

Report of the accounting officer to ABC Close Corporation

Part I

We have performed the duties of accounting officer to **ABC Close Corporation** for the year ended 28 February 20xx as required by Section 62 of the Close Corporations Act, 1984. The annual financial statements set out on pages ... to ... are the responsibility of the members. No assurance is required by the Act to be carried out and no assurance engagement was conducted. Accordingly, we do not imply or express an opinion or any other form of assurance on the annual financial statements.

We report, as required in terms of section 62(1) of the Close Corporations Act of South Africa, having adopted such procedures and conducting such enquiries in relation to the accounting records as we have agreed with you, that:

- the annual financial statements are in [agreement/not in agreement] with the accounting records, summarized in the manner required by section 58(2)(d) of the Act; and
- the accounting policies presented to us as having been applied in the preparation of the annual financial statements are [appropriate/not appropriate].

Part II

Scope

We have performed the duties of accounting officer as required by Section 62 of the Act and dealt with in Part I of this report, in terms of the procedures agreed with you and described below and in accordance with the framework for accounting officer engagements as adopted by our firm.

The procedures were undertaken in accordance with the International Standards on Related Services applicable to agreed-upon procedures regarding financial information (ISRS 4400). The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of **ABC Close Corporation**. The procedures were performed solely to assist you in *[state purpose e.g. complying with the requirements of the Section 62 of the Close Corporation Act, 1984]* and should be used by you only for this purpose and shall not be distributed to other parties. The procedures are summarized as follows:

[Insert list of procedures. Examples provided below]

Examples:

1. *We obtained and checked the trial balance as at (date) prepared by ABC Close Corporation, and we compared the line items and totals to the financial statements.*
2. *We compare the closing and opening balances of prior and current financial years;*

3. *We obtained the bank reconciliations and compared the balance with the amount reflected on the trial balance;*
4. *We obtained a schedule of receivables and determined whether the total agrees with the trial balance;*
5. *Where applicable we obtained the inventory list and determined whether: (a) the total agrees with the balance in the trial balance; and obtained confirmation that the list is based on a physical count of inventory;*
6. *We obtain a schedule of the property, plant and equipment indicating the cost and accumulated depreciation and determined whether it agrees with the trial balance;*
7. *We obtained a schedule of trade payables and determined whether the total agreed with the trial balance.*
8. *We obtained the VAT reconciliation schedule and determined whether the totals agrees with the amounts as reflected in the trial balance.*
9. *We recalculated the public interest score and compared it to the calculation performed by the corporation.*
10. *We obtained the list of creditors and affirmation for the use of generally accepted accounting policies appropriate to the business of the corporation i.e. [Select the relevant framework e.g. IFRS or IFRS for SME or Modified Cash Basis of Accounting].*
11. *We read the accounting policies and compared this to the appropriate accounting framework as per the Companies Act, 2008 i.e. [Select the relevant framework eg. IFRS or IFRS for SME or Modified Cash Basis of Accounting]*

Findings

We report our findings below:

[Insert list of findings. Examples provided below]

- a. *With respect to item 1 we found the addition [to be correct/ not correct] and the line items and the total amounts to be in agreement;*
- b. *With respect to item 2 we found the balances to be [in agreement/not in agreement];*
- c. *With respect to item 3 we found the amounts to be [in agreement/not in agreement];*
- d. *With respect to item 4 we found the amounts to be [in agreement/not in agreement];*
- e. *With respect to item 5 we found the amounts to be [in agreement/not in agreement] and [based/not based] on a physical count of inventory;*

- f. *With respect to item 6 we found the amounts to be [in agreement/not in agreement];*
- g. *With respect to item 7 we found the amounts to be [in agreement/not in agreement];*
- h. *With respect to item 8 we found the amounts to be [in agreement/not in agreement];*
- i. *With respect to item 9 we found the amounts to be [in agreement/not in agreement];*
- j. *With respect to item 10 we [found/did not find] the affirmation by creditors.*
- k. *With respect to item 11 we found that the accounting policies and framework are [in agreement/not in agreement].*

Because the above procedures do not constitute an assurance engagement made in accordance with International Standards on Auditing or International Standards on Review Engagements we do not express any assurance on the annual financial statements.

Had we performed additional procedures or had we performed an assurance engagement of the financial statements in accordance with a relevant International Standards such as the International Standard on Review Engagements, other matters might have come to our attention that would have been reported to you.

Part II of this report is solely for the purpose set out in the first paragraph thereof and for your information, and is not to be used for any other purpose, nor to be distributed to any other parties. This report relates only to the accounts and items specified above, and do not extend to the annual financial statements taken as a whole.

Emphasis of matter (Dependent on circumstances – Select or delete the matter that applies)

[We wish to draw attention to the fact that the annual financial statements are not in agreement with the accounting records as required by Section 56(1) of the Close Corporations Act, 1984.]

[We wish to draw attention to a matter relating to the appropriateness of the accounting policies applied. As stated in note 1 to the financial statements, the corporation applies *[note the appropriate accounting framework e.g IFRS or IFRS for SME or Modified Cash Basis of Accounting]*. According to this framework it is appropriate to the business of the corporation to value inventory at the lower of cost and net realizable value however the corporation has valued inventory at cost less anticipated selling costs.]

[We wish to draw attention to a contravention(s) of the Close Corporations Act which came to our knowledge during the performance of our duties as accounting officer. We are not required to perform specific procedures to identify contraventions of the Act. [Refer to the relevant section(s) contravened and explain the nature of the contravention].

[We wish to draw attention to the fact that a member/partner/employee of our firm is also a member of the corporation and all the members have consented in writing to our appointment as accounting officer under these circumstances.]

[Accounting Officer name and signature]

Business Accountant in Practice (SA) xxxxx

Date

Address