



Audience Services Division

Compliance Department

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**Chartwell House
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P O Box 89
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3640**

Dear Sirs

ANNUAL AUDITED STATEMENT

In terms of Regulation 30 " Within 30 days after the end of each licensing year ,
a business must provide the Corporation with an audited statement ..."

The intention of the legislation in this regard is to ensure that businesses update
the corporation on the number of sets in their possession during that licensing
year, which number is verified by the AAS .This obligation is also in an effort to
avoid the cumbersome exercise of instructing inspectors.

The Annexure C in the Regulations serves as a guideline for businesses and their
auditors or accounting officers to indicate the format in which businesses should
report to the Corporation.

The following were concerns raised by businesses after the audited statements
were mailed to them in July 2004:

1. Who should complete the AAS and in what capacity
2. The costs involved in having the AAS completed by an auditor or accountant
3. When the AAS should be submitted to the corporation

The above were considered internally and the following was decided:

1. An AAS would be acceptable if completed by an external auditor for a PTY(Ltd) or section 21 Companies . An accounting officer for a Close corporation or an attorney, accountant for a partnership.
2. Alter the businesses license year so that it coincides with their financial year therefore reducing the costs of engaging auditors or accountants.

As a result of the confusion amongst the businesses, auditors and accountants , SAICA was consulted for their recommendations . Two aspects were explored by SAICA, the wording of the AAS as it stands and the format in which it must be set out .These were SAICA's recommendations:

- a) The Regulations should rather refer to "agreed-upon procedures and "factual findings report" instead of audit statement. The reason being that an audit statement is an opinion of the auditor and auditors /accounting officers are not comfortable with performing the task of an inspector of a product they know little about.
- b) That the business is held responsible for the information given on the AAS and the accuracy of the report.
- c) That the business is responsible for submitting the report to the SABC.
- d) That instead of referring to an asset register, the SABC must refer to a schedule of television sets which must be communicated to the businesses. SAICA indicated that some businesses may not include television sets in their asset registers due to the cost of the asset and that the agreed-upon procedures cannot require an inspection of a fixed asset register.
- e) The agreed-upon procedures may require a sample of the television sets to be inspected therefore the SABC would have to decide on a sample considering the number of locations where tv sets could be found.
- f) Agreed-upon procedures cannot require a reasonability test by the auditor/accountant as this requires judgment which is not allowed in such an engagement.

The objective of the AAS is to ensure that businesses report to the Corporation and that the manner in which they report is authentic. The business accounts department receives AAS which are not signed or stamped by auditors / accounting officers. It is to our benefit that the responsibility of completing the AAS is not left open to the businesses or the business's manager alone but verified by an external or independent entity considering the legal implications should we have to institute legal action or should there be discrepancies between the number of sets on our database and on the AAS .

We therefore would have to consider some of SAICA's recommendations to realize our objective, curtail the confusion and ensure that businesses report to the Corporation as per the legislation.

Regards

Nigel Mncube
Business Accounts Executive

ANNEXURE C
In terms of the Television Licence Regulations
Under the Broadcasting Act No 4 of 1999, As Amended

REPORT OF THE INDEPENDENT AUDITOR TO (NAME OF BUSINESS)

We have performed the procedures agreed with you and enumerated below with respect to the number of television sets, including rented or leased sets, in the possession of _____, and the period for which such television sets were in its possession during the licensing year ended _____. Our engagement was undertaken in accordance with the statement of International Standards on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in reporting the number of television sets, including rented or leased sets, in your possession and the period for which such television sets were in your possession during the licensing year ended [date], to the South African Broadcasting Corporation.

These procedures are summarized as follows:

PROCEDURES

1. We have obtained from management the number and location of television sets (including rented , sold , given away as gifts /donations or leased sets) in [insert name of client] possession with management's indication of the period that such television sets were in its possession during the licensing year ended [date]_____.
2. We have agreed the above information obtained from management to a schedule of television sets of (Business name).
3. We have performed a physical count of all the television sets located at (details of locations) on (date physical count was carried out) .

FINDINGS

We report our findings below:

Number of television sets:

1.

Description	Number of sets	Location	Period that sets were in the entity's possession
Owned television sets			
Rented or leased			

television sets:			
Number of sets sold /donated /alienated			

2. The television sets recorded above agreed/did not agree to the entity's schedule of television sets. [*Specify reasons for differences between management's information and the schedule of television sets.*]
3. The number of television sets per the physical count performed on _____ was [*For one premises*] OR
The number of television sets per the physical count performed on _____ per premises A and B was:
A
B

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters may have come to our attention that would have been reported to you.

This report relates only to the matters specified above, and does not extend to the financial statements of _____ taken as a whole.

It is supplied on the basis that it is for the sole use of the parties to whom it is addressed and exclusively for the purposes set out herein .No party other than those to whom it is addressed may rely upon this report for any purpose whatsoever.

Name

Registered Accountants and Auditors

Chartered Accountants (SA)

Address

Date