

Proposed South African Auditing Practice Statement (SAAPS) 3 (Revised)

Illustrative Reports

WARNING TO READERS

The content of this proposed SAAPS 3 (Revised), Illustrative Reports, should under no circumstances be used or relied upon, until the Independent Regulatory Board for Auditors issues the final pronouncement.

REQUEST FOR COMMENTS

The Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standards (CFAS) approved this proposed SAAPS 3 (Revised), *Illustrative Reports* (proposed SAAPS 3 (Revised)), in August 2023 for exposure and comment, for a period of 60 days. Before the pronouncement is finalised, this proposed SAAPS 3 (Revised) may be modified in light of comments received.

This proposed SAAPS 3 (Revised) has been prepared by a CFAS Task Group, comprising representatives of large, medium and small audit practices, the South African Institute of Chartered Accountants and the Auditor-General South Africa.

This proposed SAAPS 3 (Revised) may be downloaded free-of-charge from the IRBA website at: [Exposure Drafts and Comment Letters - IRBA](#).

Respondents are requested to submit their comments electronically in Word and PDF formats to standards@irba.co.za. All comments will be considered as a matter of public record and will be posted on the IRBA website.

Comments should be submitted by **30 November 2023**.

Should you have any queries, or experience technical difficulties in downloading the documents, please email the Standards Department at standards@irba.co.za.

The IRBA's mission is to endeavour to protect the financial interests of the investing community by creating and enhancing regulatory tools and principles to empower registered auditors to carry out their duties competently, independently and in good faith.

Its function is to help create an ethical, value-driven financial sector that encourages investment, creates confidence in the financial markets and promotes sound practices. One of the ways in which the IRBA achieves this is by developing and maintaining auditing and ethics standards that are internationally comparable.

The statutory responsibility of the CFAS is to assist the IRBA to:

1. Develop, maintain, adopt, issue or prescribe auditing pronouncements;
2. Consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and
3. Promote and ensure the relevance of auditing pronouncements by –
 - 3.1. considering the needs of users of audit reports;
 - 3.2. liaising with the other committees of the Regulatory Board on standards to be maintained by registered auditors and by receiving feedback from such committees on areas where auditing pronouncements are needed;
 - 3.3. ensuring the greatest possible consistency between auditing pronouncements and accepted international pronouncements; and
 - 3.4. consulting with professional bodies on the direction and appropriateness of auditing pronouncements.

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EXPLANATORY MEMORANDUM

SECTION 1: INTRODUCTION

1. This memorandum provides the background to, and an explanation of, this proposed *South African Auditing Practice Statement (SAAPS) 3 (Revised)*, *Illustrative Reports (SAAPS 3 (Revised))*.
2. The Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standards (CFAS) approved this proposed SAAPS 3 (Revised) for exposure in August 2023, for a period of 60 days.

Scope of the Amendments

3. This proposed SAAPS 3 (Revised) has been updated to incorporate the IRBA Rule on Enhanced Auditor Reporting (EAR) for the Audit of Financial Statements of Public Interest Entities (PIEs) (EAR Rule) into the illustrative reports. The EAR Rule prescribes additional disclosures in the independent auditor's report on the audit of annual financial statements of PIEs, as defined in the IRBA Code of Professional Conduct for Registered Auditors (Revised April 2023) (IRBA Code).
4. The IRBA Board approved the EAR Rule at its meeting on 29 May 2023, following the rule's exposure in the Government Gazette (Board Notice 309 of 2022), in accordance with Section 10 of the Auditing Profession Act 26 of 2005, in July 2022. Then, the final EAR Rule was gazetted in September 2023 ([Board Notice 475 of 2023](#)) and is effective for audits of financial statements for periods ending on or after 15 December 2024, with early adoption permitted. It is available on the [IRBA website](#).
5. The final EAR Rule was published together with [Staff Audit Practice Alert 9: IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities](#) (Staff Alert 9). This Staff Alert provides non-authoritative guidance on how auditors may apply the EAR Rule.
6. The following amendments have also been incorporated into this proposed SAAPS 3 (Revised):
 - 6.1. Removal of the options in the Basis of Opinion paragraph that accommodated the different effective dates of Parts 1 and 3, Part 4A and Part 4B of the IRBA Code, as the transitional period has passed.
 - 6.2. Implementation of the conforming and consequential amendments to International Standard on Auditing (ISA) 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, arising from ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* (ISA 600 (Revised)), which is effective for audits of financial statements for periods beginning on or after 15 December 2023.
 - 6.3. Deletion of the Illustrative Auditor-General of South Africa (AGSA) Report (previously Illustrative Report 4 of Part A), as it is no longer aligned with AG reporting prescriptions.

Project Timetable

7. Subject to comment received, the CFAS intends to finalise the practice statement in March 2024 meeting.

Effective Date

8. The proposed effective date for SAAPS 3 (Revised) is for auditor's or independent reviewers' reports issued for audits or independent reviews of financial statements for periods ending on or after 15 December 2024, with early adoption permitted. This aligns with the effective dates of the EAR Rule and ISA 600 (Revised).
9. Early adoption of the proposed SAAPS 3 (Revised) will mean an early adoption of the EAR Rule and ISA 600 (Revised). If the registered auditor does not intend to early adopt the EAR Rule and / or ISA 600 (Revised), it is recommended that they continue to use the extant [SAAPS 3, Illustrative Reports \(Revised May 2019\)](#), adapted as necessary, until the proposed SAAPS 3 (Revised) becomes effective.

SECTION 2: GUIDE FOR RESPONDENTS

10. The CFAS welcomes remarks on all matters addressed in this exposure draft, especially those identified in the Request for Specific Comments section (Section 5) below. Respondents are asked to comment on the clarity, understandability, and practicality of the application of the guidance in the exposure draft. In this regard, comments are most helpful when they refer to specific paragraphs, include the reason for the observation and, where appropriate, make specific suggestions for any proposed changes to the wording. When a respondent agrees with the proposals in the exposure draft, it will be helpful for the CFAS to be made aware of this view.
11. The new enhanced auditor reporting requirements in the illustrative reports have been formatted **IRBA Purple** for emphasis. Indented text emphasises the use of subheadings in a particular paragraph in the illustrative report.

SECTION 3: SIGNIFICANT MATTERS

Approach to Enhanced Auditor Reporting Requirements

12. The introduction of the enhanced auditor reporting requirements necessitated the following changes:
 - 12.1. An update of the "circumstances" of each illustrative report, to identify if the audited entity is a PIE or not, because the EAR Rule only applies to PIEs.
 - 12.2. The introduction of a new Illustrative Report 2: Unmodified Opinion – *Auditor's Report on a Complete Set of Consolidated and Separate Financial Statements of an Unlisted Public Company that is a PIE, Prepared in Accordance with a Fair Presentation Framework* in Part A. This was deemed necessary to illustrate the difference between the EAR disclosures for a Listed PIE Company and an Unlisted PIE Company.
 - 12.3. The introduction of a new note to the illustrative reports (N16) that explains the EAR Rule and disclosures. Limited consequential amendments were also made to existing N6, N7 and N14.
 - 12.4. Placeholders and/or introductory wording for EAR disclosures in the illustrative PIE reports (Illustrative Reports 1, 2 and 5 of Part A and 6, 12 and 13 of Part B). The decision to only include placeholders and introductory wording was to avoid being prescriptive and allow for flexibility in applying the EAR Rule.

13. Except for the disclosure of fee-related matters, the EAR requirements are other reporting responsibilities that address the same topics as those presented under the reporting responsibilities required by the ISAs. These topics are:

- Final Materiality;
- Group Audit Scope;
- Material Uncertainty Related to Going Concern; and
- Key Observations and Outcomes in respect of Key Audit Matters.

These enhanced auditor reporting requirements are presented together with their ISA-related topics in the independent auditor's report on the financial statements and are clearly identified through references to the EAR Rule. The disclosure of fee-related matters in the independent auditor's report, when not disclosed by management in the financial statements, is presented in the Report on Other Legal and Regulatory Requirements.

14. [Staff Alert 9](#) further elaborates on the rationale for the selected placement of the enhanced auditor reporting requirements in the auditor's report.

SECTION 4: OTHER MATTERS

Changes to the Introduction to SAAPS 3 (Revised)

15. The paragraph in the introduction to SAAPS 3 that mentioned the International Ethics Standards Board for Accountants' (the IESBA's) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code) has been amended. It now refers to the IRBA Code of Professional Conduct for Registered Auditors (the IRBA Code) and its conformity to the IESBA Code.

Deletion of the Illustrative Auditor-General of South Africa Report

16. In trying to incorporate the EAR requirements into extant illustrative report 4 of Part A, the Task Group identified that the illustrative report no longer aligned with the reports prescribed in the AGSA directive. The disconnect arose because the AGSA updates its report templates more frequently. Thus, even if the proposed SAAPS 3 was updated to illustrate the EAR requirements, there would be a continued disconnect between what is illustrated in SAAPS 3 and what is prescribed by the AGSA.

Consequential Amendments to Industry Reports

17. The following industry reports will be updated after the finalisation of this proposed SAAPS 3 (Revised):

- 17.1. Schedule D, *Auditor's Report for the Audit of the Financial Statements of a Large Retirement Fund*; and
- 17.2. Appendix 5: *Report on the Financial Statements (ISA 700 (Revised) Report)* in the Revised Guide for Registered Auditors: *Assurance Engagements on the Annual Financial Statements and Annual Statutory Returns of a Medical Scheme*.

SECTION 5: REQUEST FOR SPECIFIC COMMENTS

The CFAS seeks comments on the specific matters highlighted in the table below.

Question 1	Do you agree with the proposed amendments to illustrative report 1 and illustrative report 3 in Part A ?
Question 2	Do you agree with the new illustrative report 2 in Part A?
Question 3	Do you support the proposal to delete illustrative report 4, <i>the Auditor-General of South Africa's (AGSA's) Report on a Complete Set of General Purpose Financial Statements</i> , in Part A of extant Updated SAAPS 3 (Revised May 2019) ?
Question 4	Are the proposed amendments to the Notes in Part A sufficiently clear and comprehensive?
Question 5	Do you agree with the approach to only include introductory wording of the enhanced auditor reporting requirements?
Question 6	Do you agree with the proposed amendments to the relevant illustrative reports in Part B ?
Question 7	Are the illustrations in Parts A and B of the SAAPS complete, or is there a scenario that needs to be added? Please motivate why adding such an illustration will be beneficial.
Question 8	Do you agree with the proposed effective date of SAAPS 3 (Revised)?

EXPOSURE DRAFT: PROPOSED SAAPS 3 (REVISED), *ILLUSTRATIVE REPORTS*

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STATUS OF AUTHORITY

This South African Auditing Practice Statement (SAAPS) is aimed at providing practical guidance to registered auditors who report on financial statements, both for compliance with the ISAs (or the ISREs, as applicable) and the legal and regulatory requirements applicable to auditors and auditor reporting in South Africa, as related to the content and format of the auditor's report. For the purpose of this SAAPS, the main legal and regulatory requirements addressed are the Auditing Profession Act, 2005 (No. 26 of 2005) (APA); the Rule in terms of Sections 9 and 10, read with sections 1, 2 and 3 of the APA, published in the Government Gazette No. 39475 on 4 December 2015; the Companies Act, 2008 (Act No. 71 of 2008) (Companies Act); and the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA). Reading this SAAPS is not a substitute for reading and applying the ISAs, the ISREs, the APA, the Companies Act and the PAA.

South African Practice Statements are developed and issued by the IRBA to provide practical assistance to auditors in the implementation of relevant International or South African *Standards on Quality Management, Auditing, Review, Other Assurance and Related Services Pronouncements*. South African Practice Statements do not impose requirements on auditors beyond those included in the International or South African Standards or South African regulatory requirements and do not change the auditor's responsibility to comply, in all material respects, with the requirements of the International or South African Standards or with South African regulatory requirements relevant to the audit, review, other assurance or related services engagement.

An auditor is required to have an understanding of the entire text of every South African Practice Statement to enable the auditor to assess whether or not any particular South African Practice Statement is relevant to an engagement, and if so, to enable the auditor to apply the requirements of the particular International or South African Standard/s to which the South African Practice Statement relates, properly.

In terms of section 1 of the APA, a South African Practice Statement is included in the definition of "auditing pronouncements" and in terms of the Act, the auditor must, in the performance of an audit, comply with those standards, practice statements, guidelines and circulars developed, adopted, issued or prescribed by the Regulatory Board.

INTRODUCTION

Scope

1. This South African Auditing Practice Statement (SAAPS) 3 (Revised), *Illustrative Reports* (SAAPS 3 (Revised)), is aimed at providing practical guidance to registered auditors who report on financial statements, both for compliance with the ISAs or the ISREs, as applicable, and the legal and regulatory requirements applicable to auditors and auditor reporting in South Africa, as related to the content and format of the auditor's report. For the purpose of this SAAPS 3 (Revised), the main legal and regulatory requirements addressed are the Auditing Profession Act, 2005 (No. 26 of 2005), as amended (APA); the IRBA Rule: Disclosure of Audit Tenure, published in the Government Gazette No. 39475 of 4 December 2015, and the IRBA Rule: Enhanced Auditor Reporting Requirements, published in the [Government Gazette No. 475 of 2023](#) (pursuant to Sections 9 and 10 read with sections 1, 2 and 3 of the Auditing Profession Act, Act 26 of 2005) (collectively the IRBA Rules) ; the Companies Act, 2008, (Act No. 71 of 2008), as amended (Companies Act); and the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA). Reading this SAAPS 3 (Revised) is not a substitute for reading and applying the ISAs, the ISREs, the APA, the IRBA Rules, the Companies Act and the PAA.
2. The ISAs and ISREs dealt with in this SAAPS are:
 - ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*;
 - ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*;
 - ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*;
 - ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*;
 - ISA 720 (Revised), *The Auditors Responsibilities Relating to Other Information*;
 - ISA 800 (Revised), *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*;
 - ISA 570 (Revised), *Going Concern*;
 - ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*; and
 - ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*.
3. The guidance as well as the illustrative auditor's reports and independent reviewer's reports (reports) contained in this SAAPS:
 - Do not provide a substitute for the auditor's responsibility to form an opinion on the financial statements in accordance with ISA 700 (Revised), or a conclusion in accordance with ISRE 2400 (Revised).
 - Do not establish new requirements or contain exemptions from the requirements of the ISAs and the ISREs; and should be read with the ISAs and the ISREs, as applicable.
 - Do not provide illustrative examples of key audit matters or the enhanced auditor reporting requirements required by the EAR Rule.

- Do not provide guidance on the application of the ISAs and the ISREs in determining the acceptability of the financial reporting framework applied in the preparation of financial statements. Such guidance is contained in the ISAs, the ISREs and SAAPS 2 (Revised 2018), *Financial Reporting Frameworks and the Auditor's Report*.
 - Do not provide guidance on the application of the International Standards on Assurance Engagements (ISAEs) and on the International Standards on Related Services (ISRSs). These standards should be referred to for applicable illustrative reports.
4. The guidance in Part A comprises the following four illustrative reports:
- The report for the audit of a complete set of general purpose financial statements (consolidated financial statements of a listed company (which is a (Public Interest Entity (PIE) as defined in the IRBA Code) prepared in accordance with a fair presentation framework and the requirements of the Companies Act, in accordance with ISA 700 (Revised);
 - The report for the audit of a complete set of general purpose financial statements (consolidated and separate financial statements of an unlisted public company that is a PIE prepared in accordance with a fair presentation framework and the requirements of the Companies Act, in accordance with ISA 700 (Revised);
 - The report for the audit of a complete set of general purpose financial statements (private company that is not a PIE) prepared in accordance with a fair presentation framework and the requirements of the Companies Act, in accordance with ISA 700 (Revised);
 - The report for the independent review of a complete set of general purpose financial statements prepared in accordance with a fair presentation framework and the requirements of the Companies Act, in accordance with ISRE 2400 (Revised); and
5. The guidance in Part A also includes notes on the application of paragraphs 20-48 of ISA 700 (Revised); paragraphs 21-23 of ISA 720 (Revised); paragraphs 86-91 of ISRE 2400 (Revised); certain sections of the APA, the IRBA Rules, the Companies Act and the PAA.
6. The illustrative reports in Part B include examples of various circumstances not specifically considered in the ISAs, without duplicating the illustrative reports contained in the following ISAs:
- ISA 510, *Initial Audit Engagements – Opening Balances*.
 - ISA 570 (Revised), *Going Concern*.
 - ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*.
 - ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*.
 - ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*.
 - ISA 710, *Comparative Information – Corresponding Figures and Comparative Financial Statements*.
 - ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*.
 - ISA 800 (Revised), *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*.

- ISA 805 (Revised), *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*.

7. The illustrative reports in Part B assume that:

- Unless the circumstances indicate an assumption that the registered auditor has concluded that a reportable irregularity exists, has been reported in terms of the APA and a notification has been included in the auditor's report or a modified opinion has been expressed on the financial statements, these circumstances do not exist and the auditor's report has not been modified in this regard. The auditor's determination of whether a reportable irregularity exists is based on the careful evaluation of the events and conditions in the particular circumstances of an entity. In instances where the effect of a reportable irregularity on the auditor's report is included in an illustrative report, the auditor has performed such evaluation and has concluded that a reportable irregularity exists. (For guidance on reportable irregularities, refer to the [Revised Guide for Registered Auditors: Reportable Irregularities in terms of the Auditing Profession Act](#) issued by the IRBA).
- Unless the circumstances include an assumption that the matter giving rise to a qualified or adverse opinion on the financial statements also affects the other information, this circumstance does not exist.
- Unless the circumstances include an assumption that part or all of the other information has been received after the date of the auditor's report, this circumstance does not exist.
- The relevant ethical requirements applicable to an audit engagement comprise those that are set out in Note 6 to Part A.
- The auditor or the independent reviewer has concluded that, based on the evidence in the engagement circumstances, the modifications reported are either material or material and pervasive in relation to the financial statements. Other wording may be more appropriate in the circumstances of individual engagements, in which case the wording in the illustrative reports may be adapted accordingly.

8. Revisions to the International Auditing and Assurance Standards Board (IAASB) Engagement Standards, the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and changes to South African legal and regulatory requirements may result in changes to the engagement partner's reporting responsibilities from time to time. Therefore, users of this SAAPS must at all times apply the most up-to-date pronouncements and legislation in their use of this SAAPS. (The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*).

9. This SAAPS also contains the following appendices:

- Appendix I: Linking Going Concern Considerations with types of Audit Opinions.
- Appendix II: Examples of Reports, Documents and Information that may be Determined to be Other Information.

Effective Date

10. This SAAPS is effective for auditor's or independent reviewer's reports issued for audits or

independent reviews of financial statements for periods ending on or after 15 December 2024, with early adoption permitted.

PART A – GUIDANCE AND NOTES

The guidance in Part A comprises the following four illustrative reports:

- The report for the audit of a complete set of general purpose financial statements (consolidated financial statements of a listed company (which is a PIE as defined in the IRBA Code) prepared in accordance with a fair presentation framework and the requirements of the Companies Act, in accordance with ISA 700 (Revised));
- The report for the audit of a complete set of general purpose financial statements (consolidated and separate financial statements of an unlisted public company) that is a PIE prepared in accordance with a fair presentation framework and the requirements of the Companies Act, in accordance with ISA 700 (Revised);
- The report for the audit of a complete set of general purpose financial statements (private company that is not a PIE) prepared in accordance with a fair presentation framework and the requirements of the Companies Act, in accordance with ISA 700 (Revised); and
- The report for the independent review of a complete set of general purpose financial statements prepared in accordance with a fair presentation framework and the requirements of the Companies Act, in accordance with ISRE 2400 (Revised).

