



JURISDICTIONAL PROFILE: **South Africa**

Disclaimer: The information in this Profile is for general guidance only and may change from time to time. You should not act on the information in this Profile, and you should obtain specific professional advice to help you in making any decisions or in taking any action. If you believe that the information has changed or is incorrect, please contact us at ifrsapplication@ifrs.org.

This Profile provides information about the application of IFRS® Accounting Standards (Standards) in South Africa. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

Profile last updated: 16 June 2016

RELEVANT JURISDICTIONAL AUTHORITY

Organisation
South African Institute of Chartered Accountants (SAICA)
Financial Reporting Standards Council (FRSC)

Role of the organisation
SAICA is the national professional organisation of Chartered Accountants in South Africa. In 1973, SAICA, along with other relevant business bodies, formed the Accounting Practices Board (APB) to develop generally accepted accounting practices and issue Statements of Generally Accepted Accounting Practice (SA GAAP). SAICA established an Accounting Practices Committee to be the technical advisory body to the APB.
SAICA's role as technical advisor to the national standard-setter, the APB, continued until late 2011, when – as a result of revisions to the Companies Act – a newly constituted governmental body known as the Financial Reporting Standards Council (FRSC) assumed responsibility as the advisor to the Minister of Trade & Industry on financial reporting standards. As a consequence of the establishment of the FRSC and changes to the

Companies Act to refer directly to IFRS Standards and the *IFRS for SMEs* Standard as issued by the Board as the available reporting frameworks, the fundamental motivation for the APB's existence fell away, including the need to endorse IFRS Standards as SA GAAP. Therefore SA GAAP was withdrawn for years commencing on or after 1 December 2012.

Website	SAICA: www.saica.co.za/ FRSC: www.thedti.gov.za/business_regulation/frsc.jsp
Email contact	SAICA: saica@saica.co.za FRSC: FRSC@thedti.gov.za

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	South Africa requires some companies to use IFRS Standards, with the remaining companies being allowed to use IFRS Standards or the <i>IFRS for SMEs</i> Standard.
Additional comments provided on the adoption status?	<p>In 1995, the APB decided to harmonise SA GAAP with IFRS Standards. Since 2003, after due process, the APB has issued IFRS Standards as SA GAAP without amendment. From 2003 SA GAAP was used by all companies in South Africa; listed, unlisted, and private companies.</p> <p>The Johannesburg Stock Exchange (JSE) Listings Requirements required listed companies to use IFRS Standards (rather than the harmonised SA GAAP) effective 1 January 2005.</p> <p>In 2011, the Government adopted new Companies Act Regulations under the Companies Act of 2008 that prescribe the reporting frameworks based on each individual company's public interest score. Those Companies Act Regulations permit the use of either IFRS Standards, the <i>IFRS for SMEs</i> Standard, or SA GAAP in specific instances. However, because SA GAAP was identical to IFRS Standard, SA GAAP was withdrawn for years commencing on or after 1 December 2012.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	Yes, all.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	Required by the Companies Act Regulations and JSE Listings Requirements.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Required.
For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?	<p>The Companies Act Regulations, 2011 prescribe either IFRS Standards or <i>IFRS for SMEs</i> Standard depending on each individual company's public interest score. The public interest score is based on points which are allocated to the number of employees, third party liabilities, turnover, and shareholders. A company can always choose IFRS Standards even if only required to use the <i>IFRS for SMEs</i> Standard.</p> <p>All companies whose securities trade in public markets are required to use IFRS Standards. Some other companies whose equities are not publicly traded are required to use IFRS because they are not within the scope of the <i>IFRS for SMEs</i> Standard. Companies within the scope of the <i>IFRS for SMEs</i> Standard are permitted to use that standard or, alternatively, may choose full IFRS Standards. In addition, the South African Companies Act establishes a public interest point system, and those SMEs that have a public interest score under 100 points and whose financial statements are internally compiled can use their own accounting policies if they are not required to comply with any other financial reporting standards.</p>
If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?	Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS	Yes.
--	------

Accounting Standards in their consolidated financial statements?

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

If the JSE is the primary regulator (ie the company's primary listing is on the JSE) the company is required to use IFRS Standards. If the company's listing on the JSE is a secondary listing (ie its primary listing is outside South Africa) the company can continue to use its home market GAAP.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as issued by the Board, ie standards and amendments are immediately effective as and when issued by the Board.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Standards.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

Since May 2011, the Companies Act Regulations refer directly to 'IFRS as issued from time to time by the IASB or its successor body'.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?

No.

If yes, what is the process?

Not applicable.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

The Companies Act Regulations refer directly to 'IFRS as issued from time to time by the IASB or its successor body'.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

No.

If yes, what are the changes?

Not applicable.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?

SAICA has a contract with the IFRS Foundation to give all its members access to eIFRS. A further royalty agreement with the IFRS Foundation allows SAICA to sell *A Guide Through IFRS* to students and/or members.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language? No. The English Standards are used.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards? Not applicable.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs? Yes, South Africa has adopted the *IFRS for SMEs* Standard without any modifications.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration? Not applicable.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard? No.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so? All SMEs (entities without public accountability) that are required by the Companies Act regulations or choose to prepare general purpose financial statements are permitted to use the *IFRS for SMEs* Standard. Alternatively they may use full IFRS Standards.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use? Those SMEs that are required to or choose to prepare general purpose financial statements but that do not use the *IFRS for SMEs* Standard must use full IFRS Standards. Additionally, the South African Companies Act establishes a public interest point system, and those SMEs that have a public interest score under 100 points and whose financial statements are internally compiled can use their own accounting policies if they are not required to comply with any other financial reporting standards.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? South Africa adopted the Exposure Draft on the *IFRS for SMEs* Standard for use by local companies when it was issued by the IASB in 2007, with the intention of providing immediate relief for limited interest companies under the then pending Corporate Laws Amendment Act of 2007. As a result of the early adoption of the standard in South Africa, SAICA was able to provide feedback to the IASB on the practical issues identified by local companies in implementing the standard. When *IFRS for SMEs* Standard was issued, this South African standard was withdrawn.

South Africa has also developed application guidance specifically designed to assist micro entities to apply *IFRS for SMEs* Standard.