

Exposure Draft

December 2011

Comments requested by 24 February 2011



Proposed South African Auditing Practice Statement (SAAPS)

SAAPS 3 (Revised), Illustrative Reports

REQUEST FOR COMMENTS

The Committee for Auditing Standards (CFAS) of the Independent Regulatory Board for Auditors (IRBA) approved this exposure draft, *Proposed South African Auditing Practice Statement (SAAPS) 3 (Revised), Illustrative Reports* for publication in December 2011. This proposed SAAPS may be modified in light of comments received before being issued in final form.

The proposed SAAPS 3 (Revised) may be downloaded free-of-charge in PDF Format from the IRBA website: www.irba.co.za.

Respondents are asked to submit their comments electronically to the Director: Standards - Sandy van Esch (svanesch@irba.co.za). All comments will be considered a matter of public record and will ultimately be posted on the IRBA website (www.irba.co.za).

Comments may also be faxed for the attention of the Director: Standards at +27 086 575 6535 or mailed to:

The Director: Standards
The Independent Regulatory Board for Auditors
P O Box 8237
Greenstone1616
South Africa

Comments should be submitted by **24 February 2012**.

The mission of the IRBA is to endeavor to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognized standards and processes.

In line with the IRBA's legislative mandate, the IRBA objectives are to create the framework and principles to contribute to the protection of the public who rely on the services of registered auditors and to support registered auditors who carry out their duties competently, fearlessly and in good faith. The goal is to help create an ethical, value-driven financial sector that encourages investment, confidence and promotes sound practices by *developing and maintaining auditing standards which are internationally comparable*. The statutory responsibility of the Committee for Auditing Standards (CFAS) is to assist the IRBA to:

- develop, maintain, adopt, issue or prescribe auditing pronouncements;
- consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and
- promote and ensure the relevance of auditing pronouncements.

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EXPLANATORY MEMORANDUM

Introduction

This memorandum provides background to, and an explanation of, the *Proposed South African Auditing Practice Statement (SAAPS) 3 (Revised) Illustrative Reports*. The Committee for Auditing Standards (CFAS) approved the proposed SAAPS 3 (Revised) in November 2011 for exposure.

Background

This proposed SAAPS 3 (Revised) has been revised to take account of the changes to the reporting standards arising from the clarity project of the International Audit and Assurance Standards Board (IAASB) and subsequent revisions of the International Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs), and changes to comply with the requirements of the Companies Act, 2008 (as amended) (Companies Act), and the Companies Regulations, 2011, pursuant thereto.

The Proposed SAAPS 3 also incorporates for the first time the reporting requirements of the Public Audit Act (PAA) and the applicable requirements of the Auditor-General of South Africa (AGSA).

Significant matters:

1. SAAPS 3 has been split into three parts:
 - Introduction;
 - Part A: South African Guidance; and
 - Part B: Illustrative Reports
2. SAAPS 3 also contains two Appendices:
 - Appendix I: Linking going concern considerations with types of audit opinions
 - Appendix II: Linking the Companies Act to audit and reporting requirements
3. The South African guidance in Part A sets out an illustrative auditor's report (based on ISA 700) and an independent reviewer's report (based on ISRE 2400) on a complete set of general purpose financial statements prepared in accordance with a fair presentation framework and the requirements of the Companies Act, and the ISA 700 report to be used where the Auditor-General of South Africa (AGSA) has opted not to perform the audit of a public sector entity
4. The illustrative reports in Part B have been substantially increased and include reports that do not appear in the ISAs while excluding reports that are included in the ISAs.

Project Timetable

Subject to comments received on exposure of the proposed SAAPS 3 (Revised) the IRBA intends to finalise the practice statement in the first quarter of 2012.

Guide for Respondents

The CFAS welcomes comments on all matters addressed in the exposure draft. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and where appropriate, make specific suggestions for any proposed changes to wording. When a respondent agrees with the proposals in this exposure draft (especially those calling for change in current practice), it will be helpful for CFAS to be made aware of this view.

Request for specific comments

The CFAS would welcome views on the following questions:

1. Do you agree with the format of SAAPS 3 as set out in the significant matters (paragraph 1 above)? Yes/ No, if no explain why.
2. Do you agree with the two Appendices (paragraph 2 above) being included in SAAPS 3, and do you find them useful in determining which report is appropriate to apply in particular circumstances? Yes/ No, if no explain why.
3. Do you agree with the scope of the South African guidance in Part A (paragraph 3 above)? Yes/ No, if no explain why.
4. Should the guidance in Part A include other illustrative reports? If so please provide suggestions and examples (paragraph 3 above).
5. Do you agree with the basis for including and excluding illustrative reports (paragraph 4 above)? Yes/ No, if no explain why and provide suggestions and examples.
6. Please indicate the context in which your response is made:
 - Large firm;
 - Medium sized firm
 - Small firm;
 - Academic;
 - Commerce and industry;
 - Public Sector;
 - Other (give details).

Proposed South African Auditing Practice Statement 3 (Revised)

Illustrative Reports

(Effective on issue)

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This Proposed South African Practice Statement (SAAPS) 3 (Revised), *Illustrative Reports* should be read in the context of the *Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services* contained in the *Handbook of International Quality Control, Auditing, Review, Other Assurance, Related Services Pronouncements* 2010 Edition Part I and II, adopted and prescribed by the IRBA for use by registered auditors in South Africa, which sets out the application and authority of International Auditing Practice Statements (IAPSS) issued by the IAASB. SAAPS issued by the IRBA have the same application and authority as the IAPSS.

Introduction

Scope of this SAAPS

1. This SAAPS provides guidance to Registered Auditors on the layout and wording of assurance reports that meet the requirements of the International Standards on Auditing (ISAs) and the International Standards on Review Engagements (ISREs) and comply with South African jurisdictional requirements, mainly the Companies Act (Companies Act) and the Public Audit Act (PAA).
2. The ISAs and ISREs dealt with in this SAAPS are:
 - ISA 700 Forming an Opinion and Reporting on Financial Statements;
 - ISA 705 Modifications to the Opinion in the Independent Auditor's Report;
 - ISA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report;
 - ISA 800 Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks; and
 - ISRE 2400 Engagements to Review Financial Statements.
3. The South African guidance and illustrative reports contained in this SAAPS 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.
 - Provide guidance to the auditor 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 and SAAPS 2 Financial Reporting Frameworks and Auditor's Report.
4. The South African guidance in Part A sets out an illustrative auditor's report (based on ISA 700) and an independent reviewer's report (based on ISRE 2400) on a complete set of general purpose financial statements prepared in accordance with a fair presentation framework and the requirements of the Companies Act, and the ISA 700 report to be used where the Auditor-General of South Africa (AGSA) has opted not to perform the audit of a public sector entity in terms of section 4(3) of the PAA. The guidance includes notes on the application of paragraphs 20 to 42 of ISA 700 and paragraphs 26 to 28 of ISRE 2400 and certain sections of the Companies Act relative to the assurance report. The guidance also includes an illustrative contents page to be included in the annual financial statements which has regard to the requirements of the applicable financial reporting framework and the Companies Act.
5. The illustrative reports in Part B include a number of reports that are not included in the ISAs and do not repeat illustrative reports included in the following ISAs:
 - ISA 510 Initial Audit Engagements – Opening Balances
 - ISA 600 Special Considerations – Audits of Group Financial Statements (including the work of component auditors)
 - ISA 705 Modifications to the Opinion in the Independent Auditor's Report
 - ISA 706 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 800 Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
 - ISA 805 Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
6. The illustrative reports in Part B assume that the modifications reported are material, or material and pervasive, to the financial statements. Other wording may be more appropriate to the circumstances and the wording in the illustrative reports should be adapted accordingly.
 7. Certain illustrative reports include suggested financial statement disclosures which are material to the intended users' understanding of the financial statements and are relevant to the modifications in the illustrative report. Inadequate disclosures may result in a modified auditor's opinion and / or independent reviewer's conclusion.
 8. Illustrative examples of ISRE 2410 and ISA 810 reports that meet the requirements of the JSE Limited Listings Requirements will be dealt with in the proposed IRBA guide still to be issued.
 9. Revisions to the IAASBs Engagement Standards as well as changes to South African legislative and regulatory requirements may result in changes to the assurance provider's reporting responsibilities from time to time. The guidance and illustrative reports provided in this SAAPS will be updated as and when such changes occur.
 10. The appendices contain the following:
 - Appendix I: Linking Going Concern Considerations with Auditor and Reviewer Reports; and
 - Appendix II: Linking the Reporting Requirements of the Companies Act of South Africa with Auditor and Reviewer Reports.

Effective Date

11. This SAAPS is effective on issue.

Part A

South African guidance

1. Auditor’s report on a complete set of general purpose financial statements prepared in accordance with a fair presentation framework

The unmodified illustrative report below accompanies financial statements prepared in accordance with a fair presentation framework that meets the requirements of public interest. This report incorporates the guidance set forth in ISA 700 and the requirements of the Companies Act and the Auditing Profession Act. The adaptations in the illustrative report are referenced to the appropriate notes.

Independent Auditor’s Report

To the Shareholders of ABC Limited^[N1]

Report on the Financial Statements¹

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

Directors’ Responsibility^[N5] *for the Financial Statements*

The company’s directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards² and the requirements of the Companies Act of South Africa ^[N6], 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^[N7].

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant

1 The sub-title “Report on the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.
 2 May refer to *South African Statements of Generally Accepted Accounting Practice* or the *International Financial Reporting Standard on Small and Medium-sized Entities*, as applicable

to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects,^[N8] the financial position of ABC 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.

Report on Other Legal and Regulatory Requirements

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

Auditor's Signature^[N9]

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

2. Independent reviewer’s report on a complete set of general purpose financial statements prepared in accordance with a fair presentation framework

The unmodified illustrative report below accompanies financial statements prepared in accordance with a fair presentation framework that meets the requirements of public interest. This report incorporates the guidance set forth in ISRE 2400 and the requirements of the Companies Act and the Auditing Profession Act. The adaptations in the illustrative report are referenced to the appropriate notes.