The guidance in Part A also includes notes on the application of paragraphs 20-48 of ISA 700 (Revised); paragraphs 21-23 of ISA 720 (Revised); paragraphs 86-91 of ISRE 2400 (Revised); certain sections of the APA, the IRBA Rules, the Companies Act and the PAA.

Illustrative Reports

1. Unmodified Opinion – Auditor’s Report on a Complete Set of Consolidated Financial Statements of a Listed Company that is a Public Interest Entity (PIE)¹ Prepared in Accordance with a Fair Presentation Framework

The illustrative report below is the unmodified auditor’s report on the statutory consolidated annual financial statements of a listed company (which is a PIE as defined in the IRBA Code) and its subsidiaries (the group), which include the financial statements and other reports required by the Companies Act, 2008 (No. 71 of 2008) (Companies Act). The group financial statements are prepared in accordance with a general purpose financial reporting framework that achieves fair presentation. This report illustrates application of ISA 600 (Revised) and ISA 700 (Revised) regarding the auditor’s report on the financial statements, including the auditor’s additional responsibilities when performing a group audit, and ISA 720 (Revised) in respect of the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate required under the Companies Act. The adaptations contained in the illustrative report are referenced to the appropriate notes (N1 – N16) of Part A.

Circumstances include:

- Audit of a complete set of consolidated financial statements of a listed company (which is a PIE as defined in the IRBA Code) in terms of the Companies Act of South Africa, using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA 600 (Revised) applies) ^[N13]. The consolidated financial statements are presented in the entity’s integrated report. Separate financial statements are also prepared for the listed entity but have not been included in the entity’s integrated report. The auditor’s reports on both the consolidated and separate financial statements are signed on the same day.
- The entity’s annual report, as defined in ISA 720 (Revised), is the entity’s integrated report and the separate financial statements.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.
- Key audit matters have been communicated.
- The auditor has obtained all of the other information prior to the date of the auditor’s reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor’s knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded an unmodified (i.e., “clean”) opinion is appropriate based on the audit evidence obtained.
- The auditor has disclosed the number of years which the audit firm has been the auditor of the listed entity (audit tenure).
- The auditor has disclosed fee-related matters² in the auditor’s report because management

¹ Public Interest Entity as defined in the IRBA Code of Conduct for Registered Auditors.

² Fee-related matters as per paragraph R410.31 of the IRBA Code of Professional Conduct for Registered Auditors

has not made this disclosure in the financial statements.

- An illustration of an auditor’s report on the separate financial statements in these circumstances is provided in illustrative auditor’s report 6.

Independent Auditor’s Report

To the Shareholders of ABC Limited ^[N1]

Report on the Audit of the Consolidated Financial Statements ³

Opinion

We have audited the consolidated financial statements ^[N2] of ABC Limited and its subsidiaries (the group) set out on pages ... to ... ^[N3], which comprise the consolidated statement of financial position as at 31 December 20X1, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information ^[N4].

In our opinion, the consolidated financial statements present fairly, in all material respects, ^[N5] the consolidated financial position of ABC Limited and its subsidiaries as at 31 December 20X1, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa ^[N6]. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number XX dated XX (EAR Rule)^[N16], we report:

³ The sub-title “Report on the Audit of the Consolidated Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

Final Materiality

[Insert the final materiality amount determined by the auditor for the financial statements as a whole and an explanation of significant judgements made by the auditor in determining this materiality]

Group Audit Scope

[The scope of the audit of group financial statements, as defined in the ISA 600 (Revised) and any significant judgements applied in this determination.]

Material Uncertainty Related to Going Concern

We draw attention to Note X in the financial statements, which indicates that the group incurred a net loss of ZZZ during the year ended 31 December 20X1 and, as of that date, the group exceeded its total assets by YYY. As stated in Note X, these events or conditions, along with other matters as set forth in Note X, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In terms of the EAR Rule^[N16], we set out below our evaluation of management's assessment of the entity's ability to continue as a going concern:

[Insert a description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern].

Key Audit Matters ^[N7]

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

In terms of the EAR Rule^[N16], we are required to report the outcome of audit procedures or key observations with respect to the Key Audit Matters and these are included below.

[Description of each key audit matter, how the matter was addressed in accordance with ISA 701 and outcomes, or key observations as permitted by ISA 701 and required by the EAR Rule^[N16].]

Other Information ^[N8]

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Limited Integrated Report 20X1" and in the document titled "ABC Limited Separate Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors ^[N9] for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa ^[N10], and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error ^[N11].

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also ^[N12]:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists

related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion. ^[N13].

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Audit Tenure^[N14]

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that [XX firm] has been the auditor of ABC Limited for [X] years.

Disclosure of fee-related matters

In terms of the EAR Rule^[N16], we disclose the following fee-related matters:

[Insert fee-related matters as required by the EAR Rule]

[The additional form and content of this section of the auditor's report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards. The matters addressed by other law, regulation or national auditing

standards (referred to as “other reporting responsibilities”) shall be addressed within this section unless the other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the ISAs as part of the Report on the Audit of the Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those required by the ISAs may be combined (i.e. included in the Report on the Audit of the Financial Statements section under the appropriate subheadings) provided that the wording in the auditor’s report clearly differentiates the other reporting responsibilities from the reporting that is required by the ISAs where such a difference exists.]

[Auditor’s Signature] ^[N15]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor’s report]

[Auditor’s address]

2. Unmodified Opinion – Auditor’s Report on a Complete Set of Consolidated and Separate Financial Statements of an Unlisted Public Company that is a Public Interest Entity (PIE)⁴, Prepared in Accordance with a Fair Presentation Framework

The illustrative report below is the unmodified auditor’s report on the statutory consolidated and separate annual financial statements of an unlisted public company that is a PIE and its subsidiaries (the group), which include the financial statements and other reports required by the Companies Act, 2008 (No. 71 of 2008) (Companies Act). The group financial statements are prepared in accordance with a general purpose financial reporting framework that achieves fair presentation. This report illustrates application of ISA 600 (Revised) and ISA 700 (Revised) regarding the auditor’s report on the financial statements, including the auditor’s additional responsibilities when performing a group audit, and ISA 720 (Revised) in respect of the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate required under the Companies Act. The adaptations contained in the illustrative report are referenced to the appropriate notes (N1 – N16) of Part A.

Circumstances include:

- Audit of a complete set of consolidated and separate financial statements of an unlisted public company that is a PIE, in terms of the Companies Act of South Africa, using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA 600 (Revised) applies) ^[N13] The consolidated and separate financial statements are presented together in the entity’s annual financial statements report (four column format).
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s

⁴ Public Interest Entity as defined in the IRBA Code of Conduct for Registered Auditors

ability to continue as a going concern.

- Key audit matters have been communicated with respect to the group. The auditor has determined that there are no key audit matters to communicate with respect to the separate financial statements.
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded an unmodified (i.e. "clean") opinion is appropriate based on the audit evidence obtained.
- The auditor has disclosed the number of years which the audit firm has been the auditor of the listed entity (audit tenure).
- The auditor has not disclosed fee-related matters⁵ in the auditor's report because management has made this disclosure in the financial statements.

Independent Auditor's Report

To the Shareholders of ABC Limited ^[N1]

Report on the Audit of the Consolidated and Separate Financial Statements ⁶

Opinion

We have audited the consolidated and separate financial statements ^[N2] of ABC Limited and its subsidiaries (the group and company) set out on pages ... to ... ^[N3], which comprise the consolidated and separate statement of financial position as at 31 December 20X1, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information ^[N4].

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, ^[N5] the consolidated and separate financial position of ABC Limited and its subsidiaries as at 31 December 20X1, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are

⁵ Fee-related matters as per paragraph R410.31 of the IRBA Code of Professional Conduct for Registered Auditors

⁶ The sub-title "Report on the Audit of the Consolidated Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa ^[N6]. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number XX dated XX (EAR Rule)^[N16], we report:

Final Materiality

[Insert the final materiality amount determined by the auditor for the financial statements as a whole and an explanation of significant judgements made by the auditor in determining this materiality]

Group Audit Scope

[The scope of the audit of group financial statements, as defined in the ISA 600 (Revised) and any significant judgements applied in this determination.]

Key Audit Matters ^[N7]

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in respect of the separate financial statements.

In terms of the EAR Rule^[N16], we are required to report the outcome of audit procedures or key observations with respect to the Key Audit Matters and these are included below.

[Description of each key audit matter, how the matter was addressed in accordance with ISA 701 and outcomes, or key observations as permitted by ISA 701 and required by the EAR Rule ^[N16].]

Other Information ^[N8]

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Limited Annual Financial Statements for the year ending 31 December 20X1", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our

responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors ^[N9] for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa ^[N10], and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error ^[N11].

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also ^[N12]:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion. ^[N13].

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Audit Tenure^[N14]

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that [XX firm] has been the auditor of ABC Limited for [X] years.

[The additional form and content of this section of the auditor's report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards. The matters addressed by other law, regulation or national auditing standards (referred to as "other reporting responsibilities") shall be addressed within this section unless the other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the ISAs as part of the Report on the Audit of the Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those required by the ISAs may be combined (i.e. included in the Report on the Audit of the Financial Statements section under the appropriate subheadings) provided that the wording in

the auditor's report clearly differentiates the other reporting responsibilities from the reporting that is required by the ISAs where such a difference exists.]

[Auditor's Signature] ^[N15]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

3. **Unmodified Opinion – Auditor’s Report on a Complete Set of General Purpose Financial Statements of a Private Company that is not a Public Interest Entity (PIE)⁷, Prepared in Accordance with a Fair Presentation Framework**

The illustrative report below is the unmodified auditor’s report on the statutory annual financial statements of a private company that is not a PIE, which include the financial statements and the directors’ report required by the Companies Act, 2008 (No. 71 of 2008) (Companies Act). The financial statements are prepared in accordance with a general purpose financial reporting framework that achieves fair presentation. This report illustrates the application of ISA 700 (Revised) regarding the auditor’s report on the financial statements, and ISA 720 (Revised) in respect of the directors’ report required under the Companies Act. Since this is not a group audit, the additional auditor’s responsibilities in respect of a group audit are not illustrated. The adaptations contained in the illustrative report are referenced to the appropriate notes (N1 – N16) of Part A.

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE in terms of the Companies Act of South Africa, using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply). ^[N13]
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors’ Report prepared in terms of the Companies Act of South Africa.
- The auditor has obtained all of the other information prior to the date of the auditor’s reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor’s knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded an unmodified (i.e. “clean”) opinion is appropriate based on the audit evidence obtained.

⁷ Public Interest Entity as defined in the IRBA Code of Conduct for Registered Auditors

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited^[N1]

Report on the Audit of the Financial Statements⁸

Opinion

We have audited the financial statements ^[N2] of ABC Proprietary Limited (the company) set out on pages ... to ...^[N3], which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information ^[N4].

In our opinion, the financial statements present fairly, in all material respects, ^[N5] the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa ^[N6]. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information ^[N8]

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

⁸ The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors ^[N9] for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa ^[N10], and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error ^[N11].

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also ^[N12]:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

[The form and content of this section of the auditor's report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards. The matters addressed by other law, regulation or national auditing standards (referred to as "other reporting responsibilities") shall be addressed within this section unless the other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the ISAs as part of the Report on the Audit of the Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those required by the ISAs may be combined (i.e. included in the Report on the Audit of the Financial Statements section under the appropriate subheadings) provided that the wording in the auditor's report clearly differentiates the other reporting responsibilities from the reporting that is required by the ISAs where such a difference exists.]

[Auditor's Signature]^[N15]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of the auditor's report]

[Auditor's address]

4. **Unmodified Conclusion – ISRE 2400 (Revised): Independent Reviewer’s Report on a Complete Set of General Purpose Financial Statements Prepared in Accordance with a Fair Presentation Framework**

The illustrative report below is the unmodified independent reviewer’s report on the statutory annual financial statements of a company in terms of the Companies Act, 2008 (No. 71 of 2008) (Companies Act) which include the financial statements and the directors’ report required by the Companies Act. The financial statements are prepared in accordance with a general purpose financial reporting framework that achieves fair presentation. This report illustrates the application of ISRE 2400 (Revised) regarding the independent reviewer’s report on the financial statements and draws from ISA 720 (Revised) with respect to the directors’ report, and the requirements of the Companies Act. The adaptations contained in the illustrative report are referenced to the appropriate notes (N1 – N16) of Part A.

Circumstances include:

- Independent review of a complete set of financial statements.
- The financial statements are prepared for a general purpose by management of the entity in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary.
- The independent reviewer has concluded an unmodified (i.e. “clean”) conclusion is appropriate based on the evidence obtained.

Independent Reviewer’s Report

To the Shareholders of ABC Proprietary Limited ^[N1]

Report on the Financial Statements⁹

We have reviewed the financial statements ^[N2] of ABC Proprietary Limited set out on pages ... to ... ^[N3], which comprise the statement of financial position as at 31 December 20X1 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies ^[N4].

Directors’ Responsibility ^[N9] *for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities¹⁰ and the requirements of the Companies Act of South Africa ^[N10], and for

⁹ The sub-title “Report on the Financial Statements” is unnecessary in circumstances when the second subtitle “Report on Other Legal and Regulatory Requirements” is not applicable.

¹⁰ May refer to International Financial Reporting Standards, as applicable.

such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. ^[N11]

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements* (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects ^[N8], the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Other Reports Required by the Companies Act ^[N8]

The annual financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report. Our conclusion on the financial statements does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we will report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

*[Form and content of this section of the independent reviewer's report will vary depending on the nature of the independent reviewer's other reporting responsibilities.]*¹¹

[Independent Reviewer's signature] ^[N15]

[Name of individual reviewer]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of the independent reviewer's report]

[Independent reviewer's address]

¹¹ There is no requirement for an independent reviewer to include in the "Report on Other Legal and Regulatory Requirements" a Reportable Irregularity reported to CIPC in accordance with Companies Regulation 29(1)(b) and (6) to (11).

Notes to the Illustrative Reports in Part A (denoted as N1-N15)

Addressee¹²

N1. The auditor's report or the independent reviewer's report (the report) is addressed as required by the circumstances of the engagement. Law or regulation may specify to whom the report is to be addressed. However, the Companies Act does not specify to whom the report should be addressed.

The report is normally addressed to those for whom it is prepared¹³. In the case of South African companies, the report is addressed to the shareholders or members, as applicable, when the Companies Act (including the Companies Act Regulations) requires the company to be audited or independently reviewed.

When a Memorandum of Incorporation (MOI) for a company that is exempt from audit requires the company to appoint an auditor, the auditor's report is also addressed to the shareholders or members, as appropriate. When an MOI for a company that is exempt from audit does not require the company to appoint an auditor, and the company chooses to be audited, the addressee will depend on whether the requirement for an audit was by way of a shareholders' or members' resolution (in which case the auditor's report would then be addressed to the shareholders or members, as appropriate) or a directors' resolution (in that instance, the auditor's report would be addressed to the directors).

Public Sector Perspective

In the public sector there is a wide range of potential users of the auditor's report, including the general public. However, it is not deemed appropriate to address the auditor's report to the general public at large. The auditor's report is thus addressed to parliament or the provincial legislature as the bodies that represent the general public.

The auditor's report may also be addressed to shareholders, trustees or other identified users in addition to parliament or the provincial legislature where there are persons or classes of persons for whom it has been prepared (not the board of directors or the accounting authority that is responsible for preparing the financial statements). If the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended by the Public Finance Management Act No. 29 of 1999 (PFMA), is not applicable to an entity and the financial statements are not required to be tabled in parliament or the provincial legislature, the auditor's report should then be addressed to the appropriate level of oversight, usually the responsible executive authority.

¹² ISA 700, paragraphs 22 and A16 and ISRE 2400 (Revised), paragraph 86 and A120.

¹³ ISA 700, paragraph A16.

Financial Statements

- N2. The financial statements form part of the annual financial statements prescribed by the Companies Act. Under the Companies Act, the annual financial statements of a company must include an auditor's report, if the financial statements are audited.¹⁴

Page Numbers¹⁵

- N3. It is important to use page numbers to identify the financial statements. In South Africa the set of documents that comprise the financial statements are included in the annual financial statements, which may contain other information, such as a detailed statement of profit or loss and other comprehensive income as well as other reports prescribed by law or regulation or "best practice" requirements. As a result, the illustrative reports do not refer to the "accompanying" financial statements but instead identify the financial statements by page numbers.

Law and regulation in South Africa may require other information or reports to be included in the financial statements of certain types of entities so as to supplement the applicable financial reporting framework. In some instances, the required other information, reports or disclosures are not auditable (or reviewable) under applicable auditing or assurance standards. So, such other information, which is not within the scope of the audit or review engagement, should be clearly separated from the audited financial statements. Where such information may compromise the fair presentation of the financial statements, management should be requested to separate the publication of the information from the financial statements. The report can then clearly distinguish the financial statements covered by identifying them through their relevant page numbers.

Identification of the Title of Each Statement that Comprises the Financial Statements

- N4. The introductory paragraph in the Opinion section of the auditor's report identifies each statement that comprises the complete set of financial statements.¹⁶ A complete set of financial statements is identified by the applicable financial reporting framework¹⁷ and may also include legal and regulatory requirements. For instance, the illustrative reports on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) identify the statement of financial position as at the end of the period; statements of profit or loss and other comprehensive income; changes in equity for the period and cash flows for the period; and notes to the financial statements, including material accounting policy information (where the financial reporting framework is IFRS) or a summary of significant accounting policies (where the financial reporting framework is IFRS for SMEs).

When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial

¹⁴ Companies Act, 2008, Section 29(3)(a).

¹⁵ ISA 700 (Revised), paragraph A18 and ISRE 2400 (Revised), paragraph A121.

¹⁶ ISA 700 (Revised), paragraph 24(c) and A17 and ISRE 2400 (Revised), paragraph 86(c)(i).

¹⁷ ISA 700 (Revised), paragraph A17.

statements (as required by IFRS, when applicable), the additional statement of financial position provided to address the restatement of information for the comparative period forms part of the comparative information. Therefore, it does not need to be separately identified in the introductory paragraph in the Opinion section of the auditor's report.

The annual financial statements of South African companies comprise a complete set of financial statements identified in accordance with the applicable financial reporting framework and the disclosure requirements of the Companies Act.¹⁸ A directors' report, however, is not identified as forming part of a complete set of financial statements under the disclosure requirements of the applicable financial reporting framework.

The information in Note 4 applies as relevant to the introductory paragraph contained in an independent reviewer's report.

Public Sector Perspective

When the Standards of Generally Recognised Accounting Practice (GRAP) are applicable, a complete set of financial statements comprises the statement of financial position; the statement of financial performance; the statement of changes in net assets; the cash flow statement; as well as the statement of comparison of budget information to actual information and notes to the financial statements, including a summary of significant accounting policies.

Opinion

N5. In South Africa, the wording "present fairly, in all material respects" is used instead of "give a true and fair view of" to express the opinion or conclusion in the reports of the auditor or independent reviewer.

Relevant Ethical Requirements¹⁹

N6. The *Basis for Opinion* paragraph identifies the jurisdiction of origin of the relevant ethical requirements. In South Africa this is the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code).

