

## Section 12I Tax Allowance Programme – Illustrative Agreed-Upon Procedures Report

### Audit Firm Letterhead

*[Insert Addressee Details]*

### **INDEPENDENT AUDITOR'S AGREED-UPON PROCEDURES REPORT IN RESPECT OF THE SECTION 12I TAX ALLOWANCE PROGRAMME ANNUAL PROGRESS REPORT OF [COMPANY NAME] FOR THE PERIOD [INSERT DATE] TO [INSERT DATE].**

To the Directors of *[Company name]*

### **Purpose of this Agreed-Upon Procedures (AUP) Report and Restriction on Use and Distribution**

Our report is provided solely for the purpose of assisting *[Company Name]* (the Company) and the Department of Trade, Industry and Competition (the DTIC) in evaluating whether or not the Annual Progress Report for the period *[insert date]* to *[insert date]* (the Annual Progress Report) has been prepared in accordance with Section 12I of the Income Tax Act, 1962 (Act No. 58 of 1962, as amended) (the Act); the Regulations made under the Act (the Regulations), as promulgated in Government Gazette No. 33385 of 23 July 2010; and the Approval Letter dated *[insert date]* (the Approval Letter) – and may not be suitable for another purpose. This report is intended solely for the directors of the Company and the DTIC and should not be used by, or distributed to, any other parties.

### **Responsibilities of the Directors of the Company and the DTIC**

The directors of the Company and the DTIC have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The directors of the Company are responsible for the subject matter on which the agreed-upon procedures are performed.

### **Auditor's Responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the directors of the Company and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

**[For engagements beginning before 15 December 2022]** *[Delete block, if not applicable]*

### **Professional ethics and quality control**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**[For engagements beginning on or after 15 December 2022]** *[Delete block, if not applicable]*

### **Professional ethics and quality management**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Procedures and Findings**

We have performed the procedures described in the table below, which were agreed upon with the directors of the Company in respect of the Annual Progress Report.

Our procedures do not extend to the following sections of the Annual Progress Report and accordingly do not form part of the scope of our agreed-upon procedures engagement:

- (i) Markets to which the Project is selling and the sales, if the Project is in operation;

- (ii) Innovative Processes;
- (iii) Energy Efficiency; and
- (iv) Business Linkages.

We have initialled the accompanying Annual Progress Report and other schedules as set out on pages *[insert page numbers]*, for identification purposes only.

***[Note to the auditor: Throughout the document, the auditor is prompted to provide details of documentation inspected. In all such instances, the auditor must provide a sufficient level of detail to enable reperformance of the procedures by the users of the report, and to ensure that the readers understand the nature and extent of the procedures performed.]***

Procedures	Findings
<p>1. Obtain from <i>[state the name and designation of the Company representative]</i> the Approval Letter dated <i>[insert the date]</i>, noting the name of the Company, and agree the Company name stated in the Annual Progress Report to the name of the Company stated in the Approval Letter.</p>	<p>1. We obtained from <i>[state the name and designation of the Company representative]</i> the Approval Letter dated <i>[insert the date]</i> and noted the name of the Company. The name of the Company stated in the Annual Progress Report <i>[agrees / does not agree]</i> to the name of the Company stated in the Approval Letter.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>2. Enquire from <i>[state the name and designation of the Company representative]</i> whether the Company has changed its name during the period covered by the Annual Progress Report.</p>	<p>2. We enquired with <i>[state the name and designation of the Company representative]</i>, who indicated that the Company <i>[changed / did not change]</i> its name during the period covered by the Annual Progress Report.</p>
<p>2.1 If the Company has changed its name during this period, obtain the Certificate of Change of Name from <i>[insert the name and designation of the Company representative / name of the institution]</i> and perform the following procedure:</p> <ul style="list-style-type: none"> <li>• Agree the name stated on the Certificate of Change of Name dated <i>[insert the date of the certificate]</i> to the new name of the Company documented in the Annual Progress Report.</li> </ul> <p><b><i>[NOTE: If the procedure is not applicable, then state that the procedure is not applicable.]</i></b></p>	<p>2.1 Procedure is not applicable – refer to the finding from procedure number 2.</p> <p style="text-align: center;">OR</p> <p>We obtained the Certificate of Change of Name from <i>[state the name and designation of the Company representative / name of the institution]</i>. The Company’s new name as per the Annual Progress Report <i>[agrees / does not agree]</i> to the Company’s name stated on the Certificate of Change of Name dated <i>[insert the date of the certificate]</i>.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>

