

SECTIONS OF THE COMPANIES ACT NO. 71 (2008) (AS AMENDED)

30. Annual financial statements.

(1) Each year, a company must prepare annual financial statements within six months after the end of its financial year, or such shorter period as may be appropriate to provide the required notice of an annual general meeting in terms of [section 61 \(7\)](#).

(2) The annual financial statements must-

(a) be audited, in the case of a public company; or

(b) in the case of any other profit or non-profit company-

(i) be audited, if so required by the regulations made in terms of [subsection \(7\)](#) taking into account whether it is desirable in the public interest, having regard to the economic or social significance of the company, as indicated by any relevant factors, including-

[[Sub-para. \(i\)](#) substituted by s. 20 (b) of [Act No. 3 of 2011](#).]

(aa) its annual turnover;

(bb) the size of its workforce; or

(cc) the nature and extent of its activities; or

(ii) be either-

(aa) audited voluntarily if the company's Memorandum of Incorporation, or a shareholders resolution, so requires or if the Company's board has so determined; or

[[Sub-item \(aa\)](#) substituted by s. 20 (c) of [Act No. 3 of 2011](#).]

(bb) independently reviewed in a manner that satisfies the regulations made in terms of [subsection \(7\)](#), subject to [subsection \(2A\)](#).

[[Para. \(b\)](#) amended by s. 20 (a) of [Act No. 3 of 2011](#). [Sub-item \(bb\)](#) substituted by s. 20 (c) of [Act No. 3 of 2011](#).]

(2A) If, with respect to a particular company, every person who is a holder of, or has a beneficial interest in, any securities issued by that company is also a director of the company, that company is exempt from the requirements in this section to have its annual financial statements audited or independently reviewed, but this exemption-

(a) does not apply to the company if it falls into a class of company that is required to have its annual financial statement audited in terms of the regulations contemplated in [subsection \(7\) \(a\)](#); and

(b) does not relieve the company of any requirement to have its financial statements audited or reviewed in terms of another law, or in terms of any agreement to which the company is a party.

[Sub-s. (2A) inserted by s. 20 (d) of Act No. 3 of 2011.]

- (3) The annual financial statements of a company must-
- (a) include an auditor's report, if the statements are audited;
 - (b) include a report by the directors with respect to the state of affairs, the business and profit or loss of the company, or of the group of companies, if the company is part of a group, including-
 - (i) any matter material for the shareholders to appreciate the company's state of affairs; and
 - (ii) any prescribed information;
 - (c) be approved by the board and signed by an authorised director; and
 - (d) be presented to the first shareholders meeting after the statements have been approved by the board.
- (4) The annual financial statements of each company that is required in terms of this Act to have its annual financial statements audited, must include particulars showing-
- (a) the remuneration, as defined in [subsection \(6\)](#), and benefits received by each director, or individual holding any prescribed office in the company;
 - (b) the amount of-
 - (i) any pensions paid by the company to or receivable by current or past directors or individuals who hold or have held any prescribed office in the company;
 - (ii) any amount paid or payable by the company to a pension scheme with respect to current or past directors or individuals who hold or have held any prescribed office in the company;
 - (c) the amount of any compensation paid in respect of loss of office to current or past directors or individuals who hold or have held any prescribed office in the company;
 - (d) the number and class of any securities issued to a director or person holding any prescribed office in the company, or to any person related to any of them, and the consideration received by the company for those securities; and
 - (e) details of service contracts of current directors and individuals who hold any prescribed office in the company.
- (5) The information to be disclosed under [subsection \(4\)](#) must satisfy the prescribed standards, and must show the amount of any remuneration or benefits paid to or receivable by persons in respect of-

- (a) services rendered as directors or prescribed officers of the company; or
 - (b) services rendered while being directors or prescribed officers of the company-
 - (i) as directors or prescribed officers of any other company within the same group of companies; or
 - (ii) otherwise in connection with the carrying on of the affairs of the company or any other company within the same group of companies.
- (6) For the purposes of [subsections \(4\)](#) and [\(5\)](#), "remuneration" includes-
- (a) fees paid to directors for services rendered by them to or on behalf of the company, including any amount paid to a person in respect of the person's accepting the office of director;
 - (b) salary, bonuses and performance-related payments;
 - (c) expense allowances, to the extent that the director is not required to account for the allowance;
 - (d) contributions paid under any pension scheme not otherwise required to be disclosed in terms of [subsection \(4\) \(b\)](#);
 - (e) the value of any option or right given directly or indirectly to a director, past director or future director, or person related to any of them, as contemplated in [section 42](#);
 - (f) financial assistance to a director, past director or future director, or person related to any of them, for the subscription of options or securities, or the purchase of securities, as contemplated in [section 44](#); and
 [Para. (f) substituted by s. 20 (e) of [Act No. 3 of 2011](#).]
 - (g) with respect to any loan or other financial assistance by the company to a director, past director or future director, or a person related to any of them, or any loan made by a third party to any such person, as contemplated in [section 45](#), if the company is a guarantor of that loan, the value of-
 - (i) any interest deferred, waived or forgiven; or
 - (ii) the difference in value between-
 - (aa) the interest that would reasonably be charged in comparable circumstances at fair market rates in an arm's length transaction; and
 - (bb) the interest actually charged to the borrower, if less.
- (7) The Minister may make regulations, including different requirements for different categories of companies, prescribing-

- (a) the categories of any profit or non-profit companies that are required to have their respective annual financial statements audited, as contemplated in [subsection \(2\) \(b\) \(i\)](#); and

[\[Para. \(a\) substituted by s. 20 \(f\) of Act No. 3 of 2011.\]](#)

- (b) the manner, form and procedures for the conduct of an independent review under [subsection \(2\) \(b\) \(ii\) \(bb\)](#), as well as the professional qualifications, if any, and duties of persons who may conduct such reviews and the accreditation of professions whose members may conduct such reviews.

[\[Para. \(b\) substituted by s. 20 \(g\) of Act No. 3 of 2011.\]](#)

- (8) Despite [section 1](#) of the Auditing Profession Act, an independent review of a company's annual financial statements required by this section does not constitute an audit within the meaning of that Act.

[\[Sub-s. \(8\) inserted by s. 20 \(h\) of Act No. 3 of 2011.\]](#)