The extant ISRE 2400 does not reflect the significant changes in the clarified and revised ISAs and indicates in paragraph 2 that “*Guidance in the International Standards on Auditing (ISAs) may be useful to the practitioner in applying this ISRE 2400*” when performing a review engagement. The Proposed ISRE 2400 (Revised) *Engagements to Review Historical Financial Statements* is expected to be issued in 2012. The Committee for Auditing Standards (CFAS) considers that the extant ISRE 2400 does not appropriately reflect the responsibilities of the independent reviewer as required by the Companies Act. Consequently, the CFAS has determined that the format of the illustrative review reports contained in the Proposed ISRE 2400 (Revised) are more appropriate to meet the requirements of the Companies Act, as indicated above, whilst still complying with the principles in the extant ISRE 2400. Accordingly the layout and wording of the illustrative independent reviewer reports in this SAAPS is considered to comply with the principles of the extant ISRE 2400.

Independent Reviewer’s Report

To the Shareholders of ABC Proprietary Limited ^[N1]

Report on the Financial Statements³

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 statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information ^[N4].

Directors’ Responsibility ^[N5] *for the Financial Statements*

The company’s 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 Entities⁴ and the requirements of the Companies Act of South Africa ^[N6], and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. ^[N7]

Independent Reviewer’s Responsibility

Our responsibility is to express a conclusion on these financial statements based on our

3 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
 4 May refer to *South African Statements of Generally Accepted Accounting Practice* or *International Financial Reporting Standards*, as applicable

review. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*. ISRE 2400 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 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial statements as a whole may be materially misstated. We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

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 the 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

Report on Other Legal and Regulatory Requirements

[Law or regulation may impose additional reporting responsibilities on the independent reviewer which have no effect on the Report on the Financial Statements.]⁵

Independent Reviewer's signature ^[N9]

Name of individual reviewer

Registered Auditor

Date of the independent reviewers report

Independent Reviewer's address

5 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).

3. Illustrative Auditor General’s report on a complete set of general purpose financial statements.

The unmodified illustrative report accompanies a complete set of general purpose financial statements prepared in accordance with a fair presentation framework. It incorporates the guidance set forth in ISA 700 when the AGSA has opted not to perform the audit of a public sector entity in terms of section 4(3) of the PAA. The adaptations in the illustrative report are referenced to the appropriate notes.

Independent Auditor’s Report

To [the appropriate addressee]^[N1]

Report on the [Consolidated] Financial Statement⁶

Introduction

We have audited the [consolidated and separate] financial statements ^[N2] of the [name of entity] [and its subsidiaries] set out on pages ... to ^[N3], which comprise the [consolidated and separate] statement of financial position as at 31 March 20XX, and the [consolidated and separate] statements of [financial performance / comprehensive income], changes in [net assets / equity] and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information ^[N4].

Accounting Authority’s Responsibility ^[N5] for the [Consolidated] Financial Statements

The [[board of directors]/[trustees]/[other] which constitute the accounting authority] / [accounting authority] is responsible for the preparation and fair presentation of these [consolidated and separate] financial statements in accordance with [applicable financial reporting framework] and the requirements of the [Public Finance Management Act of South Africa] [and Companies Act of South Africa] ^[N6] and for such internal control as the accounting authority determines is necessary to enable the preparation of [consolidated and separate] financial statements that are free from material misstatement, whether due to fraud or error. ^[N7]

Auditor’s Responsibility

Our responsibility is to express an opinion on these [consolidated and separate] financial statements based on our audit. We conducted our audit in accordance with the Public Audit Act of South Africa, the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the [consolidated and separate] financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the [consolidated and separate] financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the [consolidated and separate] financial statements, whether

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

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the [consolidated / separate] financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the accounting authority, as well as evaluating the overall presentation of the [consolidated and separate] financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the [consolidated and separate] financial statements present fairly, in all material respects, ^[N8] the financial position of the [name of entity] [and its subsidiaries] as at 31 March 20XX, and [its / their] financial performance and cash flows for the year then ended in accordance with [the applicable financial reporting framework] and the requirements of the [Public Finance Management Act of South Africa] [and Companies Act of South Africa].

Emphasis of matter

We draw attention to the matter(s) below. Our opinion is not modified in respect of these matters:

Other matters

We draw attention to the matter(s) below. Our opinion is not modified in respect of these matters:

Report on Other Legal and Regulatory Requirements

[Form and content of this section of the auditor's report is dealt with in guidance issued by the AGSA and is prescribed in terms of the AGSA directive.]

Auditor's Signature^[N9]

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

4. Illustrative contents page

The illustrative contents page of the annual financial statements has regard to the requirements of the applicable financial reporting framework, the applicable IAASB’s Engagement Standards and the Companies Act. The adaptations in the illustrative contents page are referenced to the appropriate notes.

Name of company

Registration number *<insert number>*

Annual financial statements ^[N10] for the year ended⁷ *<insert date>*

	Page
Contents	
Financial statements	
Statement of financial position	xx
Statement of comprehensive income	xx
Statement of changes in equity	xx
Statement of cash flows	xx
Notes to the financial statements ⁸	xx
Independent auditor’s report ⁹	xx
Other (<i>specify</i>)	
Directors’ responsibility statement ^[N11]	xx
Directors’ report ^[N12]	xx
Audit committee report ^[N13]	xx

The Financial Statements have been audited¹⁰ in compliance with the requirements of the Companies Act of South Africa and have been prepared by¹¹ *<insert name and professional designation of the individual >*^[N14]

7 Or ‘period’, if applicable
 8 May include supplementary disclosures required by a regulator
 9 Or ‘Independent reviewer’s report’, if applicable
 10 Or ‘independently reviewed’, if applicable
 11 Or ‘their preparation supervised by’, if applicable

Notes

*Addressee*¹²

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

The auditor’s report is normally addressed to those for whom the report is prepared, which may be the “Shareholders” or the “Members” when the financial statements are prepared in accordance with a general purpose framework, and to the “Directors” when the financial statements are prepared in accordance with a special purpose framework. In the case of a company, the appropriate use of “Shareholders” or “Members” is in accordance with the definitions contained in the Companies Act.

In the public sector there are a wide range of users, including the general public, who have access to the published auditor’s report. However, it is deemed inappropriate to address the auditor’s report to society at large. The auditor’s report is thus addressed to Parliament or the Provincial Legislature to represent society at large as the intended users of the auditor’s report.

If applicable, the report may be addressed to shareholders, trustees or other identified users in addition to Parliament or the provincial legislature. (If there are persons or classes of persons for whom the report has been prepared (not the board of directors or accounting authority that is responsible for preparing the financial statements)).

Financial statements

- N2. The annual financial statements of a company must include an auditor’s report if the financial statements are audited.¹³ It is not necessary for the auditor’s report to refer to “Annual Financial Statements” provided the first page of the financial statements includes the identification “Annual Financial Statements”. See illustrative contents page.

*Page numbers*¹⁴

- N3. In South Africa the audited financial statements are included in the annual financial statements which may contain other information such as the directors’ responsibility statement and other reports required by law or regulation or the requirements of “best practice”. Accordingly the illustrative assurance reports do not refer to the “accompanying” financial statements but instead identify the accompanying financial statements by the page numbers.

Increasingly law and regulation requires information to be included in the annual financial statements of an entity that is not a requirement of the applicable financial reporting framework and / or which may not be auditable (or reviewable) even if a requirement of the applicable financial reporting framework. Where such information may compromise the fair presentation of the financial statements in accordance with the financial reporting framework, management should be requested to separate such information from the information dealt with by the applicable financial reporting framework and separating auditable and non-auditable information so that the page numbers referred to in the assurance provider’s report clearly identifies the information

12 ISA 700, paragraphs 22 and A16 and ISRE 2400, paragraph 26(b)

13 Companies Act, 2008, section 29(3)(a)

14 ISA 700, paragraph A18

covered by the assurance provider's report.

Identification of the title of each statement that comprises the financial statements

N4. The introductory paragraph, inter alia, identifies the title of each statement that comprises the complete set of financial statements.¹⁵ A complete set of financial statements is identified by the applicable financial reporting framework¹⁶ and may include legislative and regulatory requirements. Accordingly, the illustrative reports on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS for Small and Medium-sized entities (IFRS for SMEs) identify the statement of financial position as at the end of the period, statements of comprehensive income, changes in equity for the period and cash flows for the period, and the notes comprising a summary of significant accounting policies and other explanatory information. The illustrative reports do not include a statement of financial position as at the beginning of the earliest comparative period 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 statements, as required by IFRS when applicable.

Directors' responsibility for the financial statements

N5. "Management" is a generic term in the ISAs and ISREs to describe those responsible for the preparation (and fair presentation) of the financial statements. The Companies Act requires the annual financial statements to be approved by the board and signed by an authorised director¹⁷. Accordingly, in the case of a South African company, the assurance provider's report states that the company's directors are responsible for the preparation (and fair presentation) of the financial statements.

In the case of the Close Corporations Act, these requirements apply to the authorised member of a Close Corporation. Accordingly the reference to the directors' responsibility becomes a reference to the members' responsibility.

The auditor's report in the public sector refers either to the accounting officer's or accounting authority's responsibility, based on the Public Finance Management Act (PFMA) requirements, as follows:

- Public entities – accounting authority.¹⁸
- Public entities registered as a company – The board of directors, which constitutes the accounting authority.

Applicable financial reporting framework

N6. When the financial reporting framework is supplemented by legal or regulatory requirements, reference must be made to the legislation concerned¹⁹. Accordingly, in the case of a South African company, the assurance provider's report refers to the requirements of the financial reporting framework as well as the requirements of the Companies Act.

In the case of the public sector, depending on the type of entity audited, the wording to be

15 ISA 700, paragraph 23(c) and ISRE 2400, paragraph 26(c)(i)
 16 ISA 700, paragraph A17
 17 Companies Act, 2008, section 30(3)(c)
 18 PFMA section 55(1)
 19 ISA 210.18 and ISA 700.A31

inserted in place of the applicable financial reporting framework is as follows:

- For schedule 2, 3B and 3D public entities and trading entities – South African Statements of Generally Accepted Accounting Practice (SA GAAP²⁰) unless a departure has been approved by the National Treasury in which case reference should be made to the alternative framework;
- For schedule 3A and 3C public entities and constitutional institutions – South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP);
- Entities for which legislation is not prescriptive in respect of the financial reporting framework and which fall under the scope of the General Notice issued in terms of the Public Audit Act of South Africa – SA Standards of GRAP;
- Entities for which departure for the applicable financial reporting framework has been granted in terms of section 79 of the PFMA – Refer to the title of the alternative framework; or
- Entities for which an exemption from certain requirements of the applicable financial reporting framework has been granted in terms of section 92 of the PFMA – the basis of accounting as set out in [accounting policy note xx / note xx to the financial statements].

