 (Companies Act) application	Rotation of the auditor Section 62A of the Close Corporations Act refers to Chapter 3 (Companies Act) application
Close corporations, whose public interest score for the particular financial year is at least 100 but less than 350 and the AFS are <b>independently compiled</b>	One of (a) IFRS; or (b) IFRS for SMEs, provided that the close corporation meets the scoping requirements outlined in the IFRS for SMEs, or (c) SA GAAP (but has been withdrawn)	Accounting officer's report Note: The Section 30(2A) "owner managed" exemption does not apply <sup>2</sup> , and independent review does not apply.	No disclosure	Submit Annual return, no requirement to submit AFS  <i><b>CIPC view</b> - Submit FAS or voluntarily submit AFS via iXBRL (refer CIPC XBRL FAQs, Question 13 and Notice 52 of 2018)</i>	Not applicable	Not applicable
		<b>However</b> Audit of AFS if the close corporation stated in its founding documents that an audit is required	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i><b>CIPC view</b> - disclose directors remuneration (Information notice - Voluntary audits)</i>	Submit Annual return, no requirement to submit AFS  <i><b>CIPC view</b>- Submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Questions 13, 14 and 74 and Notice 52 of 2018)</i>	Applies (SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company)	Applies
		<b>However</b> Audit of AFS if the close corporation decided to have an audit based on a member decision	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i><b>CIPC view</b> - disclose directors remuneration (Information notice - Voluntary audits)</i>	Submit Annual return, no requirement to submit AFS	Not applicable  <i><b>CIPC view</b>– apply section 90 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>	Not applicable  <i><b>CIPC view</b>– apply section 92 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>

<sup>2</sup> Section 58(2A) of the Close Corporations Act states that Section 30(2) (b), and (3) to (6) of the Companies Act, read with the changes required by the context, apply to a corporation that is required by the Regulations made in terms of section 30(7) of the Companies Act, to have its annual financial statements audited. Therefore, Section 30(2A) is not applicable to a close corporation.

Close corporations	Financial Reporting Standards Section 10(3) of the Close Corporations Act, Regulation 29(4) of the Companies Act	Accounting officer's report / Audit / Review Sections 58(2A) and 62(1)(c) of the Close Corporations Act	Member remuneration disclosure Section 58(2A) of the Close Corporations Act	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 15A of the Close Corporations Act	Appointment of the auditor – Section 62A of the Close Corporations Act refers to Chapter 3 (Companies Act) application	Rotation of the auditor Section 62A of the Close Corporations Act refers to Chapter 3 (Companies Act) application
Close corporations whose public interest score for the particular financial year is less than 100, and the AFS are <b>independently compiled</b> .	One of (a) IFRS; or (b) IFRS for SMEs, provided that the close corporation meets the scoping requirements outlined in the IFRS for SMEs; or (c) SA GAAP (but has been withdrawn)	Accounting officer's report Note: The Section 30(2A) "owner managed" exemption does not apply <sup>3</sup>	No disclosure	Submit Annual return, no requirement to submit AFS  <i>CIPC view - Submit FAS or voluntarily submit AFS via iXBRL (refer CIPC XBRL FAQs v3.8, Question 13 and Notice 52 of 2018)</i>	Not applicable	Not applicable
		<b>However</b> Audit if the close corporation stated in its founding documents that an audit is required	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice-Voluntary audits)</i>	Submit Annual return, no requirement to submit AFS  <i>CIPC view - Submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Questions 13, 14 and 74 and Notice 52 of 2018)</i>	Applies (SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company)	Applies
		<b>However</b> Audit if the close corporation decided to have an audit based on a member decision	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice-Voluntary audits)</i>	Submit Annual return, no requirement to submit AFS  <i>CIPC view - Submit FAS or voluntarily submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Questions 13, 14 and 74 and Notice 52 of 2018)</i>	Not applicable  <i>CIPC view– apply section 90 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>	Not applicable  <i>CIPC view– apply section 92 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>

<sup>3</sup> Section 58(2A) of the Close Corporations Act states that Section 30(2) (b), and (3) to (6) of the Companies Act, read with the changes required by the context, apply to a corporation that is required by the Regulations made in terms of section 30(7) of the Companies Act, to have its annual financial statements audited. Therefore, Section 30(2A) is not applicable to a close corporation.

