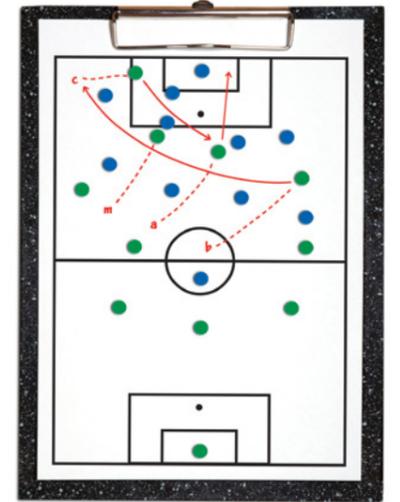
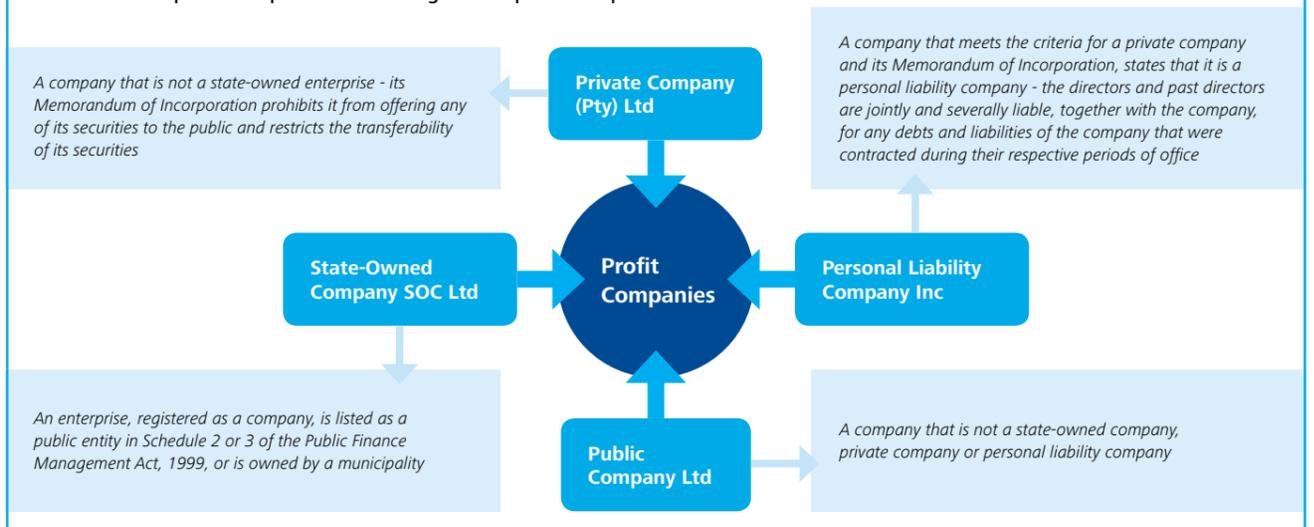


## Companies Act A new rule book for Directors



### Companies Act, 2008 - Classification of companies

Profit and non-profit companies. Four categories of profit companies:



### To audit or not to audit?

1. **Classify all companies** 
  - Non-profit
  - Public company
  - Private company
  - Personal liability company
  - State owned company
2. **Public and state-owned companies must be audited**
3. **Calculate Public Interest Score** 
  - Employees
  - Shareholders
  - Turnover
  - Unsecured debt
4. **More than 350 points = audit**
5. **Activity test: Hold more than R5m of assets (of persons unrelated to the company) in fiduciary capacity, as part of primary activity = audit**



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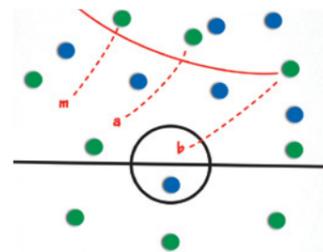
# Audit requirements

Any company that falls within any of the following categories in any particular financial year:

<b>Activity Test (applies only to primary activity)</b>	Any profit or non-profit company if, in the ordinary course of its primary activities, it holds assets in a fiduciary capacity for persons who are not related to the company, and the aggregate value of such assets held at any time during the financial year exceeds R5 million
<b>Non-Profit Companies</b>	Any non-profit company, if it was incorporated: <ul style="list-style-type: none"> <li>Directly or indirectly by the state, an organ of state, a state-owned company, an international entity, a foreign state entity or a company; or</li> <li>Primarily to perform a statutory or regulatory function in terms of any legislation, or to carry out a public function at the direct or indirect initiation or direction of an organ of the state, a state-owned company, an international entity, or a foreign state entity, or for a purpose ancillary to any such function; or</li> <li>Any other company whose public interest score in that financial year is 350 or more, an audit is required. If at least 100, but less than 350, an independent review is required</li> </ul>
<b>Size Criteria</b>	Any other company whose public interest score in that financial year is: <ul style="list-style-type: none"> <li>350 or more, an audit is required</li> <li>If at least 100, but less than 350, an audit is required if the annual financial statements for that year were internally compiled.</li> </ul>

Combining the final amendments of the Companies Act with expectations of Integrated Reporting, means that the rules of the game are changing!

## Public Interest Score



Every company must calculate its 'Public Interest Score' for each financial year, calculated as the sum of the following:

- Number of points equal to the average **number of employees** of the company during the financial year
- One point for every R1 million (or portion thereof) in third party liabilities of the company at the financial year end
- One point for every R1 million (or portion thereof) in **turnover** during the financial year
- One point for every individual who, at the end of the financial year, is known by the company:
  - In the case of a profit company, to directly or indirectly have a beneficial interest in any of the company's issued securities; or
  - In the case of a non-profit company, to be a member of the company, or a member of an association that is a member of the company

# Scorecard

To audit or not to audit? Classify your company

	Yes	No
Is your company classified as a public company?		
Is your company classified as a state-owned company?		
Does your company hold assets (worth more than R5m) in a fiduciary capacity for persons who are not related to the company, in the ordinary course of business and as part of the company's primary activity?		
Does your company's public interest score exceed 350 points?		
If you answered 'YES' to any of these questions, your company will need audited financial statements		

Calculate your company's Public Interest Score

Criteria	Points
Number of points equal to the average <b>number of employees</b> of the company during the financial year	
One point for every R1 million (or portion thereof) in third party liabilities of the company at the financial year end	
One point for every R1 million (or portion thereof) in <b>turnover</b> during the financial year	
One point for every individual who, at the end of the financial year, is known by the company: <ul style="list-style-type: none"> <li>In the case of a profit company, to directly or indirectly have a beneficial interest in any of the company's issued securities; or</li> <li>In the case of a non-profit company, to be a member of the company, or a member of an association that is a member of the company</li> </ul>	
<b>Total</b>	

If your company's public interest score in that financial year is 350 or more, audited financial statements are required.

If your company's public interest score in that financial year is less than 350, but greater than 100, the financial statements must be audited if the financial statements for that year were internally compiled. If the financial statements for that year were prepared by an independent accounting professional, the financial statements may be independently reviewed.