



irbba

INDEPENDENT REGULATORY BOARD FOR AUDITORS

**CANDIDATE'S GUIDE TO THE 2010
PUBLIC PRACTICE EXAMINATION
(PPE)**

**CANDIDATE'S GUIDE TO
THE PUBLIC PRACTICE EXAMINATION**

2010

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SECTION 1:

GENERAL INFORMATION AND EXAMINABLE PRONOUNCEMENTS

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GENERAL INFORMATION

1. IMPORTANT DATES

- | | |
|---|-------------------------------------|
| ◆ Examination date | Tuesday, 23 November 2010 |
| ◆ Opening date for registration | Tuesday, 03 August 2010 |
| ◆ Closing date for special concessions applications | Wednesday, 15 September 2010 |
| ◆ Closing date for registration | Saturday, 02 October 2010 |
| ◆ Closing date for late registration | Tuesday, 02 November 2010 |
| ◆ Publication of results | Friday, 25 February 2011 |

2. ENTRANCE FEE

The IRBA is no longer a VAT vendor and as such no VAT will be charged:

- ◆ **R1650-00** is payable by 02 November 2010, in respect of registration from 03 August 2010 to 02 October 2010.
- ◆ An additional fee of **R605-00**, is payable by 02 November 2010, in respect of late registration after 02 October 2010 and before 02 November 2010.
- ◆ An administration fee of **15% of the above fee(s)** is payable for cancellation or withdrawal of registration. This fee is payable by 06 December 2010.
- ◆ All **London PPE candidates** will be notified on 01 November 2010 of the **additional registration fee** that is payable.

We are aware that the majority of candidates will still be awaiting their Auditing Specialism (APT) results at the time of registration and as such, candidates will be registered provisionally and their registration will only be confirmed once we have received the official results from the APT provider.

3. APPLICATION FOR ADMISSION TO THE EXAMINATION

- ◆ It is the personal responsibility of each candidate to register on-line at www.irba.co.za, pay the entrance fee, submit proof of payment and to follow up on the registration to ensure that it was received by the Education, Training and Professional Development department of the Independent Regulatory Board for Auditors (IRBA).
- ◆ Candidates must consult the IRBA website (www.irba.co.za) at least a week after completing an on-line registration to check if their details are correctly entered in the electronic register, thus confirming receipt of their on-line registration.
- ◆ Candidates should not rely solely on their firm or employer to register on their behalf. The IRBA will **NOT** accept responsibility for any errors or omissions made by firms or employers that fail to register a candidate on his/her behalf.

4. ADMISSION REQUIREMENTS

In terms of the Auditing Profession Act, 26 of 2005 in order to gain admission to the Public Practice Examination (PPE), the IRBA has instituted the following requirements:

Successful completion of:

- 4.1 **a recognised academic programme.** The only academic programme currently recognised by the IRBA is the Certificate in the Theory of Accountancy (CTA), or equivalent, offered by providers accredited by SAICA.
- 4.2 **a recognised core assessment programme.** The only core assessment programme that currently meets the recognition standards of the IRBA is Part I of the Qualifying Examination of SAICA.
- 4.3 *a minimum of 18 months' practical training* under a **recognised training programme** registered with the IRBA. The 18-month period should be completed prior to the first day of the month in which the examination is to be conducted in a specific year. In the case of trainee accountants who participate in the Academic Traineeship Programme (ATP) and who fail a recognised core assessment programme during the first year of their training contract, a minimum of 15 months' practical training is required under a recognised training programme that is registered with the IRBA. The 15-month period should be completed prior to the

first day of the month in which the examination is to be conducted in a specific year. The only training programme currently recognised by the IRBA is the training contracts in public practice administered by SAICA and registered with the IRBA; and

- 4.4 **a recognised education programme.** The only education programme that currently meets the recognition standards of the IRBA is the auditing specialism course or equivalent, accredited by SAICA. This education programme will remain valid for admission purposes for a period of five calendar years, commencing after the calendar year in which the education programme was successfully completed.

5. NATURE OF EXAMINATION

5.1 Assessment objective

- 5.1.1 The objective of the PPE is to assess the professional competence of a candidate to apply integrated knowledge, skills and professional values appropriate to the practice of a registered auditor (RA) at entry level and that will enable the candidate to continue to learn and adapt to change throughout his/her professional career.

5.2 Standard of assessment

- 5.2.1 In determining the desirable level of professional competence, the Education, Training and Professional Development Committee (EDCOM) of the IRBA has defined the following six professional competencies that embody its expectations of successful candidates of the PPE:

- i) The ability to apply concepts and principles from a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to complex situations that are likely to be encountered in the multi-disciplinary public practice environment. The defined technical body of knowledge, skills and professional values will be prescribed by EDCOM from time to time.
- ii) The ability to draw on skills developed as a result of practical experience to solve problems relating to the function of an RA.
- iii) The ability to apply professional judgement in assessing alternatives and recommending solutions to situations that reflect the public practice environment.
- iv) The ability to communicate effectively by formulating appropriate arguments and

recommendations in a concise and logical manner appropriate to the specific user and particular level of assurance required.

- v) The ability to demonstrate and apply to public practice situations, a comprehensive understanding of the professional values of the profession in general and the ethical requirements specific to the practice of an RA.
- vi) The ability to continue to learn and adapt to change through an awareness of current developments shaping the future of the profession.

5.3 Scope of assessment

5.3.1 The assessment is based on practical situations/problems that are likely to be encountered in the multidisciplinary public practice environment and that require the candidate to draw on practical experience. The scope of the assessment is based on the most recent education curriculum (the Curriculum Framework) defined by EDCOM.

5.4 Format of examination

5.4.1 The PPE is divided into two examination question papers of two and a half hours each (100 marks each). Each examination question paper will consist of a single scenario with a number of required questions. Both question papers will be written on the same day.

5.4.2 Half an hour reading time is given for each question paper, making each examination session three hours in duration.

5.4.3 The first session is from 9:00 until 12:00 and the second from 14:00 until 17:00.

5.4.4 At the start of each session, candidates are given the scenario to read.

5.4.5 Candidates are allowed to annotate, highlight and make notes of any kind on the question paper, and consult their permitted texts during the half hour reading period.

5.4.6 At the close of the half hour reading period, candidates are given the required questions and answer books.

5.4.7 Candidates have two and a half hours to answer the required section.

5.5 Open book assessment

5.5.1 The PPE will be conducted under open-book conditions in accordance with knowledge management principles (See section 8: “Permitted Texts” in the Examination Regulations and also refer to the “PPE Open Book Assessment - User’s Guide on www.irba.co.za).

5.6 Pass requirements

5.6.1 The maximum number of marks to be awarded for the examination is 200, of which a candidate must be awarded at least 100 (i.e. 50%) in order to pass. The overall assessment will be based upon the total marks scored by a candidate in both questions. There will be no sub minimum requirement on each question or part thereof.

5.7 Language

5.7.1 The examination is printed in English and Afrikaans. A candidate may write the examination in either of these two languages.

6. EXAMINATION CENTRES

The examination will be conducted in the following centres:

◆ Bethlehem ◆ Bloemfontein ◆ Cape Town ◆ Durban ◆ East London ◆ Evander ◆ George ◆ Johannesburg ◆ Kimberley	◆ Nelspruit ◆ Paarl ◆ Pietermaritzburg ◆ Polokwane ◆ Port Elizabeth ◆ Potchefstroom ◆ Pretoria ◆ Stellenbosch	◆ Swaziland ◆ Umtata ◆ London ¹ (United Kingdom) ◆ Uppington ◆ Vanderbijlpark ◆ Welkom ◆ Windhoek
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Note 1:

- ◆ Candidates, who want to register to write the 2010 PPE at the London venue, should do so by 02 October 2010 so that the IRBA can establish the feasibility of the London venue.

EDCOM reserves the right to cancel a particular centre if the number of candidates who indicate their preference to write the examination at that particular centre is insufficient to justify holding the examination there. In such cases alternative arrangements will be made and communicated with the relevant candidates.

7. ALTERNATIVE EXAMINATION ARRANGEMENTS

- 7.1 EDCOM may make alternative examination arrangements available to candidates who require these arrangements for medical, personal or other reasons. The policies and procedures governing all applications for special concessions will be published on the IRBA website (www.irba.co.za). Special concessions will be granted entirely at the discretion of EDCOM and a candidate intending to apply for a special concession must follow the required procedures.

8. PUBLICATION OF RESULTS

The official release of the results will take place on **Friday, 25 February 2011** at **16:00** at the offices of the IRBA in Modderfontein, Johannesburg.

The results will also be displayed at the following venues:

- ◆ The offices of the local secretaries of SAICA in Bloemfontein, Cape Town and Durban; and
- ◆ Various participating universities.

Under no circumstances whatsoever, will results be released prior to the official release time.