In addition to the above code, various laws and regulations may also contain independence and ethical requirements. For example:

- The Companies Act²⁰ contains restrictions on the non-audit services that may be provided by the auditor to certain companies, and also contains requirements relating to the rotation of the engagement partner.
- Directive 6/2008, issued in terms of the Banks Act contains requirements regarding the rotation of the engagement partner(s).

The auditor should be familiar with all codes, laws and regulations containing ethical requirements that apply to the audit engagement.

¹⁸ Companies Act, 2008, Sections 29(1) and 30(3)(a) and (b).

¹⁹ ISA 700 (Revised), paragraphs 28(c) and A29 to A32.

²⁰ Companies Act, 2008, Sections 90(2) and 92.

As there are numerous codes, laws and regulations that the auditor is required to adhere to, the statement included in the auditor's report on independence and other ethical requirements, in South Africa, makes reference to the IRBA Code and other independence and ethical requirements applicable to performing audits of financial statements in South Africa.

Key Audit Matters²¹

N7. Law or regulation may require communication of the key audit matters for audits of entities other than listed entities, for example, the EAR Rule^[N16] that extends the requirement to communicate key audit matters to PIEs.

Auditors should remain alert to the possibility of other legal or regulatory requirements to report key audit matters. The auditor may also voluntarily decide to communicate key audit matters for entities other than listed and public interest entities.

The IAASB has issued four non-authoritative publications that deal with key audit matters:

- [Audit Reporting: Key Audit Matters](#) – This publication has been developed to assist investors, preparers of financial statements, those charged with governance and others interested in understanding key aspects of KAM as set out in ISA 701.
- [Auditor Reporting: Illustrative Key Audit Matters](#) – This publication has been developed to illustrate how the concept of KAM may be applied in practice in accordance with ISA 701.
- [Determining and Communicating Key Audit Matters](#) – This diagram depicts the process an auditor follows in order to determine the KAM to be communicated.
- [Auditor Reporting: Frequently Asked Questions](#) – This publication addresses commonly asked questions on the new and revised auditor reporting standards, including questions on key audit matters, and other information.

Public sector perspective

The AGSA has determined that the communication of key audit matters in the auditor's report will be applicable to all audits of public sector entities. This will be phased in as determined by the AGSA, except for those listed entities where the inclusion of KAM is mandatory.

Other Information

N8. In South Africa, the corporate governance code, known as King IV²², the JSE Limited Listings Requirements (Listings Requirements) and the Companies Act require a listed entity to present supplementary reports and information disclosures for various stakeholders.

The Companies Act does not require or address the preparation of an annual report and therefore does not define the annual report.

The Listings Requirements prescribe certain disclosures that should be included in a listed

²¹ ISA 701 and ISA 700 (Revised), paragraphs 30 to 31 and A35 to A38.

²² The King IV Code on Corporate Governance for South Africa, 2016 and the King IV Report on Governance for South Africa, 2016.

entity's annual report, but also do not define the annual report. The JSE Limited (JSE) prescribes the manner and form in which listed entities are required to announce their financial results to the market, either through the Stock Exchange News Service (SENS) and/or in the press, as is appropriate. Listed entities often voluntarily present information regarding their financial results, in addition to the reporting required by the JSE, in results booklets or analyst presentations. Such documents may or may not contain more detail, if compared to the information published through SENS and/or in the press.

Reporting practices in South Africa, especially among listed entities, are diverse. For example:

- Some entities title their reports “integrated reports”, while others refer to “integrated annual reports” or “annual reports”.
- Some entities include the full annual financial statements in their integrated or annual reports, while others only present summaries of those annual financial statements.
- Some entities issue their integrated or annual reports at the same time as their results announcements, while other entities' integrated or annual reports only follow later on.
- Some entities issue a single document (i.e. bound together with the audited financial statements), while others issue two or more documents comprising the entities' annual reporting to stakeholders.

Registered auditors are therefore required to consider client specific facts and circumstances when determining the document(s) that comprise their client's annual report.

For a South African company whose financial statements are audited, the annual report, for purposes of ISA 720 (Revised), includes:

- Annual financial statements;
- The integrated report (if prepared); and
- Any other documents that are described within the company's annual financial statements or its integrated report as forming part of the company's annual financial statements or its integrated report.

Furthermore, in South Africa an entity's integrated report will be its annual report for purposes of ISA 720 (Revised), irrespective of the following:

- Its title (for example “Integrated report”; “Integrated annual report” or “Annual report”); and
- Whether the annual financial statements and the auditor's report thereon are contained therein.

ISA 720 (Revised) does not expand on the meaning of “accompanies” in the definition of an annual report. The Standard does not, for example, indicate that a document would “accompany” the financial statements only if it is issued at the same time or in close proximity to the issuance of the financial statements. The IRBA's reading of the Standard is that a document could meet the definition of an annual report even if there was a significant time delay between the issue date of the financial statements and that of the entity's annual report.

The application material to ISA 720 (Revised) explains that an annual report is different in nature, purpose and content from other reports, such as a report prepared to meet the information needs of a specific stakeholder group or a report prepared to comply with a specific regulatory reporting objective (even when such a report is required to be publicly available). It lists, among others, separate regulatory reports and sustainability reports²³ as examples of reports that, when issued as standalone documents, are not typically part of the combination of documents that comprise an annual report (subject to law, regulation or custom) and that, therefore, are not other information within the scope of the Standard²⁴. The IRBA is thus of the view that regulatory reports and sustainability reports that are issued as standalone documents, without, for example, being described as forming part of the entity's annual report, are not part of the combination of documents that comprise an entity's annual report.

ISA 720 (Revised) refers to a scope exclusion of "preliminary announcements of financial information", but does not define this term²⁵. In context of entities listed on the JSE, this scope exclusion from ISA 720 (Revised) applies to announcements of information that has been reviewed in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, and that results announcements on SENS and/or in the press that relate to information that has been audited or reviewed do not form part of the combination of documents that comprise an annual report, and are, therefore, not other information within the scope of ISA 720 (Revised).

Information that a listed entity may prepare on a voluntary basis for a specific stakeholder grouping, such as analysts, has a different purpose from that of an annual report. Such information, where presented separately from the annual report, does not form part of the combination of documents that comprise an annual report. Therefore, it is not other information within the scope of ISA 720 (Revised).

If a report is an entity's annual report for the purpose of ISA 720 (Revised), all information contained therein, other than the financial statements and the auditor's report thereon, constitute other information. An entity's annual report may include information that has been the subject matter of an assurance engagement other than the audit of the financial statements. ISA 720 (Revised) does not contain a scope exemption for such information and it is therefore other information within the scope of ISA 720 (Revised).

For the purpose of the illustrated reports of listed companies in this SAAPS, the company is assumed to have prepared an "Annual Report", which meets the definition of an annual report in ISA 720 (Revised), that may contain "other information"²⁶.

ISA 720 (Revised) applies to all ISA audits and also affects the audits of non-listed entities.

For the purposes of the illustrated reports in this SAAPS the "other information" is described

²³ The Global Reporting Initiative (GRI) defines a sustainability report as "a report published by a company or organisation about the economic, environmental, and social impacts caused by its everyday activities".

²⁴ ISA 720 (Revised), paragraph A5.

²⁵ ISA 720 (Revised), paragraph 7(a).

²⁶ ISA 720 (Revised), paragraph 12(c).

as “...The other information comprises the information included in [the document titled “ABC Limited Integrated Report 20X1” and in the document titled “ABC Limited Separate Financial Statements for the year ended 31 December 20X1”] or [the document titled “ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1”], which includes... as required by the Companies Act of South Africa.”

The Directors’ Report²⁷, the Audit Committee’s Report²⁸ (when applicable) and the Company Secretary’s Certificate²⁹ (when applicable) form part of the annual financial statements prescribed by the Companies Act and they must be audited or reviewed, as and when applicable. The information (subject matter) is generally not identifiable and open to consistent evaluation or measurement against identified criteria.³⁰ Consequently, the opinion expressed on the financial statements does not extend to the information contained in these reports as the auditor has no basis for concluding that the information is properly stated.

However, the auditor, in accordance with ISA 720 (Revised), has a responsibility to read the other information. Then the auditor must consider whether there is any material inconsistency between the other information and the financial statements, on the one hand, and the other information and the auditor’s knowledge obtained in the audit, on the other hand³¹. ISA 720 (Revised) has been used to determine that the Directors’ Report, the Audit Committee’s Report (when applicable) and the Company Secretary’s Certificate (when applicable) meet the definition of “other information” in terms of ISA 720 (Revised)³².

ISA 720 (Revised) requires that the auditor’s report must include a separate section that identifies the other information, if any, obtained by the auditor prior to the date of the auditor’s report³³. In South Africa, the Directors’ Report, the Audit Committee’s Report (when applicable) and the Company Secretary’s Certificate (when applicable) will be specifically identified as other information in that section.

In the paragraph headed “Other Reports Required by the Companies Act” and “Other Matter – Reports Required by the Companies Act”, as contained in the independent reviewer’s report and those auditor’s reports in which a disclaimer of opinion has been expressed, respectively, we have used wording drawn from ISA 720 (Revised).

The IAASB has issued a non-authoritative publication developed by the Auditor Reporting Implementation Working Group that deals, in part, with other information in terms of ISA 720 (Revised):

- [Auditor Reporting: Frequently Asked Questions](#) – This publication addresses commonly asked questions on the new and revised auditor reporting standards, including questions on key audit matters, and other information.

²⁷ Companies Act, 2008, Section 30(3)(b).

²⁸ Companies Act, 2008, Section 94(7)(f).

²⁹ Companies Act, 2008, Section 88(2)(e).

³⁰ Amended International Framework for Assurance Engagements, paragraph 40. (Effective for assurance reports dated on or after December 15, 2015).

³¹ ISA 720 (Revised), paragraph 14.

³² ISA 720 (Revised), paragraph 12(c).

³³ ISA 720 (Revised), paragraphs 20 and 21A(a)(i).

Appendix II, Examples of reports, documents and information that may be determined to be other information, provides further guidance on the identification of other information in terms of ISA 720 (Revised) in the South Africa context.

Public Sector Perspective

The Directors' Report³⁴, the Audit Committee's Report³⁵ (when applicable) and the Company Secretary's Certificate³⁶ (when applicable) form part of the annual financial statements prescribed by the Companies Act. Where the entity is not a company, reference to these documents should be omitted.

In addition to King IV, the Listings Requirements and the Companies Act requirements that may be applicable to certain public sector entities, the PFMA also includes requirements relating to these entities' annual reports.

In the public sector, other information comprises financial and non-financial information, other than (i) the financial statements; (ii) the auditor's report thereon; and (iii) those objectives in the entity's annual report where its performance against predetermined objectives have been specifically audited and reported on in the auditor's report.

In terms of section 28(1)(c) of the PAA, the report of an auditor appointed in terms of section 25(1)(b) of the PAA (i.e. section 4(3) registered auditors), must reflect such opinions and statements as may be required by any legislation applicable to the auditee which is the subject of the audit, but must reflect at least an opinion or conclusion on –

(c) the reported information relating to the performance of the auditee against predetermined objectives.

As such, since the legislated auditor reporting requirements in the public sector extend to reporting on performance information as part of the annual audit process, other information excludes those objectives in the entity's annual report where its performance against predetermined objectives has been specifically audited and reported on in the auditor's report.

Note: The public sector interpretation of other information is only applicable to the public sector and should not be extended to other audit or review engagements.

The auditor is required to read the other information and determine if there are inconsistencies between the other information, the financial statements and the report on performance against pre-determined objectives.

The section on other information is placed in the auditor's report after the reporting on the audit of the financial statements, audit of the reported performance information and audit of compliance with legislation.

³⁴ Companies Act, 2008, Section 30(3)(b).

³⁵ Companies Act, 2008, Section 94(7)(f).

³⁶ Companies Act, 2008, Section 88(2)(e).

Responsibilities of the Directors for the Financial Statements

N9. “Management” is used generically in the ISAs and the ISREs to describe those responsible for the preparation (and fair presentation) of an entity’s financial statements.

The Companies Act requires the annual financial statements to be approved by the board and signed by an authorised director³⁷. As such, in the case of a South African company, the report should state that the company’s directors are responsible for the preparation (and fair presentation) of the financial statements.

In terms of the Close Corporations Act, these requirements apply to the authorised member(s) of a Close Corporation. As such, the reference to the directors’ responsibility becomes a reference to the members’ responsibility.

ISA 700 (Revised) also requires that this section of the auditor’s report should identify those responsible for the oversight of the financial reporting process, when they are different from those who fulfil the responsibilities for the preparation of the financial statements. In such a case, this section’s heading would also refer to “Those Charged with Governance” (TCWG)³⁸. TCWG is defined in ISA 260 (Revised), *Communication With Those Charged With Governance*³⁹.

Since the company’s directors or the public entity’s accounting authority are responsible for the oversight of the financial reporting process, as stated above, no reference to oversight responsibilities is required in the auditor’s report of a South African company.

It should be noted that there may be other legislation that splits the responsibilities of the preparation for the financial statements and the oversight of the financial reporting process. In this case, reference would have to be made to those responsible for the oversight of the financial reporting process.

Public Sector Perspective

The auditor’s report in the public sector refers to the accounting authority’s responsibility, based on the PFMA requirements, as follows:

- Public entities – accounting authority⁴⁰.
- Public entities registered as a company – The board of directors, which constitutes the accounting authority.

³⁷ Companies Act, 2008, Section 30(3)(c).

³⁸ ISA 700 (Revised), paragraphs 33, 34 and A44.

³⁹ ISA 260 (Revised), paragraph 10(a) and effective for audits of financial statements for periods ending on or after 15 December 2016.

⁴⁰ PFMA, Section 55(1).

If the PFMA is not applicable to an entity, the name of the party responsible for the preparation of the financial statements – in terms of the legislation that governs that entity – should be inserted.

Applicable Financial Reporting Framework

N10. When the financial reporting framework is supplemented by legal or regulatory requirements, reference must be made to the legislation concerned⁴¹. As such, in the case of a South African company, the report refers to the requirements of the financial reporting framework as well as the additional financial reporting requirements of the Companies Act.

The Financial Reporting Standards Council (FRSC) must, among other responsibilities, adapt international reporting standards for local circumstances⁴² that may be issued from time to time in the form of Financial Reporting Pronouncements (FRP).

Since the FRPs support, and are not an extension of IFRS or IFRS for Small and Medium Enterprises they are not considered to be separate financial reporting frameworks and are not referenced as such in the auditor's and independent reviewer's report in addition to IFRS or IFRS for Small and Medium Enterprises.

However, the auditor considers evaluating the implications for the audit or the auditor's opinion on the financial statements in accordance with ISA 705 (Revised) if the preparer of the financial statements has not applied the relevant FRPs in the preparation of the financial statements.

Public Sector Perspective

In the public sector, where applicable, reference would also be made to the PFMA in addition to the applicable financial reporting framework and the Companies Act.

The General Notice (Directive), issued by the AGSA in terms of the PAA, and the Accounting Standards Board's Directive provide information and requirements regarding the financial reporting frameworks as well as bases of accounting applicable to public sector entities.

Internal Control

N11. The directors' responsibility regarding internal control is inferred by the requirement in the Companies Act for the board to approve⁴³ the financial statements. Accordingly, the directors' responsibility paragraph in the report states that the directors are responsible for such internal control, as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error⁴⁴.

Public Sector Perspective

In the public sector the accounting authority is specifically tasked as per Section 51(1)(a)(i) of the PFMA, with ensuring that an entity has and maintains an effective, efficient and transparent

⁴¹ ISA 210, paragraph 18 and ISA 700 (Revised), paragraph A24.

⁴² Companies Act, 2008, Section 204(a).

⁴³ Companies Act, 2008, Sections 30(3)(c) and (d).

⁴⁴ ISA 700 (Revised), paragraphs 33(a) and 39.

system of internal control.

Description of the Auditor's Responsibilities for the Audit of the Financial Statements⁴⁵

N12. Though auditors in some countries are allowed to put the description of the auditor's responsibilities on the website of an appropriate authority, in South Africa no law or regulation expressly permits that. As such, auditors are required to include the description of responsibilities in one of the following ways:

- Within the body of the auditor's report; or
- In an appendix to the auditor's report, in which case the auditor's report shall include a reference to the location of the appendix.

Public Sector Perspective

The second option of including an annexure has been adopted by the AGSA.

Auditor's Responsibilities for the Audit of the Financial Statements – Group Audit

N13. ISA 700 (Revised) requires that when ISA 600 (Revised) applies, the auditor's responsibilities for the audit of the financial statements section of the auditor's report shall further describe the auditor's responsibilities in a group audit engagement by stating that:

- The auditor's responsibilities are to plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements;
- The auditor is responsible for the direction, supervision and review of the audit work performed for purposes of the group audit; and
- The auditor remains solely responsible for the auditor's opinion.⁴⁶

This circumstance, i.e., when ISA 600 (Revised) does or does not apply, has been described in the circumstances block for each illustrative auditor's report.

⁴⁵ ISA 700 (Revised), paragraphs 40 to 41 and A49 to A52.

⁴⁶ ISA 700 (Revised), paragraph 39(c).

IRBA Rule: Disclosure of Audit Tenure

N14. The Regulatory Board, in terms of Section 9 and 10 read with sections 1, 2 and 3 of the Auditing Profession Act, Act 26 of 2005, published a Rule in the Government Gazette No. 39475 of 4 December 2015 which makes it mandatory that all auditor's reports on Annual Financial Statements shall disclose the number of years which the audit firm/sole practitioner has been the auditor of the entity (audit tenure). A predecessor audit firm in this context refers to an audit firm where there has been mergers/de-mergers or other combinations in the audit firm, and an audit firm shall therefore include a predecessor audit firm.

Audit tenure refers to the length of the auditor-client relationship. Thus, tenure includes the period that the predecessor audit firms (where there has been mergers/de-mergers or other combinations in the audit firm) issued audit reports on the entity.

This rule applies to audit reports issued on the Annual Financial Statements of all public interest entities, as defined in the Companies Act of 2008 and prescribed by the Regulatory Board from time to time, for periods ending on or after 31 December 2015. This rule was subsequently clarified to mean that it applies to audit reports issued on the Annual Financial Statements of all public companies – as defined in the Companies Act of 2008 – that meet the definition of a public interest entity, as per the IRBA Code of Professional Conduct for Registered Auditors.

The Regulatory Board made the decision to require the mandatory disclosure of audit tenure in the context of strengthening auditor independence, which is consistent with measures implemented in other jurisdictions. This disclosure of audit tenure will lead to transparency of association between audit firms and audit clients.

Additional Guidance

- All audit firms and sole practitioners are required to comply with the new disclosure requirement.
- The audit tenure should reflect the number of years the audit firm/sole practitioner continuously served as auditor.
- In the case of audit firm mergers/de-mergers or change in name, the longest length of tenure should be disclosed.
- Where the client is a company, information on the appointment and changes in auditors can be obtained from the Companies and Intellectual Property Commission or company secretarial records.
- In the case of companies, as the appointment and continuation of auditors is the responsibility of the audit committee, auditors are advised to bring the requirement of this rule to the attention of the audit committee.

The Auditor's Signature

N15. The illustrative report assumes that the auditor or the independent reviewer is a registered auditor and that the relevant report is presented on a letterhead.

The signing convention illustrated is set out in Section R115.6 SA of the IRBA Code and requires the following, in addition to the auditor's or the independent reviewer's signature and date of the report:

- (a) "The individual registered auditor's full name;
- (b) If not a sole proprietor, the capacity in which the auditor is signing, namely as a 'partner' or 'director';
- (c) The designation 'Registered Auditor' underneath their name; and
- (d) If not set out on the firm's letterhead, the name of the registered auditor's firm."