The General Notice (Directive) issued in terms of the PAA provides further information and requirements regarding the financial reporting frameworks and bases of accounting applicable to public sector entities.

- N7. The Companies Act does not directly deal with the directors’ responsibility regarding internal control. However, this responsibility is inferred by the requirement for the Board to approve²¹ the financial statements. Accordingly the directors’ responsibility paragraph in the assurance provider’s 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 error²².

Opinion

- N8. In South Africa, the wording “present fairly, in all material respects” instead of “give a true and fair view of” is used to express the opinion in the reports of the auditor or independent reviewer.

The Auditor’s signature

- N9. The illustrative report assumes that the auditor and independent reviewer is a Registered Auditor (RA) and that the relevant report is presented on a letterhead. The signing convention illustrated is set out in Section 150.6 of the Code of Professional Conduct for Registered Auditors and requires:

- (a) Auditor’s signature
- (b) Full name of the individual registered auditor;

20 Only Schedule 2 public entities, whose ordinary shares, potential ordinary shares or debt is publically tradable on the capital markets may in consultation with the National Treasury, apply IFRS

21 Section 30(3)(c) and (d)

22 ISA 700, paragraphs 26 and A20-A23

- (c) If not a sole practitioner, the capacity in which the auditor is signing;
- (d) Registered Auditor;
- (e) Date of auditor's report; and
- (f) Auditor's address²³

These requirements have been adapted for independent reviewer reports.

Contents page

- N10. The illustrative contents page assumes that the financial statements have been audited or independently reviewed.
- N11. The directors' responsibility statement includes a statement of approval of the financial statements. The directors' responsibility statement is a representation by the directors to the users of the financial statements and is not covered by the auditor's report.
- N12. The Companies Act, section 30(3)(b) requires the annual financial statements to include a report by the directors and specifies its contents. The directors' report is not included in the audited financial statements identified in the illustrative contents page as it is assumed, for illustrative purposes, that the financial statements contain the disclosures required in IAS 1, paragraph 138, and any other disclosures that may be relevant to the financial statements. The director's report includes the statement of the company secretary referred to in the Companies Act, section 89(2) for the applicable category of company and when required by a company's Memorandum of Incorporation.
- N13. The Companies Act, section 94(2) states the categories of companies that require an audit committee report and section 94(7)(f) requires the audit committee report to be included in the annual financial statements. The audit committee report is not a financial statement that is audited in accordance with a financial reporting framework against which the financial position, financial performance and cash flows, which is the subject matter of the assurance report, is evaluated. Accordingly while the audit committee report is included in the annual financial statements, it is not part of the financial statements covered by the auditor's opinion.
- N14. This disclosure is in accordance with the Companies Act, section 29(1)(e) .

23 Unless reflected on the letterhead containing the auditor's report.

Part B

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ILLUSTRATIVE REPORTS

Audited Financial Statements

Unmodified Reports

1. Consolidated financial statements (IFRS)

Circumstances include:

- Profit company
- Consolidated financial statements are presented separately from the company's separate financial statements
- Unmodified opinion

Independent Auditor's Report

To the Shareholders of ABC Limited

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

Directors' Responsibility for the Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ABC 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.

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

2. Consolidated financial statements and financial statements presented together (IFRS)

Circumstances include:

- Profit company
- Consolidated financial statements and separate financial statements are presented together (four column format)
- Unmodified opinion

Independent Auditor's Report

To the Shareholders of ABC Limited

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

Directors' Responsibility for the Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated 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.

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

3. Financial statements (IFRS for SMEs)

Circumstances include:

- Profit company
- Financial statements of a company in accordance with the International Financial Reporting Standards for SMEs.
- Unmodified opinion

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

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 statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABC Proprietary Limited 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.

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

4. Financial statements (non-profit company) (IFRS)

Circumstances include:

- Non-profit company
- Financial statements prepared in accordance with IFRS, including a directors' report and such other relevant disclosures as may be required by the Companies Act
- Unmodified opinion

Independent Auditor's Report

To the Members of ABC NPC

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 statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABC NPC 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.

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

5. Financial statements (entity specific basis of accounting)

Circumstances include:

- Profit company (not state owned or public) where the 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 and include a directors' report, which is a requirement of the Companies Act. The financial statements do not include a statement of changes in equity
- The independent auditor has determined that the basis of accounting is acceptable to the intended users of the financial statements
- Voluntary audit
- Unmodified opinion

Independent Auditor's Report

To the Shareholders of ABC Proprietary Limited

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 statements of comprehensive income and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Director's Responsibility 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 xx 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 xx to the financial statements and the requirements of the Companies Act of South Africa.

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. Finansiële state (IFRS)

Omstandighede:

- Hierdie verslag is 'n vertaling van die ongewysigde voorbeeld verslag “1” van Part A, SAAPS 3
- Die maatskappy se direkteure het die finansiële state opgestel ooreenkomstig ‘International Financial Reporting Standards’
- Ongewysigdemening

Onafhanklike Ouditeursverslag

Aan die Aandeelhouders van ABC Beperk²⁴

Verslag oor die Finansiële State

Ons het die finansiële state van ABC Beperk, soos uiteengesit op bladsye ... tot ..., geaudit. Hierdie finansiële state bestaan uit die staat van finansiële stand soos op 31 Desember 201X, en die state van omvattende inkomste, veranderings in ekwiteit en kontantvloeie vir die jaar wat op daardie datum geëindig het, en die aantekeninge, wat bestaan uit 'n opsomming van beduidende rekeningkundige beleid en ander verduidelikende inligting.

Direkteure se Verantwoordelikheid vir die Finansiële State

Die maatskappy se direkteure is verantwoordelik vir die opstel en redelike voorstelling van hierdie finansiële state ooreenkomstig ‘International Financial Reporting Standards’,²⁵ en die vereistes van die Maatskappywet van Suid-Afrika, en vir sodanige interne beheer as wat die direkteure nodig ag om die opstel van finansiële state wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute, in staat te stel.

Ouditeur se Verantwoordelikheid

Dit is ons verantwoordelikheid om op grond van ons audit 'n mening oor hierdie finansiële state uit te spreek. Ons het ons audit ooreenkomstig ‘International Standards on Auditing’ uitgevoer. Daardie standaard vereis dat ons voldoen aan etiese vereistes en die audit beplan en uitvoer om redelike gerusstelling te verkry of die finansiële state vry is van wesenlike wanvoorstelling.

'n Oudit behels die uitvoer van prosedures om ouditbewyse te verkry oor die bedrae en openbaarmaking in die finansiële state. Die prosedures wat gekies word hang af van die ouditeur se oordeel, insluitend die beoordeling van die risiko's van wesenlike wanvoorstelling van die finansiële state, hetsy weens bedrog of foute. Tydens daardie risikobeoordeling oorweeg die ouditeur interne beheer relevant tot die entiteit se opstel en redelike voorstelling van die finansiële state, ten einde ouditprosedures te ontwerp wat in die omstandighede toepaslik is, maar nie met die doel om 'n mening uit te spreek oor die effektiwiteit van die entiteit se interne beheer nie.²⁶ 'n

24 Die onderopskrif “Verslag oor die Finansiële State” is onnodig waar die tweede onderopskrif “Verslag oor Ander Regs en Regulatoriese Vereistes” nie toepaslik is nie.

25 Mag verwys na ‘South African Statements of Generally Accepted Accounting Practice’ of die ‘International Financial Reporting Standard for Small and Medium-sized Entities’, soos toepaslik.

26 Waar die ouditeur ook 'n verantwoordelikheid het om 'n mening oor die effektiwiteit van interne beheer tesame met die audit van die finansiële state uit te spreek sal hierdie sin as volg bewoord wees: “Tydens daardie risikobeoordeling oorweeg die ouditeur interne beheer relevant tot die entiteit se opstel en redelike voorstelling van die finansiële state, ten einde ouditprosedures te ontwerp wat in die omstandighede toepaslik

Oudit sluit ook 'n evaluering van die toepaslikheid van rekeningkundige beleid wat gebruik is en die redelikheid van rekeningkundige ramings wat deur bestuur gemaak is in, asook 'n evaluering van die algehele voorstelling van die finansiële state.

Ons glo dat die auditbewyse wat ons verkry het, toereikend en toepaslik is om 'n grondslag vir ons auditmening te bied.

Mening

Na ons mening is die finansiële state, in alle wesentlike opsigte, 'n redelike voorstelling van die finansiële stand van ABC 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 'International Financial Reporting Standards' en die vereistes van die Maatskappywet van Suid-Afrika.

Verslag oor Ander Regs- en Regulatoriese Vereistes

[Die formaat en inhoud van hierdie afdeling van die ouditeursverslag sal verskil afhangend van die aard van die ouditeur se ander verslagdoeningsvereistes.]

Ouditeur se handtekening

Naam van individuele geregistreerde ouditeur

Hoedanigheid indien nie 'n alleenpraktisyn nie: bv. Direkteur of Venoot

Geregistreerde Ouditeur

Datum van die ouditeursverslag

Ouditeur se adres

7. Groepsfinansiële state en finansiële state saam voorgelê (IFRS)

Omstandighede:

- Hierdie verslag is 'n vertaling van voorbeeld "2" van SAAPS 3
- Maatskappy met winsoogmerk
- Gekonsolideerde finansiële state en maatskappy finansiële state word as een stel aangebied (vier kolom formaat)
- Ongewysigde mening

Onafhanklike Ouditeursverslag

Aan die Aandeelhouders van ABC Beperk

Ons het die gekonsolideerde en afsonderlike finansiële state van ABC Beperk, soos uiteengesit op bladsye ... tot ..., geoudit. Hierdie finansiële state bestaan uit die staat van finansiële stand soos op 31 Desember 201X, en die state van omvattende inkomste, veranderings in ekwiteit en kontantvloeie vir die jaar wat op daardie datum geëindig het, en die aantekeninge, wat bestaan uit 'n opsomming van beduidende rekeningkundige beleid en ander verduidelikende inligting.

