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| **INDEPENDENT REGULATORY BOARD FOR AUDITORS****STANDARDS DEPARTMENT** |

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| **Letter Issued by the JSE Limited – New Listings: Key Audit Matters in Auditor's Reports**Johannesburg / 7 September 2017On 1 September 2017, the JSE issued a letter titled *New Listings: Key Audit Matters in Auditor's Reports* to sponsors, designated advisors and reporting accounting specialists.The International Standard on Auditing (ISA) 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, deals with situations when the auditor is required to communicate Key Audit Matters (KAM) in their auditor's report.ISA 701 is effective for audits of financial statements for periods ending on or after 15 December 2016 and applies to:* Audits of complete sets of general purpose financial statements of listed entities;
* When the auditor otherwise decides to communicate KAM in the auditor's report; and
* When the auditor is required by law or regulation to communicate KAM in the auditor's report.

A listed entity is defined as an entity whose:* Shares, stock or debt are –
* Quoted or listed on a recognised stock exchange; or
* Marketed under the regulations of a recognised stock exchange or other equivalent body.

The JSE letter reminds the addressees to include KAM in the auditor's report that accompanies the audited historical information of an applicant issuer in the pre-listing statement.It also notes that in some instances, the operating entity (OpCo) is not listed itself but a holding company is created for purposes of listing. Although OpCo is not seeking a listing, the JSE will view the substance of the listing as the listing of OpCo. In these circumstances, the JSE will expect to see KAM included in the auditor's report of OpCo.The letter may be downloaded from the JSE website at [jse.co.za](https://www.jse.co.za/content/JSEGuidanceLettersItems/JSE%20Letter%20KAM%20September%202017.pdf). Should you have any further queries, please do not hesitate to contact the JSE.**Imran Vanker****Director: Standards*****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.* |