These requirements have been adapted accordingly for independent reviewer reports.

In addition, ISA 700 (Revised) requires that the name of the engagement partner be included in the auditor's report for audits of complete sets of general purpose financial statements of listed entities⁴⁷. Although ISA 700 (Revised) does not specify the manner in which this inclusion should be made in the auditor's report, the illustrative reports contained in the appendix to ISA 700 (Revised) do illustrate how the name of the engagement partner can be included. The illustrative wording is as follows: "The engagement partner on the audit resulting in this independent auditor's report is [*name*]".

Since the IRBA Code already requires the name of the engagement partner to be included in the auditor's report as part of the signing convention described above, the illustrative reports contained in this SAAPS do not include the illustrative wording suggested in the illustrative reports contained in the appendix to ISA 700 (Revised). In South Africa, the requirements of Section 150.6 of the IRBA Code take precedence over the requirements set out in ISA 700 (Revised).

However, registered auditors are not precluded from including the illustrative wording suggested in the illustrative reports contained in the appendix to ISA 700 (Revised) in their auditor's reports, in addition to the signing convention required by the IRBA Code.

IRBA Rule: Enhanced Auditor Reporting Requirements

N16. The Regulatory Board, in terms of Section 9 and 10 read with sections 1, 2 and 3 of the Auditing Profession Act, Act 26 of 2005, published the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements (EAR Rule) in the [Government Gazette No. 475 of 2023](#) which makes it mandatory for the audit firm to disclose certain enhanced auditor reporting requirements in the independent auditor's report for audits of annual financial statements of public interest entities as defined in the IRBA Code.

Except for the disclosure of fee-related matters, the enhanced auditor reporting requirements are other reporting responsibilities that address the same topics as those presented under the reporting responsibilities required by the ISAs⁴⁸. These topics are:

- Final Materiality,

⁴⁷ ISA 700 (Revised), paragraph 46 and A61 to A63.

⁴⁸ ISA 700(Revised), paragraph 43

- Group Audit Scope,
- Material Uncertainty Related to Going Concern, and
- Key Observations and Outcomes in respect of Key Audit Matters ^[N7]

These enhanced auditor reporting requirements are presented together with their ISA related topics in the independent auditor's report on the financial statements and clearly identified through reference to the EAR Rule.

For illustrative purposes in this SAAPS 3, the Final Materiality and Group Audit Scope enhanced auditor reporting requirements are presented as subsections of the Basis for Opinion section. The Basis for Opinion section refers to the section of the auditor's report that describes the auditor's responsibilities under the ISAs⁴⁹. This placement accentuates these reporting requirements for the benefit of the users.

In addition to the Final Materiality amount and the Group Audit Scope, the enhanced reporting requirements include significant judgements made by the auditor in determining Final Materiality and Group Audit Scope.

The Material Uncertainty Related to Going Concern section, although not new, has been enhanced to include a description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern.

The requirement to communicate key audit matters has been extended to PIEs, and the disclosure in this section has been enhanced to include the outcome of audit procedures or key observations with respect to the key audit matters.

The disclosure of fee-related matters⁵⁰ in the independent auditor's report, when not disclosed by management in the financial statements, is presented in the Report on Other Legal and Regulatory Requirements.

The IRBA has developed and published [Staff Audit Practice Alert 9](#), *IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities*, which contains further non-authoritative guidance on how auditors may apply the EAR Rule.

The EAR Rule is effective for audits of financial statements for periods ending on or after 15 December 2024, with early adoption permitted.

⁴⁹ ISA 700 (Revised) paragraph 28(b)

⁵⁰ As per paragraph R410.31 of the IRBA Code of Professional Conduct for Registered Auditors

PART B – ILLUSTRATIVE REPORTS

The illustrative reports in Part B assume that:

- Unless the circumstances indicate an assumption that the registered auditor has concluded that a reportable irregularity exists, has been reported in terms of the APA and a notification has been included in the auditor's report or a modified opinion has been expressed on the financial statements, these circumstances do not exist and the auditor's report has not been modified in this regard. The auditor's determination of whether a reportable irregularity exists is based on the careful evaluation of the events and conditions in the particular circumstances of an entity. In instances where the effect of a reportable irregularity on the auditor's report is included in an illustrative report, the auditor has performed such evaluation and has concluded that a reportable irregularity exists. (For guidance on reportable irregularities, refer to the May 2015 [Revised Guide for Registered Auditors: Reportable Irregularities in terms of the Auditing Profession Act](#) issued by the IRBA).
- Unless the circumstances include an assumption that the matter giving rise to a qualified or adverse opinion on the financial statements also affects the other information, this circumstance does not exist.
- Unless the circumstances include an assumption that part or all of the other information has been received after the date of the auditor's report, this circumstance does not exist.
- The relevant ethical requirements applicable to an audit engagement comprise those that are set out in Note 6 to Part A.
- The auditor or the independent reviewer has concluded that, based on the evidence in the engagement circumstances, the modifications reported are either material or material and pervasive in relation to the financial statements. Other wording may be more appropriate in the circumstances of individual engagements, in which case the wording in the illustrative reports may be adapted accordingly.

Illustrative Reports

5. Unmodified Opinion – Separate Financial Statements of a Listed Company that is a Public Interest Entity (PIE)⁵¹

Circumstances include:

- Audit of a complete set of separate financial statements of a listed company that is a PIE, in terms of the Companies Act of South Africa and prepared in accordance with a fair presentation framework. The audit of the separate financial statements is not a group audit (i.e. ISA 600 does not apply). Consolidated financial statements are prepared separately for the listed entity. The consolidated financial statements are presented in the entity's integrated report. The auditor's reports on both the separate and consolidated financial statements are signed on the same day.
- The entity's annual report, as defined in ISA 720 (Revised), is the entity's integrated report

⁵¹ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

and the separate financial statements.

- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters have been communicated.
- The auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded an unmodified (i.e. "clean") opinion is appropriate based on the audit evidence obtained.
- The auditor has disclosed the number of years which the audit firm has been the auditor of the listed entity (audit tenure).
- The auditor has disclosed fee-related matters⁵² in the auditor's report because management has not made this disclosure in the financial statements.
- An illustration of an auditor's report on the consolidated financial statements in these circumstances is provided in illustrative auditor's report 1.

Independent Auditor's Report

To the Shareholders of ABC Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of ABC Limited (the company) set out on pages ... to ..., which comprise the separate statement of financial position as at 31 December 20X1, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of ABC Limited as at 31 December 20X1, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for*

⁵² Fee-related matters as required by paragraph R410.31 of the IRBA Code of Professional Conduct for Registered Auditors

Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number XX dated XX (EAR Rule), we report:

Final Materiality

[Insert the final materiality amount determined by the auditor for the financial statements as a whole and an explanation of significant judgements made by the auditor in determining this materiality]

Material Uncertainty Related to Going Concern

We draw attention to Note X in the financial statements, which indicates that the group incurred a net loss of ZZZ during the year ended 31 December 20X1 and, as of that date, the group exceeded its total assets by YYY. As stated in Note X, these events or conditions, along with other matters as set forth in Note X, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In terms of the EAR Rule, we set out below our evaluation of management's assessment of the entity's ability to continue as a going concern:

[Insert a description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern].

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the Key Audit Matters and these are included below.

[Description of each key audit matter, how the matter was addressed and outcomes or key observations in accordance with ISA 701 and the EAR Rule.]

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Limited Separate Financial Statements for the year ended 31 December 20X1" and the document titled "ABC Limited Integrated Report 20X1", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate

as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that [XX firm] has been the auditor of ABC Limited for [X] years.

Disclosure of fee-related matters

In terms of the EAR Rule^[N16], we disclose the following fee-related matters:

[Insert fee-related matters as required by the EAR Rule]

[The additional form and content of this section of the auditor's report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards. The matters addressed by other law, regulation or national auditing standards (referred to as "other reporting responsibilities") shall be addressed within this section unless the other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the ISAs as part of the Report on the Audit of the Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those

required by the ISAs may be combined (i.e. included in the Report on the Audit of the Financial Statements section under the appropriate subheadings) provided that the wording in the auditor's report clearly differentiates the other reporting responsibilities from the reporting that is required by the ISAs where such a difference exists.]

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

6. Unmodified Opinion – Financial Statements (IFRS For SMEs): Auditor’s Responsibilities are Included in an Appendix

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁵³, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- Financial statements of a company in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors’ Report prepared in terms of the Companies Act of South Africa.
- The auditor has obtained all of the other information prior to the date of the auditor’s reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor’s knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded an unmodified (i.e. “clean”) opinion is appropriate based on the audit evidence obtained.
- The auditor has decided to include the description of his responsibilities for the audit of the financial statements in an appendix to the auditor’s report.

Independent Auditor’s Report

To the Shareholders of ABC Proprietary Limited

Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for

⁵³ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at [*indicate page number or other specific reference to the location of the description*], forms part of our auditor's report.

[*Auditor's Signature*]

[*Name of individual registered auditor*]

[*Capacity if not a sole practitioner: e.g. Director or Partner*]

Registered Auditor

[*Date of auditor's report*]

[*Auditor's address*]

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

7. Ongemodifiseerde Mening – Finansiële State (IFRS for SMEs): Ouditeur se Verantwoordelikhede is Ingesluit in 'n Bylaag tot die Verslag

Omstandighede sluit in:

- Hierdie verslag is 'n vertaling van voorbeeld 7 van SAAPS 3 (Revised 2019).
- Oudit van 'n volledige stel finansiële state van 'n private maatskappy wat nie a PIE⁵⁴ is nie, in terme van die Maatskappywet van Suid-Afrika en ooreenkomstig 'n redelike voorstellingsraamwerk (“fair presentation framework”). The audit is not a group audit (m.a.w. ISA 600 is nie van toepassing nie). Finansiële state van 'n maatskappy ooreenkomstig die ‘International Financial Reporting Standard for Small and Medium-sized Entities’ en die vereistes van die Maatskappywet van Suid-Afrika.
- Op grond van verkreeë ouditbewyse het die ouditeur tot die gevolgtrekking gekom dat daar geen wesenlike onsekerheid bestaan met betrekking tot gebeure of omstandighede wat beduidende twyfel kan wek oor die entiteit se vermoë om as 'n lopende saak voort te bestaan nie.
- Sleutel-ouditaangeleenthede (“key audit matters”) is nie gekommunikeer nie.
- Akte van oprigting maak nie voorsiening vir die aanstelling van 'n ouditkomitee of 'n maatskappysekretaris nie. Die ouditeur het vasgestel dat 'n Direkteursverslag ooreenkomstig die Maatskappywet van Suid-Afrika is voorberei.
- Die ouditeur het die ander inligting (“other information”) vóór die datum van die ouditeur se verslag bekom en het nie 'n wesenlike teenstrydigheid tussen die ander inligting en die finansiële state, of tussen die ander inligting en die ouditeur se kennis wat tydens die audit bekom is, geïdentifiseer nie. Die ouditeur het ook nie 'n wesenlike wanvoorstelling van die ander inligting geïdentifiseer nie.
- Die ouditeur het tot die gevolgtrekking gekom dat 'n ongemodifiseerde (m.a.w. “skoon”) mening toepaslik is op grond van die ouditbewyse wat verkry is.
- Die ouditeur het besluit om die beskrywing van sy verantwoordelikhede ten opsigte van die audit van die finansiële state in 'n bylaag tot die ouditeursverslag in te sluit.

Onafhanklike Ouditeur se Verslag

Aan die Aandeelhouers van ABC Eiendoms Beperk

Mening

Ons het die finansiële state van ABC Eiendoms Beperk, soos uiteengesit op bladsye ... tot ..., geoudit. Hierdie finansiële state bestaan uit die staat van finansiële stand soos op 31 Desember 201X, en die staat van wins of verlies en ander omvattende inkomste, die staat van veranderinge in ekwiteit en die staat van kontantvloei vir die jaar wat op daardie datum geëindig het, en aantekeninge tot die finansiële state, insluitende 'n opsomming van beduidende rekeningkundige beleid.

⁵⁴ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

Na ons mening is die finansiële state, in alle weselike opsigte, 'n redelike voorstelling van die finansiële stand van die ABC Eiendoms Beperk soos op 31 Desember 20X1, en van die maatskappy se finansiële prestasie en kontantvloei vir die jaar wat op daardie datum geëindig het, ooreenkomstig die 'International Financial Reporting Standard for Small and Medium-sized Entities' en die vereistes van die Maatskappywet van Suid-Afrika.

Grondslag vir Mening

Ons het ons oudit ooreenkomstig 'International Standards on Auditing' ('ISAs') uitgevoer. Ons verantwoordelikhede ingevolge daardie standaard word verder beskryf in die *Ouditeur se Verantwoordelikhede vir die Oudit van die Finansiële State*-afdeling van ons verslag. Ons is onafhanklik van die maatskappy in ooreenstemming met die 'Independent Regulatory Board for Auditors' se 'Code of Professional Conduct for Registered Auditors (IRBA Code)' en ander onafhanklikheidsvereistes wat van toepassing is op oudits van finansiële state in Suid-Afrika. Ons het ons ander etiese verantwoordelikhede ooreenkomstig die 'IRBA Code' en ooreenkomstig ander etiese vereistes wat van toepassing is op oudits in Suid-Afrika vervul. Die 'IRBA Code' is konsekwent met die ooreenstemmende artikels van die 'International Ethics Standards Board for Accountants' se 'International Code of Ethics for Professional Accountants (including International Independence Standards)'. Ons glo dat die ouditbewyse wat ons verkry het, toereikend en toepaslik is om 'n grondslag vir ons ouditmening te bied.

Ander Inligting

Die direkteur is verantwoordelik vir die ander inligting. Die ander inligting bestaan uit die inligting ingesluit in die dokument getiteld "ABC Eiendoms Beperk Algemene Jaarstate vir die jaar geëindig 31 Desember 20X1, wat die Direkteursverslag soos vereis deur die Maatskappywet van Suid-Afrika insluit. Die ander inligting sluit nie die finansiële state en ons ouditeursverslag daarvoor in nie.

Ons mening oor die finansiële state dek nie die ander inligting nie en ons spreek geen ouditopinie of enige vorm van gerusstelling daarvoor uit nie.

In verband met ons oudit van die finansiële state is dit ons verantwoordelikheid om die ander inligting te lees, en sodoende te oorweeg of die ander inligting weselik teenstrydig is met die finansiële state of kennis verkry gedurende die oudit, of andersins blyk om weselik wanvoorgestel te wees. Indien ons, op grond van die werk wat ons uitgevoer het tot die gevolgtrekking kom dat daar 'n weselike wanvoorstelling van hierdie ander inligting is, word van ons vereis om daardie feit te rapporteer. Ons het niks om in hierdie verband te rapporteer nie.

Verantwoordelikhede van die Direkteur vir die Finansiële State

Die maatskappy se direkteur is verantwoordelik vir die opstel en redelike voorstelling van die finansiële state ooreenkomstig die 'International Financial Reporting Standard for Small and Medium-sized Entities' en die vereistes van die Maatskappywet van Suid-Afrika, en vir sodanige interne beheer as wat die direkteur nodig ag vir die opstel van finansiële state wat vry is van weselike wanvoorstelling, hetsy weens bedrog of foute.

As deel van die opstel van die finansiële state is die direkteur daarvoor verantwoordelik om die maatskappy se vermoë om as 'n lopende saak voort te bestaan te beoordeel, en soos toepaslik aangeleenthede wat verband hou met lopende saak en die gebruik van die lopende-saak-grondslag van verslagdoening te openbaar, tensy die direkteur beplan om die maatskappy te likwideer of om

bedrywighe te staak, of geen realistiese alternatief het as om dit te doen nie.

Ouditeur se Verantwoordelikhede vir die Oudit van die Finansiële State

Ons doelwitte is om redelike gerusstelling te verkry of die finansiële state as 'n geheel vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute, en om 'n ouditeursverslag uit te reik wat ons mening bevat. Redelike gerusstelling is 'n hoë vlak van gerusstelling, maar is nie 'n waarborg dat 'n oudit wat ooreenkomstig die ISAs uitgevoer is altyd 'n wesenlike wanvoorstelling sal opspoor indien dit bestaan nie. Wanvoorstellings kan ontstaan as gevolg van bedrog of foute, en word individueel of in totaal wesenlik geag indien dit redelikerwys verwag kan word dat sodanige wanvoorstellings die ekonomiese besluite van gebruikers wat op grond van hierdie finansiële state geneem word sal beïnvloed.

'n Verdere beskrywing van ons verantwoordelikhede ten opsigte van die oudit van die finansiële state is ingesluit in die Bylaag van hierdie ouditeursverslag. Hierdie beskrywing, wat by [*dui bladsynommer of ander spesifieke verwysing na die plasing van die beskrywing aan*] geleë is, vorm deel van ons ouditeursverslag.

[*Ouditeur se handtekening*]

[*Naam van individuele geregistreerde ouditeur*]

[*Kapasiteit indien nie 'n alleen-praktisyn bv. Direkteur of Vennoot*]

Geregistreerde Ouditeur

[*Datum van ouditeur se verslag*]

[*Ouditeur se adres*]

Ouditeur se Verantwoordelikhede vir die Oudit van die Finansiële State

As deel van 'n oudit ooreenkomstig die ISAs oefen ons professionele oordeel uit en handhaaf ons professionele skeptisisme deurlopend deur die oudit. Ons doen ook die volgende:

- Identifiseer en beoordeel die risikos van wesenlike wanvoorstelling van die finansiële state, hetsy weens bedrog of foute, ontwerp en voer ouditprosedures uit na aanleiding van daardie risikos, en verkry ouditbewyse wat voldoende en toepaslik is om 'n grondslag vir ons ouditmening te bied. Die risiko van nie-opsporing van 'n wesenlike wanvoorstelling as gevolg van bedrog is groter as vir 'n wesenlike wanvoorstelling as gevolg van foute, aangesien bedrog samespanning, vervalsing, doelbewuste weglatings, wanvoorstellings, of die omseiling van interne beheer kan behels.
- Verkry 'n begrip van interne beheer relevant tot die oudit ten einde ouditprosedures te ontwerp wat toepaslik is in die omstandighede, maar nie vir die doel om 'n mening uit te spreek oor die effektiwiteit van die maatskappy se interne beheer nie.
- Evalueer die toepaslikheid van rekeningkundige beleid wat gebruik is en die redelikheid van rekeningkundige ramings en verwante openbaarmaking wat deur die direkteure gemaak is.
- Kom tot 'n gevolgtrekking oor die toepaslikheid van die direkteure se gebruik van die lopende-saak-grondslag van verantwoording, en gebaseer op ouditbewyse verkry, kom tot 'n gevolgtrekking oor die bestaan van 'n wesenlike onsekerheid wat verband hou met gebeure of omstandighede wat beduidende twyfel kan laat bestaan oor die maatskappy se vermoë om as 'n lopende saak voort te bestaan. Waar ons tot die gevolgtrekking kom dat 'n wesenlike onsekerheid bestaan word daar van ons vereis om in ons ouditeursverslag aandag te vestig op die toepaslike openbaarmaking in die finansiële state, of, indien sodanige openbaarmaking onvoldoende is, om ons mening te wysig. Ons gevolgtrekkings word gebaseer op ouditbewyse verkry tot en met die datum van ons ouditeursverslag. Toekomstige gebeure en omstandighede mag egter daartoe aanleiding gee dat die maatskappy ophou om as 'n lopende saak voort te bestaan.
- Evalueer die algehele voorstelling, struktuur en inhoud van die finansiële state, insluitende die openbaarmaking, en of die finansiële state die onderliggende transaksies en gebeure op só 'n manier weergee dat redelike voorstelling bereik word.