Direkteure se Verantwoordelikheid vir die Finansiële State

Die maatskappy se direkteure is verantwoordelik vir die opstel en redelike voorstelling van hierdie 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 om die opstel van finansiële state wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute, in staat te stel.

Ouditeur se Verantwoordelikheid

Dit is ons verantwoordelikheid om op grond van ons oudit 'n mening oor hierdie finansiële state uit te spreek. Ons het ons oudit ooreenkomstig 'International Standards on Auditing' uitgevoer. Daardie standaard vereis dat ons voldoen aan etiese vereistes en die oudit beplan en uitvoer om redelike gerusstelling te verkry of die finansiële state vry is van wesenlike wanvoorstelling.

'n Oudit behels die uitvoer van prosedures om ouditbewyse te verkry oor die bedrae en openbaarmaking in die finansiële state. Die prosedures wat gekies word hang af van die ouditeur se oordeel, insluitend die beoordeling van die risiko's van wesenlike wanvoorstelling van die finansiële state, hetsy weens bedrog of foute. Tydens daardie risikoboordeling oorweeg die ouditeur interne beheer relevant tot die entiteit se opstel en redelike voorstelling van die finansiële state, ten einde ouditprosedures te ontwerp wat in die omstandighede toepaslik is, maar nie met die doel om 'n mening uit te spreek oor die effektiwiteit van die entiteit se interne beheer nie. 'n Oudit sluit ook 'n evaluering van die toepaslikheid van rekeningkundige beleid wat gebruik is en die redelikheid van rekeningkundige ramings wat deur bestuur gemaak is in, asook 'n evaluering van die algehele voorstelling van die finansiële state.

Ons glo dat die ouditbewyse wat ons verkry het, toereikend en toepaslik is om 'n grondslag vir ons ouditmening te bied.

Mening

Na ons mening is die finansiële state, in alle wesenlike opsigte, 'n redelike voorstelling van die gekonsolideerde en afsonderlike finansiële stand van ABC Beperk soos op 31 Desember 20X1,

en van die maatskappy 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.

Ouditeur se handtekening

Naam van individuele geregistreerde ouditeur

Hoedanigheid indien nie 'n alleenpraktisyn nie: bv. Direkteur of Vennoot

Geregistreerde Ouditeur

Datum van die ouditeursverslag

Ouditeur se adres

8. Finansiële state (IFRS for SMEs)

Omstandighede:

- Hierdie verslag is 'n vertaling van voorbeeld "3" van SAAPS 3
- Maatskappy met winsoogmerk
- Finansiële state van 'n maatskappy ooreenkomstig die 'International Financial Reporting Standard for Small and Medium-sized Entities'
- Ongewysigde mening

Onafhanklike Ouditeursverslag

Aan die Aandeelhouders van ABC Eiendoms Beperk

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

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' en die vereistes van die Maatskappywet van Suid-Afrika, en vir sodanige interne beheer as wat die direkteure nodig ag om die opstel van finansiële state wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute, in staat te stel.

Ouditeur se Verantwoordelikheid

Dit is ons verantwoordelikheid om op grond van ons audit 'n mening oor hierdie finansiële state uit te spreek. Ons het ons audit ooreenkomstig 'International Standards on Auditing' uitgevoer. Daardie standaard vereis dat ons voldoen aan etiese vereistes en die audit beplan en uitvoer om redelike gerusstelling te verkry of die finansiële state vry is van wesenlike wanvoorstelling.

'n Oudit behels die uitvoer van prosedures om ouditbewyse te verkry oor die bedrae en openbaarmaking in die finansiële state. Die prosedures wat gekies word hang af van die ouditeur se oordeel, insluitend die beoordeling van die risiko's van wesenlike wanvoorstelling van die finansiële state, hetsy weens bedrog of foute. Tydens daardie risikobeadeling oorweeg die ouditeur interne beheer relevant tot die entiteit se opstel en redelike voorstelling van die finansiële state, ten einde ouditprosedures te ontwerp wat in die omstandighede toepaslik is, maar nie met die doel om 'n mening uit te spreek oor die effektiwiteit van die entiteit se interne beheer nie. 'n Oudit sluit ook 'n evaluering van die toepaslikheid van rekeningkundige beleid wat gebruik is en die redelikheid van rekeningkundige ramings wat deur bestuur gemaak is in, asook 'n evaluering van die algehele voorstelling van die finansiële state.

Ons glo dat die ouditbewyse wat ons verkry het, toereikend en toepaslik is om 'n grondslag vir ons ouditmening te bied.

Mening

Na ons mening is die finansiële state, in alle wesenlike opsigte, 'n redelike voorstelling 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.

Ouditeur se handtekening

Naam van individuele geregistreerde ouditeur

Hoedanigheid indien nie 'n alleenpraktisyn nie: bv. Direkteur of Vennoot

Geregistreerde Ouditeur

Datum van die ouditeursverslag

Ouditeur se adres

Modified reports

Other matters

9. Supplementary schedules – other matter

Circumstances include:

- Un-audited supplementary schedules which do not form part of the financial statements are bound in with the financial statements
- Matter does not affect the auditor’s opinion
- Presentation of unaudited supplementary information is not sufficiently differentiated from the audited financial statements
- Unmodified opinion

Independent Auditor’s Report

To the Shareholders of ABC Limited

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

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABC 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.

Other matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages X to X does not form part of the financial statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.

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

Subsequent events

10. Re-issue of financial statements – emphasis of matter

<p>Circumstances include:</p> <ul style="list-style-type: none"> • Deferred tax now raised on the taxable temporary differences and the financial statements amended • Previous issued financial statements and auditor’s report revised and reissued • Matter does not affect the auditor’s opinion • Emphasis of matter

Independent Auditor’s Report

To the Shareholders of ABC Limited

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

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonable of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial

position of ABC 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note X to the annual financial statements which indicates that the previously issued financial statements for the year ended 31 December 20x0, on which we issued an auditor's report dated [], 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.

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

Illustrative disclosure in the directors report/notes

Issue of revised financial statements

The previous issued financial statements for the year ended 31 December 20X0, approved by the directors on [date] have been re-issued, as deferred tax was not raised an all temporary differences.

Going Concern

11. Material uncertainty adequately disclosed – emphasis of matter

Circumstances include:

- Material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern
- Adequate disclosure in the financial statements
- Matter does not affect the auditor's opinion
- Emphasis of matter

Independent Auditor's Report

To the Shareholders of ABC Limited

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

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial

position of ABC 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to [*the directors report /note X*] to the financial statements which indicates that the company incurred a net loss of [*currency and amount*] for the year ended 31 December 20X1 and, as at that date, the company's total liabilities exceeded its total assets by [*currency and amount*]. The [*directors' report / note X*] also indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

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

Illustrative disclosure in the director's report/notes

Directors' report paragraph or note to financial statements

Going concern

The company incurred a net loss for the year ended 31 December 20X1 of [*currency and amount*] (20X0: [*currency and amount*]) and, as at that date its total liabilities exceeded its total assets by [*currency and amount*] (20X0: [*currency and amount*]). The company continues to incur losses.

The directors are negotiating with the holding company to provide additional capital or alternately to subordinate its loan to the company in favour of the other creditors until the assets of the company, fairly valued, exceed its liabilities and to provide additional working capital on an on-going basis.²⁷

These conditions give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that that the company will continue to receive the support of its holding company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

27 The director's should disclose management plans to deal with the events or conditions

12. Material uncertainty not adequately disclosed – qualified opinion

Circumstances include:

- Material uncertainty that may cast significant doubt on the entity’s ability to continue as a going concern is not disclosed in the financial statements
- Matter does affect the auditor’s opinion - the auditor concludes, based on audit evidence obtained, that the financial statements as a whole are not free from material misstatement, and the effect is material but not pervasive
- Qualified opinion

Independent Auditor’s Report

To the Shareholders of ABC Limited

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

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The company’s financing arrangements expire and amounts outstanding are payable on [*date of expiration*]. The company has been unable to re-negotiate or obtain replacement financing. This

situation indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not disclose this fact.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of ABC 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.

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

13. Going concern assumption inappropriate – adverse opinion

<p>Circumstances include:</p> <ul style="list-style-type: none"> • 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 on the basis of accounting policies applicable to a going concern • In the auditor’s judgement it is inappropriate to prepare financial statements on a going concern basis in such circumstances • Adverse opinion

Independent Auditor’s Report

To the Shareholders of ABC Limited

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

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis for Adverse Opinion

The company incurred a net loss for the year ended 31 December 20X1 of [currency and amount]

and, as at that date its total liabilities exceeded its total assets by [*currency and amount*]. 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, it is inappropriate in these circumstances.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly the financial position of ABC 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.

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

14. Unable to obtain sufficient appropriate audit evidence to determine whether the going concern assumption is appropriate – disclaimer of opinion

Circumstances include:

- The directors are unable to determine whether or not the company will be able to continue to operate as a going concern
- The auditor is unable to obtain sufficient appropriate audit evidence to support the going concern assumption
- The matter is considered material and pervasive
- Disclaimer of opinion

Independent Auditor's Report

To the Shareholders of ABC Limited

We were engaged to audit the financial statements of ABC Limited set out on pages ... to, which comprise the statement of financial position as at 31 December 20X1, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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 management determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As indicated in the directors' report, the directors were unable to determine whether or not the company will be able to continue to operate as a going concern or whether further impairments are required to the company's assets. In these circumstances, we were unable to obtain sufficient appropriate audit evidence to confirm or dispel whether it is appropriate to prepare the financial statements on the going concern basis.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion. Accordingly we do not express an opinion on the financial statements.

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

Illustrative disclosure in the directors' report/notes

Going concern

The company manufactures components used by the XXX industry in the assembly of YYY units. Due to the current economic downturn and volatility in the markets affecting volumes of YYY units that will be manufactured in the foreseeable future, the directors are unable to determine the volume of the components that will be required. Consequently, the directors are unable to determine whether or not the company will be able to continue to operate as a going concern or whether further impairments are required to the company's assets.

