

Impact Analysis: Providing Audit and Other Services to the same client

Please acquaint yourself with the Guidance on Section 90 of Companies Act, 2008 and complete this survey regarding the impact of the change imposed by Section 90(2) of the Companies Act, 2008 prohibiting the statutory auditor from also providing other services to the same client. For the purpose of this survey "other services" are the following:

- a) Duties of an accountant and bookkeeper,
- b) Maintenance of any of the company's/close corporation's financial records,
- c) Preparation of any of the company's/close corporation's financial statements,
- d) Related secretarial work.

All information required must be collated by firms representative/s before attempting to complete the online survey. The survey itself should not take longer than 10 minutes to complete, but the information gathering process is of utmost importance. All information collected from the survey will be treated confidentially and will not be shared with a third party. Please note that the survey information captured will not be linked back to a specific person.

Demographical information as per the membership database housed by IRBA will be used for reporting purposes.

The deadline for completion is **Friday, 31 May 2013** Your participation is greatly appreciated.

1. What is the name the firm which you represent?

Awareness

2. Is your firm aware of the change imposed by Section 90(2) of the Companies Act, 2008 prohibiting the individual auditor and audit firm from performing other services to the same client on statutory audits?

- Yes
- No

Relevance

The following questions are set with the objective to assess the impact of the prohibition of Section 90(2) of the Companies Act, 2008 on Auditing Firms in South Africa. Please answer the questions as accurately as you can.

3. Does your firm currently perform any statutory audits?

- Yes - Please continue with question 4
- No - Please continue with question 22

4. If "Yes", does your firm also perform any of the following other services to the same client?

- a) Duties of an accountant and/or bookkeeper
- b) Maintenance of any of the company's/close corporation's financial records

• c) Preparation of any of the company's/close corporation's financial statements

Please select a rating

• d) Related secretarial work

Please select a rating

If you have answered "Yes" to **ANY** statement in question 4, please continue with question 5. If you have answered "No" to **ALL** statements in question 4, please continue with question 22.

Impact on Client base

5. How will your firm's number of clients be affected with the implementation of the prohibitions imposed by Section 90(2) of the Companies Act, 2008?

- Increase in number of clients
- Decrease in number of clients
- No impact

Impact on Revenue

6. Hypothetically, if your firm were to decide to only perform audits on **ALL** clients affected by Section 90(2) of the Companies Act, 2008 - in other words, if your firm decided **NOT** to perform any other services on **ALL** affected clients from 1 June 2013, approximate the % reduction in your firm's total annual revenue?

Formulate your calculation based on **current** billing and current clients.

Please provide a number only, e.g. 20%

7. If you were to transcribe this to a Rand value, please approximate the reduction in your firm's total annual revenue?

Please provide a rounded Rand value (no cents), e.g. R2 000

8. Hypothetically, if your firm were to decide to only perform other services on **ALL** clients affected by Section 90(2) of the Companies Act, 2008 - in other words, if your firm decided **NOT** to perform any statutory audits on **ALL** affected clients from 1 June 2013, approximate the % reduction in your firm's total annual revenue?

Formulate your calculation based on **current** billing and current clients.

Please provide a number only, e.g. 20%

9. If you were to transcribe this to a Rand value, please approximate the reduction in your firm's total annual revenue?

Please provide a rounded Rand value (no cents), e.g. R2 000

10. What impact will Section 90(2) of the Companies Act, 2008, have on growing your business?

- It will facilitate the growth of our firm
- It will impede the growth of our firm
- No impact

Impact on Staff

11. What is your firm's approximate annual intake of first year trainees? Please only provide a number (e.g. 5)

12. Hypothetically, if your firm were to decide to only perform audits on **ALL** clients affected by Section 90(2) of the Companies Act, 2008 - in other words, if your firm decided **NOT** to perform any other services on **ALL** affected clients from 1 June 2013, what will the effect be on the following?

• Annual intake of first year trainees	Please select a rating <input type="text"/>
• Existing staff numbers	Please select a rating <input type="text"/>

13. If you indicated in question 12 that it will result in an **increase** in your firm's annual intake of first year trainees, indicate by how many. Please only provide a number, e.g. 5

14. If you indicated in question 12 that it will result in an **increase** in your firm's existing staff numbers, indicate by how many. Please only provide a number, e.g. 5

15. If you indicated in question 12 that it will result in a **decrease** in your firm's annual intake of first year trainees, indicate by how many. Please only provide a number, e.g. 5

16. If you indicated in question 12 that it will result in a **decrease** in your firm's existing staff numbers, indicate by how many. Please only provide a number, e.g. 5

17. Hypothetically, if your firm were to decide to only perform other services to **ALL** clients affected by Section 90(2) of the Companies Act, 2008 - in other words, if your firm decided **NOT** to perform any statutory audits on **ALL** affected clients, what will the effect be on the following?

• Intake of first year trainees	Please select a rating <input type="button" value="v"/>
• Existing staff numbers	Please select a rating <input type="button" value="v"/>

18. If you indicated in question 17 that it will result in an **increase** in your firm's annual intake of first year trainees, indicate by how many.
Please only provide a number, e.g. 5

19. If you indicated in question 17 that it will result in an **increase** in your firm's existing staff numbers, indicate by how many.
Please only provide a number, e.g. 5

20. If you indicated in question 17 that it will result in a **decrease** in your firm's annual intake of first year trainees, indicate by how many.
Please only provide a number, e.g. 5

21. If you indicated in question 17 that it will result in a **decrease** in your firm's existing staff numbers, indicate by how many.
Please only provide a number, e.g. 5

Impact on the quality of Financial Statements

22. In your firm's view, how will the quality of financial statements be affected by the implementation of the prohibitions imposed by Section 90(2) of the Companies Act, 2008?

- The quality of financial statements will improve
- The quality of financial statements will deteriorate
- It will not affect the quality of financial statements
- Unsure

Impact on the quality of the Audit

23. In your firm's view, how will the quality of the audit be affected by the implementation of the prohibitions imposed by Section 90(2) of the Companies Act, 2008?

- Audit quality will improve
- Audit quality will deteriorate
- It will have no effect on the audit quality
- Unsure

Impact on Auditor Independence

24. In your firms' view, is the independence of the auditor affected when the auditor also maintains

the financial records, prepares the financial statements or performs related secretarial work for the same client, as permitted by the IRBA Code of Professional Conduct?

- Yes
- No
- Unsure

General

25. Please indicate the % black ownership in your firm. Please provide a number only, e.g. 20%

This brings us to the end of the survey; please make sure you click on “submit”.

Thank you for taking the time in completing it.