Ons kommunikeer met die direkteure oor, onder andere, die beplande omvang en tydsberekening van die oudit en beduidende ouditbevindinge, insluitende enige beduidende tekortkominge in interne beheer wat ons tydens ons oudit identifiseer.

8. Unmodified Opinion – Financial Statements (Entity Specific Basis of Accounting)

Circumstances include:

- Voluntary audit undertaken for a private company that is not a PIE⁵⁵ pursuant to a shareholder resolution. The public interest score is less than 100 and the financial statements are internally compiled. The financial statements are intended for the purpose of providing financial information to the shareholders, considered specific users. (The entity is a private company in terms of the Companies Act of South Africa).
- The financial statements are prepared in accordance with a basis of accounting determined by the directors and include a directors' report, which is a requirement of the Companies Act of South Africa. The audit is not a group audit (i.e. ISA 600 does not apply). The financial statements do not include a statement of changes in equity.
- ISA 800 (Revised) applies and the independent auditor has determined that the basis of accounting is acceptable to the intended users of the financial statements.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded an unmodified (i.e. "clean") opinion is appropriate based on the audit evidence obtained.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to, which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including [*a summary of significant accounting policies/material accounting policy information*]^[N4].

In our opinion, the financial statements of ABC Proprietary Limited for the year ended 31 December 20X1 are prepared, in all material respects, in accordance with the basis of accounting described in note x to the financial statements and the requirements of the Companies Act of South Africa.

⁵⁵ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to note x to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the company's own accounting policies to satisfy the financial information needs of the company's shareholders. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the basis of accounting described in note x and the requirements of the Companies Act of South Africa, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

9. Unmodified Opinion – Non-Operating Company: Company is Dormant

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁵⁶, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- The company has no assets or liabilities other than the amount due by/to its shareholder.
- Financial statements of a company prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. No statement of profit or loss and other comprehensive income, changes in equity and cash flows presented as the company is dormant.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded an unmodified (i.e. "clean") opinion on the financial position is appropriate based on the audit evidence obtained. No opinion is expressed on the financial performance and cash flows.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1 in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

⁵⁶ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's Address]

10. Emphasis of Matter – Subsequent Event: Re-issue of Financial Statements

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁵⁷, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- Deferred tax is raised on the taxable temporary differences after the issue of the financial statements and the financial statements are amended. Previously issued financial statements and auditor's report revised and reissued. Matter does not affect the auditor's opinion. Adequate disclosure has been made in the notes to the financial statements. The auditor has concluded that an emphasis of matter is appropriate.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded an unmodified (i.e. "clean") opinion is appropriate based on the audit evidence obtained.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the

⁵⁷ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Subsequent Event

We draw attention to Note x to the financial statements which indicates that the previously issued financial statements for the year ended 31 December 20X1, on which we issued an auditor's report dated [date], have been revised and reissued. As explained in Note x, this is to reflect the effects of the correction of the accounting treatment of deferred tax. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

11. Unmodified Opinion and Report on Other Legal and Regulatory Requirements – Consolidated Financial Statements and Separate Financial Statements Presented Together (IFRS) and Reportable Irregularity: Fair Presentation Not Affected

Circumstances include:

- Audit of a complete set of consolidated and separate financial statements of a listed company (which is a PIE⁵⁸ as defined in the IRBA Code), in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is a group audit of an entity with subsidiaries and of the company (i.e. ISA 600 applies). Consolidated financial statements and separate financial statements are presented together (four column format).
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters relating to the consolidated and separate financial statements have been communicated.
- The auditor has obtained part of the other information prior to the date of the auditor's report, has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information, and expects to obtain other information after the date of the auditor's report.
- The auditor has concluded an unmodified (i.e. "clean") opinion is appropriate based on the audit evidence obtained.
- Reportable irregularity identified and reported in terms of section 45 of the APA. Reportable irregularity does not affect the fair presentation of the consolidated and separate financial statements and is not considered a key audit matter. Report on other legal and regulatory requirements.
- The auditor has disclosed the number of years which the audit firm has been the auditor of the listed entity (audit tenure).
- The auditor has disclosed fee-related matters⁵⁹ in the auditor's report because management has not made this disclosure in the financial statements.

⁵⁸ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

⁵⁹ Fee-related matters as required by paragraph R410.31 of the IRBA Code of Professional Conduct for Registered Auditors

Independent Auditor's Report

To the Shareholders of ABC Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of ABC Limited (the group and company) set out on pages ... to ..., which comprise the consolidated and separate statements of financial position as at 31 December 20X1, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of ABC Limited as at 31 December 20X1, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number XX dated XX (EAR Rule), we report:

Final Materiality

[Insert the final materiality amount determined by the auditor for the financial statements as a whole and an explanation of significant judgements made by the auditor in determining this materiality]

Group Audit Scope

[The scope of the audit of group financial statements, as defined in the ISA 600 (Revised) and any significant judgements applied in this determination.]

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the Key Audit Matters and these are included below.

[Description of each key audit matter, how the matter was addressed in accordance with ISA 701 and outcomes, or key observations as permitted by ISA 701 and required by the EAR Rule.]

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “ABC Limited Annual Financial Statements for the year ended 31 December 20X1”, which includes the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group’s and the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that [XX firm] has been the auditor of ABC Limited for [X] years.

Disclosure of fee-related matters

In terms of the EAR Rule, we disclose the following fee-related matters:

[Insert fee-related matters as required by the EAR Rule]

Reportable Irregularity(ies)

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. [The matter pertaining to the reportable irregularity has been described in note x to the consolidated and separate financial statements⁶⁰.]

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

⁶⁰ Insert this sentence when disclosure is made in the financial statements. Where the directors have not made adequate and appropriate disclosure and the financial statements are fairly presented, in all material respects, the auditor discloses the information relating to the Reportable Irregularity in the auditor's report.

12. Ongemodifiseerde Mening en Verslag oor Ander Regs- en Regulatoriese Vereistes – Gekonsolideerde Finansiële State en Afsonderlike Finansiële State Tesame Voorgelê (IFRS) en Rapporteerbare Onreëlmatigheid: Redelike Voorstellings Nie Beïnvloed Nie

Omstandighede sluit in:

- Hierdie verslag is 'n vertaling van voorbeeld 12 van SAAPS 3 (Revised 2019).
- Oudit van 'n volledige stel gekonsolideerde en afsonderlike finansiële state van 'n genoteerde entiteit, wat ook 'n PIE⁶¹ is, ingevolge die Suid-Afrikaanse Maatskappywet en opgestel ooreenkomstig 'n redelike voorstellingsraamwerk ("fair presentation framework"). Die oudit is 'n groepsoudit van 'n entiteit met filiale en van die maatskappy (m.a.w. ISA 600 is van toepassing). Gekonsolideerde finansiële state en afsonderlike finansiële state word tesame aangebied (vierkolom-formaat).
- Op grond van die verkreeë ouditbewyse het die ouditeur tot die gevolgtrekking gekom dat daar geen wesentliche onsekerheid bestaan met betrekking tot gebeure of omstandighede wat beduidende twyfel kan wek oor die entiteit se vermoë om as 'n lopende saak voort te bestaan nie.
- Sleutel-ouditaangeleenthede ("key audit matters") in verband met die gekonsolideerde en afsonderlike finansiële state was gekommunikeer.
- Die ouditeur het 'n deel van die ander inligting ("other information") vóór die datum van die ouditeur se verslag bekom, het nie 'n wesentliche teenstrydigheid tussen die ander inligting en die finansiële state, of tussen die ander inligting en die ouditeur se kennis wat tydens die oudit bekom is, geïdentifiseer nie. Die ouditeur het ook nie 'n wesentliche wanvoorstelling van die ander inligting geïdentifiseer nie. Die ouditeur verwag om ander inligting ná die datum van die ouditeur se verslag te bekom.
- Die ouditeur het tot die gevolgtrekking gekom dat 'n ongemodifiseerde (m.a.w. "skoon") mening toepaslik is op grond van die ouditbewyse wat verkry is.
- Rapporteerbare onreëlmatigheid geïdentifiseer en gerapporteer ooreenkomstig artikel 45 van die Ouditprofessiewet. Rapporteerbare onreëlmatigheid beïnvloed nie die redelike voorstelling van die gekonsolideerde en afsonderlike finansiële state nie en word nie 'n sleutel-ouditaangeleentheid geag nie. Verslag oor ander regs- en regulatoriese vereistes.
- Die ouditeur het die aantal jare geopenbaar waarvoor die ouditfirma in die hoedanigheid as die ouditeur van die genoteerde entiteit aangestel is (ouditampstermyn of "audit tenure").
- Die ouditeur het die fooi-aangeleenthede ("fee-related matters")⁶² in die ouditeursverslag openbaar omdat bestuur dit nie in die finansiële state openbaar het nie.

⁶¹ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

⁶² Fee-related matters as per paragraph R410.31 of the IRBA Code of Professional Conduct for Registered Auditors

Onafhanklike Ouditeur se Verslag

Aan die Aandeelhouers van ABC Beperk

Verslag oor die Oudit van die Gekonsolideerde en Afsonderlike Finansiële State

Mening

Ons het die gekonsolideerde en afsonderlike finansiële state van ABC Beperk (die groep), soos uiteengesit op bladsye ... tot ..., geudit. Hierdie gekonsolideerde en afsonderlike finansiële state bestaan uit die gekonsolideerde en afsonderlike state van finansiële stand soos op 31 Desember 201X, en die gekonsolideerde en afsonderlike state van wins of verlies en ander omfattende inkomste, die gekonsolideerde en afsonderlike state van veranderings in ekwiteit en die gekonsolideerde en afsonderlike state van kontantvloei vir die jaar wat op daardie datum geëindig het, en aantekeninge tot die gekonsolideerde en afsonderlike finansiële state, insluitende wesenlike rekeningkundige beleidinligtings.

Na ons mening is die gekonsolideerde en afsonderlike finansiële state, in alle wesenlike opsigte, 'n redelike voorstelling van die gekonsolideerde en afsonderlike finansiële stand van die groep soos op 31 Desember 20X1, en van die groep se gekonsolideerde en afsonderlike finansiële prestasie en gekonsolideerde en afsonderlike kontantvloei vir die jaar wat op daardie datum geëindig het, ooreenkomstig 'International Financial Reporting Standards' en die vereistes van die Maatskappywet van Suid-Afrika.

Grondslag vir Mening

Ons het ons oudit ooreenkomstig 'International Standards on Auditing' ('ISAs') uitgevoer. Ons verantwoordelikhede ingevolge daardie standaard word verder beskryf in die *Ouditeur se Verantwoordelikhede vir die Oudit van die Finansiële State*-afdeling van ons verslag. Ons is onafhanklik van die maatskappy in ooreenstemming met die 'Independent Regulatory Board for Auditors' se 'Code of Professional Conduct for Registered Auditors (IRBA Code)' en ander onafhanklikheidsvereistes wat van toepassing is op audits van finansiële state in Suid-Afrika. Ons het ons ander etiese verantwoordelikhede ooreenkomstig die 'IRBA Code' en ooreenkomstig ander etiese vereistes wat van toepassing is op audits in Suid-Afrika vervul. Die 'IRBA Code' is konsekwent met die ooreenstemmende artikels van die 'International Ethics Standards Board for Accountants' se '*International Code of Ethics for Professional Accountants (including International Independence Standards)*'. Ons glo dat die ouditbewyse wat ons verkry het, toereikend en toepaslik is om 'n grondslag vir ons ouditmening te bied.

Ooreenkomstig die "Enhanced Auditor Reporting IRBA-reël (EAR-reël)" wat in Staatskoerant xxx van xxx gepubliseer is, rapporteer ons:

Finale Wesenlikheid

[Die ouditeur openbaar die finale wesenlikheidsbedrag bepaal vir die finansiële state in geheel en 'n verduideliking van enige betekenisvolle oordeel gebruik in die bepaling van die finale wesenlikheidsbedrag.]

Groepsomvang van die Oudit

[Die groepsomvang van die oudit soos gedefinieer in ISA 600 (Revised) en enige betekenisvolle oordeel gebruik in die bepaling van die groepsomvang.]

Sleutel-ouditaangeleenthede

Sleutel-ouditaangeleenthede is daardie aangeleenthede wat volgens ons professionele oordeel van die mees beduidende was in ons oudit van die gekonsolideerde en afsonderlike finansiële state vir die huidige tydperk. Hierdie aangeleenthede is aangespreek in die konteks van ons oudit van die gekonsolideerde en afsonderlike finansiële state as 'n geheel, en in die vorming van ons mening daarvoor, en ons spreek nie 'n afsonderlike mening oor hierdie aangeleenthede nie.

Ooreenkomstig die EAR- reël is ons verplig om die uitkoms van die ouditprosedures verrig of sleutel-observasies gemaak met betrekking tot sleutel-ouditaangeleenthede te rapporteer. Hierdie sake word hier onder ingesluit:

[Beskrywing van elke sleutel-ouditaangeleentheid, hoe die aangeleentheid aangespreek is ooreenkomstig ISA 701 en die uitkoms van die ouditprosedures verrig of sleutelobservasies gemaak met betrekking tot sleutel-ouditaangeleenthede, soos toegelaat deur ISA 701 en vereis ooreenkomstig die EAR- reël.]

Ander Inligting

Die direkteure is verantwoordelik vir die ander inligting. Die ander inligting bestaan uit die inligting ingesluit in the dokument getiteld "ABC Eiendoms Beperk Algemene Jaarstate vir die jaar geëindig 31 Desember 20X1, wat die Direkteursverslag, die Verslag van die Ouditkomitee en die Sertifikaat van die Maatskappysekretaris soos vereis deur die Maatskappywet van Suid-Afrika insluit, wat ons voor die datum van hierdie verslag verkry het, en die Algemene Jaarverslag, wat ons verwag aan ons beskikbaar gemaak sal word na daardie datum. Die ander inligting sluit nie die gekonsolideerde en afsonderlike finansiële state en ons ouditeursverslag daarvoor in nie.

Ons mening oor die gekonsolideerde en afsonderlike finansiële state dek nie, en sal nie die ander inligting dek nie, en ons spreek geen ouditopinie of enige vorm van gerusstelling daarvoor uit nie.

In verband met ons oudit van die gekonsolideerde en afsonderlike finansiële state is dit ons verantwoordelikheid om die ander inligting te lees, en sodoende te oorweeg of die ander inligting wesenlik teenstrydig is met die gekonsolideerde en afsonderlike finansiële state of kennis verkry gedurende die oudit, of andersins blyk om wesenlik wanvoorgestel te wees. Indien ons, op grond van die werk wat ons uitgevoer het op die ander inligting verkry voor die datum van die ouditeursverslag, tot die gevolgtrekking kom dat daar 'n wesenlike wanvoorstelling van hierdie ander inligting is, word van ons vereis om daardie feit te rapporteer. Ons het niks om in hierdie verband te rapporteer nie.

Verantwoordelikhede van die Direkteure vir die Gekonsolideerde en Afsonderlike Finansiële State

Die maatskappy se direkteure is verantwoordelik vir die opstel en redelike voorstelling van die gekonsolideerde en afsonderlike finansiële state ooreenkomstig 'International Financial Reporting Standards' en die vereistes van die Maatskappywet van Suid-Afrika, en vir sodanige interne beheer as wat die direkteure nodig ag vir die opstel van gekonsolideerde en afsonderlike finansiële state wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute.

As deel van die opstel van die gekonsolideerde en afsonderlike finansiële state is die direkteure daarvoor verantwoordelik om die groep en die maatskappy se vermoë om as 'n lopende saak voort te bestaan te beoordeel, en soos toepaslik aangeleenthede wat verband hou met lopende saak en die gebruik van die lopende-saak-grondslag van verslagdoening te openbaar, tensy die direkteure beplan om die groep en / of die maatskappy te likwideer of om bedrywighede te staak, of geen realistiese

alternatief het as om dit te doen nie.

Ouditeur se Verantwoordelikhede vir die Oudit van die Gekonsolideerde en Afsonderlike Finansiële State

Ons doelwitte is om redelike gerusstelling te verkry of die gekonsolideerde en afsonderlike finansiële state as 'n geheel vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute, en om 'n ouditeursverslag uit te reik wat ons mening bevat. Redelike gerusstelling is 'n hoë vlak van gerusstelling, maar is nie 'n waarborg dat 'n oudit wat ooreenkomstig die ISAs uitgevoer is altyd 'n wesenlike wanvoorstelling sal opspoor indien dit bestaan nie. Wanvoorstellings kan ontstaan as gevolg van bedrog of foute, en word individueel of in totaal wesenlik geag indien dit redelikerwys verwag kan word dat sodanige wanvoorstellings die ekonomiese besluite van gebruikers wat op grond van hierdie gekonsolideerde en afsonderlike finansiële state geneem word sal beïnvloed.

As deel van 'n oudit ooreenkomstig die ISAs oefen ons professionele oordeel uit en handhaaf ons professionele skeptisisme deurlopend deur die oudit. Ons doen ook die volgende:

- Identifiseer en beoordeel die risikos van wesenlike wanvoorstelling van die gekonsolideerde en afsonderlike finansiële state, hetsy weens bedrog of foute, ontwerp en voer ouditprosedures uit na aanleiding van daardie risikos, en verkry ouditbewyse wat voldoende en toepaslik is om 'n grondslag vir ons ouditmening te bied. Die risiko van nie-opsporing van 'n wesenlike wanvoorstelling as gevolg van bedrog is groter as vir 'n wesenlike wanvoorstelling as gevolg van foute, aangesien bedrog samespanning, vervalsing, doelbewuste weglatings, wanvoorstellings, of die omseiling van interne beheer kan behels.
- Verkry 'n begrip van interne beheer relevant tot die oudit ten einde ouditprosedures te ontwerp wat toepaslik is in die omstandighede, maar nie vir die doel om 'n mening uit te spreek oor die effektiwiteit van die groep en die maatskappy se interne beheer nie.
- Evalueer die toepaslikheid van rekeningkundige beleid wat gebruik is en die redelikheid van rekeningkundige ramings en verwante openbaarmaking wat deur die direkteure gemaak is.
- Kom tot 'n gevolgtrekking oor die toepaslikheid van die direkteure se gebruik van die lopende-saak-grondslag van verantwoording, en gebaseer op ouditbewyse verkry, kom tot 'n gevolgtrekking oor die bestaan van 'n wesenlike onsekerheid wat verband hou met gebeure of omstandighede wat beduidende twyfel kan laat bestaan oor die groep en die maatskappy se vermoë om as 'n lopende saak voort te bestaan. Waar ons tot die gevolgtrekking kom dat 'n wesenlike onsekerheid bestaan word daar van ons vereis om in ons ouditeursverslag aandag te vestig op die toepaslike openbaarmaking in die gekonsolideerde en afsonderlike finansiële state, of, indien sodanige openbaarmaking onvoldoende is, om ons mening te wysig. Ons gevolgtrekkings word gebaseer op ouditbewyse verkry tot en met die datum van ons ouditeursverslag. Toekomstige gebeure en omstandighede mag egter daartoe aanleiding gee dat die groep en / of die maatskappy ophou om as 'n lopende saak voort te bestaan.
- Evalueer die algehele voorstelling, struktuur en inhoud van die gekonsolideerde en afsonderlike finansiële state, insluitende die openbaarmaking, en of die gekonsolideerde en afsonderlike finansiële state die onderliggende transaksies en gebeure op só 'n manier weergee dat redelike voorstelling bereik word.