Written Representations

15. Unable to obtain required written representations – disclaimer of opinion

Circumstances include:

- Management does not provide the written representations required by paragraphs 10 and 11 of ISA 580
- Disclaimer of opinion

Independent Auditor's Report

To the Shareholders of ABC Limited

We were engaged to audit the financial statements of ABC Limited set out on pages ... to, which comprise the statement of financial position as at 31 December 20X1, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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 management determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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 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.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion. Accordingly we do not express an opinion on the financial statements.

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

Non-operating company

16. Company has ceased trading

Circumstances include:

- The company has ceased trading and has no assets or liabilities other than the amount due by/to its shareholder
- No statements of comprehensive income, changes in equity and cash flows presented as the company is dormant
- No opinion to be expressed on the financial performance and cash flows
- Unmodified opinion on the financial position

Independent Auditor's Report

To the Shareholders of ABC Limited

We have audited the financial statements of ABC Limited set out on pages ... to ..., which comprise the statement of financial position as at 31 December 20X1, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to

provide a basis for our audit opinion.

Opinion

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

Auditor's Signature

Name of individual registered auditor

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

Registered Auditor

Date

Auditor's Address

Reportable irregularities

17. Reportable irregularity – fair presentation not affected – report on other legal and regulatory requirements

Circumstances include:

- 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
- Unmodified opinion on the financial statements
- Report on other legal and regulatory requirements

Independent Auditor's Report

To the Shareholders of ABC Limited

Report on Financial Statements

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

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonable of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

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 certain unlawful acts or omissions committed by persons responsible for the management of ABC Limited which constitute reportable irregularities in terms of the Auditing Profession Act, and have reported such matters to the Independent Regulatory Board for Auditors. *The matters pertaining to the reportable irregularities have been described in Note X to the directors' report.

* Insert this sentence when disclosure is made in the financial statements. Where management has 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 audit 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

18. Reportable irregularity – fair presentation affected – qualified opinion and report on other legal and regulatory requirements

Circumstances include:

- Reportable irregularity identified and reported in terms of section 45 of the APA
- Reportable irregularity affects the opinion on the financial statements
- Adequate and appropriate disclosure has been made by management in the financial statements
- Matter does affect the auditor’s opinion – 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
- Qualified opinion

Independent Auditor’s Report

To the Shareholders of ABC Limited

Report on the Financial Statements

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

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a

basis for our qualified audit opinion.

Basis for Qualified Opinion

The directors' report indicates that the company's listed investments have been disposed of by the former managing director without the approval of the other directors for his own account. The directors' report also indicates that the carrying amount of listed investments disclosed in the financial statements amounts to [*currency and amount*] and gives an explanation as to why the listed investments have not been written off or the carrying amount impaired. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves why no adjustments to the carrying amount of the listed investments were necessary in these circumstances.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of ABC 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.

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 certain unlawful acts or omissions committed by persons responsible for the management of ABC Limited which constitute reportable irregularities in terms of the Auditing Profession Act, and have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in the directors' report/ note X to the financial statements.

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

Illustrative paragraph in the directors' report/notes

At year end the carrying amount of listed investments disclosed in the financial statements amounted to [*currency and amount*]. During the course of the year the directors became aware that the former managing director had disposed of the company's listed investments and without the approval of the other directors for his own account. The disposal has not been recorded in the accounting records. A charge has been laid against the former managing director and the directors have taken steps to recover such loss. The matter has not yet been resolved. The directors are confident that such loss will be recovered and accordingly, have not written off or impaired the carrying amount of the investment.

In accordance with the auditor's responsibilities in terms of the Auditing Profession Act, the company's auditor has reported the matter to the Independent Regulatory Board for Auditors.

Other modified reports

19. Misstatement – requirements of the financial reporting framework not met (material and pervasive) – adverse opinion

Circumstances include:

- 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. The possible effects are deemed to be both material and pervasive to the financial statements
- Adverse audit opinion

Independent Auditor's Report

To the Shareholders of ABC Limited

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

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis for Adverse Opinion

The company's practice is to use its building for its entire economic life, however, the company

did not review its useful life at the reporting date in accordance with the 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 pervasive.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly the financial position of ABC 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.

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. Misstatement – qualified opinion on consolidated financial statements and unqualified opinion on separate financial statements

<p>Circumstances include:</p> <ul style="list-style-type: none"> • 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 • The misstatement is deemed to be material but not pervasive to the consolidated financial statements • Qualified audit opinion on the consolidated financial statements and unqualified opinion on separate financial statements

Independent Auditor’s Report

To the Shareholders of ABC Limited

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

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 Standards, 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.

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

In our opinion, except for the effects of the matter described in the preceding paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ABC 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 the 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.

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. Misstatement – financial statements of holding company are misstated

Circumstances include:

- The financial statements of the holding company are materially misstated as property, plant and equipment was not depreciated in accordance with the applicable financial reporting framework
- The misstatement is deemed to be material but not pervasive to the company's separate financial statements and is not considered material to the consolidated financial statements
- Unqualified audit opinion on the consolidated financial statements and qualified opinion on separate financial statements

Independent Auditor's Report

To the Shareholders of ABC Limited

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

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion on the consolidated financial statements and our qualified audit opinion on the separate financial statements.

Basis for unqualified opinion on the consolidated financial statements and qualified opinion on

the separate financial statements

The company has not depreciated property, plant and equipment as required by International Financial Reporting Standards, IAS 16, *Property, plant and equipment*. Accordingly, depreciation in the separate financial statements should be stated at Rxxx (20x0 Rxxx), and income tax and net income after tax decreased by Rxxx (20x0 Rxxx) and Rxxx (20x0 Rxxx), respectively. The effects of the matter are not considered material to the consolidated financial statements.

Unqualified opinion on the consolidated financial statements and qualified opinion on the separate financial statements

In our opinion the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ABC 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the 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.

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. Inability to obtain sufficient appropriate audit evidence – qualified opinion

<p>Circumstances include:</p> <ul style="list-style-type: none"> • The auditor was unable to obtain sufficient appropriate audit evidence regarding the existence of movable tangible capital assets. The possible effects of the inability to obtain sufficient appropriate audit evidence are deemed to be material but not pervasive to the financial statements • Qualified audit opinion

Independent Auditor’s Report

To the Shareholders of ABC Limited

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

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

We were denied access to certain premises and were unable to obtain sufficient appropriate audit evidence to confirm the existence of movable tangible capital assets, stated at Rxxx (20x0: Rxxx) in the financial statements. We were unable to confirm the existence of these assets by alternative means. Consequently we were unable to determine whether any adjustment relating to

movable tangible assets in the financial statements were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of ABC 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.

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. Misstatement and inability to obtain sufficient appropriate audit evidence – qualified opinion

Circumstances include:

- 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
- Qualified opinion

Independent Auditor’s Report

To the Shareholders of ABC Limited

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

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of ABC 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.

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

24. Inability to obtain sufficient appropriate audit evidence – qualified opinion

Circumstances include:

- 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. The possible effects of this inability to obtain sufficient appropriate audit evidence are deemed to be both material and pervasive to the financial statements
- Qualified opinion

Independent Auditor's Report

To the Members of ABC Society

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

Committee's Responsibility for the Financial Statements

The society's committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Cash donations are a significant source of fundraising revenue for the ABC Society. The committee has 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.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of ABC Society 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.

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. Misstatements – effects cannot be quantified – disclaimer of opinion

Circumstances include:

- Significant departures from International Financial Reporting Standards
- It is impracticable to quantify the effects of these departures from International Financial Reporting Standards on the financial statements
- Disclaimer of opinion

Independent Auditor’s Report

To the Shareholders of ABC Limited

We were engaged to audit the consolidated and separate financial statements of ABC Limited set out on pages ... to, which comprise the statement of financial position as at 31 December 20X1, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The group’s accounting policy is to disclose inventories at cost and not at the lower of cost and net realisable value as required by International Financial Reporting Standards, IAS 2, *Inventories*. In addition the consolidated financial statements do not include the financial position, financial performance and cash flows of a subsidiary acquired during the year. Note xx describes the circumstances of the acquisition and offers an explanation for not consolidating the subsidiary as required by International Financial Reporting Standards. It is not possible to quantify the effects of these departures from International Financial Reporting Standards which are considered by nature to be pervasive to the financial statements.

Disclaimer of Opinion

Because it is not possible to quantify the effects of the departures from International Financial Reporting Standards, as described in the Basis for Disclaimer of Opinion paragraph on the financial statements, it is not possible to form an opinion on the financial statements that has regard to the effects of the departures. Accordingly, we do not express an opinion on the financial statements.

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

26. Misstatements – individually immaterial – financial statements as a whole are materially misstated – disclaimer of opinion

Circumstances include:

- Individually immaterial departures from International Financial Reporting Standards but material in aggregate
- The misstatements (in aggregate), and the effect on the going concern assessment, are deemed to be material and pervasive to the financial statements
- Disclaimer of opinion

Independent Auditor's Report

To the Shareholders of ABC Limited

We were engaged to audit the financial statements of ABC Limited set out on pages ... to ..., which comprise the statements of financial position as at 31 December 20X1, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information, and the directors' report.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The financial statements contain a number of uncorrected misstatements which include the following:

- The company's policy is to depreciate its building over a period of 20 years. At 31 December 20x1 the building has a remaining economic life of 4 years. An independent valuer has assessed the remaining economic life of the building at 10 years. We are unable to evaluate the assessment by the independent valuer;
- Included in accounts receivable are foreign balances due by entities which are presently unable to obtain foreign currency to settle those balances. No impairment has been made for balances that may not be recoverable. In our view there is objective evidence that requires such balances to be impaired; and

- The company's policy is to disclose inventories at the lower of cost and net realisable value. Net realisable values are estimated by the directors which have regard to the nature of the inventories. We are unable to evaluate whether the directors estimates are reasonable.

