

## Independent review of annual financial statements

### ISRE 2400: Compliance financial reporting framework (basis of accounting)

#### Circumstances

- A company that requires an independent review in accordance with the Companies Act, 2008.
- The company's public interest score is less than 100 and the financial statements are internally compiled.<sup>1</sup>
- The annual financial statements are prepared in accordance with a basis of accounting determined by the directors and do not include a statement of changes in equity.
- The independent reviewer has determined that the basis of accounting is acceptable.<sup>2</sup>
- A firm that is a Registered Auditor is the appointed independent reviewer.
- Unmodified conclusion.

### Independent Reviewer's Report

To the Shareholders / Members<sup>3</sup> of ABC Proprietary Limited

#### Report on the Financial Statements<sup>4</sup>

We have reviewed the annual financial statements of ABC Proprietary Limited that comprise the statement of financial position as at 31 December 20xx, and the statement of comprehensive income 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 company's directors are responsible for the preparation of these financial statements in accordance with the basis of accounting described in note xx and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### *Independent Reviewer's Responsibility*

Our responsibility is to express a conclusion on the annual financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*. ISRE 2400 requires us to conclude whether anything has come to our attention that causes 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.

<sup>1</sup> The financial statements are distributed to a wide range of users (e.g.: Shareholders, Banks and SARS).

<sup>2</sup> To the intended users of the financial statements (refer foot note 1 above).

<sup>3</sup> The appropriate use of "Shareholders" or "Members" is in accordance with the definitions contained in the Companies Act, 2008 (as amended).

<sup>4</sup> The subtitle "**Report on the Financial Statements**" is unnecessary in circumstances when the second subtitle "**Report on Other Legal and Regulatory Requirements**" is not applicable.

A review of financial statements in accordance with ISRE 2400 consists primarily of making inquiries 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 obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, 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 the annual financial statements of ABC Proprietary Limited are not prepared, in all material respects, in accordance with the basis of accounting described in note xx, and the requirements of the Companies Act of South Africa.

#### *Emphasis of Matter*

*[Where applicable, an emphasis of matter paragraph is included that refers to a matter appropriately presented or disclosed in the financial statements that, in the independent reviewer's judgement is of such importance that it is fundamental to users' understanding of the financial statements.]*

#### *Other Matter*

*[Where applicable, a paragraph is included that refers to a matter other than those presented or disclosed in the financial statements that, in the independent reviewer's judgement, is relevant to users' understanding of the independent review, the independent reviewer's responsibilities or the independent reviewer's report.]*

#### **Report on Other Legal and Regulatory Requirements**

*[Law or regulation may impose additional reporting responsibilities on the independent reviewer which have no effect on the Report on the Financial Statements.]<sup>5</sup>*

#### *Independent Reviewer's signature*

Name of individual reviewer

Registered Auditor

Date

Registered Auditor's address

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<sup>5</sup>There is no requirement for an Independent Reviewer to include any disclosure in their "Report on Other Legal and Regulatory Requirements" regarding a Reportable Irregularity reported to the CIPC in accordance with Regulation 29(1)(b) and (6) to (11) to the Companies Act of South Africa. Regard should be had as to the possible effect, if any, of any Reportable Irregularity on the conclusion expressed.