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PRO ACTIVE MONITORING OF FINANCIAL STATEMENTS

The JSE Limited wishes to announce that it is embarking on a process of pro actively monitoring financial statements for compliance with International Financial Reporting Standards (IFRS). Historically regulation of compliance with IFRS was done on a reactive basis only ie through receipt of a complaint or by JSE staff identifying a concern on an ad hoc basis.

Under the new proactive monitoring process, the financial statements of every listed company will be reviewed at least once every five years, in addition to any other investigations arising from public complaints. The JSE will drive the process but will be assisted by the University of Johannesburg (UJ) and the Financial Reporting Investigation Panel (FRIP).

The FRIP, previously know as the GAAP Monitoring Panel (GMP), is an advisory body of accounting experts. It was formed in 2002 by the JSE and The South African Institute of Chartered Accountants to assist the JSE to enforce company compliance with IFRS. The FRIP provides advice to the JSE on alleged cases of non-compliance with financial reporting requirements. The role of the FRIP under the new process will continue as it has in the past.

The new process involves the JSE randomly identifying the companies to be reviewed during a particular calendar year and providing this information to the UJ Team. The Department of Accountancy at UJ will then assist the JSE by conducting a review of the financial statements of these companies. The findings of the UJ team will then be considered by the staff of the JSE who, depending on the results, will engage with the listed company. In certain more complex matters, the JSE will consult the FRIP for its advice.

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