

# Audit committee



**Martin Shaw**, *chairman*

The audit committee assists the Board to fulfil its corporate governance supervision responsibilities relating to accurate financial reporting and adequate financial systems and controls. It does so by evaluating the findings of external audits, the actions taken and the appropriateness and adequacy of the systems of internal financial and operational control.

The committee reviews accounting policies and financial information issued to stakeholders and recommends the appointment of external auditors and their remuneration.

The Board is provided with regular reports on the committee's activities. The external auditors have unrestricted access to the chairperson of the committee. The independence of the external auditors is regularly reviewed and all non-audit related services are reported upon in terms of an agreed policy.

## Membership

MJ Shaw served as chairman of the committee and IN Mkhize and AA Routledge as members during the year under review.

All of the committee members are independent non-executive directors and are financially literate. The chairman, group chief executive, group financial director, group corporate services executive and the external auditors, attend meetings by invitation.

The committee met twice during the year under review.

## Terms of reference

The committee's activities include:

- monitoring the Group's accounting policies and making recommendations to the Board to ensure compliance with International Financial Reporting Standards
- discussing and agreeing on the scope, nature and priority of the audit
- reviewing the external auditors' reports for the interim review and full year audit
- reviewing the Group's annual financial statements and the Group's results and making recommendations to the Board for publication in the interim and preliminary report and the annual report

The committee's terms of reference are reviewed annually at the April board meeting.

## Audit and administration

Financial management within Murray & Roberts continues to be strengthened with the appointment of a number of senior financial executives.

During the year the Group decided to establish a separate risk committee. A separate report on the risk committee is published on page 57 of the annual report.

The audit firm responsible for the audit of the Group's main Middle East business was changed during the year to Deloitte & Touche. On the 80% acquisition of the Group's clay brick manufacturing business the auditor was also changed to Deloitte & Touche.

## International Financial Reporting Standards (IFRS)

The Group has adopted IFRS for the first time for the year ended 30 June 2006, with a date of transition of 1 July 2004. Previously the consolidated results were prepared in accordance with South African Generally Accepted Accounting Practice.

**Martin Shaw**  
*Chairman*