<p>3. Agree the “ownership structure for the project” information per the Annual Progress Report to the <i>[specify the relevant underlying statutory records inspected]</i> of the Company.</p>	<p>3. The <i>[specify the details of the information inspected]</i> regarding the “ownership structure for the project” per the Annual Progress Report <i>[agrees / does not agree]</i> to the <i>[specify the relevant underlying statutory records inspected]</i> of the Company.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>4. Agree the information titled “sources of finance for the project” per the Annual Progress Report to the <i>[specify the relevant underlying statutory records inspected (e.g. bank statement or loan agreement)]</i> of the Company.</p>	<p>4. The <i>[specify the details of the information inspected]</i> regarding the “sources of finance for the project” per the Annual Progress Report <i>[agrees / does not agree]</i> to the <i>[specify the relevant underlying records inspected (e.g. bank statement or loan agreement)]</i> of the Company.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>5. Agree the information titled “location of project” per the Annual Progress Report to <i>[specify the relevant underlying records inspected]</i> of the Company.</p>	<p>5. The <i>[specify the details of the information inspected]</i> regarding the “location of the project” per the Annual Progress Report <i>[agrees / does not agree]</i> to the <i>[specify the relevant underlying records inspected]</i> of the Company.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>6. Inspect <i>[specify the relevant underlying records (e.g. utility bill or lease agreement)]</i> of the Company for the Company’s address and agree that the Company project’s address is located within an Industrial Development Zone as per the DTIC’s website.</p>	<p>6. The Company project’s address being <i>[include the project’s address]</i> as identified on the <i>[specify the relevant underlying records (e.g. utility bill or lease agreement)]</i> of the Company <i>[is / is not]</i> located in an Industrial Development Zone as per the DTIC’s website</p> <p><b><i>[Provide details of exceptions.]</i></b></p>

## ANNUAL FINANCIAL STATEMENTS

Procedures	Findings
<p>Obtain copies of the Company’s current year’s audited annual financial statements as at <i>[insert the date]</i> and the prior year’s audited annual financial statements as at <i>[insert the date]</i>; from <i>[state the name and designation of the Company representative]</i> and by the inspection of these, perform the following procedures:</p>	<p>We obtained copies of the Company’s current year’s audited annual financial statements as at <i>[insert the date]</i> and the prior year’s audited annual financial statements as at <i>[insert the date]</i>; from <i>[state the name and designation of the Company representative]</i> and by the</p>

	inspection of these, performed the following procedures:
7. Agree the name of the Company reflected in the current year's audited annual financial statements dated <i>[insert the date]</i> to the name of the Company documented in the Annual Progress Report.	7. The name of the Company reflected in the current year's audited annual financial statements dated <i>[insert the date]</i> <i>[agrees / does not agree]</i> to the name of the Company documented in the Annual Progress Report.  <b><i>[Provide details of exceptions.]</i></b>
8. Document the accounting framework that was applied in the preparation of the current year's audited annual financial statements, as stated in the notes to the annual financial statements and in the audit report thereon.	8. As stated in the notes to the annual financial statements and in the audit report thereon, the current year's audited annual financial statements were prepared in accordance with <i>[insert the applicable accounting framework]</i> .
9. Agree the financial period covered by the current year's audited annual financial statements to the financial period covered by the Annual Progress Report.	9. The financial period covered by the current year's audited annual financial statements dated <i>[insert the date]</i> <i>[agrees / does not agree]</i> to the financial period covered by the Annual Progress Report.  <b><i>[Provide details of exceptions.]</i></b>
10. Inspect the accounting policies and document any stated changes in accounting policies in the current year for any change(s) to the accounting policies from the prior year that were as a result of a: <ul style="list-style-type: none"> <li>• Decision taken by the Company (i.e. voluntary changes in accounting policy); and/or</li> <li>• Newly issued standard/s or change(s) in an existing standard that is part of the Financial Reporting Framework that necessitated changes to the accounting policies applied by the Company.</li> </ul>	10. We have inspected the accounting policies and noted <i>[change(s) / no change(s)]</i> to the accounting policies in the current year from the prior year that <i>[was / were]</i> as a result of a: <ul style="list-style-type: none"> <li>• Decision taken by the Company (i.e. voluntary changes in accounting policy); and/or</li> <li>• Newly issued standard/s or change(s) in an existing standard that is part of the Financial Reporting Framework that necessitated changes to the accounting policies applied by the Company.</li> </ul> <p>The following change(s) to the accounting policies in the current year from the prior</p>