- Beplan en voer die groupsoudit uit om voldoende toepaslike ouditbewyse in verband met die finansiële inligting van die entiteite of besigheidseenhede binne die groep te verkry om as 'n grondslag vir die vorming van ons mening oor die groep se finansiële state te dien. Ons is verantwoordelik vir die leiding, toesig en oorsig van die ouditwerk uitgevoer vir die doel van die groepsoudit. Ons bly uitsluitlik verantwoordelik vir ons ouditmening.

Ons kommunikeer met die direkteure oor, onder andere, die beplande omvang en tydsberekening van die oudit en beduidende ouditbevindings, insluitende enige beduidende tekortkominge in interne beheer wat ons tydens ons oudit identifiseer.

Ons voorsien ook die direkteure met 'n bevestiging dat ons relevante etiese vereistes rakende onafhanklikheid nagekom het, en ons kommunikeer aan hulle alle verhoudings en ander aangeleenthede wat redelikerwys geag kan word om ons onafhanklikheid te beïnvloed. Indien toepaslik, kommunikeer ons ook aan die direkteure die aksies wat geneem is om onafhanklikheidsbedreigings te elimineer of die voorsorgmaatreëls wat toegepas is.

Vanuit die aangeleenthede aan die direkteure gekommunikeer bepaal ons daardie aangeleenthede wat die mees beduidende was in ons oudit van die gekonsolideerde en afsonderlike finansiële state van die huidige tydperk, en dus as die sleutel-ouditaangeleenthede geag word. Ons beskryf hierdie aangeleenthede in ons ouditeursverslag tensy wetgewing of regulasies publieke openbaarmaking van die aangeleentheid verbied, of wanneer ons in uiterse seldsame omstandighede bepaal dat die aangeleentheid nie in ons verslag gekommunikeer moet word nie aangesien die negatiewe gevolge na verwagting swaarder sal weeg as die publieke belang-voordele van sodanige kommunikasie.

Verslag oor Ander Regs- en Regulatoriese Vereistes

Ouditampstermyn (Audit Tenure)

Ooreenkomstig die 'IRBA-reël' wat in Staatskoerant 39475 van 4 Desember 2015 gepubliseer is, doen ons verslag dat [XX-firma] vir die afgelope [X] jaar die ouditeur van ABC Beperk was.

Openbaring van fooi-aangeleenthede (fee-related matters)

Ooreenkomstig die 'EAR IRBA-reël', openbaar ons die volgende fooi-aangeleenthede

[Openbaar die fooi-aangeleenthede soos vereis word deur die 'EAR IRBA-reël']

Rapporteerbare Onreëlmatigheid(hede)

In ooreenstemming met ons verantwoordelikhede ingevolge artikels 44(2) en 44(3) van die Ouditprofessiewet lewer ons verslag dat ons 'n rapporteerbare onreëlmatigheid ooreenkomstig met die Ouditprofessiewet geïdentifiseer het. Ons het die aangeleentheid aan die 'Independent Regulatory Board for Auditors' gerapporteer. [Die aangeleentheid in verband met die rapporteerbare onreëlmatigheid word beskryf in aantekening x tot die gekonsolideerde en afsonderlike finansiële state.⁶³]

⁶³ Sluit hierdie sin in waar openbaarmaking in die finansiële state aangebied word. In gevalle waar die direkteure nie voldoende toepaslike openbaarmaking aangebied het nie en die finansiële state in alle wesenlike opsigte 'n redelike voorstelling bied, openbaar die ouditeur die inligting in verband met die Rapporteerbare Onreëlmatigheid in die ouditeurse verslag.

[Ouditeur se handtekening]

[Naam van individuele geregistreerde ouditeur]

[Kapasiteit indien nie 'n alleen-praktisyn bv. Direkteur of Vennoot]

Geregistreerde Ouditeur

[Datum van ouditeur se verslag]

[Ouditeur se adres]

13. Qualified Opinion – Reportable Irregularity: Non-Compliance with Section 45 of the Companies Act and Valuation of a Loan Receivable

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁶⁴, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- Non-compliance with section 45 of the Companies Act of South Africa and loan-receivable not impaired that has also been reported as a reportable irregularity in terms of section 45 of the APA. Reportable irregularity affects the opinion on the financial statements – material misstatement of financial statements where the effect of the reportable irregularity identified is not so material and pervasive as to require an adverse opinion (i.e. a qualified opinion is appropriate). Other reporting responsibilities clearly differentiated from those under the ISAs and the auditor has chosen to include this within the Basis for Qualified Opinion section of the auditor’s report in accordance with paragraphs 42-43 and A55 of ISA 700 (Revised). Adequate disclosure has been made in the notes to the financial statements.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors’ Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor’s reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor’s knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded that the matter above is material but not pervasive to the financial statements and a modified (i.e. “qualified”) opinion is appropriate based on the audit evidence obtained.

Independent Auditor’s Report

To the Shareholders of ABC Proprietary Limited

Qualified Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows

⁶⁴ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

Note x to the financial statements indicates that the company has extended a loan to a fellow-sub subsidiary without complying with the requirements of the Companies Act. Note x also indicates that the carrying amount of the loan receivable in the financial statements amounts to Rxxx for the year ended 31 December 20X1 (20X0: Rxxx) and gives an explanation as to why no impairment has been performed on the loan receivable even though the fellow subsidiary has been declared insolvent. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that no adjustments to the carrying amount of the loan receivable were necessary in these circumstances.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, responsibilities beyond those required under the International Standards on Auditing, we report that we have identified the matters described in the preceding paragraph as a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

14. Adverse Opinion and Report on Other Legal and Regulatory Requirements – Going Concern Assumption Inappropriate and Reportable Irregularity

Circumstances include:

- Audit of a complete set of financial statements of a private company, that is not a PIE⁶⁵, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- The company ceased trading subsequent to year end and it is expected that the assets will not realise their carrying amounts. Financial statements are prepared using the going concern basis of accounting.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has determined that the matter giving rise to the adverse opinion on the financial statements also affects the other information.
- The auditor has concluded that it is inappropriate to prepare financial statements on a going concern basis of accounting and, as such, the matter above is material and pervasive to the financial statements and a modified (i.e. "adverse") opinion is appropriate based on the audit evidence obtained.
- Reportable irregularity identified and reported in terms of section 45 of the APA. Reportable irregularity does not affect the fair presentation of the financial statements. Report on other legal and regulatory requirements.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the

⁶⁵ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Adverse Opinion

The company incurred a net loss for the year ended 31 December 20X1 of Rxxx (20X0: Rxxx) and, as at that date its total liabilities exceeded its total assets by Rxxx (20X0: Rxxx). Subsequent to year-end, the company has ceased trading and is in the process of realising its assets and settling its liabilities. No arrangement has been made to settle the remaining liabilities of the company in the event that the proceeds of the realised assets are insufficient to meet all liabilities. The financial statements are prepared on the going concern basis which, in our judgement, is inappropriate in these circumstances.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Adverse Opinion* section above, in our judgement, it is inappropriate to prepare the financial statements on the going concern basis. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by this matter.

Responsibilities of the Directors' for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. [The matter pertaining to the reportable irregularity has been described in note x to the financial statements⁶⁶.]

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of the auditor's report]

[Auditor's address]

⁶⁶ Insert this sentence when disclosure is made in the financial statements. Where the directors have not made adequate and appropriate disclosure and the financial statements are fairly presented, in all material respects, the auditor discloses the information relating to the Reportable Irregularity in the auditor's report.

15. Disclaimer of Opinion and Report on Other Legal and Regulatory Requirements – Going Concern and Reportable Irregularity: Unable to Obtain Sufficient Appropriate Audit Evidence to Determine Whether the Entity Will Continue as a Going Concern

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁶⁷, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- The directors have disclosed that the entity will be able to continue to operate as a going concern. The auditor is unable to obtain sufficient appropriate audit evidence to determine whether the entity will continue as a going concern.
- Furthermore, the company has not recognised depreciation in respect of its plant and equipment and is deemed to be material.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary.
- The auditor has concluded that the going concern matter above is material and pervasive to the financial statements and the non-recognition of depreciation is material but not pervasive to the financial statements. A modified (i.e. “disclaimer”) opinion is appropriate based on the audit evidence obtained.
- Reportable irregularity identified and reported in terms of section 45 of the APA. It has not been determined whether the reportable irregularity affects the fair presentation of the financial statements. Report on other legal and regulatory requirements.

Independent Auditor’s Report

To the Shareholders of ABC Proprietary Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the financial statements of ABC Proprietary Limited. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

⁶⁷ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

Basis for Disclaimer of Opinion

As indicated in note x to the financial statements, the company incurred a net loss of Rxxx for the year ended 31 December 20X1 (20X0: Rxxx) and, at that date, its total liabilities exceeded its total assets by Rxxx (20X0: Rxxx). The note states that the company will continue to receive financial support from the related parties, however, the directors have not provided us with agreements from the related parties committing funding for the foreseeable future. The directors have also not provided us with cash flow forecasts to support the appropriateness of the financial statements being prepared using the going concern basis of accounting. Consequently we were unable to confirm or dispel whether it is appropriate to prepare the financial statements using the going concern basis of accounting.

Furthermore, International Accounting Standard 16, *Property, Plant and Equipment*, requires the depreciable amount of depreciable assets to be allocated on a systemic basis over the assets' useful lives. No depreciation has been recognised in respect of the company's plant and equipment. Consequently, plant and equipment, included in note x to the financial statements is overstated by Rxxx (20X0: Rxxx), while income tax, net income and shareholders' equity is overstated by Rxxx (20X0: Rxxx), Rxxx (20X0: Rxxx) and Rxxx (20X0: Rxxx) respectively. These required adjustments are considered material to the financial statements as a whole.

Other Matter – Reports Required by the Companies Act

The annual financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for this other information.

We have read the other information and, in doing so, considered whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. However, due to the disclaimer of opinion in terms of the International Standard on Auditing (ISA) 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*, we are unable to report further on this other information.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. [The matter pertaining to the reportable irregularity has been described in note x to the financial statements⁶⁸.]

[Auditor's signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

⁶⁸ Insert this sentence when disclosure is made in the financial statements. Where the directors have not made adequate and appropriate disclosure and the financial statements are fairly presented, in all material respects, the auditor discloses the information relating to the Reportable Irregularity in the auditor's report.

16. Disclaimer of Opinion and Report on Other Legal and Regulatory Requirements – Unable to Obtain Required Written Representations and Reportable Irregularity

Circumstances include:

- Audit of a complete set of financial statements of a private company, that is not a Public Interest Entity (PIE)⁶⁹, in terms of the Companies Act of South Africa using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- Management does not provide the written representations required by paragraphs 10 and 11 of ISA 580.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary.
- The auditor has concluded the matter above is considered material and pervasive to the financial statements and a modified (i.e. "disclaimer") opinion is appropriate based on the audit evidence obtained.
- Reportable irregularity identified and reported in terms of section 45 of the APA. It has not been determined whether the reportable irregularity affects the fair presentation of the financial statements. Report on other legal and regulatory requirements.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the financial statements of ABC Proprietary Limited. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

⁶⁹ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

Basis for Disclaimer of Opinion

We were unable to obtain the written representations from the directors that they have fulfilled their responsibility for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. We were also unable to obtain written representation from the directors that they have provided us with all relevant information and access as agreed in terms of the audit engagement and that all transactions had been recorded and are reflected in the financial statements. The directors were not prepared to provide us with these representations. We could not determine the effect of the lack of such representations on the financial position of the Company at 31 December 20X1, or the financial performance and cash flows for the year then ended.

Other Matter – Reports Required by the Companies Act

The annual financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for this other information.

We have read the other information and, in doing so, considered whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. However, due to the disclaimer of opinion in terms of the International Standard on Auditing (ISA) 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*, we are unable to report further on this other information.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International*

Code of Ethics for Professional Accountants (including International Independence Standards).

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. [The matter pertaining to the reportable irregularity has been described in note x to the financial statements⁷⁰.]

[Auditor's signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

⁷⁰ Insert this sentence when disclosure is made in the financial statements. Where the directors have not made adequate and appropriate disclosure and the financial statements are fairly presented, in all material respects, the auditor discloses the information relating to the Reportable Irregularity in the auditor's report.

17. Adverse Opinion and Auditor's Responsibilities are Included in an Appendix – Misstatement: No Depreciation Recognised

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁷¹, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- The financial statements are materially misstated due to the building of a property company not being depreciated over its useful life. The building comprises over 90% of the company's assets.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has determined that the matter giving rise to the adverse opinion on the financial statements also affects the other information.
- The auditor has concluded that the possible effects of the matter above is material and pervasive to the financial statements and a modified (i.e. "adverse") opinion is appropriate based on the audit evidence obtained.
- The auditor has decided to include the description of his responsibilities for the audit of the financial statements in an appendix to the auditor's report.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Adverse Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly the financial position of ABC

⁷¹ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Adverse Opinion

The company's practice is to use its building for its entire economic life, however, the company did not review the building's residual value and useful life at the reporting date in accordance with International Financial Reporting Standards, IAS 16, *Property, plant and equipment*. The building is depreciated over a period of 20 years with the remaining useful life at 30 June 20x1 assessed as four years. An independent valuer has assessed the remaining economic life of the building at 50 years, consequently, land and buildings, included in note x to the financial statements is understated by Rxxx (20x0: Rxxx), while income tax, net income and shareholders' equity is understated by Rxxx (20x0: Rxxx), Rxxx (20x0 Rxxx) and Rxxx (20x0 Rxxx) respectively. These required adjustments are considered material and pervasive to the financial statements as a whole.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Adverse Opinion* section above, the company should have reviewed the building's residual value and useful life at the reporting date. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to review the building's residual value and useful life at the reporting date.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at *[indicate page number or other specific reference to the location of the description]*, forms part of our auditor's report.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

18. Qualified Opinion on Consolidated Financial Statements and Unqualified Opinion on Separate Financial Statements – Misstatement: Subsidiary Did Not Recognise Depreciation

Circumstances include:

- Audit of a complete set of consolidated and separate financial statements of a private company, that is not a PIE⁷², in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is a group audit of an entity with subsidiaries and of the company (i.e. ISA 600 applies). Consolidated financial statements and separate financial statements are presented together (four column format).
- The financial statements of a subsidiary are materially misstated as the subsidiary did not depreciate property, plant and equipment in accordance with the applicable financial reporting framework.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the group and the company's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded the misstatement above is material but not pervasive to the consolidated financial statements and a modified (i.e. "qualified") opinion on the consolidated financial statements is appropriate based on the audit evidence obtained.
- The auditor has concluded an unmodified (i.e. "clean") opinion on the separate financial statements of the holding company is appropriate based on the audit evidence obtained.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Qualified Opinion on Consolidated Financial Statements and Unqualified Opinion on the Separate Financial Statements

We have audited the consolidated and separate financial statements of ABC Proprietary Limited (the group and company) set out on pages ... to ..., which comprise the consolidated and separate statements of financial position as at 31 December 20X1, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements

⁷² Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ABC Proprietary Limited as at 31 December 20X1, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of ABC Limited as at 31 December 20x1, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion on Consolidated Financial Statements and Unqualified Opinion on the Separate Financial Statements

Basis for Qualified Opinion on Consolidated Financial Statements and Unqualified Opinion on the Separate Financial Statements

The financial statements of a subsidiary are materially misstated as the subsidiary did not depreciate property, plant and equipment, as required by International Financial Reporting Standard, IAS 16, *Property, plant and equipment*. The effects on the consolidated financial statements are that had depreciation been provided, depreciation and accumulated depreciation would have increased by Rxxx (20x0 Rxxx), and income tax and net income after tax would have decreased by Rxxx (20x0 Rxxx) and Rxxx (20x0 Rxxx) respectively. There is no effect on the separate financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements and our opinion on the separate financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the

Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

19. Adverse Opinion – Misstatement: Non-consolidation of Financial Statements

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁷³, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- The company is a parent of a major operating subsidiary and the company has not presented consolidated financial statements. The directors do not believe that they are required to prepare consolidated financial statements because they are the only users of the financial statements. The directors believe that the financial statements have been prepared in accordance with the financial reporting framework (International Financial Reporting Standards (IFRS)) and the requirements of the Companies Act of South Africa. The auditor concludes that this is a departure from the financial reporting framework (IFRS) and from the requirements of the Companies Act of South Africa as IFRS requires the presentation of consolidated financial statements. The effects of the misstatement on the consolidated financial statements have not been determined because it was not practicable to do so.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has determined that the matter giving rise to the adverse opinion on the financial statements also affects the other information.
- The auditor has concluded that the matter above is material and pervasive to the financial statements and a modified (i.e. "adverse") opinion is appropriate based on the audit evidence obtained.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Adverse Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly the financial position of ABC Proprietary Limited as at 31 December 20x1, and its financial performance and cash flows for the year

⁷³ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Adverse Opinion

As explained in note x to the financial statements, the company has not consolidated the financial statements of its only subsidiary, XYZ Proprietary Limited, acquired during the year. This investment is accounted for at cost. Under International Financial Reporting Standard IFRS 10, *Consolidated Financial Statements*, the subsidiary should have been consolidated because it is controlled by the company. Had XYZ Proprietary Limited been consolidated, many elements in the accompanying financial statements would have been materially affected and therefore the departure from the requirements of IFRS 10 are considered to be pervasive. The effects on the consolidated financial statements of this departure have not been determined.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Adverse Opinion* section above, the company should have consolidated the financial statements of its only subsidiary, XYZ Proprietary Limited, acquired during the year. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to consolidate XYZ Proprietary Limited.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in

accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

20. Qualified Opinion – Inability to Obtain Sufficient Appropriate Audit Evidence about a Significant Aspect of the Internal Controls

Circumstances include:

- Audit of a complete set of financial statements of a private company, that is not a PIE⁷⁴, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- The auditor was unable to obtain sufficient appropriate audit evidence about a significant aspect of the internal controls and evaluate the possible effects on the financial statements.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded the possible effects of the inability to obtain sufficient appropriate audit evidence is material but not pervasive to the financial statements and a modified (i.e. "qualified") opinion is appropriate based on the audit evidence obtained.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Qualified Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

Included in accounts payable is an amount of Rxxx. The company did not have adequate internal controls to maintain records of accounts payable for goods and services received but not yet paid. We were unable to obtain sufficient appropriate audit evidence to substantiate the accruals disclosed

⁷⁴ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

in note x to the financial statements. As a consequence, we were unable to determine whether any adjustments were required to the financial statements arising from accounts payable and accruals not brought to account or incorrectly stated.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

21. Qualified Opinion – Inability to Obtain Sufficient Appropriate Audit Evidence about a Non Profit Company’s Fundraising Income

Circumstances include:

- Audit of a complete set of financial statements of a Non Profit Company (NPC) that is not a PIE⁷⁵, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- The NPC has no members and the auditor’s report is addressed to the directors.
- The auditor was unable to obtain sufficient appropriate audit evidence about a single element of the financial statements. That is, the auditor was unable to obtain sufficient appropriate audit evidence about the entity’s fundraising income.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors’ Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor’s reports and has determined that the matter giving rise to the qualified opinion on the financial statements also affects the other information.
- The auditor has concluded the possible effects of the inability to obtain sufficient appropriate audit evidence is material but not pervasive to the financial statements and a modified (i.e. ”qualified”) opinion is appropriate based on the audit evidence obtained.

