



10 February 2005

Director: Local Government
Implementation Office 1809
National Treasury
Private Bag X115
PRETORIA
0001

Dear Sir,

**COMMENT ON THE DRAFT AUDITION PROFESSION BILL, 2004 & PROPOSED AMENDMENTS
TO THE COMPANIES ACT, 1973**

1. We refer to the publication of the Draft Auditing Profession Bill, 2004 and the related proposed amendments to the Companies Act, 1973. There are two specific issues on which we make the following submissions.
2. The Rotation of Auditors:
 - 2.1 We firmly believe the proposal of a four-year rotation of Audit Partners would dilute the effectiveness of an audit. There should be a seven-year rotation cycle.
 - 2.2 The proposal as it presently stands is not in line with accepted international practice and in particular, the best practice guidelines established under:
 - the Code of Ethic of the International Federation of Accountants
 - the PCAOB, or
 - the proposed 8th Directive in the European Union
 - 2.3 Further, rather than legislating for the requirements regarding the rotation of Audit Partners, we would prefer that these were set by the Standard Setting Board of Ethics.



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3. The Auditor's obligation to answer questions at the Annual General Meeting:

3.1 We submit that principles or guidelines should be set concerning the nature and extent of the questions which may be put to auditors by shareholders at an Annual General Meeting.

3.2 Any question, which falls outside of those guidelines should be dealt with by the Chairman as he sees fit.

3.3 We would support a set of guidelines which follow best practice currently adopted in Europe.

4. We acknowledge that amendments to the regulatory framework on the Audit Profession would be in line with changes made in other jurisdictions, particularly in the USA and Europe. We urge you, however, to constantly remember the stark differences between the South African economy and their economies and South Africa's limited pool of skills compared with their almost limitless pool. Likewise this should be considered from the monitoring viewpoint.

5. We point that Brait SA is listed on the Luxembourg, London and Johannesburg Stock Exchanges. In line with international best practice and dealing with trading partners there should not be a difference between South African and international practices. Particularly, is this so in regard to companies listed in South Africa and other world exchanges of which we are only one of several.

Yours Faithfully

MERVYN E. KING S.C.

CHAIRMAN