Close corporations	Financial Reporting Standards Section 10(3) of the Close Corporations Act, Regulation 29(4) of the Companies Act	Accounting officer's report / Audit / Review Sections 58(2A) and 62(1)(c) of the Close Corporations Act	Member remuneration disclosure Section 58(2A) of the Close Corporations Act	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 15A of the Close Corporations Act	Appointment of the auditor – Section 62A of the Close Corporations Act refers to Chapter 3 (Companies Act) application	Rotation of the auditor Section 62A of the Close Corporations Act refers to Chapter 3 (Companies Act) application
Close corporations, whose public interest score for the particular financial year is less than 100, and the AFS are <b>internally compiled</b> .	The Financial Reporting Standard as determined by the close corporation for as long as no Financial Reporting Standards are prescribed	Accounting officer's report Note: The Section 30(2A) "owner managed" exemption does not apply <sup>4</sup>	No disclosure	Submit Annual return, no requirement to submit AFS  <i><b>CIPC view</b> - Submit FAS or voluntarily submit AFS via iXBRL (refer CIPC XBRL FAQs v3.8, Question 13 and Notice 52 of 2018)</i>	Not applicable	Not applicable
		<b>However</b> Audit if the close corporation stated in its founding documents that an audit is required	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i><b>CIPC view</b> - disclose directors remuneration (Information notice-Voluntary audits)</i>	Submit Annual return, no requirement to submit AFS  <i><b>CIPC view</b> - Submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Questions 13, 14 and 74 and Notice 52 of 2018)</i>	Applies (SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company)	Applies
		<b>However</b> Audit if the close corporation decided to have an audit based on a member decision	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i><b>CIPC view</b> - disclose directors remuneration (Information notice-Voluntary audits)</i>	Submit Annual return, no requirement to submit AFS  <i><b>CIPC view</b>- Submit FAS or voluntarily submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Questions 13, 14 and 74 and Notice 52 of 2018)</i>	Not applicable  <i><b>CIPC view</b>– apply section 90 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>	Not applicable  <i><b>CIPC view</b>– apply section 92 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>

<sup>4</sup> Section 58(2A) of the Close Corporations Act states that Section 30(2) (b), and (3) to (6) of the Companies Act, read with the changes required by the context, apply to a corporation that is required by the Regulations made in terms of section 30(7) of the Companies Act, to have its annual financial statements audited. Therefore, Section 30(2A) is not applicable to a close corporation.



### 3. Non-Profit companies

Categories of companies	Financial Reporting Standards Regulation 27	Audit / Review Section 30, Regulations 28 & 29	Directors remuneration disclosure Section 30(4)	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 33 and Regulation 30	Appointment of the auditor Section 90	Rotation of the auditor Section 92
Non-profit companies that were incorporated directly or indirectly by the state, an organ of state, a state-owned company, an international entity, a foreign state entity or a foreign company, or controlled OR performing a statutory or regulatory function	IFRS, but in the case of any conflict with any requirement in terms of the Public Finance Management Act, the latter prevails	Audit	Disclose	Submit AFS via iXBRL	Applies	Applies
Non-profit companies, other than those contemplated in the first row above, whose public interest score for the particular financial year is at least 350 <u>OR</u> who hold assets in excess of R5m in a fiduciary capacity	One of (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs	Audit	Disclose	Submit AFS via iXBRL	Applies	Applies
Non-profit companies, other than those contemplated in the first row above, whose public interest score for the particular financial year is at least 100, but less than 350 and the AFS are <b>internally compiled</b>	One of (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs; or (c) SA GAAP (withdrawn)	Audit Note: The Section 30(2A) "owner managed" exemption does NOT apply	Disclose	Submit AFS via iXBRL	Applies	Applies