Independent Auditor’s Report

To the Directors of ABC NPC

Qualified Opinion

We have audited the financial statements of ABC NPC set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of ABC NPC as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

⁷⁵ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

Basis for Qualified Opinion

Cash donations are a significant source of fundraising revenue for ABC NPC. The directors have determined that it is impracticable to establish internal controls over the collection of cash donations prior to the initial entry into its financial records. We were therefore unable to confirm whether all cash donations were recorded.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC NPC Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about whether all cash donations were recorded. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

22. Qualified Opinion – Misstatement and Inability to Obtain Sufficient Appropriate Audit Evidence: Individually Immaterial, Financial Statements as a Whole are Materially Misstated and Insufficient Audit Evidence

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁷⁶, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- Individually immaterial departures from International Financial Reporting Standards but material in aggregate (effects). Furthermore, the auditor was unable to obtain sufficient appropriate audit evidence to substantiate certain disclosures (possible effects).
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded the matter above is material but not pervasive to the financial statements and a modified (i.e. "qualified") opinion is appropriate based on the audit evidence obtained.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Qualified Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects and the possible effects of the respective matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1, and its

⁷⁶ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

The financial statements are misstated due to the cumulative effect of the uncorrected misstatements identified during the course of our audit with respect to the following disclosures:

- *[List misstated disclosures together with Rand value]*

Due to ABC Proprietary Limited's poorly maintained accounting records we were unable to obtain sufficient appropriate audit evidence to substantiate the following disclosures:

- *[List disclosures together with Rand value]*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

23. Qualified Opinion and Report on Other Legal and Regulatory Requirements – Misstatement: Disclosure of Directors’ and Prescribed Officers’ Remuneration Not Presented and Reportable Irregularity

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁷⁷, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- The directors’ and prescribed officers’ remuneration has been disclosed in aggregate and not individually as required by the Companies Act of South Africa. The auditor has interpreted the Companies Act of South Africa to require disclosure of such remuneration to be per each individual director and / or prescribed officer. The auditor has determined that it is practical to include the omitted disclosures in the auditor’s report and the auditor has obtained sufficient appropriate audit evidence in this regard.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors’ Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor’s reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor’s knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded that the matter above is material but not pervasive to the financial statements and a modified (i.e. “qualified”) opinion is appropriate based on the audit evidence obtained.
- Reportable irregularity identified and reported in terms of section 45 of the APA. Reportable irregularity does affect the fair presentation of the financial statements. Report on other legal and regulatory requirements.

Independent Auditor’s Report

To the Shareholders of ABC Proprietary Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or

⁷⁷ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

Directors' and prescribed officers' remuneration has been disclosed in aggregate in the financial statements and not per each individual as required by Section 30(4) of the Companies Act of South Africa. The required disclosure that has been omitted from the financial statements is as follows:

[Insert omitted disclosures].

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies

Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. [The matter pertaining to the reportable irregularity has been described in note x to the financial statements⁷⁸.]

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

⁷⁸ Insert this sentence when disclosure is made in the financial statements. Where the directors have not made adequate and appropriate disclosure and the financial statements are fairly presented, in all material respects, the auditor discloses the information relating to the Reportable Irregularity in the auditor's report.

24. Qualified Opinion – Misstatement: Disclosures of Related Party Relationships, Transactions and Balances Not Presented

Circumstances include:

- Audit of a complete set of financial statements of a private company, that is not a PIE⁷⁹, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- The directors of the company have not made certain disclosures in the financial statements as required by IFRS. The auditor does not identify those non-disclosures in the auditor's report as it is impracticable to do so due to the extent of the disclosures.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has not identified a material inconsistency between the other information and the financial statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.
- The auditor has concluded the matter above is material but not pervasive to the financial statements and a modified (i.e. "qualified") opinion is appropriate based on the audit evidence obtained.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Qualified Opinion

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

⁷⁹ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

Basis for Qualified Opinion

ABC Proprietary Limited is part of a large group of companies and has extensive related party transactions with other companies in the group. Contrary to the requirements of IAS 24, *Related party disclosures*, the directors have not disclosed ABC Proprietary Limited's related party relationships with other group companies, or the transactions and balances with these parties in the accompanying financial statements. We have not included the omitted information in our auditor's report as it was impracticable to do so.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

25. Disclaimer of Opinion on the Financial Performance and Cash Flows and Qualified Opinion on the Financial Position – Inability to Obtain Sufficient Appropriate Audit Evidence in respect of Opening Balances

Circumstances include:

- Audit of a complete set of financial statements of a private company that is not a PIE⁸⁰, in terms of the Companies Act of South Africa and using a fair presentation framework. The audit is not a group audit (i.e. ISA 600 does not apply).
- During the prior year, the company's financial statements were subject to an independent review in terms of the Companies Act of South Africa. During the current year, the directors of the company requested an audit of the financial statements.
- Corresponding figures presented in the current year financial statements were subject to an independent review in terms of the Companies Act of South Africa and a review conclusion was issued on those figures. The directors did not believe that the retrospective application of additional procedures on the opening balances was warranted as the level of assurance in the prior year was appropriate in accordance with the Companies Act of South Africa. The auditor was unable to obtain sufficient appropriate audit evidence that the closing balances from the prior year were free of material misstatement, and have been brought forward correctly. The auditor was unable to obtain alternative audit evidence on the opening balances. Since opening balances enter into the determination of the financial performance and cash flows, the auditor was unable to determine whether adjustments might have been necessary in respect of the movements in the statement of comprehensive income, the net cash flows from operating activities reported in the statement of cash flows and the changes in equity reported in the statement of changes in equity.
- In addition, the auditor's opinion on the current year's financial position is modified because of the possible effects of this matter on the comparability of the current year's financial position with that of the prior year.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Key audit matters have not been communicated.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary. The auditor has determined that the other information includes the Directors' Report prepared in terms of the Companies Act of South Africa .
- The auditor has obtained all of the other information prior to the date of the auditor's reports and has not identified a material inconsistency between the other information and the financial

⁸⁰ Public Interest Entity as defined in the IRBA Code of Professional Conduct for Registered Auditors

statements or between the other information and the auditor's knowledge obtained in the audit or a material misstatement of the other information.

- The auditor has concluded the effects or possible effects of the matter above on the current year's figures are material and pervasive to the financial performance and cash flows and a modified (i.e. "disclaimer") opinion is appropriate based on the audit evidence obtained. Furthermore, the possible effects of the matter above on the comparability of the current year's financial position with that of the prior year is material but not pervasive to the financial statements and a modified (i.e. "qualified") opinion is appropriate based on the audit evidence obtained.

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

Disclaimer of Opinion on the Financial Performance and Cash Flows and Qualified Opinion on the Financial Position

We have audited the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the financial performance and cash flows of ABC Proprietary Limited for the year ended 31 December 20X1. Because of the significance of the matter described in the Basis for Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial performance and cash flows.

In our opinion, except for the possible effects of the matter described in the Basis for Opinions section of our report on the comparability of the current year's financial position with that of the prior year, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1 in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinions, Including Basis for Disclaimer of Opinion on the Financial Performance and Cash Flows and Qualified Opinion on the Financial Position

Corresponding figures presented in these financial statements were subject to an independent review in terms of the Companies Act of South Africa for the year ended 31 December 20X0 and a review conclusion was issued on those figures. In the current year the directors requested an audit to be performed as the Companies Act of South Africa required one. However, the directors did not believe that the retrospective application of additional procedures on the opening balances was warranted as the level of assurance in the prior year was appropriate in accordance with the Companies Act of South Africa. We therefore only have limited assurance on the opening balances.

Due to the matter above, we were unable to obtain sufficient appropriate audit evidence that the closing balances as at 31 December 20X0 were free of material misstatement, and have been brought forward correctly. We were unable to satisfy ourselves by alternative means concerning the opening balances. Since opening balances enter into the determination of the financial performance and cash

flows, we were unable to determine whether adjustments might have been necessary in respect of the movements in the statement of comprehensive income, the net cash flows from operating activities reported in the statement of cash flows and the changes in equity reported in the statement of changes in equity.

Furthermore, our opinion on the current year's financial position is qualified because of the possible effects of this matter on the comparability of the current year's financial position with that of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified opinion on the financial position.

Other Matter

The financial statements of ABC Proprietary Limited for the year ended 31 December 20X0 were subjected to an independent review and not audited as there was no statutory requirement for those financial statements to be audited. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ABC Proprietary Limited Annual Financial Statements for the year ended 31 December 20X1", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]

Independently Reviewed Financial Statements

26. Unmodified Conclusion – Financial Statements: Compliance Framework and Companies Act of South Africa

Circumstances include:

- The company's public interest score is less than 100 and the financial statements are internally compiled. The intended users of the financial statements and auditor's report are, as a minimum, the shareholders, the bank and SARS.
- The financial statements are prepared in accordance with a basis of accounting determined by the directors. The financial statements do not include a statement of changes in equity. The independent reviewer has determined that the basis of accounting is acceptable.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary.
- The independent reviewer has concluded an unmodified (i.e. "clean") conclusion is appropriate based on the evidence obtained.

Independent Reviewer's Report

To the Shareholders of ABC Proprietary Limited

We have reviewed the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1 and the statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a [summary of significant accounting policies/material accounting policy information] ^[N4].

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with the basis of accounting described in note x and the requirements of the Companies Act of South Africa, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements* (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance

engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of ABC Proprietary Limited are not prepared, in all material respects, in accordance with the basis of accounting described in note x and the requirements of the Companies Act of South Africa.

Basis of Accounting

Without modifying our conclusion, we draw attention to note x to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the company's own accounting policies to satisfy the financial information needs of the company's shareholders. As a result, the financial statements may not be suitable for another purpose.

Other Reports Required by the Companies Act of South Africa

The annual financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report. Our conclusion on the financial statements does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we will report that fact. We have nothing to report in this regard.

[Independent Reviewer's signature]

[Name of individual reviewer]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of independent reviewer's report]

[Independent reviewer's address]

27. Ongemodifiseerde Gevolgtrekking – Onafhanklike Oorsig van Finansiële Jaarstate: Redelike Voorstelling Finansiële Verslagdoeningsraamwerk

Omstandighede sluit in:

- Hierdie verslag is 'n vertaling van voorbeeld 4 van Deel A van SAAPS 3 (Revised 2019).
- Die finansiële state is vir 'n algemene doel deur bestuur opgestel vir in ooreenstemming met die 'International Financial Reporting Standard for Small and Medium-sized Entities'.
- Akte van oprigting maak nie voorsiening vir die aanstelling van 'n ouditkomitee of 'n maatskappysekretaris nie.
- Die onafhanklike nasiener het tot die gevolgtrekking gekom dat 'n ongemodifiseerde gevolgtrekking toepaslik is op grond van die bewyse wat verkry is.

Onafhanklike Nasiener se Verslag

Aan die Aandeelhouers van ABC Eiendoms Beperk

Verslag oor die Finansiële State⁸¹

Ons het die finansiële state van ABC Eiendoms Beperk, soos uiteengesit op bladsye ... tot ..., wat bestaan uit die staat van finansiële stand soos op 31 Desember 20X1, en die staat van wins of verlies en ander omvattende inkomste, staat van veranderings in ekwiteit en staat van kontantvloei vir die jaar wat op daardie datum geëindig het, en aantekeninge tot die finansiële state, insluitend 'n opsomming van beduidende rekeningkundige beleid, nagesien.

Direkteure se Verantwoordelikheid vir die Finansiële State

Die maatskappy se direkteure is verantwoordelik vir die opstel en redelike voorstelling van hierdie finansiële state ooreenkomstig die 'International Financial Reporting Standard for Small and Medium-sized Entities'⁸² en die vereistes van die Maatskappywet van Suid-Afrika, en vir sodanige interne beheer as wat die direkteure nodig ag vir die opstel van finansiële state, wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute.

Onafhanklike Nasiener se Verantwoordelikheid

Dit is ons verantwoordelikheid om 'n gevolgtrekking oor hierdie finansiële state uit te spreek. Ons het ons oorsig ooreenkomstig die '*International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements*' (ISRE 2400 (Revised)) uitgevoer. ISRE 2400 (Revised) vereis van ons om tot 'n gevolgtrekking te kom of enigiets onder ons aandag gekom het wat ons laat glo dat die finansiële state, in geheel gesien, nie in alle wesenlike opsigte opgestel is

⁸¹ Die onderopskrif "Verslag oor die Finansiële State" is onnodig waar die tweede onderopskrif "Verslag oor Ander Regs en Regulatoriese Vereistes" nie toepaslik is nie.

⁸² Mag verwys na 'International Financial Reporting Standards', soos toepaslik.

ooreenkomstig die toepaslike finansiële verslagdoeningsraamwerk nie. Hierdie Standaard vereis ook dat ons aan relevante etiese vereistes voldoen.

'n Oorsig van finansiële state ooreenkomstig ISRE 2400 (Revised) is 'n beperkte gerusstellingsaanstelling. Die onafhanklike nasiener voer prosedures uit wat hoofsaaklik bestaan uit die rig van navrae aan bestuur en ander persone binne die entiteit, soos toepaslik, en die toepassing van analitiese prosedures, en evalueer die bewyse wat verkry is.

Die prosedures wat uitgevoer word tydens 'n oorsig is aansienlik minder as dié wat tydens 'n audit ooreenkomstig 'International Standards on Auditing' uitgevoer word. Dienooreenkomstig spreek ons nie 'n ouditmening oor hierdie finansiële state uit nie.

Gevolgtrekking

Gebaseer op ons oorsig, het niks onder ons aandag gekom wat ons laat glo dat die finansiële state nie, in alle wesentliche opsigte, 'n redelike voorstelling is van die finansiële stand van ABC Eiendoms Beperk soos op 31 Desember 20X1 en van die maatskappy se finansiële prestasie en kontantvloei vir die jaar wat op daardie datum geëindig het, ooreenkomstig die 'International Financial Reporting Standard for Small and Medium-sized Entities' en die vereistes van die Maatskappywet van Suid-Afrika nie.

Ander Verslae wat deur die Maatskappywet van Suid-Afrika Vereis word

Die algemene jaarstate sluit die Direkteursverslag soos vereis deur die Maatskappywet van Suid-Afrika in. Die direkteur is verantwoordelik vir die Direkteursverslag. Ons gevolgtrekking oor die finansiële state dek nie die Direkteursverslag nie en ons spreek geen vorm van gerusstelling daarvoor uit nie.

In verband met ons onafhanklike oorsig van die finansiële state het ons die Direkteursverslag gelees, en sodoende oorweeg of die Direkteursverslag wesenlik teenstrydig is met die finansiële state of ons kennis verkry gedurende die oorsig, of andersins blyk om wesenlik wanvoorgestel te wees. Indien ons, op grond van die werk wat ons uitgevoer het, tot die gevolgtrekking kom dat daar 'n wesentliche wanvoorstelling van die Direkteursverslag is, sal ons daardie feit rapporteer. Ons het niks om in hierdie verband te rapporteer nie.

Verslag oor Ander Regs- en Regulatoriese Vereistes

[Die struktuur en inhoud van hierdie afdeling van die onafhanklike nasienersverslag sal afhang van die aard van die onafhanklike nasiener se ander rapporteringsverantwoordelikhede.]⁸³

[Onafhanklike Nasiener se handtekening]

[Naam van individuele nasiener]

[Kapasiteit indien nie 'n alleen-praktisyn bv. Direkteur of Vennoot]

⁸³ Daar is geen vereiste vir 'n onafhanklike nasiener om in die "Verslag oor Ander Regs en Regulatoriese Vereistes" 'n Rapporteerbare Onreëlmatigheid wat aan CIPC ooreenkomstig Regulasie 29(1)(b) en (6) tot (11) tot die Maatskappywet van Suid Afrika, gerapporteer is, in te sluit nie.

Geregistreeerde Ouditeur

[Datum van nasiener se verslag]

[Onafhanklike nasiener se adres]

28. Ongemodifiseerde Gevolgtrekking – Onafhanklike Oorsig van Finansiële State: Nakomings-Finansiële Verslagdoeningsraamwerk en Maatskappywet

Omstandighede sluit in:

- Hierdie verslag is 'n vertaling van voorbeeld 27 van SAAPS 3 (Revised 2019).
- Die maatskappy se publieke belang-telling is minder as 100 en die finansiële state is intern opgestel. Die beoogde gebruikers van die finansiële state en die onafhanklike nasienersverslag is, as a minimum, die aandeelhouers, die bank en SARS.
- Die finansiële state is opgestel ooreenkomstig 'n rekeningkundige grondslag wat bepaal is deur die direkteure, en sluit nie 'n staat van veranderings in ekwiteit in nie. Die onafhanklike nasiener het bepaal dat die rekeningkundige grondslag aanvaarbaar is.
- Akte van oprigting maak nie voorsiening vir die aanstelling van 'n ouditkomitee of 'n maatskappysekretaris nie.
- Die onafhanklike nasiener het tot die gevolgtrekking gekom dat 'n ongemodifiseerde gevolgtrekking toepaslik is op grond van die bewyse wat verkry is.

Onafhanklike Nasiener se Verslag

Aan die Aandeelhouers van ABC Eiendoms Beperk

Ons het die finansiële state van ABC Eiendoms Beperk, soos uiteengesit op bladsye ... tot ..., wat bestaan uit die staat van finansiële stand soos op 31 Desember 20X1, en die staat van wins of verlies en ander omvattende inkomste en staat van kontantvloeie vir die jaar wat op daardie datum geëindig het, en aantekeninge tot die finansiële state, insluitend [*n opsomming van beduidende rekeningkundige beleid/wesenlike rekeningkundige beleidinligting*]^[N4], nagesien.

Direkteure se Verantwoordelikheid vir die Finansiële State

Die maatskappy se direkteure is verantwoordelik vir die opstel van hierdie finansiële state ooreenkomstig die rekeningkundige grondslag wat beskryf is in aantekening x en die vereistes van die Maatskappywet van Suid-Afrika, om te bepaal dat die grondslag van opstelling aanvaarbaar is in die omstandighede en vir sodanige interne beheer as wat die direkteure nodig ag vir die opstel van finansiële state, wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute.

Onafhanklike Nasiener se Verantwoordelikheid

Dit is ons verantwoordelikheid om 'n gevolgtrekking oor hierdie finansiële jaarstate uit te spreek. Ons het ons oorsig ooreenkomstig die 'International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*' (ISRE 2400 (Revised)) uitgevoer. ISRE 2400 (Revised) vereis van ons om tot 'n gevolgtrekking te kom of enigiets onder ons aandag gekom het wat ons laat glo dat die finansiële state, in geheel gesien, nie in alle wesenlike opsigte opgestel is ooreenkomstig die toepaslike finansiële verslagdoeningsraamwerk nie. Hierdie Standaard vereis ook dat ons aan relevante etiese vereistes voldoen.

'n Oorsig van finansiële state ooreenkomstig ISRE 2400 (Revised) is 'n beperkte gerusstellingsaanstelling. Die onafhanklike nasiener voer prosedures uit wat hoofsaaklik bestaan uit

die rig van navrae aan bestuur en ander persone binne die entiteit, soos toepaslik, en die toepassing van analitiese prosedures, en evalueer die bewyse wat verkry is.

Die prosedures wat uitgevoer word tydens 'n oorsig is aansienlik minder as dié wat tydens 'n audit ooreenkomstig 'International Standards on Auditing' uitgevoer word. Dienooreenkomstig spreek ons nie 'n ouditmening oor hierdie finansiële state uit nie.