	<p>year <i>[was / were]</i> noted in note <i>[specify the note number]</i>.</p>
<p>11. Inspect the auditor's report on the current year's audited annual financial statements to identify any:</p> <ul style="list-style-type: none"> <li>• Modifications of the auditor's opinion (i.e. qualified / adverse / disclaimer of opinion), inclusion of emphasis of matter or other matter paragraphs.</li> <li>• Reportable irregularities that were reported to the Independent Regulatory Board for Auditors (IRBA) in terms of Section 45 of the Auditing Profession Act, No. 26 of 2005, as amended (the APA).</li> </ul> <p>Document the modification to either the auditor's opinion or the auditor's report and/or reportable irregularities paragraphs, as stated in the auditor's report.</p>	<p>11. The auditor's report on the current year's audited annual financial statements <i>[contained the following / did not contain]</i> modifications to the audit opinion <i>[and / or]</i> inclusion of emphasis of matter or other matter paragraphs <i>[and / or]</i> reportable irregularities that were reported to the IRBA in terms of Section 45 of the APA.</p> <p><b><i>[Provide the exact wording of any modification and/or reportable irregularities paragraphs.]</i></b></p>

**APPROVED PROJECT AND ASSETS**

Procedures	Findings
<p>12. Agree the envisaged production start date and the actual production start date as per the Annual Progress Report to the dates on the Approval Letter dated <i>[insert the date]</i> and the Engineers' Ready for Commission Report dated <i>[insert the date]</i> respectively.</p>	<p>12. The envisaged production start date and the actual production start date as per the Annual Progress Report <i>[agrees / does not agree]</i> to the dates on the Approval Letter dated <i>[insert the date]</i> and the Engineers' Ready for Commission Report dated <i>[insert the date]</i> respectively.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>

<p>13. Agree the envisaged date of commercial production and the actual date of commercial production as per the Annual Progress Report to the dates on the Engineers' Ready for Commission Report dated <i>[insert the date]</i>.</p> <p><b>[NOTE: Commercial production is when production capacity is greater than or equal to 50%.]</b></p>	<p>13. The envisaged date of commercial production and the actual date of commercial production as per the Annual Progress Report <i>[agrees / does not agree]</i> to the dates on the Engineers' Ready for Commission Report dated <i>[insert the date]</i>.</p> <p><b>[Provide details of exceptions.]</b></p>
<p>14. Obtain from <i>[state the name and designation of the Company representative]</i> the original application form dated <i>[insert the date]</i> of the Company to the DTIC and agree the products, process and Standard Industrial Classification (SIC) codes as per the Annual Progress Report to the respective details as per the original application form dated <i>[insert the date]</i> of the Company to the DTIC and <i>[specify the relevant underlying records inspected]</i>.</p>	<p>14. The products, process and SIC codes as per the Annual Progress Report <i>[agrees / does not agree]</i> to the respective details as per the original application dated <i>[insert the date]</i> obtained from <i>[state the name and designation of the Company representative]</i> and <i>[specify the relevant underlying records inspected]</i>.</p> <p><b>[Provide details of exceptions.]</b></p>
<p>15. Inspect the date of any change(s) to the products and/or processes approved by the DTIC per the amended Approval Letter and document this date. Through the inspection of the <i>[specify the relevant underlying correspondence inspected]</i> and/or <i>[specify the other relevant underlying records inspected]</i>, identify and document the date on which such change was effected by the Company.</p>	<p>15. The amended Approval Letter for approval of changes to approved products and/or processes is dated <i>[insert the date]</i>.</p> <p>Per the <i>[specify the relevant underlying correspondence inspected]</i> and/or <i>[specify the other relevant underlying records inspected]</i> inspected, the date on which such change was effected is <i>[insert the date]</i>.</p>
<p>16. Agree the "project plan &amp; budget" information per the Annual Progress Report to the Company's latest approved budget, the engineer's report and/or <i>[specify other relevant underlying records inspected]</i> dated <i>[insert the dates]</i> respectively and agree this information to the Approval Letter dated <i>[insert the date]</i> and the original application dated <i>[insert the date]</i>.</p>	<p>16. The "project plan &amp; budget" information as per the Annual Progress Report <i>[agrees / does not agree]</i> to the Company's latest approved budget, the engineer's report and/or <i>[specify other relevant underlying records inspected]</i> dated <i>[insert the dates]</i> respectively, and <i>[agrees / does not agree]</i> to the information contained in the Approval Letter dated <i>[insert the date]</i> and the original application dated <i>[insert the date]</i>.</p> <p><b>[Provide details of exceptions.]</b></p>