Categories of companies	Financial Reporting Standards Regulation 27	Audit / Review Section 30, Regulations 28 & 29	Directors remuneration disclosure Section 30(4)	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 33 and Regulation 30	Appointment of the auditor Section 90	Rotation of the auditor Section 92
Non-profit companies, other than those contemplated in the first row above, whose public interest score for the particular financial year is at least 100, but less than 350 and the AFS are <b>independently compiled</b>	One of (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs; or (c) SA GAAP (but has been withdrawn)	Independent review If you can apply the Section 30(2A) "owner managed" exemption, there is no review requirement	No disclosure	Submit FAS or voluntarily submit AFS via iXBRL (refer: CIPC XBRL FAQs, Question 61)	Not applicable	Not applicable
		<b>However</b> Audit of AFS if MOI requires an audit	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice- Voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL  <i>CIPC view - Submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Question 74)</i>	Applies (SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company)	Applies (Refer to SAICA media release: Must I replace my auditor after 5 years of service)
		<b>However</b> Audit of AFS based on a member resolution or a board decision	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice- Voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL	Not applicable  <i>CIPC view- apply section 90 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>	Not applicable  <i>CIPC view- apply section 92 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>

Categories of companies	Financial Reporting Standards Regulation 27	Audit / Review Section 30, Regulations 28 & 29	Directors remuneration disclosure Section 30(4)	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 33 and Regulation 30	Appointment of the auditor Section 90	Rotation of the auditor Section 92
Non-profit companies, other than those contemplated in the first row above, whose public interest score for the particular financial year is less than 100, and the AFS are <b>independently compiled</b>	One of (a) IFRS; or (b) IFRS for SMEs, provided that the company meets the scoping requirements outlined in the IFRS for SMEs; or (c) SA GAAP (but has been withdrawn)	Independent review	No disclosure	Submit FAS or voluntarily submit AFS via iXBRL (refer: CIPC XBRL FAQs, Question 61)	Not applicable	Not applicable
		<b>However</b> Audit of AFS if MOI requires an audit	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice- Voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL  <i>CIPC view - Submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Question 74)</i>	Applies (SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company)	Applies (Refer to SAICA media release: Must I replace my auditor after 5 years of service)
		<b>However</b> Audit of AFS based on a member resolution or a board decision	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice- Voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL	Not applicable  <i>CIPC view- apply section 90 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>	Not applicable  <i>CIPC view- apply section 92 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>

Categories of companies	Financial Reporting Standards Regulation 27	Audit / Review Section 30, Regulations 28 & 29	Directors remuneration disclosure Section 30(4)	Submission of Annual Financial Statements (AFS) or the Financial Accountability Supplement (FAS) Section 33 and Regulation 30	Appointment of the auditor Section 90	Rotation of the auditor Section 92
Non-profit companies, other than those contemplated in the first row above, whose public interest score for the particular financial year is less than 100, and the AFS are internally compiled	The Financial Reporting Standard as determined by the company for as long as no Financial Reporting Standards are prescribed.	Independent review	No disclosure	Submit FAS or voluntarily submit AFS via iXBRL (refer: CIPC XBRL FAQs, Question 61)	Not applicable	Not applicable
		<b>However</b> Audit of AFS if MOI requires an audit	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice- Voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL  <i>CIPC view - Submit AFS via iXBRL (CIPC XBRL FAQs v3.8, Question 74)</i>	Applies (SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company)	Applies (Refer to SAICA media release: Must I replace my auditor after 5 years of service)
		<b>However</b> Audit of AFS based on a member resolution or a board decision	No disclosure (SAICA FAQs on directors remuneration disclosure, Question 2)  <i>CIPC view - disclose directors remuneration (Information notice- Voluntary audits)</i>	Submit FAS or voluntarily submit AFS via iXBRL	Not applicable  <i>CIPC view- apply section 90 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>	Not applicable  <i>CIPC view- apply section 92 (refer Information notice - Voluntary audits, states that: "all requirements relevant to a mandatory audit will then also include a 'voluntary audit' as per the afore-stated provisions")</i>