The effects of the uncorrected misstatements on the financial statements are not included in the directors' assessment of the appropriateness of the going concern assumption used in the preparation of the financial statements. It is not possible to form an opinion on the financial statements due to the potential interaction of the uncorrected misstatements and the effects of those misstatements on the directors' assessment of the going concern assumption, and the possible cumulative effects on the financial statements as a whole.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not consider that we have been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

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

27. Lopendeszaak – beklemtoning van aangeleentheid

Omstandighede:

- Hierdie verslag is 'n vertaling van voorbeeld “11” van SAAPS 3
- Wesenlike onsekerheid wat beduidende twyfel kan werp oor die entiteit se vermoë om as 'n lopende saak voort te bestaan
- Voldoende openbaarmaking in die finansiële state
- Die aangeleentheid beïnvloed nie die ouditeursmening nie
- Beklemtoning van aangeleentheid

Onafhanklike Ouditeurverslag

Aan die Aandeelhouers van ABC Beperk

Ons het die finansiële state van ABC Beperk, soos uiteengesit op bladsye ... tot ..., geudit. Hierdie finansiële state bestaan uit die staat van finansiële stand soos op 31 Desember 201X, en die state van omvattende inkomste, veranderings in ekwiteit en kontantvloeie vir die jaar wat op daardie datum geëindig het, en die aantekeninge, wat bestaan uit 'n opsomming van beduidende rekeningkundige beleid en ander verduidelikende inligting.

Direkteure se Verantwoordelikheid vir die Finansiële State

Die maatskappy se direkteure is verantwoordelik vir die opstel en redelike voorstelling van hierdie 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 om die opstel van finansiële state wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute, in staat te stel.

Ouditeur se Verantwoordelikheid

Dit is ons verantwoordelikheid om op grond van ons audit 'n mening oor hierdie finansiële state uit te spreek. Ons het ons audit ooreenkomstig 'International Standards on Auditing' uitgevoer. Daardie standaard vereis dat ons voldoen aan etiese vereistes en die audit beplan en uitvoer om redelike gerusstelling te verkry of die finansiële state vry is van wesenlike wanvoorstelling.

'n Oudit behels die uitvoer van prosedures om ouditbewyse te verkry oor die bedrae en openbaarmaking in die finansiële state. Die prosedures wat gekies word hang af van die ouditeur se oordeel, insluitend die beoordeling van die risiko's van wesenlike wanvoorstelling van die finansiële state, hetsy weens bedrog of foute. Tydens daardie risikobeoordeling oorweeg die ouditeur interne beheer relevant tot die entiteit se opstel en redelike voorstelling van die finansiële state, ten einde ouditprosedures te ontwerp wat in die omstandighede toepaslik is, maar nie met die doel om 'n mening uit te spreek oor die effektiwiteit van die entiteit se interne beheer nie. 'n Oudit sluit ook 'n evaluering van die toepaslikheid van rekeningkundige beleid wat gebruik is en die redelikheid van rekeningkundige ramings wat deur bestuur gemaak is in, asook 'n evaluering van die algehele voorstelling van die finansiële state.

Ons glo dat die ouditbewyse wat ons verkry het, toereikend en toepaslik is om 'n grondslag vir ons ouditmening te bied.

Mening

Na ons mening is die finansiële state, in alle wesentliche opsigte, 'n redelike voorstelling van die finansiële stand van ABC Beperk soos op 31 Desember 201X, en van die maatskappy se finansiële prestasie en kontantvloeie vir die jaar wat op daardie datum geëindig het, ooreenkomstig 'International Financial Reporting Standards' en die vereistes van die Maatskappywet van Suid-Afrika.

Beklemtoning van Aangeleentheid

Sonder om ons mening te kwalifiseer, vestig ons die aandag op [die direkteursverslag / aantekening X] tot die finansiële state wat aandui dat die maatskappy 'n netto verlies van [geldeenheid en bedrag] vir die jaar geëindig 31 Desember 20x1 gely het en dat, soos op daardie datum, die maatskappy se totale laste sy totale bates met [geldeenheid en bedrag] oorskry het. Die [direkteursverslag / aantekening X] dui ook aan dat hierdie omstandighede, tesame met ander aangeleenthede, die bestaan van 'n wesentliche onsekerheid aandui wat beduidende twyfel kan werp oor die maatskappy se vermoë om as 'n lopende saak voort te bestaan.

Ouditeur se handtekening

Naam van individuele geregistreerde ouditeur

Hoedanigheid indien nie 'n alleenpraktisyn nie: bv. Direkteur of Vennoot

Geregistreerde Ouditeur

Datum van die ouditeursverslag

Ouditeur se adres

Verduidelikendeopenbaarmaking in die direkteursverslag / aantekeninge

Direkteursverslag paragraaf of aantekening tot die finansiële state

Lopende saak

Die maatskappy het 'n netto verlies van [geldeenheid en bedrag] (20x0: [geldeenheid en bedrag]) vir die jaar geëindig 31 Desember 20x1 gely en soos op daardie datum het sy totale laste sy totale bates oorskry met [geldeenheid en bedrag] (20x0:[geldeenheid en bedrag]). Die maatskappy hou aan om verliese te ly.

Die direkteure onderhandel tans met die houermaatskappy om bykomende kapitaal te verskaf of alternatiewelik om hul lening aan die maatskappy ondergeskik te stel ten gunste van ander krediteure totdat die bates van die maatskappy, billik gewaardeer, die laste oorskry, en om bykomende bedryfskapitaal te verskaf op 'n deurlopende basis.

Hierdie omstandighede gee aanleiding tot 'n wesentliche onsekerheid wat beduidende twyfel kan werp oor die maatskappy se vermoë om as 'n lopende saak voort te bestaan. Die maatskappy mag daarom nie in staat wees om sy bates tegelde te maak of sy laste te

vereffen in die normale gang van besigheid nie.

Die finansiële state is op grond van rekeningkundige beleid toepaslik tot 'n lopende saak opgestel. Hierdie grondslag aanvaar dat die maatskappy sal voortgaan om ondersteuning van sy houermaatskappy te ontvang en dat die tegeldemaking van bates en die vereffening van laste sal plaasvind in die normale gang van besigheid.

28. Lopendeszaak – ongunstige mening

Omstandighede:

- Hierdie verslag is 'n vertaling van voorbeeld “12” van SAAPS 3
- Wesenlike onsekerheid wat beduidende twyfel kan werp oor die entiteit se vermoë om as 'n lopende saak voort te bestaan word nie in die finansiële state openbaar nie
- Die aangeleentheid beïnvloed die ouditeursmening – die ouditeur kom tot die gevolgtrekking, gebaseer op die ouditbewyse wat ingewin is, dat die finansiële state in geheel nie vry is van wesenlike wanvoorstelling nie en dat die effek weselik maar nie deurdringend nie
- Gekwalifiseerde mening

Onafhanklike Ouditeurverslag

Aan die Aandeelhouders van ABC Beperk

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

Direkteure se Verantwoordelikheid vir die Finansiële State

Die maatskappy se direkteure is verantwoordelik vir die opstel en redelike voorstelling van hierdie finansiële state ooreenkomstig 'South African Statements of Generally Accepted Accounting Practice' en die vereistes van die Maatskappywet van Suid-Afrika, en vir sodanige interne beheer as wat die direkteure nodig ag om die opstel van finansiële state wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute, in staat te stel.

Ouditeur se Verantwoordelikheid

Dit is ons verantwoordelikheid om op grond van ons audit 'n mening oor hierdie finansiële state uit te spreek. Ons het ons audit ooreenkomstig 'International Standards on Auditing' uitgevoer. Daardie standaard vereis dat ons voldoen aan etiese vereistes en die audit beplan en uitvoer om redelike gerusstelling te verkry of die finansiële state vry is van wesenlike wanvoorstelling.

'n Oudit behels die uitvoer van prosedures om ouditbewyse te verkry oor die bedrae en openbaarmaking in die finansiële state. Die prosedures wat gekies word hang af van die ouditeur se oordeel, insluitend die beoordeling van die risiko's van wesenlike wanvoorstelling van die finansiële state, hetsy weens bedrog of foute. Tydens daardie risikobeoordeling oorweeg die ouditeur interne beheer relevant tot die entiteit se opstel en redelike voorstelling van die finansiële state, ten einde ouditprosedures te ontwerp wat in die omstandighede toepaslik is, maar nie met die doel om 'n mening uit te spreek oor die effektiwiteit van die entiteit se interne beheer nie. 'n Oudit sluit ook 'n evaluering van die toepaslikheid van rekeningkundige beleid wat gebruik is en die redelikheid van rekeningkundige ramings wat deur bestuur gemaak is in, asook 'n evaluering van die algehele voorstelling van die finansiële state.

Ons glo dat die ouditbewyse wat ons verkry het, toereikend en toepaslik is om 'n grondslag vir ons gekwalifiseerde ouditmening te bied.

Grondslag vir Gekwalifiseerde Mening

Die maatskappy se finansieringsooreenkomste het verval en die bedrag uitstaande was betaalbaar op [vervaldatum]. Die maatskappy kon nie die ooreenkomste heronderhandel of vervangingsfinansiering bekom nie. Hierdie gebeurtenisse dui 'n wesenlike onsekerheid aan wat beduidende twyfel kan werp oor die maatskappy se vermoë om as 'n lopende saak voort te bestaan. Die maatskappy mag daarom nie in staat wees om sy bates tegelde te maak of sy laste te vereffen in die normale gang van besigheid nie. Die finansiële state openbaar nie hierdie feit nie.

Gekwalifiseerde Mening

Na ons mening, behalwe vir die uitwerking van die aangeleentheid beskryf in die Grondslag vir Gekwalifiseerde Mening paragraaf, is die finansiële state, in alle wesenlike opsigte, 'n redelike voorstelling van die finansiële stand van ABC Beperk soos op 31 Desember 20X1, en van die maatskappy se finansiële prestasie en kontantvloeï vir die jaar wat op daardie datum geëindig het, ooreenkomstig 'South African Statements of Generally Accepted Accounting Practice' en die vereistes van die Maatskappywet van Suid-Afrika.

Ouditeur se handtekening

Naam van individuele geregistreerde ouditeur

Hoedanigheid indien nie 'n alleenpraktisyn nie: bv. Direkteur of Vennoot

Geregistreerde Ouditeur

Datum van die ouditeursverslag

Ouditeur se adres

Independently reviewed financial statements

Unmodified reports

29. Independent review of annual financial statements – compliance framework and Companies Act

Circumstances include:

- A company that requires an independent review in accordance with the Companies Act
- 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 and include a directors' report, which is a requirement of the Companies Act. The financial statements do not include a statement of changes in equity
- The annual financial statements are prepared in accordance with a basis of accounting determined by the directors and do not include a statement of changes in equity
- The independent reviewer has determined that the basis of accounting is acceptable
- A firm that is a Registered Auditor is the appointed independent reviewer
- Unmodified conclusion

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 statements of comprehensive income and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation of the financial statements in accordance with the basis of accounting described in note xx 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 misstatements, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*. ISRE 2400 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 consists primarily of making inquiries of management and others within the entity involved in financial and accounting

matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial statements as a whole may be materially misstated.