## BENEFITS FROM OTHER INCENTIVES

Procedures	Findings
<p>17. Obtain from <i>[state the name and designation of the Company representative]</i> the Company's tax computation period ended <i>[insert the period date]</i> and inspect for duplicate incentives claimed under Section 12I(7)(a)(ii).</p> <p>Enquire from <i>[state the name and designation of the Company representative]</i> and document whether the company received any concurrent industrial incentive in terms of Section 12I(7)(a)(ii).</p>	<p>17. We obtained from <i>[state the name and designation of the Company representative]</i> the Company's tax computation period ended <i>[insert the period date]</i> and inspected it.</p> <p><i>[We did not identify duplicate incentives claimed under Section 12I(7)(a)(ii) / the following duplicate incentives were claimed under Section 12I(7)(a)(ii):]</i></p> <p><b><i>[Provide details of duplicate incentives claimed.]</i></b></p> <p>We confirmed, based on enquiry with <i>[state the name and designation of the Company representative]</i>, that the Company <i>[has not received any concurrent industrial incentive in terms of Section 12I(7)(a)(ii) / received the following concurrent industrial incentive in terms of Section 12I(7)(a)(ii):]</i></p> <p><b><i>[Provide details of concurrent incentives received.]</i></b></p>

## MANUFACTURING ASSETS

Procedures	Findings
<p>18. Re-perform castings of the "Total Assets Invested in the Project" schedule as per the Annual Progress Report.</p>	<p>18. We re-performed the castings of the "Total Assets Invested in the Project" schedule as per the Annual Progress Report and <i>[no arithmetical errors were identified / the following arithmetical errors were identified:]</i></p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>Select a sample of assets (including additions) invested in the project from the Annual Progress Report. The sample selection should comprise of:</p> <ul style="list-style-type: none"> <li>All qualifying assets purchased from connected parties as per connected party listing obtained from <i>[state the</i></li> </ul>	<p>We selected the following sample:</p> <p><i>[document the sample]</i></p> <p>and performed the following procedures:</p>



<p><i>name and designation of the Company representative]</i>; and</p> <ul style="list-style-type: none"> <li>• At least 50% in value of the remaining qualifying assets – 50% in value should be obtained by selecting the highest valued qualifying assets until the 50% coverage threshold has been reached).</li> </ul> <p>Document in the AUP report the sample items selected and perform the following procedures:</p>	
<p>19. Agree the “Total Assets Invested in the Project” schedule to the Annual Progress Report and document the details of the selected sample from the “Total Assets Invested in the Project” schedule relating to the qualifying assets selected to <i>[specify the relevant underlying records inspected (e.g. inspect invoices, contracts, proof of delivery and payment confirmation to the supplier)]</i> and determine by the inspection of these documents whether the assets have been acquired.</p>	<p>19. We agreed the “Total Assets Invested in the Project” schedule ‘to the Annual Progress Report relating to the qualifying assets selected to the <i>[specify the relevant underlying records inspected (e.g. inspect invoices, contracts, proof of delivery and payment confirmation to the supplier)]</i> and determined by the inspection of these documents that the assets <i>[have / have not]</i> been acquired.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>20. Re-perform castings and calculations as per the <i>[specify the relevant underlying records inspected (e.g. inspect invoices, contracts, proof of delivery and payment confirmation to the supplier)]</i> inspected in procedure 19 above and agree the total costs and description of the assets to the Annual Progress Report.</p> <p><b><i>[NOTE: Assets are not permitted to be recorded at their revalued amount (if applicable) in the Annual Progress Report, as the allowance is based on the cost of the assets.]</i></b></p>	<p>20. We re-performed castings and calculations as per the <i>[specify the relevant underlying records inspected (e.g. inspect invoices, contracts, proof of delivery and payment confirmation to the supplier)]</i> inspected and <i>[no arithmetical errors were identified / the following arithmetical errors were identified:]</i></p> <p><b><i>[Provide details of exceptions.]</i></b></p> <p>The total costs and description of the assets as per the <i>[specify the relevant underlying records inspected (e.g. inspect invoices, contracts, proof of delivery and payment confirmation to the supplier)]</i> <i>[agrees / does not agree]</i> to the information documented in the Annual Progress Report.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>

