



'Ensuring Investor Protection'

THE SECURITIES AND EXCHANGE COMMISSION

GUIDELINES FOR ACCOUNTANTS REPORTING FOR PUBLIC COMPANIES

1.0. Preamble

These Guidelines are issued by the Securities and Exchange Commission (hereinafter referred to as "the Commission") pursuant to sections 146 and 209 of the Securities Industry Act, 2016 (Act 929) for accountants reporting for public companies.

2.0. General Statement

These guidelines shall apply to accountants providing reporting services for public companies.

3.0 Requirements for accountants reporting for public company

A person reporting for a public company shall:

- i. be a member of the Institute of Chartered Accountants under the Chartered Accountants Act 1963, Act 170 and not be disqualified under subsection (2) of section 296 of the Companies Act, 1963, Act 179.
- ii. be registered with the Securities and Exchange Commission
- iii. have professional indemnity insurance acceptable to the Commission.
- iv. be required to have knowledge and skills in the securities market.

4.0 Scope of work

The reporting accountant shall:

(1) Review the audited financial statements or audited statements of the public company and issue a report. In the course of this assignment, he shall:

- (a) Review the statutory auditors work
- (b) Review significant trends and investigate unusual variations;
- (c) Discuss with the management and auditors, all significant issues, e.g. changes in profit trend, company or group structure, subsidiaries and general organization;
- (d) Ascertain that the accounting policies adopted are in compliance with international accounting standards as well as the consistency of their application;
- (e) Investigate post balance sheet events such as major contracts and litigations;
- (f) Review the offer document or scheme particulars to ensure consistency of financial information.

(2) Review prospective financial information to be included in the prospectus and issue a report.

(3) Prepare his report, addressed jointly to the directors of the public company and the lead manager of the offer and thereafter disclose same in the prospectus. The report shall address:

- (a) The financial information based on the audited financial statements of the public company.
- (b) This audited financial statement shall include:
 - i. Statement of comprehensive Income,
 - ii. Statement of financial position
 - iii. Statement of cash flow
 - iv. Statement of changes in equity
 - v. Notes to the financial statements;

(c) Prospective financial information

5.0 Failure to report discrepancies

Where the reporting accountant knowingly fails to report any discrepancies in the work done by the auditor, he may be liable for any loss occasioned thereby and may be reported to his professional body for disciplinary action. In addition, he may be barred from doing any further work in the securities market.

6.0 Independence of a reporting accountant

The reporting accountant shall:

- a. not be the same as the issuer's external auditor and shall be independent of same.
- b. not be the same as the issuer's accountants who may be carrying out any other functions for the issuer.
- c. comply with the independence requirements under the code of ethics for Professional Accountants of International Federation of Accountants (IFAC)

7.0 Suspension or Cancellation of registration

- (a) The Commission may suspend or cancel the registration of the reporting accountant where:
 - (i) a levy of execution in respect of that reporting accountant has not been satisfied;
 - (ii) the reporting accountant ceases to hold a licence to practice;
 - (iii) the reporting accountant is adjudged bankrupt in any jurisdiction;
 - (iv) the Commission has reason to believe that the reporting accountant has not performed his functions efficiently, honestly or fairly;
 - (v) the reporting accountant is convicted of an offence involving fraud or dishonesty;

Prior to any cancellation or suspension by the Commission, the affected reporting accountant shall be given a hearing.

- (b) A suspension or cancellation of the registration of a reporting accountant shall not affect rights or responsibilities attached to a previous assignment.

8.0 Sanctions for Non-Compliance:

(a) Where there is a breach of any provision stipulated in these guidelines by reporting accountant:

- i. The Commission may take action(s) specified under section 209 of the Securities Industry Act 2016.
- ii The Commission reserves the right to cancel the registration of the reporting accountant from its register

The Commission may revoke, vary, revise or amend these guidelines.

These Guidelines shall be effective 1st January 2017

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