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 the financial statements of ABC Proprietary Limited are not prepared, in all material respects, in accordance with the basis of accounting described in note xx and the requirements of the Companies Act of South Africa.

Independent Reviewer's signature

Name of individual reviewer

Registered Auditor

Date

Registered Auditor's address

30. Onafhanklike oorsig van finansiële jaarstate – redelike voorstelling finansiële verslagdoeningsraamwerk

Omstandighede:

- Hierdie verslag is ’n vertaling van voorbeeld “2” van Part A, SAAPS 3
- ’n Maatskappy wat ’n onafhanklike oorsig vereis in terme van die Maatskappywet, 2008
- Die finansiële jaarstate is opgestel ooreenkomstig ‘IFRS for SMEs’
- ’n Firma wat ’n Geregistreerde Ouditeur is, is aangestel as onafhanklike nasiener
- Ongemodifiseerde gevolgtrekking

Onafhanklike Nasienersverslag

Aan die Aandeelhouders van ABC Eiendoms Beperk

Verslag oor die Finansiële State²⁸

Ons het die oorsig van die finansiële state van ABC Eiendoms Beperk, soos uiteengesit op bladsye ... tot ..., uitgevoer. Hierdie finansiële state bestaan uit die staat van finansiële stand soos op 31 Desember 201X, en die state van omvattende inkomste, veranderings in ekwiteit en kontantvloei vir die jaar wat op daardie datum geëindig het, en die aantekeninge, wat bestaan uit ’n opsomming van beduidende rekeningkundige beleid en ander verduidelikende inligting.

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*’²⁹ en die vereistes van die Maatskappywet van Suid-Afrika, en vir sodanige interne beheer as wat die direkteure nodig ag om die opstel van finansiële state, wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute, in staat te stel.

Onafhanklike Nasiener se Verantwoordelikheid

Dit is ons verantwoordelikheid om op grond van ons oorsig ’n gevolgtrekking oor die finansiële jaarstate uit te spreek. Ons het ons oorsig ooreenkomstig ‘*International Standards on Review Engagements (ISRE) 2400, Engagements to Review Financial Statements*’ uitgevoer. ISRE 2400 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 bestaan hoofsaaklik uit die rig van navrae aan bestuur en ander persone binne die entiteit wat by finansiële en rekeningkundige aangeleenthede betrokke is, die toepas van analitiese prosedures, en die evaluering van die toereikendheid en toepaslikheid van bewyse wat verkry is. ’n Oorsig vereis ook die uitvoer van

28 Die onderopskrif “Verslag oor die Finansiële State” is onnodig waar die tweede onderopskrif “Verslag oor Ander Regs en Regulatoriese Vereistes” nie toepaslik is nie.

29 Mag verwys na ‘South African Statements of Generally Accepted Accounting Practice’ of die ‘International Financial Reporting Standard for Small and Medium-sized Entities’, soos toepaslik.

addisionele prosedures wanneer die praktisyn bewus word van aangeleenthede wat die praktisyn laat glo dat die finansiële state as 'n geheel weselik wanvoorgestel mag wees.

Ons glo dat die bewyse wat ons tydens ons oorsig verkry het, toereikend en toepaslik is om 'n basis vir ons gevolgtrekking te bied.

Die prosedures wat uitgevoer word tydens 'n oorsig is aansienlik minder as dié wat tydens 'n oudit 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 weselike opsigte, 'n redelike voorstelling is van die finansiële stand van ABC Eiendoms Beperk soos op 31 Desember 20xx 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.

Verslag oor Ander Regs- en Regulatoriese Vereistes

[Wette of regulasies mag addisionele verslagdoeningsvereistes op die onafhanklike nasiener plaas wat geen effek het op die Verslag oor die Finansiële State nie.]³⁰

Onafhanklike Nasiener se handtekening

Naam van individuele nasiener

Geregistreerde Ouditeur

Datum

Geregistreerde Ouditeur se adres

30 Daar is geen vereiste vir 'n onafhanklike nasiener om in hulle "Verslag oor Ander Regs en Regulatoriese Vereistes" 'n Rapporteerbare Onreelmatigheid wat aan CIPC ooreenkomstig Regulasie 29(1)(b) en (6) tot (11) tot die Maatskappywet van Suid Afrika, gerapporteer is in te sluit nie. Oorweging moet gegee word aan die moontlike effek, indien enige, van enige Rapporteerbare Onreelmatigheid op die gevolgtrekking wat uitgespreek word.

31. Onafhanklike oorsig van finansiële jaarstate – nakomings-finansiële verslagdoeningsraamwerk en Maatskappywet

Omstandighede:

- Hierdie verslag is ’n vertaling van voorbeeld “28” van SAAPS 3
- ’n Maatskappy wat ’n onafhanklike oorsig vereis in terme van die Maatskappywet, 2008
- Die maatskappy se publieke belang-telling is minder as 100 en die finansiële state is intern opgestel. Die bedoelde gebruikers van die finansiële state en die onafhanklike nasienverslag 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
- ’n Firma wat ’n Geregistreerde Ouditeur is, is aangestel as onafhanklike nasiener
- Ongemodifiseerde gevolgtrekking

Onafhanklike Nasienersverslag

Aan die Aandeelhouers van ABC Eiendoms Beperk

Ons het die oorsig van die finansiële state van ABC Eiendoms Beperk, soos uiteengesit op bladsye ... tot ..., uitgevoer. Hierdie finansiële state bestaan uit die staat van finansiële stand soos op 31 Desember 201X, en die state van omvattende inkomste, veranderings in ekwiteit en kontantvloei vir die jaar wat op daardie datum geëindig het, en die aantekeninge, wat bestaan uit ’n opsomming van beduidende rekeningkundige beleid en ander verduidelikende inligting.

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 xx en die vereistes van die Maatskappywet van Suid-Afrika, en vir sodanige interne beheer as wat die direkteure nodig ag om die opstel van finansiële state, wat vry is van wesenlike wanvoorstelling, hetsy weens bedrog of foute, in staat te stel.

Onafhanklike Nasiener se Verantwoordelikheid

Dit is ons verantwoordelikheid om op grond van ons oorsig ’n gevolgtrekking oor die finansiële jaarstate uit te spreek. Ons het ons oorsig ooreenkomstig ‘*International Standards on Review Engagements (ISRE) 2400, Engagements to Review Financial Statements*’ uitgevoer. ISRE 2400 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 bestaan hoofsaaklik uit die rig van navrae aan bestuur en ander persone binne die entiteit wat by finansiële en rekeningkundige aangeleenthede betrokke is, die toepas van analitiese prosedures, en die evaluering van die toereikendheid en toepaslikheid van bewyse wat verkry is. ’n Oorsig vereis ook die uitvoer van addisionele prosedures wanneer die praktisyn bewus word van aangeleenthede wat die praktisyn laat glo dat die finansiële state as ’n geheel wesenlik wanvoorgestel mag wees.

Ons glo dat die bewyse wat ons tydens ons oorsig verkry het, toereikend en toepaslik is om 'n basis vir ons gevolgtrekking te bied.

Die prosedures wat uitgevoer word tydens 'n oorsig is aansienlik minder as dié wat tydens 'n oudit 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 wesentlike opsigte, opgestel is ooreenkomstig die rekeningkundige grondslag wat beskryf is in aantekening xx, en die vereistes van die Maatskappywet van Suid-Afrika nie.

Onafhanklike Nasiener se handtekening

Naam van individuele nasiener

Geregistreerde Ouditeur

Datum

Geregistreerde Ouditeur se adres

Modified reports

32. Independent review of annual financial statements – IFRS for SMEs – qualified conclusion

Circumstances include:

- 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 IFRS for SMEs
- Based on the review, inventories are misstated – the misstatement is material but not pervasive to the financial statements
- Qualified conclusion

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 statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Financial Statements

The company’s 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 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 based on our review. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*. ISRE 2400 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 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial statements as a whole may be materially misstated. We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our qualified conclusion.

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 xxx. The company's 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 company's directors stated the inventories at the lower of cost and net realisable value, an amount of xxx would have been required to write the inventories down to their net realisable value. Accordingly, cost of sales would have been increased by xxx, and income tax, net income and shareholders' equity would have been reduced by xxx, xxx and xxx respectively.

Qualified Conclusion

Except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, based on our review, nothing has come to our attention that causes us to believe that the 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.

Independent Reviewer's signature

Name of individual reviewer

Registered Auditor

Date of the independent reviewers report

Independent Reviewer's address

33. Independent review of annual financial statements – IFRS for SMEs – adverse conclusion

Circumstances include:

- Review of consolidated general purpose financial statements prepared by management of the parent in accordance with IFRS for SMEs
- The financial statements are materially misstated due to the non-consolidation of a subsidiary. The material misstatement is deemed to be pervasive to the financial statements – the effects of the misstatement on the financial statements have not been determined because it was not practicable to do so
- Adverse opinion

Independent Reviewer’s Report

To the Shareholders of ABC Proprietary Limited

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

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of these consolidated 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 necessary to enable the preparation of consolidated 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 consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated 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 consolidated financial statements in accordance with ISRE 2400 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial statements as a whole may be materially misstated. We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our adverse conclusion.

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, the company has not consolidated the financial statements of its subsidiary 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. The investment is therefore accounted for on the cost basis. 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 annual financial statements would have been materially affected. The effects on the financial statements of the failure to consolidate have not been determined.

Adverse Conclusion

Due to the significance of the matter discussed in the Basis for Adverse Conclusion paragraph, we conclude that 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 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

Independent Reviewer's signature

Name of individual reviewer

Registered Auditor

Date of the independent reviewers report

Independent Reviewer's address

34. Independent review of annual financial statements – IFRS for SMEs – disclaimer of conclusion

Circumstances include:

- Review of a complete set of general purpose financial statements prepared by management of the entity in accordance with IFRS for SMEs
- 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
- Disclaimer of conclusion

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 statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Financial Statements

The company’s 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 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 based on our review. Because of the matters described in the Basis of Disclaimer of Conclusion paragraph, however, we are not able to obtain sufficient appropriate evidence as a basis for expressing a conclusion on the financial statements.