<p>21. Enquire from <i>[state the name and designation of the Company representative]</i> whether assets have been acquired from connected persons (as defined in Section 1 of the Act), and obtain from <i>[state the name and designation of the Company representative]</i>:</p> <ul style="list-style-type: none"> <li>• A list of assets from connected persons; and</li> <li>• Confirmation from the connected persons of their historical costs of procuring/manufacturing the asset and agree the costs per the confirmation received to the cost of the asset recorded in the Annual Progress Report.</li> </ul>	<p>21. Based on enquiry with <i>[state the name and designation of the Company representative]</i>, <i>[no assets have been acquired from connected persons (as defined in Section 1 of the Act) / [assets were acquired from connected persons]</i>.</p> <p>We obtained from <i>[state the name and designation of the Company representative]</i> the list of assets acquired from connected persons and obtained confirmations from the connected persons of their historical costs of procuring/manufacturing the asset. The costs per the confirmation received <i>[agrees / does not agree]</i> to the cost recorded in the Annual Progress Report.</p> <p><b><i>[Provide details of exceptions.]</i></b></p> <p>The following confirmations were obtained:</p>
<p>22. By the inspection of <i>[specify the invoices, bills of entry, bills of lading, contracts inspected]</i> and <i>[specify other relevant underlying records inspected]</i> for the respective assets, agree that the assets have been classified in the Annual Progress Report as either sourced locally or imported, in accordance with the document inspected. In the case of imported assets, agree the imported country recorded in the Annual Progress Report to the country stated in the document inspected.</p>	<p>22. We agreed, through the inspection of <i>[specify the invoices, bills of entry, bills of lading, contracts inspected]</i> and <i>[specify other relevant underlying records inspected]</i>, that the assets <i>[have / have not]</i> been classified in the Annual Progress Report as either being sourced locally or imported, in accordance with the document inspected.</p> <p><b><i>[Provide details of exceptions.]</i></b></p> <p>For imported assets, the country recorded on the Annual Progress Report as being imported from <i>[agrees / does not agree]</i> to the country stated in the document inspected.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>23. Inspect the proof of delivery and contracts and compare the date of purchase and/or date of contract to the date of approval of the Approval Letter. Based on the dates obtained, determine and document whether the asset was acquired or contracted for on or after the date of approval of the Approval letter dated <i>[insert the date]</i>.</p>	<p>23. We compared the date of purchase and/or contract date as per the proof of delivery and contracts inspected and, based on the date obtained, determined that the asset <i>[was / was not]</i> acquired or contracted for on or after the date of approval of the Approval letter dated <i>[insert the date]</i>.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>

<p>24. Enquire from <i>[state the name and designation of the Company representative]</i> and inspect <i>[specify the relevant underlying documentation inspected (e.g. invoices and contracts)]</i> to determine whether the assets purchased are disclosed in the Annual Progress Report as New or Used assets in accordance with the description of the asset on the document inspected.</p>	<p>24. Based on enquiry with <i>[insert the name and designation of the Company representative]</i> and the inspection of <i>[specify the relevant underlying documentation inspected (e.g. invoices and contracts)]</i>, the assets purchased <i>[are / are not]</i> disclosed in the Annual Progress Report as New or Used assets in accordance with the description of the asset on the document inspected.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>25.1 Physically inspect the assets as being in current use and not disposed of.</p>	<p>25.1 We physically inspected the assets on <i>[insert the date]</i> and found them to be in use at that date and not disposed of <i>[except for the following assets which could not be inspected for the reasons provided below:]</i></p> <p><b><i>[Provide details of assets not inspected as well as the reasons thereof, including details of assets that have been disposed of and which are included in the Annual Progress Report.]</i></b></p>
<p>25.2 Agree the date on which the asset was brought into use as disclosed in the Annual Progress Report to the date recorded in the <i>[specify the relevant documentation inspected (e.g. invoices, the Company's production records, etc.)]</i>.</p>	<p>25.2 The date on which the asset was brought into use as disclosed in the Annual Progress Report <i>[agrees / does not agree]</i> to the date recorded in <i>[specify the relevant documentation inspected (e.g. invoices, the Company's production records, etc.)]</i>.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>26. Enquire from <i>[state the name and designation of the Company representative]</i> and, through observation of the manufacturing process, determine and document whether the assets are being used in the approved manufacturing process as per the Approval Letter.</p>	<p>26. Based on enquiry with <i>[state the name and designation of the Company representative]</i> and through observation of the manufacturing process on <i>[insert the date]</i>, the assets selected <i>[are / are not]</i> being used in the approved manufacturing process as per the Approval Letter.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>27. Through enquiry of the Company's internal/external engineer(s) and the</p>	<p>27. Based on enquiry with <i>[insert the name of the engineer(s) discussed with]</i> and the</p>