EXAMINABLE PRONOUNCEMENTS

9 EXAMINABLE PRONOUNCEMENTS: PPE 2010

9.1 AUDITING, ASSURANCE AND RELATED SERVICES

The IRBA in South Africa has adopted the full suite of International Engagement Standards (IESs) issued by the International Audit and Assurance Standards Board (IAASB) with effect from 1 January 2005 as well as any new or revised Standards issued subsequently by the IAASB, including the redrafted Standards issued in terms of the IAASB's clarity project. The International Engagement Standards (IES) consist of:

- International Standards on Quality Control (ISQC);
- The International Framework for Assurance Engagements;
- International Standards on Auditing (ISA);
- International Standards on Review Engagements (ISRE);
- International Standards on Assurance Engagements (ISAE);
- International Standards on Related Services (ISRS); and
- International Auditing Practice Statements (IAPS).

The International Engagement Standards, as revised and redrafted following the completion of the IAASB's clarity project, as well as South African Auditing Practice Statements (SAAPs), are contained in the **SAICA Handbook 2009/2010 Volume 2**. This text includes all Standards issued up to 30 November 2009. This Handbook is to be used by candidates for purposes of the **PPE 2010**.

STANDARDS ON QUALITY CONTROL, AUDITING, ASSURANCE AND RELATED SERVICES

IES	Title	PPE 2010
PREF	Preface to The International Standards On Quality Control, Auditing, Review, Other Assurance And Related Services (effective as of December 15, 2009)	Examinable
GLOSS	Glossary of Terms (February 2009)	Examinable

INTERNATIONAL STANDARDS ON QUALITY CONTROL

ISQC	Title	PPE 2010
1	Quality Controls for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements	Examinable

INTERNATIONAL FRAMEWORK FOR ASSURANCE ENGAGEMENTS

Framework	Title	PPE 2010
FRAME	International Framework for Assurance Engagements	Examinable

AUDIT AND REVIEWS OF HISTORICAL FINANCIAL INFORMATION

International Standards on Auditing (ISA's)¹

General Principles and Responsibilities (200 – 299)

ISA	Title	PPE 2010
200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing	Examinable
210	Agreeing the Terms of Audit Engagements	Examinable
220	Quality Control for an Audit of Financial Statements	Examinable
230	Audit Documentation	Examinable
240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	Examinable
250	Consideration of Laws and Regulations in an Audit of Financial Statements	Examinable
260	Communication with Those Charged with Governance	Examinable
265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management	Examinable

Risk Assessment and Response to Assessed Risks (300 – 499)

ISA	Title	PPE 2010
300	Planning an Audit of Financial Statements	Examinable
315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment	Examinable
320	Materiality in Planning and Performing an Audit	Examinable
330	The Auditor's Responses to Assessed Risks	Examinable
402	Audit Considerations Relating to an Entity Using a Service Organization	Examinable
450	Evaluation of Misstatements Identified during the Audit	Examinable

Audit evidence (500 – 599)

ISA	Title	PPE 2010
500	Audit Evidence	Examinable
501	Audit Evidence—Specific Considerations for Selected Items	Examinable
505	External Confirmations	Examinable
510	Initial Audit Engagements—Opening Balances	Examinable

¹ Clarity ISAs – Effective for audits of financial statements for periods beginning on or after 15 December 2009.

ISA	Title	PPE 2010
520	Analytical Procedures	Examinable
530	Audit Sampling	Examinable
540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures	Examinable
550	Related Parties	Examinable
560	Subsequent Events	Examinable
570	Going Concern	Examinable
580	Management Representations	Examinable

Using work of others (600 – 699)

ISA	Title	PPE 2010
600	Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)	Examinable
610	Using the Work of Internal Auditors	Examinable
620	Using the Work of an Auditor's Expert	Examinable

Audit conclusions and reporting (700 – 799)

ISA	Title	PPE 2010
700	Forming an Opinion and Reporting on Financial Statements	Examinable
705	Modifications to the Opinion in the Independent Auditor's Report	Examinable
706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report	Examinable
710	Comparative Information—Corresponding Figures and Comparative Financial Statements	Examinable
720	The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements	Examinable

Specialised areas (800 – 899)

ISA	Title	PPE 2010
800	Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks	Examinable
805	Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	Examinable
810	Engagements to Report on Summary Financial Statements	Examinable

International / South African Auditing Practice Statements (1000 – 1100)

IAPS	Title	PPE 2010
1000	<i>Inter-bank confirmation procedures</i>	<i>Not Examinable</i>
1004	<i>The relationship between banking supervisors and banks' external auditors</i>	<i>Not Examinable</i>
1005	The special considerations in the audit of small entities	Examinable
1006	<i>Audits of the financial statements of banks</i>	<i>Not Examinable</i>
1010	The consideration of environmental matters in the audit of financial statements	Examinable
1012	Auditing derivative financial instruments	Examinable
1013	Electronic commerce –effect on the audit of financial statements	Examinable
1014	Reporting by auditors on compliance with International Financial Reporting Standards	Examinable

South African Audit Practice Statements

SAAPS	Title	PPE 2010
SAAPS 1	<i>Quality control</i>	<i>Not Examinable</i>
SAAPS 2 (Revised)	<i>Financial reporting frameworks and audit opinions</i>	<i>Not Examinable</i>
SAAPS 3 (Revised)	<i>Illustrative auditors report</i>	<i>Not Examinable (see Note 1)</i>
SAAPS 4	Enquiry regarding litigation and claims	Examinable
SAAPS 5	<i>Reporting on donor funding engagements</i>	<i>Not Examinable</i>
SAAPS 1100	Bank confirmations	Examinable

Note 1

SAAPS 3 "Illustrative Independent Auditors Reports" was issued in March 2010 to revise and update SAAPS 3 contained in Volume 2 of the SAICA Handbook 2009/2010. It is recognised that the March 2010 revision of SAAPS 3 deals with auditor's reports drafted prior to the clarity / redrafted ISA 700 taking effect. The Committee for Auditing Standards is currently in the process of updating SAAPS 3 to incorporate the requirements of the redrafted ISA 700. It is also recognised that for much of 2010 the pre-clarity audit report format will be used when issuing audit reports.

Accordingly, for the PPE 2010, **candidates may make reference to either revised SAAPS 3 issued in March 2010 OR revised SAAPS 3 containing the amendments to align with the clarity / redrafted ISA 700 (to be issued during 2010). Both audit report formats will be acceptable for the PPE 2010.** As these Practice Statements are not contained in the SAICA Handbook 2009/2010, candidates should **supply their own copies** for purposes of open-book assessment.

International standards on review engagements (ISRE) (2000 – 2699)¹

ISRE	Title	PPE 2010
2400	Engagements to review financial statements	Examinable
2410	Review of interim financial information performed by the independent auditor of the entity	Examinable

ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR REVIEWS OF HISTORICAL FINANCIAL STATEMENTS

International Standards on Assurance Engagement (ISAEs) (3000 – 3699)²

ISAE	Title	PPE 2010
3000	Assurance engagements other than audits or reviews of historical financial information	Examinable
3400	<i>The examination of prospective financial information</i>	<i>Not Examinable</i>
3402	Assurance Reports on Controls at a Service Organization	Examinable (Note *)

Note *: This Standard is not contained in the SAICA Handbook 2009/2010. Candidates should **supply their own copies** of this Standard for purposes of open-book assessment.

RELATED SERVICES

International standards on related services (ISRS) (4000 – 4699)³

ISRS	Title	PPE 2010
4400	Engagements to perform agreed-upon procedures regarding financial information	Examinable
4410	Engagements to compile financial statements	Examinable

9.2 LEGISLATION

The Companies Act No.61 of 1973, as amended, is examinable for PPE 2010. The Corporate Laws Amendment Act No 24 of 2006 is also examinable.

The Companies Act No.71 of 2008 is **not** examinable for PPE 2010 as this Act is only anticipated to become effective after July 2010.

The Close Corporations Act is **not** examinable for PPE 2010.

The Auditing Profession Act (2005) is examinable for PPE 2010.

¹ These ISRE standards are pre-clarity format

² These ISAE standards are pre-clarity format

³ These ISRE standards are pre-clarity format

9.3 CODE OF GOVERNANCE PRINCIPLES – KING III REPORT

The Code of Governance Principles of the King III Report is examinable for PPE 2010 as the Code is effective from 1 March 2010.

The King II Report is **not** examinable for PPE 2010.

9.4 CODES OF PROFESSIONAL ETHICS

The IRBA's "PAAB Code of Professional Conduct" is examinable.

The IRBA's "Old Disciplinary Rules" is examinable.

The Exposure Draft of the "Rules Regarding Improper Conduct (the 'Rules') and the Code of Professional Conduct (the 'Code')" issued on 27 November 2009 is NOT examinable for PPE 2010.

9.5 ACCOUNTING PRONOUNCEMENTS

The Standards listed below are contained in Volumes 1A to 1C ("A Guide through IFRS[®]") of the **SAICA Handbook 2009/2010**. Volumes 1A to 1C of the **SAICA Handbook 2009/2010** include the full consolidated text of the Standards and Interpretations and accompanying documents issued by the International Accounting Standards Board as at 1 July 2009.