Basis for Disclaimer of Conclusion

The company’s 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 a 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 comprehensive income, statement of changes in equity and statement of cash flows.

Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion

paragraph, we were unable to obtain sufficient appropriate evidence as a basis for expression of a conclusion on the financial statements. Accordingly, we do not express a conclusion on these financial statements.

Independent Reviewer's signature

Name of individual reviewer

Registered Auditor

Date of the independent reviewers report

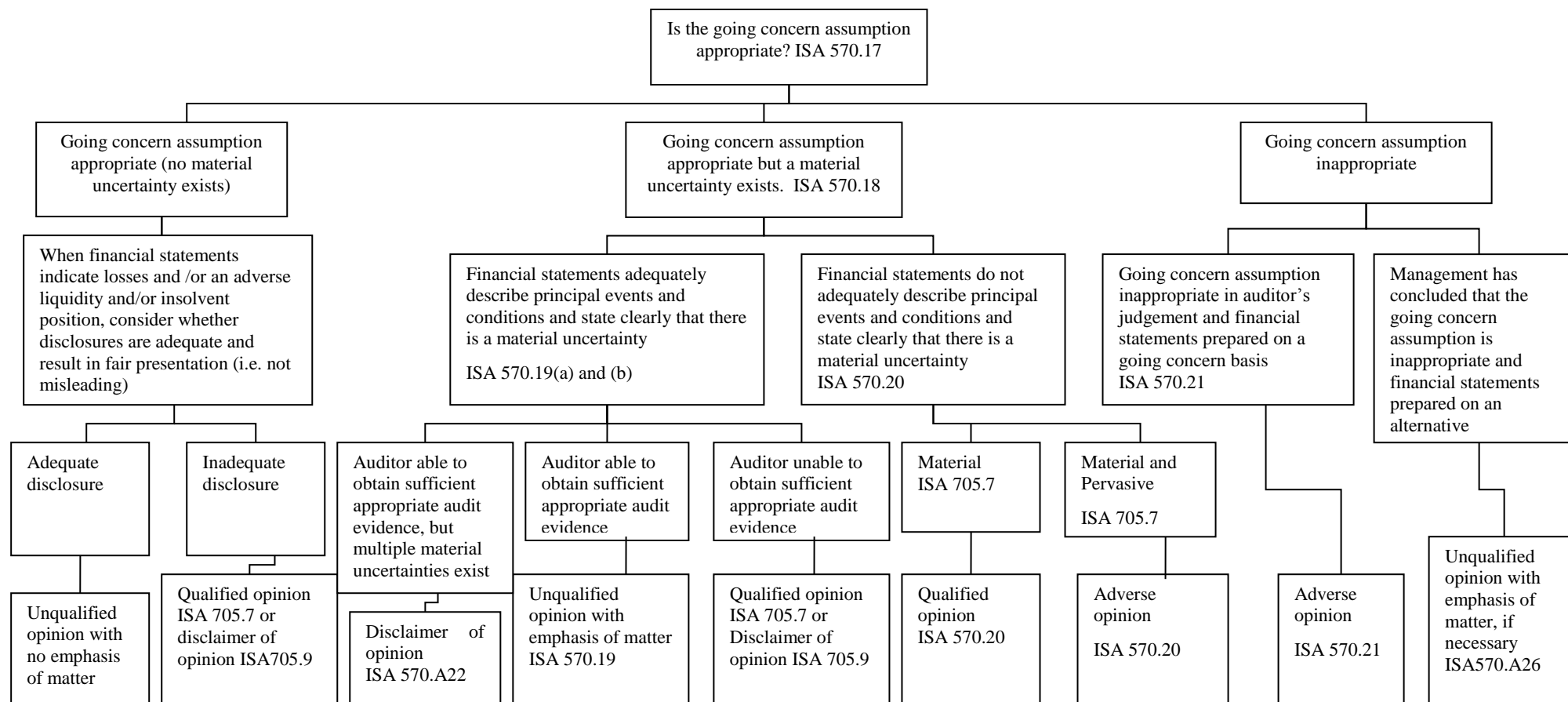
Independent Reviewer's address

Appendix I

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, *Going Concern*, regarding the audit conclusions and reporting in circumstances concerning the going concern assumption where a material uncertainty exists. Auditors are encouraged to consider this decision tree in light of the guidance provided in ISA 570, paragraphs 17 to 22.

GOING CONCERN DECISION TREE



Going concern assumption: An entity is ordinarily viewed as continuing in business for the foreseeable future, with neither the intention, nor the necessity of liquidation, ceasing trading or seeking protection from creditors, pursuant to law or regulations. Accordingly assets and liabilities are recorded on the basis that the entity will be able to realise its assets and settle its liabilities in the normal course of business (Glossary of Terms).

Material uncertainty: Exists when the magnitude of its potential impact is such that, in the auditor's judgement, clear disclosure of the nature and implications

LINKING THE COMPANIES ACT TO AUDIT AND REPORTING REQUIREMENTS

Type of Company	Sun-categories (note 1)	Financial Statements (note 2)	Accounting Framework (note 3)	Audit / Independent Review (note 4)	Exemptions	Reportable Irregularity Report to	Company Secretary	Audit Committee	Social and Ethics Committee
State Owned Company			IFRS	Audit		IRBA	Yes	Yes unless exempt by the Minister	Yes
Public Company	Listed		IFRS	Audit		IRBA	Yes	Yes unless exempt in terms of Bank Act	Yes
Public Company	Unlisted		IFRS and IFRS for SME's	Audit		IRBA			Yes if Public Interest Score >500
Private Company – including Close Corporations	Fiduciary Assets >R5m		IFRS and IFRS for SME's	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	Yes if Public Interest Score >500
Private Company – including Close Corporations	Public Interest Score >350		IFRS and IFRS for SME's	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	Yes if Public Interest Score >500
Private Company – including Close Corporations	Public Interest Score >=100<350	Independently Compiled	IFRS, IFRS for SME's and SA GAAP	Independent Review by IRBA accredited body members	No Independent Review if Shareholders = Directors	CIPC	Yes if required by Memo of Incorporation	No	No
Private Company – including Close Corporations	Public Interest Score >=100<350	Internally Compiled	IFRS, IFRS for SME's and SA GAAP	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	No
Private Company – including Close Corporations	Public Interest Score <100	Independently Compiled	IFRS, IFRS for SME's and SA GAAP	Independent Review by Accounting Officer	No Independent Review if Shareholders = Directors	CIPC	Yes if required by Memo of Incorporation	No	No
Private Company – including Close Corporations	Public Interest Score <100	Internally Compiled	Not prescribed	Independent Review by Accounting Officer	No Independent Review if Shareholders = Directors	CIPC	Yes if required by Memo of Incorporation	No	No
Personal Liability Company	Fiduciary Assets >R5m		IFRS and IFRS for SME's	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	Yes if Public Interest Score >500
Personal Liability Company	Public Interest Score >350		IFRS and IFRS for SME's	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	Yes if Public Interest Score >500
Personal Liability Company	Public Interest Score >=100<350	Independently Compiled	IFRS, IFRS for SME's and SA GAAP	Independent Review by IRBA accredited body members	No Independent Review if Shareholders = Directors	CIPC	Yes if required by Memo of Incorporation	No	No
Personal Liability Company	Public Interest Score >=100<350	Internally Compiled	IFRS, IFRS for SME's and SA GAAP	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	No

LINKING THE COMPANIES ACT TO AUDIT AND REPORTING REQUIREMENTS

Type of Company	Sun-categories (note 1)	Financial Statements (note 2)	Accounting Framework (note 3)	Audit / Independent Review (note 4)	Exemptions	Reportable Irregularity Report to	Company Secretary	Audit Committee	Social and Ethics Committee
Personal Liability Company	Public Interest Score <100	Independently Compiled	IFRS, IFRS for SME's and SA GAAP	Independent Review by Accounting Officer	No Independent Review if Shareholders = Directors	CIPC	Yes if required by Memo of Incorporation	No	No
Personal Liability Company	Public Interest Score <100	Internally Compiled	Not prescribed	Independent Review by Accounting Officer	No Independent Review if Shareholders = Directors	CIPC	Yes if required by Memo of Incorporation	No	No
Non-profit Company	Linked to state or foreign company or statutory/regulatory function		IFRS	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	Yes if Public Interest Score >500
Non-profit Company	Fiduciary Assets >R5m		IFRS and IFRS for SME's	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	Yes if Public Interest Score >500
Non-profit Company	Public Interest Score >350		IFRS and IFRS for SME's	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	Yes if Public Interest Score >500
Non-profit Company	Public Interest Score >=100<350	Independently Compiled	IFRS, IFRS for SME's and SA GAAP	Independent Review by IRBA accredited body members		CIPC	Yes if required by Memo of Incorporation	No	No
Non-profit Company	Public Interest Score >=100<350	Internally Compiled	IFRS, IFRS for SME's and SA GAAP	Audit		IRBA	Yes if required by Memo of Incorporation	Yes if required by Memo of Incorporation	No
Non-profit Company	Public Interest Score <100	Independently Compiled	IFRS, IFRS for SME's and SA GAAP	Independent Review by Accounting Officer		CIPC	Yes if required by Memo of Incorporation	No	No
Non-profit Company	Public Interest Score <100	Internally Compiled	Not prescribed	Independent Review by Accounting Officer		CIPC	Yes if required by Memo of Incorporation	No	No

Note 1: Fiduciary Assets - regulation 28 – assets held at any time during the year in the ordinary course of primary activities in a fiduciary capacity for persons not related to the company

Public interest score – regulation 26 – calculated at financial year end

Note 2: Annual Financial Statements – Section 30 – prepared within six months after financial year end

Note 3: Financial Reporting Standards – Regulation 27 – applies to all financial year ends after 30 April 2011

Note 4: Audit / Independent Review – Regulation 28 and Schedule 5 section 2(7) – applies to all financial year ends after 30 April 2011