Gevolgtrekking

Gebaseer op ons oorsig, het niks onder ons aandag gekom wat ons laat glo dat die finansiële state van ABC Eiendoms Beperk nie, in alle wesentliche opsigte, opgestel is ooreenkomstig die rekeningkundige grondslag wat beskryf is in aantekening x, en die vereistes van die Maatskappywet van Suid-Afrika nie.

Rekeningkundige Grondslag

Sonder om ons mening te modifiseer, vestig ons die aandag op aantekening x tot die finansiële state wat die rekeningkundige grondslag beskryf. Die finansiële state is ooreenkomstig die maatskappy se eie rekeningkundige beleid opgestel om in die maatskappy se aandeelhouers se behoeftes vir finansiële inligting te voorsien. As gevolg daarvan mag die finansiële state moontlik nie vir 'n ander doel toepaslik wees nie.

Ander Verslae wat deur die Maatskappywet van Suid-Afrika Vereis Word

Die algemene jaarstate sluit die Direkteursverslag soos vereis deur die Maatskappywet van Suid-Afrika in. Die direkteur is verantwoordelik vir die Direkteursverslag. Ons gevolgtrekking oor die finansiële state dek nie die Direkteursverslag nie en ons spreek geen vorm van gerusstelling daarvoor uit nie.

In verband met ons onafhanklike oorsig van die finansiële state het ons die Direkteursverslag gelees, en sodoende oorweeg of die Direkteursverslag wesenlik teenstrydig is met die finansiële state of ons kennis verkry gedurende die onafhanklike oorsig, of andersins blyk om wesenlik wanvoorgestel te wees. Indien ons, op grond van die werk wat ons uitgevoer het, tot die gevolgtrekking kom dat daar 'n wesenlike wanvoorstelling van die Direkteursverslag is, sal ons daardie feit rapporteer. Ons het niks om in hierdie verband te rapporteer nie.

[Onafhanklike Nasiener se handtekening]

[Naam van individuele nasiener]

[Kapasiteit indien nie 'n alleen-praktisyn bv. Direkteur of Vennoot]

Geregistreerde Ouditeur

[Datum van nasiener se verslag]

[Onafhanklike nasiener se adres]

29. Qualified Conclusion – Misstatement: Incorrect Valuation of Inventory

Circumstances include:

- A company that requires an independent review in accordance with the Companies Act of South Africa. Report prepared in accordance with ISRE 2400 (Revised). A firm that is a Registered Auditor is the appointed independent reviewer. Review of a complete set of financial statements.
- The financial statements are prepared for a general purpose by management of the entity in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.
- Inventories are materially misstated
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary.
- The independent reviewer has concluded the matter above is material but not pervasive to the financial statements and a modified (i.e. “qualified”) conclusion is appropriate based on the evidence obtained.

Independent Reviewer’s Report

To the Shareholders of ABC Proprietary Limited

We have reviewed the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Directors’ Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer’s Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate and applying analytical procedures, and

evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

The company's inventories are carried in the statement of financial position at Rxxx (20X0: Rxxx). The directors have not stated the inventories at the lower of cost and net realisable value but have stated them solely at cost, which constitutes a departure from the requirements of the International Financial Reporting Standard for Small and Medium-sized Entities. The company's records indicate that, had the directors stated the inventories at the lower of cost and net realisable value, an amount of Rxxx (20X0: Rxxx) would have been required to write the inventories down to their net realisable value. Accordingly, cost of sales would have been increased by Rxxx (20X0: Rxxx), and income tax, net income and shareholders' equity would have been reduced by Rxxx (20X0: Rxxx), Rxxx (20X0: Rxxx) and Rxxx (20X0: Rxxx) respectively.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Other Reports Required by the Companies Act of South Africa

The annual financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report. Our conclusion on the financial statements does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we will report that fact. We have nothing to report in this regard.

[Independent Reviewer's signature]

[Name of individual reviewer]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of independent reviewer's report]

[Independent reviewer's address]

30. Adverse Conclusion – Misstatement: Non-Consolidation of Financial Statements

Circumstances include:

- A company that requires an independent review in accordance with the Companies Act of South Africa. Report prepared in accordance with ISRE 2400 (Revised). A firm that is a Registered Auditor is the appointed independent reviewer. Review of a complete set of financial statements.
- Consolidated general purpose financial statements of a parent prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.
- The company is a parent of a major operating subsidiary and the company has not presented consolidated financial statements. The directors do not believe that they are required to prepare consolidated financial statements because they are the only users of the financial statements. The directors believe that the financial statements have been prepared in accordance with the financial reporting framework (the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)) and the requirements of the Companies Act of South Africa. The independent reviewer concludes that this is a departure from the financial reporting framework (IFRS for SMEs) and from the requirements of the Companies Act of South Africa as IFRS for SMEs requires the presentation of consolidated financial statements. The effects of the misstatement on the consolidated financial statements have not been determined because it was not practicable to do so.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary.
- The independent reviewer has concluded that the matter above is material and pervasive to the financial statements and a modified (i.e. “adverse”) opinion is appropriate based on the evidence obtained.

Independent Reviewer’s Report

To the Shareholders of ABC Proprietary Limited

We have reviewed the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Directors’ Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Adverse Conclusion

As explained in note x to the financial statements, the company has not consolidated the financial statements of its only subsidiary, XYZ Proprietary Limited, acquired during the year because it has not been able to ascertain the fair values of certain of the subsidiary's material assets and liabilities at the acquisition date. This investment is accounted for on a cost basis in the company's financial statements. Under the International Financial Reporting Standard for Small and Medium-sized Entities, the subsidiary should have been consolidated because it is controlled by the company. Had XYZ Proprietary Limited been consolidated, many elements in the accompanying financial statements would have been materially affected. The effects on the consolidated financial statements of the failure to consolidate have not been determined.

Adverse Conclusion

Based on our review, due to the significance of the matter discussed in the Basis for Adverse Conclusion paragraph, we conclude that these financial statements do not present fairly the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Other Reports Required by the Companies Act of South Africa

The annual financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report. Our conclusion on the financial statements does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we will report that fact. We have nothing to report in this regard.

[Independent Reviewer's signature]

[Name of individual reviewer]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of independent reviewer's report]

[Independent reviewer's address]

31. Disclaimer of Conclusion – No Inventory Count and Ongoing Process to Rectify Errors in Accounts Receivable and Inventory Caused by Implementation of New Computer System

Circumstances include:

- A company that requires an independent review in accordance with the Companies Act of South Africa. Report prepared in accordance with ISRE 2400 (Revised). A firm that is a Registered Auditor is the appointed independent reviewer.
- Review of a complete set of general purpose financial statements prepared by management of the entity in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.
- The independent reviewer was unable to obtain sufficient appropriate evidence about multiple elements of the financial statements – the effect of this inability to obtain sufficient appropriate evidence is that the practitioner is unable to complete the review.
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary.
- The independent reviewer has concluded the matter above is material and pervasive to the financial statements and a modified (i.e. “disclaimer”) conclusion is appropriate based on the evidence obtained.

Independent Reviewer’s Report

To the Shareholders of ABC Proprietary Limited

We were engaged to review the financial statements of ABC Proprietary Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Directors’ Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer’s Responsibility

Our responsibility is to express a conclusion on these financial statements. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence as a basis for expressing a conclusion on the financial statements.

Basis for Disclaimer of Conclusion

The directors did not conduct a count of physical inventory on hand at the end of the year. We were

unable to satisfy ourselves concerning the inventory quantities held at 31 December 20X1, which are stated in the statement of financial position at 31 December 20X1.

In addition, the introduction of a new computerised accounts receivable system in September 20X1 resulted in numerous errors in accounts receivable and inventory. As of the date of our report, management was still in the process of rectifying the system deficiencies and correcting the errors. As a result of these matters, we were unable to determine whether any adjustments might have been necessary in respect of recorded or unrecorded inventories and accounts receivable, and the elements making up the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows.

Disclaimer of Conclusion

Due to the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on these financial statements. Accordingly, we do not express a conclusion on these financial statements.

Other Matter – Reports Required by the Companies Act of South Africa

The annual financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report.

We have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. However, due to the disclaimer of conclusion in terms of the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*, we are unable to report further on the Directors' Report.

[Independent Reviewer's signature]

[Name of individual reviewer]

[Capacity if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

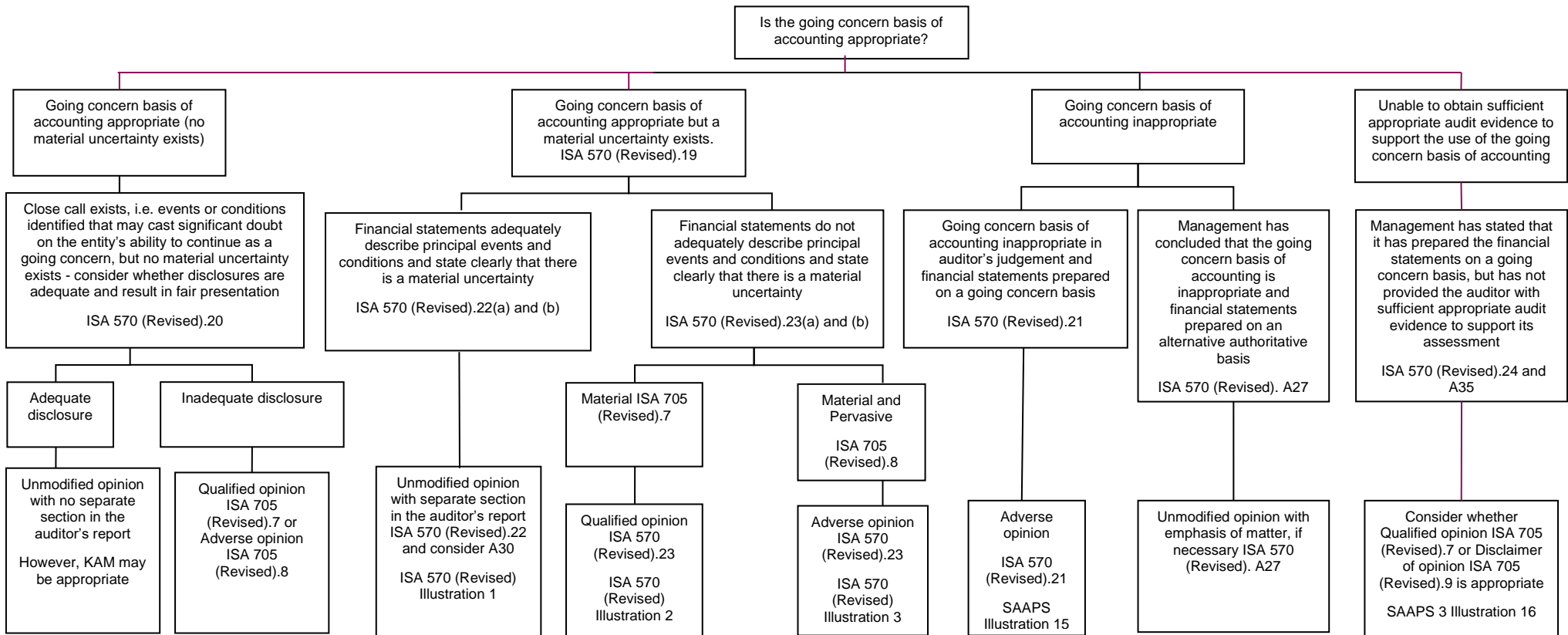
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Linking Going Concern Considerations with Types of Audit Opinions

The *Going Concern Decision Tree* diagram serves to illustrate the principles and guidance provided in ISA 570 (Revised), *Going Concern*, regarding the audit conclusions and reporting in circumstances concerning the going concern basis of accounting where a material uncertainty exists. Auditors are encouraged to consider this decision tree in light of the guidance provided in ISA 570 (Revised), paragraphs 17-24.

Going Concern Decision Tree



Going concern basis of accounting: The financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. General purpose financial statements are prepared using the going concern basis of accounting, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. (ISA 570 (Revised).2).

Material uncertainty: Exists when the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor's judgement, appropriate disclosure of the nature and implications of the uncertainty is necessary for: (a) In the case of a fair presentation financial reporting framework, the fair presentation of the financial statements; or (b) In the case of a compliance framework, the financial statements not to be misleading.

Multiple uncertainties: Paragraph 10 of ISA 705 (Revised) states that the auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements. Paragraph A33 of ISA 570 (Revised) states that in situations involving multiple uncertainties that are significant to the financial statements as a whole, the auditor may consider it appropriate in extremely rare cases to express a disclaimer of opinion instead of including the statements required by paragraph 22 of ISA 570 (Revised).

Examples of Reports, Documents and Information that may be Determined to be Other Information

These examples may be useful to registered auditors when determining what constitutes other information for **private sector entities** in the South African context. They are, however, not an exhaustive list of considerations and should not take away from the auditor the requirement to apply ISA 720 (Revised) and consider its application material.

	<u>Scenario</u>	<u>Does the report/document meet the definition of an annual report in terms of ISA 720 (Revised)?</u>	<u>If “yes”, determine the other information in the scenario</u>
1	As part of the year-end financial reporting process, a company prepares a document that contains its annual financial statements (the directors’ report, audit committee report, company secretary certificate, audited financial statements and the auditor’s report thereon) and a detailed income statement and a tax computation as supplemental information. The document ⁸⁴ is distributed to the company’s shareholders for purposes of the company’s annual general meeting.	Yes.	All information in the document, other than the audited financial statements and the auditor’s report thereon. Other information includes the directors’ report, audit committee report, company secretary certificate, the detailed income statement and the tax computation.
2	A non-listed entity prepares its annual report as defined in ISA 720 (Revised) 10 months after the auditor’s report signing date. This contains the financial statements, the auditor’s report thereon and a chairman’s report.	Yes.	All information in the annual report, other than the financial statements and the auditor’s report thereon. Other information includes the chairman’s report.
3	A listed entity prepares its annual report as defined in ISA 720 (Revised). This contains the financial statements, the auditor’s report thereon and a remuneration report.	Yes.	All information in the annual report, other than the financial statements and the auditor’s report thereon. Other information includes the remuneration report.

⁸⁴ In South Africa this is commonly referred to as the glossy annual report.

	Scenario	Does the report/document meet the definition of an annual report in terms of ISA 720 (Revised)?	If “yes”, determine the other information in the scenario
4	A listed entity prepares its annual report as defined in ISA 720 (Revised). This contains the financial statements, the auditor’s report thereon and a remuneration report. The remuneration report is included in the financial statements as it includes disclosures required to be audited in terms of the Companies Act of South Africa.	Yes.	All information in the annual report, other than the financial statements and the auditor’s report thereon. Other information includes those sections of the remuneration report that have not been audited.
5	The directors of a non-profit company decide to prepare a report that will be used in a presentation to potential donors. It will contain the company’s most recent financial statements and the auditor’s report thereon. This report will be prepared in addition to the company’s annual financial statements.	No.	Not applicable.
6	Regulatory returns (standalone documents) that are submitted to regulators by entities within regulated industries, for example, banks and medical schemes. The returns do not include the financial statements or the auditor’s report thereon.	No.	Not applicable ⁸⁵ .
7	A retirement fund submits to the Financial Services Board its “Annual Financial Statements in terms of Section 15 of the Pension Funds Act No. 24, 1956 as amended (Pension Funds Act)” after the end of its financial year. The return includes the	Yes.	All information in the regulatory return, other than the financial statements and the auditor’s report thereon ^{86;87} .

⁸⁵ The auditor may have other responsibilities through regulatory requirements.

⁸⁶ The auditor may have other responsibilities through regulatory requirements.

⁸⁷ Refer to ISA 800 (Revised), paragraph A17 for application material regarding reports containing or accompanying special purpose financial statements. Furthermore, a retirement fund’s annual report, as defined in ISA 720 (Revised), could include documents and/or reports that are distributed by the fund to its members, in addition to the regulatory return referred to in example 5. Client specific facts and circumstances should be considered.

	<u>Scenario</u>	<u>Does the report/document meet the definition of an annual report in terms of ISA 720 (Revised)?</u>	<u>If “yes”, determine the other information in the scenario</u>
	financial statements and the auditor’s report thereon (i.e. not a standalone regulatory return).		
8	A company prepares an integrated report that includes the company’s annual financial statements and the auditor’s report thereon.	Yes.	All information in the integrated report, other than the financial statements and the auditor’s report thereon.
9	A company prepares an integrated report that does not include the company’s annual financial statements, the auditor’s report thereon or a summary of the annual financial statements.	Yes.	All information in the integrated report.
10	A company prepares an integrated report that does not include the company’s annual financial statements or auditor’s report thereon but includes a summary of the annual financial statements. The summary financial statements were not audited.	Yes.	All information in the integrated report, including the summary financial statements.
11	A company prepares an integrated report that does not include the company’s annual financial statements or auditor’s report thereon but includes a summary of the annual financial statements and the auditor’s ISA 810 (Revised) report on the summary financial statements.	Yes.	All information in the integrated report, including the auditor’s ISA 810 (Revised) audit report. <i>Additional note:</i> From an ISA 810 (Revised) perspective, the information in the integrated report (including the summary financial statements and the ISA 810 (Revised) report thereon) will be “information included in a document containing the summary financial statements and the auditor’s report thereon”, which ISA 810 (Revised) requires the auditor to read ⁸⁸ .

⁸⁸ ISA 810 (Revised), paragraph 14.

	Scenario	Does the report/document meet the definition of an annual report in terms of ISA 720 (Revised)?	If “yes”, determine the other information in the scenario
12	A listed entity prepares a sustainability report that is published as a standalone document completely separate from the entity’s integrated report.	No.	Not applicable ⁸⁹ .
13	An entity prepares an integrated report. The index page to the integrated report states that the entity’s sustainability report forms part of the entity’s integrated report. The sustainability report is presented in a separate document.	Yes.	All information in the integrated report and the sustainability report, other than the financial statements and the auditor’s report thereon.
14	An analyst presentation is presented by a listed entity at the time of the release of its audited financial results for the year and gets published on the entity’s website.	No.	Not applicable.
15	A listed entity’s annual financial results are communicated through SENS. The summary consolidated financial statements included in the SENS announcement are derived from audited financial statements.	No.	Not applicable ⁹⁰ .
16	A listed entity publishes reviewed annual results on SENS.	No.	Not applicable. <i>Additional note:</i> The requirements of ISRE 2410, paragraphs 36 and 37, to read the other information that accompanies the financial information to consider whether any such information is materially inconsistent with the financial information remains relevant, even though this is not other information for purposes of ISA 720

⁸⁹ The auditor may have other responsibilities through regulatory requirements.

⁹⁰ The auditor may have other responsibilities through regulatory requirements.

	Scenario	<u>Does the report/document meet the definition of an annual report in terms of ISA 720 (Revised)?</u>	<u>If “yes”, determine the other information in the scenario</u>
			(Revised).
17	An entity prepares an integrated report that includes a website reference to its King IV ⁹¹ “apply and explain” disclosures.	Yes.	All information in the integrated report, including the King IV “apply and explain” disclosures, other than the financial statements and the auditor’s report thereon.
18	An entity prepares an integrated report that contains its consolidated financial statements and the auditor’s report thereon. The entity presents its standalone financial statements and the auditor’s report thereon in a separate document that includes a detailed income statement.	Yes.	All information in the integrated report and the document that contains the standalone financial statements document, other than the financial statements and the auditor’s reports thereon.

⁹¹ King IV Report on Corporate Governance in South Africa, 2016.