International Financial Reporting Standards (IFRS)

<u>Pronouncement</u>	<u>Topic</u>	<u>PPE 2010</u>
Framework	Framework for the Preparation and Presentation of Financial Statements	Examinable
<i>IFRS 1</i>	<i>First-time Adoption of International Financial Reporting Standards</i>	<i>Not Examinable</i>
IFRS 2	Share-based Payment <ul style="list-style-type: none">Valuation of options (App B, para B1 – B41) - Level 2Share-based payments where the terms of arrangement provides the counterparty with choice of settlement (para. 35–40) – level 1	Examinable
IFRS 3	Business Combinations <ul style="list-style-type: none"><i>Reverse acquisitions – paragraphs B19–B27 are EXCLUDED (however, the identification of an acquirer is included (para. 6 and 7 and elaborated upon in B13–B18))</i>	Examinable
<i>IFRS 4</i>	<i>Insurance Contracts</i>	<i>Not Examinable</i>
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Examinable
<i>IFRS 6</i>	<i>Exploration for and Evaluation of Mineral Resources</i>	<i>Not Examinable</i>
IFRS 7	Financial Instruments: Disclosures – level 2 <ul style="list-style-type: none">Paragraphs 13 and 17 – Level 1 IFRS 7 is only examinable in the context of an entity that is not a financial institution.	Examinable
IFRS 8	Operating segments <ul style="list-style-type: none">Disclosures (para. 20–34) - level 1	Examinable

Note that IFRS 9 on "Financial Instruments" is not contained in the SAICA Handbook 2009/2010 and is NOT examinable for the PPE 2010.

International Accounting Standards (IAS)

<u>Pronouncement</u>	<u>Topic</u>	<u>PPE 2010</u>
IAS 1	Presentation of Financial Statements	Examinable
IAS 2	Inventories	Examinable
IAS 7	Statement of Cash Flows <ul style="list-style-type: none"> Foreign subsidiaries - Level 1 	Examinable
IAS 8	Accounting Policies; Changes in Accounting Estimates and Errors	Examinable
IAS 10	Events After the Reporting Period	Examinable
IAS 11	Construction Contracts	Examinable
IAS 12	Income Taxes <ul style="list-style-type: none"> Deferred tax for equity-settled share-based payments (para. 68A – 68C) – level 1 <i>Paragraphs 38–45 – EXCLUDED and therefore no deferred tax to be provided on these items</i> 	Examinable
IAS 16	Property, Plant and Equipment	Examinable
IAS 17	Leases <ul style="list-style-type: none"> <i>Paragraphs 18 and 19 – EXCLUDED</i> 	Examinable
IAS 18	Revenue <ul style="list-style-type: none"> Appendix – Financial service fees – Level 1 	Examinable
IAS 19	Employee Benefits <ul style="list-style-type: none"> Paragraphs 92 and 93 (corridor) – level 1 Paragraphs 65–91 (actuaries) – level 1 <i>Paragraphs 58(b), 58A, 58B and 60 (anything on “asset ceilings” and related disclosures) – EXCLUDED</i> 	Examinable
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance – level 1	Examinable
IAS 21	The Effects of Changes in Foreign Exchange Rates	Examinable
IAS 23	Borrowing Costs	Examinable
IAS 24	Related Party Disclosures	Examinable
IAS 26	<i>Accounting and Reporting by Retirement Benefit Plans</i>	<i>Not Examinable</i>
IAS 27	Consolidated and Separate Financial Statements <ul style="list-style-type: none"> <i>Cross holdings – EXCLUDED</i> Consolidation journals are examinable in PPE 2010. 	Examinable
IAS 28	Investments in Associates	Examinable
IAS 29	<i>Financial Reporting in Hyperinflationary Economies</i>	<i>Not Examinable</i>
IAS 31	<i>Interests in Joint Ventures</i>	<i>Not Examinable</i>
IAS 32	Financial Instruments: Presentation <ul style="list-style-type: none"> Compound financial instruments – Level 2 <i>Puttable financial instruments and obligations arising on liquidation (IAS 32, para.16A–16F) – EXCLUDED</i> 	Examinable
IAS 33	Earnings per Share <ul style="list-style-type: none"> Headline earnings (Circ 3/09) – Level 1 	Examinable
IAS 34	Interim Financial Reporting - level 1	Examinable
IAS 36	Impairment of Assets	Examinable
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Examinable
IAS 38	Intangible Assets	Examinable
IAS 39	Financial Instruments: Recognition and Measurement	Examinable
	All matters are examinable at a level 3 except as set out below: EXCLUDED: <ul style="list-style-type: none"> <i>Recognition and measurement of fair value hedge accounting for a portfolio hedge of interest rate risk (amendment June 2004)</i> <i>Financial guarantee contracts</i> <i>Loan commitments</i> <i>Paragraphs 50(c) and 50B–50F</i> <i>Paragraph 54</i> 	

Level 1:

- Identification of embedded derivatives
- Hedge accounting of any risk other than foreign exchange risk* hedged with an FEC* or interest rate risk* hedged with an interest rate swap* (* = level 3)
- Trade and settlement date accounting
- First day gains and losses (AG76A)
- Derecognition of financial assets and liabilities

Level 2:

- Valuation of derivative financial instruments

Level 3:

- Hedge accounting of foreign exchange risk with an FEC and interest rate risk with an interest rate swap

IAS 40	Investment Property <ul style="list-style-type: none"> • <i>Paragraph 6 – Property interests held by a lessee under an operating lease which is classified and accounted for as an investment property – EXCLUDED</i> 	Examinable
IAS 41	Agriculture	Not Examinable

International Financial reporting Interpretations Committee (IFRIC)

<u>Pronouncement</u>	<u>Title</u>	<u>PPE 2010</u>
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	Examinable
<i>IFRIC 2</i>	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>	<i>Not examinable</i>
IFRIC 4	Determining whether an Arrangement contains a Lease	Examinable
IFRIC 5	Rights to interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Examinable
<i>IFRIC 6</i>	<i>Liabilities arising from Participation in a Specific Market-Waste Electrical and Electronic Equipment</i>	<i>Not examinable</i>
<i>IFRIC 7</i>	<i>Applying the Restatement Approach under IAS 29 Financial reporting in Hyperinflationary Economies</i>	<i>Not examinable</i>
<i>IFRIC 9</i>	<i>Reassessment of Embedded Derivatives</i>	<i>Not examinable</i>
IFRIC 10	Interim Financial Reporting and Impairment - level 1	Examinable
<i>IFRIC 12</i>	<i>Service concession arrangements</i>	<i>Not examinable</i>
IFRIC 13	Customer loyalty programmes	Examinable
<i>IFRIC 14</i>	<i>IAS19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	<i>Not examinable</i>
<i>IFRIC 15</i>	<i>Agreements for the Construction of Real Estate</i>	<i>Not examinable</i>
IFRIC 16	Hedges of a Net Investment in a Foreign Operation – level 1	Examinable
IFRIC 17	Distribution of Non-cash Assets to Owners	Examinable
<i>IFRIC 18</i>	<i>Transfers of Assets from Customers</i>	<i>Not Examinable</i>
<i>SIC-7</i>	<i>Introduction of the Euro</i>	<i>Not examinable</i>
SIC-10	Government Assistance – No Specific Relation to Operating Activities – level 1	Examinable
SIC-12	Consolidation – Special Purpose Entities	Examinable
<i>SIC-13</i>	<i>Jointly Controlled Entities – Non-Monetary Contributions by Venturers</i>	<i>Not Examinable</i>
SIC-15	Operating Leases – Incentives	Examinable
SIC-21	Income Taxes – Recovery of Revalued Non-Depreciable Assets	Examinable
<i>SIC-25</i>	<i>Income Taxes – Changes in the Tax Status of an Entity or its Shareholders</i>	<i>Not examinable</i>
<i>SIC-27</i>	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	<i>Not Examinable</i>
<i>SIC-29</i>	<i>Disclosure- Service Concession Arrangements</i>	<i>Not examinable</i>
<i>SIC-31</i>	<i>Revenue – Barter Transactions Involving Advertising Services</i>	<i>Not examinable</i>

<u>Pronouncement</u>	<u>Title</u>	<u>PPE 2010</u>
SIC-32	Intangible Assets – Web Site Costs	Examinable

South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice

<u>Pronouncement</u>	<u>Title</u>	<u>PPE 2010</u>
AC500	Preface to South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice	Examinable
AC501	Accounting for “Secondary Tax on Companies (STC)”	Examinable
AC502	Substantively Enacted Tax Rates and Tax Laws	Examinable
AC503	Accounting for Black Economic Empowerment (BEE) Transactions	Examinable
AC504	<i>IAS 19 (AC 116) - The limit on a defined benefit asset, minimum funding requirements and their interaction in the South African pension fund environment</i>	<i>Not examinable</i>

The **IFRS for Small and Medium-sized Entities** is examinable. This Standard is not contained in the SAICA Handbook 2009/2010. Candidates should **supply their own copies** of the Standard for purposes of open-book assessment.

This pronouncement will be examined at the following levels:

- Scope section *Level 3*
- Other sections *Not examinable*

The references to the knowledge levels should be read as having the following meanings:

Level 1 = knowledge and awareness

Level 2 = Identification of underlying problems and simple calculations

Level 3 = perform complex calculations and answer an integrated question relating to the specific topics.

All standards are examinable at level 3, unless otherwise indicated.

Note that exposure drafts are not examinable.

