
INDEPENDENT REGULATORY BOARD FOR AUDITORS

**APPLICATION OF SECTION 90(2) OF THE COMPANIES ACT -
FURTHER EXTENSION GRANTED**

Johannesburg / 17 May 2012

Dear Registered Auditor

I refer to our communication dated 11 October 2011 which has been included again below for ease of reference.

We are still in the process of obtaining clarity on the application of Section 90(2) of the Companies Act.

In the meantime, the IRBA has agreed with the Companies and Intellectual Properties Commission (CIPC) that monitoring of compliance with Section 90 (2) will be extended by a further six months, which commenced on 1 May 2012.

Accordingly, registered auditors should continue to follow current practice as prescribed by the IRBA Code of Professional Conduct (the Code) in respect of the provision of audit and non – audit services.

Therefore, the IRBA does not intend to prosecute registered auditors at this stage if they comply with the Code.

Should you have any further queries, please do not hesitate to contact me.

Bernard Peter Agulhas
Chief Executive Officer

About the IRBA

The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.

APPLICATION OF SECTION 90(2) OF THE COMPANIES ACT

Johannesburg / 11 October 2011

Dear Registered Auditor

The current position of the Companies and Intellectual Properties Commission (CIPC) of the DTI concerning the implementation of the provisions of Section 90(2) of the Companies Act, 2008 (the Act), is as follows:

- The five year period referred to in Section 90(2)(b)(v) of the Act commenced on 1 May 2011 and should not be applied retrospectively; and
- Monitoring of compliance with Section 90(2) by CIPC will commence one year after the effective date of the Act.

The IRBA recognises, however, that there exists confusion in the market with respect to the

interpretation and application of Section 90(2) of the Act.

The IRBA further recognises that it is in the interest of everyone that the current confusion is resolved as a matter of urgency, and will work with the Department of Trade and Industry (DTI) to resolve the existing confusion as soon as possible.

The Board has accordingly resolved that, until further clarity is obtained, which might require an amendment to the Act, registered auditors should follow current practice as prescribed by the IRBA Code of Professional Conduct (the Code), which became effective on 1 January 2011, in respect of the provision of audit and non - audit services.

Therefore, the IRBA does not intend to prosecute registered auditors at this stage if they comply with the Code.

Should you have any further queries, please do not hesitate to contact me.

Bernard Peter Agulhas
Chief Executive Officer