



# The JSE Limited Listings Requirements

## BULLETIN 4 of 2013

6 May 2013

Dear Subscriber

### Auditor's Report

The JSE issued a guidance letter in September 2012 dealing with various matters relating to the issue of an auditor's report. The Listings Requirements have now been amended accordingly to align the Listings Requirements with the recent guidance issued. There are three specific changes arising from that guidance letter:

- 1) Paragraph 3.18(g) has been deleted, which appears to be out of place with International Auditing Standards;
- 2) A reporting obligation has been introduced on issuers to include a warning statement in announcements/publications where certain information has been audited and other information not;
- 3) The guidance letter clarified the position that the JSE does not expect issuers to obtain a separate audit report on the abridged results, as the full annual financial statements have been audited. This has now been further clarified so that the principle is extended to any summary of the audited AFS.

The effective date of Bulletin 4 of 2013 is 10 June 2013.

### **Definitions**

#### **New definition:**

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| modified auditor's report | an auditor's report that contains a modified opinion or conclusion (as defined or contemplated by the relevant standard issued by the International Auditing and Assurance Standards Board), an emphasis of matter paragraph or a paragraph regarding a reportable irregularity as defined in the Auditing Profession Act |
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The paragraphs listed below are deleted and replaced in their entirety with the following:

### **Section 3 Continuing Obligations**

#### ***Provisional reports***

- 3.16 (a) If an issuer has not distributed annual financial statements to all shareholders within three months of its financial year-end, it must publish and distribute to all holders of securities provisional annual financial statements ("provisional reports") within the three months as specified, even if the financial information is unaudited at that time, in which case paragraph 3.18(c) will apply. The provisional reports are to be prepared in accordance with paragraphs 3.15, 3.18(c) and 8.57 to 8.61. The auditor's report on the provisional report (if applicable) does not need to be included in its entirety in the provisional report, but may instead be dealt with in terms of paragraph 3.18(f) and (g).
- (b) If an issuer has published a provisional report, then, at the date of issue of its annual financial statements, such issuer must either comply with paragraph 3.21(b) and (c) or publish an announcement stating that it has issued its annual financial statements and that it is not publishing an abridged report as the information previously published in the provisional report (including the nature of the auditor's report) is unchanged.

#### ***Requirement for review by auditors and reports issued by auditors***

- 3.18 The following provisions apply in respect of unaudited interim reports, unaudited quarterly reports and unaudited provisional reports:
- (a) subject to 3.18(b), unaudited interim reports are not required to be reviewed by an issuer's auditor;
- (b) unaudited interim reports shall be reviewed by an issuer's auditor if the issuer's auditor disclaimed, qualified or gave an adverse opinion in the issuer's last annual financial statements, unless the JSE otherwise decides;
- (c) unaudited provisional reports shall be reviewed by an issuer's auditor unless an audit report has already been issued on the underlying annual financial statements themselves. In this instance there is no obligation to obtain a separate auditor's report on the provisional report and instead:
- (i) the following statement must be included in the provisional report:  
"This summarised report is extracted from audited infor-

mation, but is not itself audited.”;

- (ii) the audited annual financial statements and the audit report must be available for inspection at the issuer's registered office and a statement to this effect, including the name of the auditor, must be included in the provisional report; and
  - (iii) a statement must be included in the provisional report that the directors take full responsibility for the preparation of the provisional report and that the financial information has been correctly extracted from the underlying annual financial statements;
- (d) unaudited quarterly reports are not required to be reviewed by an issuer's auditor, unless otherwise requested by the JSE;
  - (e) when conducting a review of an unaudited interim or provisional report, the auditor shall follow the guidance provided in the International Standard on Review Engagements, (ISRE) 2410, Review Financial Statements of Interim Financial Information Performed by the Independent Auditor of the Entity;
  - (f) when an interim or provisional report has been reviewed or audited by the auditor, this fact and the name of the auditor must be stated in the published interim or provisional report. If the report of the auditor is not included in the published interim or provisional report, the published interim or provisional report shall state that the report of the auditor is available for inspection at the issuer's registered office;
  - (g) the published interim or provisional report must state the type of review conclusion/audit opinion that was reached on the interim or provisional report or, in the circumstances where the provisional report itself is not reviewed/ audited, the conclusion that was reached on the underlying annual financial statements, i.e. unqualified, qualified, disclaimer or adverse, and must contain an extract of the exact modification paragraph from the auditor's report. The published interim or provisional report must also mention and contain details of any:
    - (i) emphasis of matter paragraph ;
    - (ii) paragraphs regarding a reportable irregularity, as defined in the Auditing Profession Act; and
    - (iii) paragraph indicating a material inconsistency in information included in a document that contains the audited financial statements,contained in the auditor's report;

- (h) where the financial period covers more than 12 months and interim reports are distributed in accordance with paragraph 3.15, a review opinion must be obtained for the second interim period;
- (i) if the auditor issues a modified auditor's report, a signed copy of the modified auditor's report must be submitted to the JSE by the issuer within 24 hours of the publication of the results; and
- (j) where unaudited/unreviewed financial information is contained in an announcement (other than a short form announcement published in accordance with paragraph 3.46(A)) and/or other publication, including preliminary reports, and the demarcation between the audited/reviewed information and any unaudited/unreviewed information is not clear, the following statement must be included in such announcement and/or other publication:

"The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office."