9.6 CIRCULARS AND GUIDES

Circulars issued by IRBA (Only examinable Circulars are listed)

<u>Circular</u>	<u>Title</u>	<u>PPE 2010</u>
01/2006	Giving Second Opinions (issued 30 June 2006)	Examinable

IRBA Guides (Only examinable Guides are listed)

<u>Guide</u>	<u>Title</u>	<u>PPE 2010</u>
	Reportable irregularities	Examinable
	The auditor attending the annual general meeting	Examinable

Circulars issued by SAICA (Only examinable Circulars are listed)

<u>Circular</u>	<u>Title</u>	<u>PPE 2010</u>
CC 03/94	Recovery of professional fees	Examinable
CC 11/94	The auditor's liability to a third party	Examinable
CC 02/95	Use of the designations CA(SA) and RA	Examinable
CC 01/96	Managing the professional liability of accountants	Examinable
CC 02/02	Subordination agreements	Examinable

CC 03/02	Letters of support	Examinable
CC 08/05	Status of Professional Pronouncements	Examinable
CC 01/06	Disclosures in Relation to Deferred Tax	Examinable
CC 02/06	Clarification of Certain Sections of The Financial Intelligence Centre Act	Examinable
CC 09/06	Transactions giving rise to Adjustments to Revenue/Purchases	Examinable
CC 12/06	Operating Leases	Examinable
CC 04/07	Letter for auditors to send to clients outlining the requirements of section 45 of the Auditing Profession Act – The duty to report on reportable irregularities	Examinable
CC 05/07	Template letters for auditors: Compliance with the reporting requirements of section 45 – Duty to report on reportable irregularities	Examinable
CC 02/09	Statements of Generally Accepted Accounting Practice (GAAP): International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) This pronouncement will be examinable on the following levels:	Examinable
	- Scope section	Level 3
	- <i>Other sections</i>	<i>Not examinable</i>
CC 03/09	Headline earnings - level 1	Examinable

SAICA Guides

Trading whilst Factually Insolvent As updated June 2009 Examinable (**Note ***)

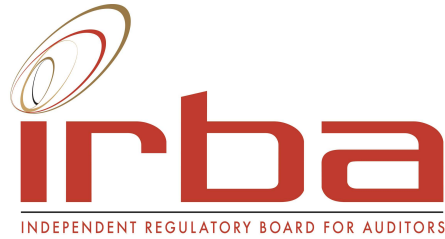
Note *: This Guide is not contained in the SAICA Handbook 2009/2010. Candidates should **supply their own copies** of this Guide for purposes of open-book assessment.

SECTION 2:

EXAMINATION REGULATIONS

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INDEPENDENT REGULATORY BOARD FOR AUDITORS
PUBLIC PRACTICE EXAMINATION (PPE)
EXAMINATION REGULATIONS

REPEAL OF THE EXAMINATION REGULATIONS MADE UNDER THE PUBLIC ACCOUNTANTS' AND AUDITORS' ACT, 80 OF 1991 AND ADOPTION OF NEW EXAMINATION REGULATIONS ON 07 AUGUST 2009

The IRBA resolves under section 10(1) of the Auditing Profession Act, 26 of 2005 ("the Act") to (i) the repeal of the Examination Regulations referred to in section 59(8)(a) of the Act; and (ii) the prescription by the IRBA of the following Examination Regulations:

1. DEFINITIONS

1.1 The following terms shall, unless expressly otherwise stated or inconsistent with the context in which they appear, have the following meanings:

1.1.1 "the **Academic Traineeship Programme** ("ATP")" means a programme that allows academically strong students, upon successful completion of their studies, to spend the first year of the three-year training contract in academia at a South African Institute of Chartered Accountants ("SAICA") accredited university, instead of in public practice or commerce and industry;

1.1.2 "**the Act**" means the Auditing Profession Act, Act 26 of 2005;

- 1.1.3 “the **auditing specialism** course” means a post-graduate course or equivalent, accredited by SAICA and recognised by the IRBA for entry into the Public Practice Examination (“PPE”);
- 1.1.4 “the **Certificate in the Theory of Accountancy** (“CTA”)” or equivalent means a post graduate qualification conferred by an education institution whose programmes are accredited by SAICA and recognised by the IRBA;
- 1.1.5 “the **Curriculum Framework**” means a document which defines the professional competencies required of persons entering the auditing profession and the context in which such competencies should be demonstrated;
- 1.1.6 “the **Education Committee**” means the Education, Training and Professional Development Committee established by the IRBA on 20 June 2006 under section 20(2)(c) of the Act;
- 1.1.7 “the **examination index number**” means the unique number assigned to a candidate upon registration for the Public Practice Examination;
- 1.1.8 “the **Examinations Committee**” means a sub-committee of the Education Committee established by the IRBA on 21 September 2006 under section 20(1) of the Act;
- 1.1.9 “the **examination stationery**” means the official stationery supplied by the IRBA to candidates who sit the Public Practice Examination. It includes, *inter alia*, the question papers, answer books, attendance registers and Public Practice Examination declarations;
- 1.1.10 “the **invigilator**” means a person duly appointed by the Education Committee to administer the Public Practice Examination on behalf of the IRBA at various accepted venues within and outside the South African borders;
- 1.1.11 “the **IRBA**” means the Independent Regulatory Board for Auditors established by section 3;

- 1.1.12 “the **marker**” means a person duly appointed by the Examinations Committee to mark the examination scripts of the Public Practice Examination.
- 1.1.13 “the **Qualifying Examination**” means the core assessment programme of SAICA which is recognised by the IRBA;
- 1.1.14 “**registered auditor**” means an individual or firm registered as an auditor with the IRBA;
- 1.1.15 “the **supervisor**” means a person duly appointed by the Education Committee to supervise the Public Practice Examination’s administration and invigilation procedures at an examination venue and to check the texts of candidates;
- 1.1.16 “the **trainee accountant (“trainee”)**” means a candidate who is serving under a South African Institute of Chartered Accountants’ recognised training contract;
- 1.1.17 “the **training contract**” means a written training contract, entered into on the prescribed form and registered with the IRBA , whereby a prospective registered auditor is duly bound to serve an organisation for a specific period and is entitled to receive training in the practice and profession of a registered auditor;
- 1.1.18 “an **umpire**” means a person duly appointed by the Examinations Committee to have overall responsibility for the marking of a particular sub-section of a question of the Public Practice Examination and making comments on such question for purposes of adjudication; and
- 1.1.19 “**these Regulations**” means the Examinations Regulations prescribed under section 10(1) and includes these definitions; and
- 1.2 any reference to any section in these Regulations is a reference to the corresponding section of the Act;
- 1.3 these Regulations shall, wherever possible, be construed in conformity with the Act;
and
- 1.4 the headings in these Regulations shall be taken into account in the interpretation of these Regulations.

2. **STATUTORILY PRESCRIBED EXAMINATION**

In terms of section 37(2)(a) of the Act the IRBA prescribes that the PPE has to be passed by those persons wishing to qualify for registration as a registered auditor (RA).

3. **ADMISSION REQUIREMENTS**

In terms of the Act, in order to gain admission to the PPE, the IRBA has instituted the following requirements:

Successful completion of:

- 3.1 a recognised academic programme. The only academic programme currently recognised by the IRBA is the Certificate in the Theory of Accountancy (CTA), or equivalent, offered by providers accredited by SAICA.
- 3.2 a recognised core assessment programme. The only core assessment programme that currently meets the recognition standards of the IRBA is Part I of the Qualifying Examination of SAICA.
- 3.3 *a minimum of 18 months' practical training* under a recognised training programme registered with the IRBA. The 18-month period should be completed prior to the first day of the month in which the examination is to be conducted in a specific year. In the case of trainee accountants who participate in the Academic Traineeship Programme (ATP) and who fail a recognised core assessment programme during the first year of their training contract, a minimum of 15 months' practical training is required under a recognised training programme that is registered with the IRBA. The 15-month period should be completed prior to the first day of the month in which the examination is to be conducted in a specific year. The only training programme currently recognised by the IRBA is the training contracts in public practice administered by SAICA and registered with the IRBA; and
- 3.4 a recognised education programme. The only education programme that currently meets the recognition standards of the IRBA is the auditing specialism course or equivalent, accredited by SAICA. This education programme will remain valid for admission purposes for a period of five calendar years, commencing after the calendar year in which the education programme was successfully completed.

4. APPLICATION FOR ADMISSION TO THE EXAMINATION

- 4.1 The opening, closing and late registration dates for entry to the examination will be published on the IRBA website (www.irba.co.za).
- 4.2 The examination entrance fee, late entrance fee and administration fee for cancellation or withdrawal of registration payable by a candidate, will be prescribed by the IRBA from time to time.
- 4.3 Only on-line registrations for the PPE can be done on the IRBA website (www.irba.co.za).
- 4.4 On-line registrations will only be finalised if the prescribed fee is paid in full at the time of registration. Confirmation of receipt of payment and registration will be sent to the candidate by e-mail or sms.
- 4.5 On-line registrations with payment must be completed on or before the official closing date to avoid payment of the late entrance fee.
- 4.6 A candidate will only be allowed to submit an application for late registration after the official late registration date if the Education Committee is satisfied that exceptional circumstances have prevented the candidate from submitting his/her entry earlier. The candidate concerned must apply to the Education Committee in writing, explaining the circumstances of the case, whereupon the Education Committee will consider such explanation and decide accordingly.
- 4.7 Persons awaiting results of supplementary examinations or of the recognised education programme should submit provisional entries. Should the application be denied, the IRBA will refund any entrance fee already received.
- 4.8 The IRBA will acknowledge receipt of all registrations for the examination, by entering the names of the candidates in an electronic register on the IRBA website (www.irba.co.za).