<p>inspection of the engineer's report dated <i>[insert the date]</i>, agree the following information to the Annual Progress Report:</p> <ul style="list-style-type: none"> <li>• The date on which more than 50% of the qualifying assets were brought into use; and</li> <li>• The date on which all the assets will be brought into use.</li> </ul>	<p>inspection of the engineer's report dated <i>[insert the date]</i>, the date on which more than 50% of the qualifying assets were brought into use and the date on which all the assets will be brought into use <i>[agrees / does not agree]</i> to the Annual Progress Report.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>28. Reconcile the total cost of all assets of the Company, including non-qualifying assets, per the Annual Progress Report to the current year's audited annual financial statements as at <i>[insert the date]</i>.</p>	<p>28. The total cost of all assets of the Company, including non-qualifying assets, as per the Annual Progress Report <i>[reconciles / does not reconcile]</i> to the current year's audited annual financial statements as at <i>[insert date]</i>.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>The following procedure is only applicable to the Annual Progress Report issued in the fourth year after the date of approval:</p>	
<p>29. Agree, through the inspection of <i>[specify the relevant underlying documentation inspected (e.g. the engineer's report)]</i>, that more than 50% of qualifying assets have been brought into use within four years from the date of approval as per the Approval Letter dated <i>[insert the date]</i>.</p>	<p>29. Not applicable, as the Annual Progress Report is issued in the <i>[insert the number of the year other than the fourth year]</i> after the date of approval.</p> <p style="text-align: center;">OR</p> <p>Per the inspection of <i>[specify the relevant underlying documentation inspected (e.g. the engineer's report)]</i>, more than 50% of qualifying assets <i>[have / have not]</i> been brought into use within four years from the date of approval as per the Approval Letter dated <i>[insert the date]</i>.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>

## SMALL MEDIUM AND MICRO ENTITIES (SMME) PROCUREMENT

Procedures	Findings
<p>Select a sample of at least 50% in value of the SMMEs that have been contracted for the project (included in the Annual Progress Report) – 50% in value should be obtained by selecting the highest valued transactions with SMMEs until the 50% coverage threshold has been reached. Document in the AUP report the sample items selected and perform the following procedures:</p>	<p>We selected the following sample: <i>[document the sample]</i> and performed the following procedures:</p>
<p>30. Obtain a confirmation from the SMMEs of their average number of full-time employees and annual turnover for the period covered by the Annual Progress Report and identify from the confirmation whether:</p> <ul style="list-style-type: none"> <li>• The average number of full-time employees exceeds or does not exceed 200; and</li> <li>• The annual turnover exceeds or does not exceed R50 million.</li> </ul>	<p>30. Confirmation from SMMEs of their average number of full-time employees and annual turnover for the period covered by the Annual Progress Report was <i>[obtained / not obtained]</i> and identified, per the confirmation, that their average number of full-time employees <i>[does / does not]</i> exceed 200 and their annual turnover <i>[does / does not]</i> exceed R50 million.</p> <p><b><i>[Provide details of exceptions.]</i></b></p> <p>The following confirmations were inspected:</p>
<p>31.1 Agree the value and quantity of goods or services procured from the SMMEs as per the Annual Progress Report to the <i>[specify the original invoices inspected]</i> which the Company obtained from the SMMEs.</p>	<p>31.1 The value and quantity of goods and services procured from the SMMEs as per the Annual Progress Report <i>[agrees / does not agree]</i> to the value and quantity per the <i>[specify the original invoices inspected]</i> which the Company obtained from the SMMEs.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>31.2 By inspection of the date of delivery of the goods or service per the invoices or delivery notes inspected <i>[specify the relevant invoices or delivery notes inspected]</i> above, agree that all invoices or delivery notes fall within the period covered by the Annual Progress Report.</p>	<p>31.2 The date of all proof of delivery documents or invoices <i>[specify the relevant invoices and/or delivery notes inspected]</i> inspected <i>[do / do not]</i> fall within the period covered by the Annual Progress Report.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>