### ***Annual financial statements***

- 3.21
- (a) An issuer's annual financial statements must be distributed to the issuer's holders of securities and a copy thereof must be submitted electronically and directly to the information database maintained by Issuer Regulation Division for publication on the JSE website.
  - (b) At the same time, an abridged version of such annual financial statements ("abridged report"), complying with paragraphs 8.57 to 8.61, must be published on SENS.
  - (c) Although the audit report of the auditor on the annual financial statements need not be included in the abridged report (or in any summary of the audited annual financial statements that the issuer chooses to produce), the name of the auditor must be included and, if such report is a modified auditor's report, details of the nature of such modification shall also be stated therein. If the audit report is not modified then a statement to this effect must be included in the report. There is no obligation to obtain a separate audit report on the abridged report itself (or any other summary of audited annual financial statements). Where the abridged report itself is not audited the following statement must be included in the abridged report (or any other summary of

audited annual financial statements):

"This abridged report is extracted from audited information, but is not itself audited." In addition a statement must be included in the abridged report (or any other summary of audited annual financial statements) that the directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying annual financial statements.

3.22 Any annual financial information published voluntarily by an issuer in advance of being required to do so in terms of paragraphs 3.20 or 3.21 must:

- (a) comply with paragraphs 8.57 to 8.61 in respect of disclosure; and
- (b) at a minimum, be reviewed by the issuer's auditor, unless an audit report has been issued on the underlying annual financial statements themselves. Therefore if:
  - (i) an audit report has been issued on the underlying annual financial statements, there is no obligation to obtain a separate auditor's report on the preliminary report itself, and instead the issuer must comply with the provisions of paragraph 3.18(c), (g), (i) and (j), where the word "provisional" should be replaced with the word "preliminary" when reading those paragraphs; or
  - (ii) no audit report has been issued on the annual financial statements, the provisions of paragraph 3.18(e), (f), (g), (i) and (j) will apply equally (where the word 'provisional' should be replaced with the word 'preliminary').

At the date of issue of its annual financial statements such issuer must comply with the provisions of paragraph 3.16(b) (where the word "provisional" should be replaced with the word "preliminary").

## **Section 8**

### **Financial Information**

#### ***Audited/reviewed interim, provisional and abridged annual reports***

8.60 If an interim, preliminary, provisional or abridged report has been audited or reviewed by an auditor, this fact and the name of the auditor shall be stated in such published report. Although the report of the auditor need not be included in the published report, if there is a modified auditor's report, details of the nature of such modification shall be stated therein. If the report of the auditor is not included in the published report, the published report shall state that the report of the auditor is

available for inspection at the company's registered office. If such report has not been audited or reviewed by an auditor, an appropriate statement to this effect must appear in such published report.

## **Section 22**

### **Accreditation of Auditors, Reporting Accountants and IFRS Advisers**

#### ***Roles and responsibilities***

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22.6 Further responsibilities of the audit firm and individual auditor include:

- (a) monitoring compliance with the disclosure requirements of the JSE as they relate to interim, preliminary, provisional, abridged and annual reports, as set out in Sections 3, 8, 13, 15 and 21 of the Listings Requirements (where applicable) in instances where an auditor's report has been issued on such financial reports and, in addition to any obligations in terms of paragraph 8.64, reporting matters of non-compliance directly to the JSE; and
- (b) advising the JSE of any instance where the applicant issuer misrepresents the content of the auditor's report as it relates to that applicant issuer (for example by indicating that the auditor's opinion is unqualified when there is a modification of the auditor's opinion or by indicating that there are no issues when in fact there is a modified auditor's report).

#### **Practice note: 1/2003**

##### **Introduction**

During the various presentations on the 2003 Listings Requirements which became effective 1 September 2003, certain issues were raised which have prompted the JSE Limited ("JSE") to provide clarity and guidance on those Requirements in the form of this Practice Note.

##### **Year-end results**

The following guidance is provided by the JSE regarding the announcement of year-end results and publication of annual financial statements in order to remove any confusion that may have arisen as a result of incorrect interpretation of the new listings requirements ("LR") dealing with these issues.

##### **Terms used herein:**

"financials" the annual report of the company which contains the audited annual financial statements as well as supplementary information which is distributed to the holders of securities (excluding those

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|                                  | securities holders in the dematerialised environment who have elected not to receive same) or in the context of preliminary or provisional reports just the annual financial statements;  |
| “abridged reports”               | summary version of the financials (audited results) detailed in paragraph 3.21, not sent to shareholders, announced only on SENS (refer to the Appendix to Section 11), containing the information required by IFRS on Interim Financial Reporting and AGM details (see below);   |
| “preliminary reports”            | voluntary summary version of the financials or where the complete financials are not available condensed financial statements, as detailed in paragraph 3.22 (at a minimum these results must be reviewed), not sent to shareholders, announced only on SENS (refer to the Appendix to Section 11), containing the information required by IFRS on Interim Financial Reporting;                           |
| “provisional reports”            | compulsory summary version of the financials or where the complete financials are not available condensed financial statements, as detailed in paragraph 3.16 (at a minimum these results must be reviewed), distributed to each securities holder, published in the press and on SENS (refer to the Appendix to Section 11), containing the information required by IFRS on Interim Financial Reporting; |
| “no change report”               | an announcement, not sent to shareholders, published only on SENS, stating that there have been no changes to any financial information previously published in a preliminary or provisional report;  |
| “AGM details”                    | brief details regarding the annual general meeting such as date, time and venue;  |
| “no change + AGM details report” | an announcement, not sent to shareholders, published only on SENS, stating that there have been no changes to any financial information previously published in a preliminary or provisional report and containing brief details regarding the annual general meeting such as date, time and venue;   |

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