- 4.9 Upon submission of an on-line registration, a candidate, through registration undertakes to abide in all respects by the Examination Regulations of the IRBA and is deemed to have read and understood these Regulations in its entirety.
- 4.10 Candidates should not rely solely on their firm or employer to register on their behalf. The IRBA will NOT accept responsibility for any errors or omissions by firms or employers that fail to register a candidate on his/her behalf.
- 4.11 Candidates must consult the IRBA website (www.irba.co.za) after registration to ensure that their details are correctly entered in the electronic register, thus confirming their admission to the examination.

5. COMPILATION OF EXAMINATION

- 5.1 The compilation of the PPE is the sole responsibility of the Examinations Committee.

6. NATURE OF EXAMINATION

6.1 Assessment objective

- 6.1.1 The objective of the PPE is to assess the professional competence of a candidate to apply integrated knowledge, skills and professional values appropriate to the practice of an RA at entry level and that will enable the candidate to continue to learn and adapt to change throughout his/her professional career.

6.2 Standard of assessment

- 6.2.1 In determining the desirable level of professional competence, the Education Committee of the IRBA has defined the following six professional competencies that embody its expectations of successful candidates of the PPE:
- i) The ability to apply concepts and principles from a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to complex situations that are likely to be encountered in the multi-disciplinary public practice environment. The defined technical body of knowledge, skills and

professional values will be prescribed by the Education Committee from time to time.

- ii) The ability to draw on skills developed as a result of practical experience to solve problems relating to the function of an RA.
- iii) The ability to apply professional judgement in assessing alternatives and recommending solutions to situations that reflect the public practice environment.
- iv) The ability to communicate effectively by formulating appropriate arguments and recommendations in a concise and logical manner appropriate to the specific user and particular level of assurance required.
- v) The ability to demonstrate and apply to public practice situations, a comprehensive understanding of the professional values of the profession in general and the ethical requirements specific to the practice of an RA.
- vi) The ability to continue to learn and adapt to change through an awareness of current developments shaping the future of the profession.

6.3 Scope of assessment

6.3.1 The assessment is based on practical situations/problems that are likely to be encountered in the multidisciplinary public practice environment and that require the candidate to draw on practical experience. The scope of the assessment is based on the most recent education curriculum (the Curriculum Framework) defined by the Education Committee.

6.4 Format of examination

6.4.1 The PPE is divided into two examination question papers of two and a half hours each (100 marks each). Each examination question paper will consist of a single scenario with a number of required questions. Both question papers will be written on the same day.

6.4.2 Half an hour reading time is given for each question paper, making each examination session three hours in duration.

6.4.3 The first session is from 9:00 until 12:00 and the second from 14:00 until 17:00.

6.4.4 At the start of each session, candidates are given the scenario to read.

6.4.5 Candidates are allowed to annotate, highlight and make notes of any kind on the question paper, and consult their permitted texts (See section 8: “Permitted Texts” below. Also refer to the “Open Book Assessment – User’s Guide on www.irba.co.za) during the half hour reading period.

6.4.6 At the close of the half hour reading period, candidates are given the required questions and answer books.

6.4.7 Candidates have two and a half hours to answer the required section.

6.5 Open book assessment

6.5.1 The PPE will be conducted under open-book conditions in accordance with knowledge management principles (See section 8: “Permitted Texts” below and also refer to the “Open Book Assessment – User’s Guide on www.irba.co.za).

6.6 Pass requirements

6.6.1 The maximum number of marks to be awarded for the examination is 200, of which a candidate must be awarded at least 100 (i.e. 50%) in order to pass. The overall assessment will be based upon the total marks scored by a candidate in both questions. There will be no sub minimum requirement on each question or part thereof.

6.7 Language

6.7.1 The examination is printed in English and Afrikaans. A candidate may write the examination in either of these two languages.

7. CHANGES IN LEGISLATION, STATEMENTS AND EXPOSURE DRAFTS

7.1 The Examinations Committee will determine the examinable accounting and auditing pronouncements and will publish details on the IRBA website (www.irba.co.za).

8. **PERMITTED TEXTS**

8.1 Any editions of the following books will be permitted, however, the latest edition of the books is prescribed by the Examination Committee:

- IRBA Manual of Information, Guidelines for Registered Auditors, 2010.
- SAICA Handbook 2009/2010: Volume 1A, 1B and 1C (“A Guide through IFRS”), Volume 2 (Auditing) and Volume 3 (Accounting, Ethics and Circulars - including translations).
- SAICA Legislation Handbook 2009/2010 (Volume 1 and 2) containing the following statutes – Companies Act, Close Corporation Act, Auditing Profession Act, the Public Finance and Management Act, Transfer Duty Act, Securities Tax Act, Income Tax Act, Value-Added Tax Act and the Estate Duty Act (LexisNexis - Durban).

8.2 The following copies (texts can be downloaded from the IRBA website, www.irba.co.za/or through relevant links) will be permitted:

- IRBA Manual of Information, Guidelines for Registered Auditors, 2010;
- IRBA “PAAB Code of Professional Conduct”;
- IRBA “Old Disciplinary Rules”;
- IRBA Circular: Giving Second Opinions (issued 30 June 2006);
- IRBA Guide: Reportable Irregularities;
- IRBA Guide: The auditor attending the annual general meeting;
- SAAPS 3 (Revised- issued March 2010);
- Revised SAAPS 3;
- Code of Governance Principles – King III Report;
- IFRS for Small and Medium-sized Entities;
- ISAE 3402: Assurance Reports on Controls at a Service Organisation;
- SAICA Guide: Trading Whilst Factually Insolvent (as updated June 2009); and
- The Corporate Laws Amendment Act No 24 of 2006.

- 8.3 Candidates are required to supply their own copies of the permitted texts.
- 8.4 Under no circumstances whatsoever, may candidates annotate or write in permitted texts prior to or during the course of the examination. Candidates are, however, allowed to highlight, underline, sideline and/or flag permitted texts prior to or during the course of the examination. Writing on flags is permitted for reference purposes only, that is, writing may only refer to the name or number of the relevant discipline standard, statement or section in the legislation. A flag may not contain any words that do not appear on the page to which the flag is attached. Texts may not be supplemented with additional notes and/or loose pages.
- 8.5 Under no circumstances whatsoever will any sharing of any permitted texts among candidates be allowed.
- 8.6 The IRBA reserves the right to check permitted texts during the examination sessions.
- 8.7 Only texts permitted and prescribed by the Examination Committee from time to time will be allowed into the examination room. A candidate who brings any other book/s, text/s and/or copies into the examination room will be in contravention of these Regulations.
- 8.8 Permitted texts should be uncovered so as to enable supervisors to identify the texts used by a candidate from the cover only, without having to open the texts.

9. ANONYMITY OF CANDIDATES

- 9.1 Each candidate will be allocated a unique examination index number.
- 9.2 As far as it is reasonably possible, the Education Committee will ensure that no information by means of which a candidate may be identified, (including a candidate's name, examination room or any other information) is in any way related to a candidate's examination index number or examination script until after the adjudication process has been completed. Only then will the identity of candidates be disclosed.

10. CONFIDENTIALITY

- 10.1 Only members of the Examinations Committee and those individuals duly appointed by the Examinations Committee for the compilation of the examination will have prior knowledge of the content of the examination.
- 10.2 As far as it is reasonably possible, all procedures relating to the compilation, printing and distribution of the examination question papers will take place under appropriate, strict control measures to guard against any unauthorised disclosure.
- 10.3 All individuals involved in the examination process will be required to sign a declaration of confidentiality and conflict of interest form.

11. OWNERSHIP, COPYRIGHT AND ACCESS

- 11.1 The IRBA will retain the examination scripts and mark plans for a period of six (6) months after the date on which the examination results are officially published. Thereafter, all examination scripts and mark plans will be destroyed.
- 11.2 Candidates may request a copy of their examination scripts and mark plans in terms of the Promotion of Access to Information Act, 2 of 2000. Such requests must be made on the required form and forwarded to the IRBA's Information Officer.
- 11.3 Mark plans are solely for the assistance of the marking process. The final suggested solution is the official solution against which candidates are evaluated and in case of any differences between the mark plans and final solution, the final suggested solution will prevail.
- 11.4 The IRBA holds the copyright to the examination question papers, all solutions and mark plans and it remains the sole property of the IRBA.

12. EXAMINATION VENUES

12.1 The examination will be conducted at examination venues determined by the IRBA. The IRBA reserves the right to cancel a particular venue if the number of candidates who indicate their desire to write the examination at that particular venue is insufficient to justify holding the examination there. In such cases alternative arrangements will be made.