### **Links to documents referred to**

1. [CIPC XBRL Frequently asked questions](#)
2. [SAICA FAQs on directors' remuneration disclosure](#)
3. [Information Notice – Voluntary audits](#)
4. [Notice 52 of 2018 – Annual Financial Statements and Accountability Statements](#)
5. [SAICA Media release, dated 29 February 2016 - Media release on auditor rotation as required in the Companies Act](#)
6. [Notice 69 of 2018- Confirmation Notice](#)
7. [SAICA & IRBA Guidance on the provision of non-audit services by the auditor of a company](#)

## **Annexure 1 - Companies Act – summary of all sections referring to audit of financial statements in terms of the Act or Regulations**

<b>Reference</b>	<b>Extract</b>
Section 30(2A)(a)	Section states that the audit exemption: “(a) does not apply to the company if it falls into a class of company that is required to have its <b>annual financial statement audited in terms of the regulations</b> contemplated in subsection (7)(a); and”
Section 30(4)	Section requires directors remuneration disclosure: “(4) The annual financial statements of each company that is required <b>in terms of this Act</b> to have its <b>annual financial statements audited</b> , must include particulars showing- ...”
Section 30(7)(a)	Section 30(7)(a) states the following:  “The Minister may make regulations, including different requirements for different categories of companies, prescribing- <b>(a) the categories of any profit or non-profit companies that are required to have their respective annual financial statements audited, as contemplated in subsection (2)(b)(i); and ...”</b>
Section 33(1)	Section 33 deals with annual return filed and states “(1) Every company must file an annual return in the prescribed form with the prescribed fee, and within the prescribed period after the end of the anniversary of the date of its incorporation, including in that return- <b>(a) a copy of its annual financial statements, if it is required to have such statements audited in terms of section 30(2) or the regulations</b> contemplated in section 30(7); and ...”

	Regulation 30 states that a company that is required by the Act or regulation 28 <b>to have its annual financial statements audited</b> must file a copy of the latest approved audited financial statements on the date that it files its annual return
Section 34(2)	<p>Section 34(2) states that:</p> <p>“A private company, personal liability company or non-profit company is not required to comply with the extended accountability requirements set out in Chapter 3, except to the extent contemplated in <b>section 84(1)(c)</b>, or as required by the company’s Memorandum of Incorporation”</p> <p><b>Please refer to section 84(1)(c), below.</b></p>
Section 56	<p>Section 56 states that</p> <p>“(7) A company that falls within the meaning of “<b>regulated company</b>” as set out in section 117(1)(i) must-</p> <p>(a) establish and maintain a register of the disclosures made in terms of this section; and</p> <p>(b) publish in its annual financial statements, if <b>it is required to have such statements audited in terms of section 30(2)</b>, a list of the persons who hold beneficial interests equal to or in excess of 5 percent of the total number of securities of that class issued by the company, together with the extent of those beneficial interests.”</p>
Section 84	<p>Section 84 states the following in relation to the application of chapter 3 of the Companies Act to companies other than public companies or stated-owned companies:</p> <p>(1) This Chapter applies to –</p> <p>(c) a private company, a personal liability company or a non-profit company-</p> <p>(i) if the company <b>is required by this Act or the regulations to have its annual financial statements audited every year</b>: Provided that the provisions of Parts B and D of this Chapter will not apply to any such company; or</p> <p>(ii) otherwise, only to the extent that the company's Memorandum of Incorporation so requires, as contemplated in section 34(2).</p>
Section 90(1A)	<p>Section 90(1A) states:</p> <p>“A company <b>referred to in section 84(1)(c)(i)</b>, or a company that is required only in terms of its Memorandum of Incorporation <b>to have its annual financial statements audited</b> as contemplated in section 34(2) and 84(1)(c)(ii), must appoint an auditor-</p>

	<p>(a) in accordance with subsection (1), if the requirement to have its annual financial statements audited applies to that company when it is incorporated; or</p> <p>(b) at the annual general meeting at which the requirement first applies to the company, and each annual general meeting thereafter.”</p> <p><b>Please refer to section 84(1)(c), above.</b></p>
--	--