

4 August 2017

Gaborone

Dear Botswana Accountancy Oversight Authority Stakeholders,

**RE: ISA 701, “COMMUNICATING KEY AUDIT MATTERS IN THE INDEPENDENT AUDITOR’S REPORT”: TO WHOM IT APPLIES**

Reference is made to the BAOA Directive dated 11 July 2017 regarding the above.

After considering various comments from stakeholders, it is further proposed that the above Standard be applied on:

1. audits of financial statements for periods ending on or after 1 January 2018; and
2. the following entities:
  - a) listed on the Botswana Stock Exchange;
  - b) entities regulated by Bank of Botswana, excluding entities operating as a Bureau De Change;
  - c) economically significant entities (as determined at d below) regulated by Non-Bank Financial Institutions Regulatory Authority; and
  - d) any entity considered economically significant by virtue of exceeding two or more of the following thresholds at the end of the preceding accounting year: -
    - i) annual revenue: P300 million;
    - ii) number of employees: 200;
    - iii) total assets: P200 million; and
    - iv) total liability, not including shareholder's equity: P100 million.

e) State-owned enterprises/Parastatals organisations.

All other contents of the Directive of 11 July 2017 remain unchanged.

Please contact the undersigned for any further clarification.

Thank you for your cooperation.

Yours sincerely,

Duncan D Majinda  
**CHIEF EXECUTIVE OFFICER**