13. ALTERNATIVE EXAMINATION ARRANGEMENTS

13.1 The Education Committee may make alternative examination arrangements available to candidates who require these arrangements for medical, personal or other reasons. The policies and procedures governing all applications for special concessions will be published on the IRBA website (www.irba.co.za). Special concessions will be granted entirely at the discretion of the Education Committee and a candidate intending to apply for a special concession must follow the required procedures.

14. EXAMINATION ROOM REGULATIONS

Reporting to the examination room

14.1 Candidates are required to report to the examination room at least 30 minutes before the reading time commences for each session.

14.2 Candidates reporting for the examination are required to sign an undertaking to subscribe and abide by these Regulations in all respects (Refer to Annexure "A").

14.3 Candidates are required to sign the examination attendance register.

14.4 Candidates are required to produce proof of identity as well as their official examination index number issued on the IRBA's letterhead.

Only the following forms of identification are permitted:

- a valid South African identity document; or
- a valid passport; or
- a valid driver's licence card.

- 14.5 The doors to the examination room will be closed at the scheduled commencement time to enable the invigilator to issue the necessary instructions and distribute examination stationery. Candidates who are not present when the doors are closed will not be allowed to enter the examination room until five minutes after the start of the reading time.
- 14.6 Candidates who arrive more than one hour after the commencement of the reading time will not be allowed to write the question paper.
- 14.7 The Education Committee will appoint invigilators and supervisors at each examination venue and will ensure that an adequate supply of the necessary examination stationery is available at such venues.
- 14.8 Candidates must at all times follow the instructions of the invigilator. Failure to do so may be considered misconduct.

Departure from the examination room

- 14.9 Candidates may not leave the examination room within the first 60 minutes of the commencement of the reading time of a question paper.
- 14.10 Candidates may not leave the examination room 30 minutes prior to the close of the examination session. Candidates are to remain in their seats until their examination scripts and other materials have been collected and they have been instructed by the invigilator to leave the examination room.
- 14.11 When the invigilator declares that the allocated time for the examination has expired, candidates must cease writing immediately and must submit all examination scripts and any other material that the invigilator instructs to be submitted.
- 14.12 Under no circumstances whatsoever will a candidate be allowed to leave the examination room after the time has expired until all candidates writing in that room have handed in their examination scripts and until the invigilator has reconciled the number of examination scripts for each question to the number of candidates on the register.

- 14.13 Candidates may retain the question papers after completion of the examination.
- 14.14 It is the responsibility of the candidate to ensure that all examination scripts are handed in to the invigilator before departing from the examination room. The invigilator will refuse to accept any script for marking from any candidate once that candidate has left the examination room.

The use of official examination materials

- 14.15 All answers must be written in blue or black ink.
- 14.16 Only answers written on official examination stationery supplied by the IRBA will be assessed.
- 14.17 Candidates will be supplied with an answer book for each question or subsection that is identified by means of different colours. The response to each question or subsection must be written in a separate answer book. Appropriate instructions will be set out in the question paper.
- 14.18 It is the candidate's responsibility to ensure that they answer each question or subsection in the designated answer book for that question. The IRBA shall not be liable, whatsoever for any prejudice suffered by a candidate who has not answered a question in the designated answer book.
- 14.19 The candidate's official examination index number must be clearly indicated in the appropriate space provided for this purpose on each examination script and/or loose page.
- 14.20 Additional loose pages will be supplied. The number of the question to which a particular loose page pertains, must be clearly indicated on each page.
- 14.21 Candidates must ensure that each loose page is securely attached to the correct examination script, using the laces provided for this purpose.
- 14.22 An examination script must be submitted for each question or subsection, regardless of

whether or not a candidate has answered or attempted the question or subsection, as the number of examination scripts submitted will be used after the examination to reconcile the number of candidates for control purposes.

15. IDENTIFICATION OF CANDIDATES

15.1 Any candidate who attempts to identify himself/herself on any examination stationery by any means other than through the use of the official examination index number may be disqualified from the examination.

15.2 In instances where an examination question requires the drafting of a letter, memorandum or report, candidates should ensure that their identity is not disclosed through use of personal details.

16. THE USE OF CALCULATORS, OTHER ELECTRONIC EQUIPMENT AND CELL PHONES

16.1 Candidates may use a financial calculator. However, the calculator may not have alphabetic functions. This limitation includes the use of the calculators that are capable of accessing alphabetic characters.

16.2 The decision of the invigilator as to the acceptability of a particular calculator will be final.

16.3 Candidates must supply their own replacement batteries and will not be allowed to leave the examination room to fit any replacement batteries or to attend to calculators for whatever other reason. Please note that no facilities will be available at the examination room either before, during or after an examination for candidates to charge calculator batteries.

16.4 The calculators must be pocket-sized, silent, cordless and without print-out facilities.

16.5 Under no circumstances whatsoever will the use of electronic data recorders, palmtops or similar devices be permitted during the examination.

16.6 Under no circumstances whatsoever will the use of cell phones be permitted during the examination. These must be switched off when candidates enter the examination room and not merely switched to “silent” or “vibrate”.

17. SHARING OF EXAMINATION STATIONERY

17.1 Under no circumstances may candidates share any item of examination stationery during the examination. This includes the sharing of any official or unofficial writing material, writing instruments, calculators and permitted texts.

18. DISQUALIFICATION FROM THE EXAMINATION

18.1 A candidate who has presented himself/herself to write the examination may be disqualified from the examination for that year as well as subsequent years if he/she:

18.1.1 Leaves any examination script or any document by means of which he/she can be identified, or if he/she marks any examination script in any way whatsoever by means of which he/she can be identified.

18.1.2 Communicates with, or receives assistance from, or copies from the examination script of any other person during the writing of the question paper.

18.1.3 Has in his/her possession in the examination room any unauthorised book, manuscript or paper whatsoever.

18.1.4 Is guilty of any practice or action which, in the opinion of the Education Committee, is irregular or dishonest or is designed to give him/her an unfair advantage in writing the examination.

18.1.5 Fails to observe or carry out any instructions in connection with the examination that may from time to time be issued by the Education Committee or by an official appointed by the Education Committee.

18.1.6 Leaves the examination room with an examination script/s.

18.1.7 Has written annotations in his/her permitted texts.

18.1.8 Allows any other person to falsely present themselves as the candidate who has registered for the examination.

- 18.2 The Education Committee reserves the right to take such additional action against a candidate as it deems appropriate in the circumstances which may include referring the misconduct to the relevant professional body.
- 18.3 The Education Committee reserves the right to take any such action as it deems appropriate to safeguard the integrity of the examination.
- 18.4 The Education Committee's decision is final and binding.

19. MARKING OF EXAMINATION SCRIPTS

- 19.1 Prior to any marking taking place, copies of the examination question paper and the DRAFT suggested solution will be forwarded to providers of recognised academic, education and training programmes for comment.
- 19.2 A sample will be drawn from each question in the examination and will be reviewed by the markers and umpires responsible for the relevant question.
- 19.3 The results of the review and the comments received will be considered at a meeting of the Examinations Committee to determine the extent to which the draft suggested solutions and mark plans require amendment.
- 19.4 After consideration of the relevant information, a FINAL suggested solution and mark plan will be drawn up. Only once the suggested solutions and mark plans have been finalised and approved by the Examinations Committee, will the official instruction be issued to commence with the marking.
- 19.5 Markers and umpires will be appointed by the Examinations Committee based on their expertise in a particular subject area and experience in the marking of examination scripts.
- 19.6 Each examination script for each question or sub-section will be assessed by at least two independent markers who will record the marks allocated to that question or sub-section on their separate mark plans. Only once an examination script has been independently

assessed by both markers, will the markers disclose their respective mark allocations.

- 19.7 An umpire will be assigned to a particular sub-section of a question.
- 19.8 In instances where the two markers are unable to reach consensus on the number of marks to be awarded to a particular examination script, the umpire assigned to that question will review the examination script and then award a final mark.
- 19.9 In instances where the umpire is unable to resolve the matter, he/she will refer it to the Examinations Committee together with the comments and marks awarded by each marker. The Examinations Committee will then review the examination script and decide on the final mark to be awarded. This decision of the Examinations Committee is final and binding.
- 19.10 The umpire assigned to a particular subsection of a question will review a sample of the examination scripts once the marking process has been completed in order to satisfy himself/herself that marks were awarded consistently in accordance with the final suggested solution and mark plan. The umpire has the authority to take such remedial action that he/she deems fit if he/she is not satisfied with the marking process.
- 19.11 Once the assessment process has been completed, the results will be entered into an electronic examination system. Every effort will be made to ensure that data captured is accurate in all respects. After capturing, the actual marks awarded on the examination script will be verified against the recorded data to ensure that every candidate is awarded the correct mark.

20. ADJUDICATION OF RESULTS

- 20.1 The Education Committee will adjudicate the examination results in accordance with its adjudication principles, and determine those candidates who passed the examination, those who failed the examination, and those who passed with honours.
- 20.2 A candidate is awarded honours for obtaining a mark of 75% or more for the examination.

- 20.3 The outcome of the adjudication process is final and binding and under no circumstances will the adjudication process be re-opened or any examination script re-marked.
- 20.4 Only once the adjudication process has been completed, will the names of candidates be matched with examination index numbers to disclose their identities.

21. REPORTING OF RESULTS

- 21.1 The results of the examination will be released at an official time, date and place as determined by the Education Committee.
- 21.2 Each candidate will be notified in writing as soon as possible after the official release of the results as to whether he/she has passed the examination (with or without honours), or whether he/she has failed.
- 21.3 In instances where a candidate has failed the examination, a statement of results will be issued that sets out the symbol awarded to that candidate for every subsection of a particular question in the examination.

The symbols should be interpreted as follows:

- A:** 70% or higher
- B:** 60% - 69%
- C:** 50% - 59%
- D:** 40% - 49%
- E:** 30% - 39%
- F:** below 30%

- 21.4 Under no circumstances whatsoever will any discussion or debate relating to a candidate's examination script be entered into.
- 21.5 Under no circumstances whatsoever will any application for a re-mark of any examination

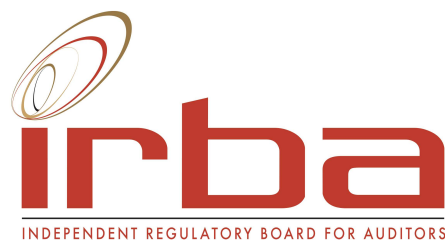
script be entertained.

21.6 A copy of the official examiners' general comments on the examination will be published on the IRBA website (www.irba.co.za).

22. GENERAL

22.1 The IRBA shall have the power to decide on any matters not specifically referred to in these Regulations.

ANNEXURE A



PUBLIC PRACTICE EXAMINATION DECLARATION

I hereby present myself as a duly registered candidate to undertake the Public Practice Examination of the IRBA.

I have read and understood the contents of the Examination Regulations prescribed by the IRBA in its entirety.

I hereby agree to abide by the contents of the Examination Regulations of the IRBA in all respects.

Surname: _____

Name: _____

Examination index number: _____

Signature: _____

Date: _____

1. ASSESSMENT OBJECTIVE

When preparing to write the Public Practice Examination (PPE) it is essential that you understand what the examiners' objectives are. Only then will it be possible for you to direct your studies to ensure that you are able to properly meet those objectives.

In terms of the Examination Regulations of the IRBA, the objective of the PPE is to:

assess the professional competence of a candidate to apply integrated knowledge, skills and professional values appropriate to the practice of an RA at entry level and that will enable the candidate to continue to learn and adapt to change throughout his/her professional career.

Therefore, as a candidate you should focus your preparation based on the understanding that the PPE aims to assess your **professional competence** in the context of the **public practice environment**.

1.1 The public practice environment

The examination is statutorily prescribed by the IRBA in terms of the Auditing Profession Act, 26 of 2005 ("the Act") for registration as a registered auditor (RA).

As a statutory regulatory body, the IRBA has the responsibility to ensure that all its registered members have the necessary competence to serve the public interest. Therefore, the examination should focus on the public practice environment in which RAs function.

Appointment as a statutory auditor is a requirement of the Companies Act and only persons registered for public practice in terms of the Act may perform the statutory audit. The objective of the audit is to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. In arriving at this opinion, the audit should be conducted in terms of Generally Accepted Auditing Standards.

The RA should abide by ethical standards in the execution of the audit. The audit is performed by applying a risk-based approach as implied and described by International Engagement Standards and, undoubtedly, these functions are carried out in an environment in which constant technological advancement takes place.

Therefore, when preparing for the PPE, candidates should place the examination in the context of the public practice environment. This environment is characterised by the following:

- i) Auditing Profession Act;
- ii) The Companies Act and other relevant legislation;
- iii) International Financial Reporting Standards (IFRS);
- iv) International Engagement Standards issued by the International Auditing and Assurance Standard Board;
- v) The Disciplinary Rules and Code of Professional Conduct; and
- vi) Information Technology.

It is therefore essential that you acquire the necessary technical knowledge, skills and professional values in the above aspects before attempting the PPE. Make sure that you study the required theory that underpins the work of the RA, and that your knowledge is up to date. Also, bear in mind the cut-off dates for legislation and exposure drafts that are examinable.

1.2 Professional and core competence

The credibility of the RA qualification depends on the ability of those who carry the designation to continually meet the expectations of the public and provide a service appropriate to the needs of the South African economy.

Central to the concept of a profession, is the public expectation that members of the auditing profession are competent in those services that they undertake. It is the responsibility of the IRBA to ensure that all its registered members have and maintain the necessary competence to serve the public interest and the needs of the economy.

◆ Professional competence

The IRBA clearly has a duty to ensure that through academic, education, training and assessment programmes, professional competence at entry level to the profession is appropriate.

Professional competence is the ability to perform the tasks and roles expected of a Registered Auditor, both newly qualified and experienced, to the standards expected by the general public and appropriate to the needs of the South African economy.

Professional competence reflects the minimum expectations of the public and not the distinguishing attributes of those individuals who are considered to be especially effective. Professional competence requires an ability to continually learn and adapt to change and thereby make a positive contribution to the profession and society throughout professional life.

The development of professional competence takes place through the education programme that prepares individuals to enter the public practice environment. The education programme integrates the core competence developed during the academic programme with practical experience gained in the training programme.

The demonstration of professional competence is a necessary condition for registration as an RA. Professional competence can only be demonstrated in situations that reflect the multidisciplinary public practice environment. Professional competence at entry level to the profession is assessed in the PPE.

Core competence is an integral component of professional competence.

◆ **Core competence**

Core competence is the ability to apply the concepts and principles of a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to a standard that provides a foundation appropriate for further professional development.

An appropriate level of core competence is a pre-requisite for the demonstration of professional competence. Core competence is developed in the recognised academic programme and assessed in the recognised professional qualifying examination (SAICA Part 1 Exam).

The PPE must therefore assess the professional competence of a candidate at entry level to the profession. The examination assumes that the candidate has already developed the required core competence through an academic programme and has successfully demonstrated that core competence through successful completion of a professional qualifying examination.

The IRBA has defined the following six professional competencies that embody its expectations of successful candidates of the PPE.

- i) The ability to apply concepts and principles of a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to complex situations that are likely to be encountered in the multidisciplinary public practice environment.
- ii) The ability to draw on skills developed as a result of practical experience to solve problems related to the function of an RA.
- iii) The ability to apply professional judgement in assessing alternatives and recommending solutions to situations that reflect the public practice environment.
- iv) The ability to communicate effectively by formulating appropriate arguments and recommendations in a concise and logical manner appropriate to the specific user and particular level of assurance required.
- v) The ability to demonstrate and apply to public practice situations, a comprehensive understanding of the professional values of the profession in general and the ethical requirements specific to the practice of an RA.

- vi) The ability to continue to learn and adapt to change through an awareness of current developments shaping the future of the profession.

Professional competence is assessed within the context of a written examination. The possibilities for success are therefore enhanced by a candidate's ability to demonstrate that competence by means of a written response.

This implies that you should utilise every opportunity in the examination to demonstrate to the examiner that you:

- ◆ Have the required technical knowledge, skills and professional values;
- ◆ Are able to draw on practical experience to resolve problems;
- ◆ Can apply professional judgement;
- ◆ Communicate effectively;
- ◆ Apply professional values and ethical requirements in your approach; and
- ◆ Are committed to a process of lifelong learning.

2. EXAMINATION TECHNIQUE

The application of good examination technique enables candidates to demonstrate professional competence in the context of a written examination. The following paragraphs give more guidance on using appropriate examination technique to enhance your ability to demonstrate professional competence.

2.1 Proper preparation

Technical competence is an essential component of professional competence. Your technical competence was developed in the academic programme and assessed in the professional qualifying examination. You will be required to demonstrate that you have maintained your technical competence by remaining up to date.

This means that you should revise the work covered in the academic programme and that you should update your knowledge where changes in legislation and standards/exposure drafts have taken place since then. The education programme should also provide you with support in

maintaining your technical competence.

A proper understanding and knowledge of all the topic areas in the defined curriculum is essential. Remember, the examination will aim to achieve an acceptable balance with regard to the topics.

The examination is not limited to a test of technical competence, but also of professional competence. You should be able to apply knowledge, skills and professional values in the public practice environment.

You can practice this by:

- ◆ Asking questions and making sure that you understand the application of theory in practice while completing your practical training;
- ◆ Revising the content of the education programme that was designed to assist you with integrating theory with practice; and
- ◆ Revising case study questions to practice the application of theory in complex practical situations.

Often candidates try to cover as many questions as possible without really gaining benefit from the process. Remember to **focus on the quality rather than the quantity** of your studies!

It is often more beneficial to select a few questions for study purposes and to study the requirements and suggested solution in detail than to simply read through the questions and suggested solutions of volumes of case studies. When you study the questions, make sure that you understand exactly why the suggested solution contains the ideal solution.

WE SUGGEST THAT YOU:

Ask yourself such questions as:

- ◆ What is the logic behind the suggested solution and how can I relate this to the principles and concepts that I am familiar with?
- ◆ Why does the examiner mention this fact while my solution does not mention it at all?
- ◆ Why does the suggested solution highlight a specific aspect while my solution only mentions it briefly?
- ◆ Were there details in the question that I overlooked and should have taken into account in formulating my answer, and what caused me to overlook them?
- ◆ Did I respond exactly to the requirements of the question, or did I proceed to answer the question before establishing exactly what was required?

It may even be beneficial to study the same question more than once. Each time you attempt a particular question again, you should gain new insights and thereby also increase your own confidence in your ability.

2.2 Prepare yourself mentally

Have you ever wondered why competitive athletes usually visit the athletics stadium the night before a race? The reason is because they realise that physical preparedness is not sufficient to guarantee success, but that they need to be mentally prepared as well. In the same way, you should take the necessary steps to make sure that circumstances allow you to perform at your best.

WE SUGGEST THAT YOU:

- ◆ Make sure that you know where the venue is and estimate how long it will take you to get there, taking into account the traffic and allowing for unforeseen circumstances that may cause delay in arriving at the venue on time.
- ◆ Rest and get sufficient sleep the day before the examination. It would be unreasonable to expect that you could operate at peak performance for more than five hours after insufficient rest.
- ◆ Make sure that you have the stationery you require, including an extra pen and a calculator (that meets the examination regulation requirements), as you may not under any circumstances share stationery during the examination. Stationery is not provided at the venue.

2.3 Adopt a sound approach

It is essential that candidates demonstrate the ability to apply integrated knowledge, skills and professional values to a particular given set of circumstances sketched in the scenario.

You should therefore be able to understand the given facts, identify critical issues, draw on practical experience and theoretical knowledge and then draft a well-structured and logically presented response.

Therefore:

- **Understand the scenario**
 - **Understand the requirements**
 - **Plan the response**
 - **Formulate the response**

2.3.1 Understand the scenario

Before making recommendations to a client, the RA should ensure that he understands the particular circumstances and the environment in which the client operates. For example, it would be inappropriate to suggest to a small client that additional staff be employed to enable the segregation of duties in a particular function when you know that the enterprise is operating under tight budgetary constraints. Instead, it may be more appropriate in these circumstances to suggest that management perform regular reviews of the function to ensure that adequate compensating controls are implemented.

Similarly, you should carefully read and fully understand the information provided in the case study so that you can formulate a response based on the particular circumstances:

WE SUGGEST THAT YOU:

- ◆ Read the scenario more than once, the first time to become acquainted with the general scenario and thereafter to identify significant issues.
- ◆ Make sure that you are familiar with the intricacies of the situation sketched in the scenario so that you are able to identify the facts most relevant to the requirements.
- ◆ Identify any interface between different parts of the requirements. This will assist you to direct your solution more effectively.
- ◆ Identify sections where easy marks can be obtained and ensure that these sections are answered properly.
- ◆ **DO NOT** try to predict the required during the reading time, since time is wasted if the required is not as predicted.

2.3.2 Understand the requirements

RAs should be able to respond appropriately to particular needs and concerns raised by the client. For example, an RA would not perform a full audit where the purpose of the engagement was to report on factual findings.

Therefore, before attempting to formulate your response, you should ascertain exactly what the requirements are.

WE SUGGEST THAT YOU:

- ◆ Analyse the exact wording of the question and respond directly. For example, you will not be awarded marks for audit procedures where the question specifically requires of you to formulate audit objectives.
- ◆ Answer the question in the context of the given scenario. Avoid merely quoting paragraphs of theory that could be relative to any environment without demonstrating how this applies to the particular situation.
- ◆ Pay particular attention to any limitations posed on the extent and detail required. For example, where a question requires of you to identify control risk, you will not be awarded marks for the identification of detection or inherent risks because the question specifically limited you to control risk. Also, take careful note of any instructions to ignore or disregard certain aspects, or to make certain assumptions.
- ◆ Be sure to present your response in the format required in the question, for example a letter, report or tabular format.
- ◆ Determine the breadth and depth of the question. For example, a 40-mark question could require a detailed discussion (depth) of 4 significant issues for 10 marks each. Alternatively, a 40-mark question could require a list (breadth) of 40 issues.
- ◆ Use the mark allocations as a guide to determine the extent and detail of the response required.
- ◆ Ensure that you understand the precise focus of the question and that you do not allow your solution to deviate from the required response. Examiners generally find that candidates waste an enormous amount of time on issues not specified in the requirements.

2.3.3 Plan the response

Without proper planning the RA cannot be sure that all significant issues have been identified and that the audit approach is effective for the circumstances. Similarly, without proper planning of the response you cannot ensure that you address the most important issues and earn marks efficiently.

Candidates who rush in and attempt to answer the question without proper planning usually write unnecessarily lengthy paragraphs because they have not given enough thought to the response. They therefore waste time writing down every point that comes to mind, irrespective of whether or not it is relevant. They also tend to stray from the central issues at hand. The response generally lacks a logical trail of thought.

WE SUGGEST THAT YOU:

- ◆ Before attempting to formulate a response, review the circumstances sketched in the question and identify central issues that are appropriate to the requirements. Next, identify the key points relevant to each central issue. Having done so, you can now formulate your response under appropriate headings using the central and key issues as a guide. This approach will ensure that you present your response in a logical and coherent manner.
- ◆ Plan your solution by identifying all the important issues relevant to the requirements.
- ◆ Decide on the extent of detail required in respect of each issue identified. This depends on the importance of the issue and the mark allocation.

2.3.4 Formulate the response

The quality and content of your response is an indication of your level of professional competence. The response should be presented in a professional manner, and marks are awarded for:

- ◆ effective arrangement and presentation;
- ◆ clarity of explanation;
- ◆ logical argument; and
- ◆ clear and concise language.

WE SUGGEST THAT YOU:

- ◆ use precise language and avoid ambiguity and repetition;
- ◆ ensure that your response is logical and that the marker can follow a trail of logical reasoning throughout;
- ◆ support recommendations and statements made with appropriate wordings and reasons;
- ◆ state any necessary assumptions you made with regard to your recommendations.
- ◆ write neatly and legibly;
- ◆ respond in a direct and concise manner;
- ◆ distinguish between central issues by using appropriate headings and paragraphs;
- ◆ maintain the numbering sequence as indicated in the requirements; and
- ◆ use only widely recognised abbreviations.

2.3.4.1 Ensure that you phrase your solution in terms of the requirement

- If asked to “describe audit procedures”, do not commence sentences with “ensure that”, as this is an objective rather than a description.
- Ideally a description of an audit procedure should start with one of the procedural verbs listed in ISA 500, such as “Inspect”, “Observe”, “Enquire” or “Re-perform”.

- Similarly, a description of an internal control should indicate by whom and how, the control should be performed.
- Other verbs to be used with caution and rather avoided are “ascertain”, “determine”, “look at” and “consider”, as these also tend to avoid properly descriptive solutions.
- When asked to “describe audit procedures” do not state accounting principles. Note that the observation, “Inventories should be valued at the lower of cost and Net Realisable Value” is not a procedure. The procedures would for example, address aspects such as inspecting the inventories, re-performing the calculation of Net Realisable Value, re-performing the comparison between cost and Net Realisable Value, and computing an audit assessment of the provision.

2.3.4.2 Prepare your answer in columnar format, if appropriate

Examples where columnar format is useful are:

- "Identify the audit risks and, for each risk identified, describe the related audit procedure."
- "Identify control weaknesses and, for each weakness identified, submit a recommendation to management."
- "Identify the objective, and for each objective give the control procedure".

2.3.4.3 Use point form wherever possible

This assists you in providing a disciplined, concise answer and leads to a more effective presentation.

- Be concise.
- Be specific.

2.3.4.4 Always remain cognisant of your role in regard to the question:

- If you are the auditor, your solution must retain a focus on the risk of misstatement of accounting information.
- If you are required to advise management, your solution would require a broader focus.

3. **OTHER USEFUL EXAMINATION GUIDELINES**

3.1 **Manage time allocations**

The number of marks allocated to a particular question is an indication of the extent of the response required by the examiners. You should base your time allocation for each section on the mark allocation and avoid investing too much time on one section at the expense of another. Experience has shown that those candidates who faithfully attempt every section in the examination have a greater possibility of passing than those who attempt to, but seldom do, score full marks on only two or three sections.

WE SUGGEST THAT YOU:

- ◆ Calculate the time required in order to complete each section before attempting it.
- ◆ Attempt all the questions.
- ◆ Manage your time to ensure that you devote sufficient effort to all sections and within each section, allocate time to each sub-section and adhere to this time allocation.

3.2 **Maintain a positive attitude**

The RA should be able to respond effectively to unforeseen and challenging circumstances as they arise. Candidates should therefore demonstrate a flexibility of attitude and the ability to work under pressure in circumstances which are unfamiliar.

WE SUGGEST THAT YOU:

- ◆ Believe in your ability and approach the examination with steadfast determination.

3.3 Maintain your energy level

Candidates will be dedicating approximately 10 hours to the PPE day; from the time they leave their homes to the end of the exam. Mental alertness on this day may contribute to achieving success.

WE SUGGEST THAT YOU:

- ◆ Eat properly before and during the 2 hour break to maintain your blood sugar- and energy levels.