## DIRECT EMPLOYMENT CREATION

Procedures	Findings
<p>Obtain from <i>[state the name and designation of the Company representative]</i> a schedule of full-time direct employees that have been employed as a result of the project by the Company for the financial year of the Annual Progress Report and perform the following procedures:</p>	<p>We obtained from <i>[state the name and designation of the Company representative]</i> a schedule of full-time direct employees that have been employed as a result of the project by the Company for the financial year of the Annual Progress Report and performed the following procedures:</p>
<p>32. Re-perform castings of the schedule.</p>	<p>32. We re-performed castings of the schedule and <i>[no arithmetical errors were identified / the following arithmetical errors were identified:]</i></p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>33. Agree the number of “full-time direct employees” employed by the Company as a result of the project per this schedule to the number of such employees per the Annual Progress Report and to the number of such employees per the <i>[specify the relevant underlying salary and wages records inspected]</i> of the Company.</p>	<p>33. The number of “full-time direct employees” employed by the Company as a result of the project per this schedule <i>[agrees / does not agree]</i> to the number of such employees per the Annual Progress Report and <i>[agrees / does not agree]</i> to the number of such employees per the <i>[specify the relevant underlying salary and wages records inspected]</i> of the Company.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>Select at least 50% of the employees from the schedule obtained in procedures 32 and 33 above by selecting the first item and then every alternate item. Document in the AUP report the sample items selected and perform the following procedures:</p>	<p>We selected the following sample: <i>[document the sample]</i> and performed the following procedures:</p>
<p>34. Inspect the contract or letter of employment between the Company and the employee and agree that the date of employment reflected in the contract or letter falls after the date of the Approval Letter dated <i>[insert the date]</i>.</p>	<p>34. The date of employment reflected in the contract or letter of employment between the Company and the employee falls after the date of the Approval Letter dated <i>[insert the date]</i> <i>[except for the following:]</i>.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>

<p>35. By physically inspecting the identity document (ID or Passport) of the employee or a certified copy thereof contained in the employee personal records maintained by the Company's personnel department, agree the information contained therein to the information recorded in the <i>[specify the relevant underlying salary and wages records inspected]</i>, and to the information recorded in the schedule.</p>	<p>35. The information contained in the employee's ID/Passport or certified copy thereof <i>[agrees / does not agree]</i> to the information recorded in the <i>[specify the relevant underlying salary and wages records inspected]</i>, and <i>[agrees / does not agree]</i> to the information recorded in the schedule.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
--	---

### SUMMARY OF TRAINING EXPENDITURE

Procedures	Findings
<p>36. Agree the total salary and wages amount per the Annual Progress Report to the <i>[specify the relevant underlying salary and wages records inspected]</i> of the Company.</p>	<p>36. The total salary and wages amount per the Annual Progress Report <i>[agrees / does not agree]</i> to the <i>[specify the relevant underlying salary and wages records inspected]</i> of the Company.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>37. Re-perform the calculation of the Training Cost % of the wage bill as contained in the Annual Progress Report.</p>	<p>37. We re-performed the calculation of the Training Cost % of the wage bill as contained in the Annual Progress Report and <i>[no mathematical errors were identified / the following mathematical errors were identified:]</i>.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>Obtain from <i>[state the name and designation of the Company representative]</i> a schedule of Expenditure on the SAQA-approved training as per the Annual Progress Report and perform the following:</p>	<p>We obtained from <i>[state the name and designation of the Company representative]</i> a schedule of Expenditure on the SAQA-approved training as per the Annual Progress Report and performed the following:</p>
<p>38. Re-perform castings of the schedule.</p>	<p>38. We re-performed castings of the schedule and <i>[no arithmetical errors were identified / the following arithmetical errors were identified:]</i></p> <p><b><i>[Provide details of exceptions.]</i></b></p>

<p>39. Agree the total expenditure amount per this schedule to the total expenditure amount per the Annual Progress Report.</p>	<p>39. The total expenditure amount per the schedule <i>[agrees / does not agree]</i> to the total expenditure amount per the Annual Progress Report.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>Select a sample of at least 50% in cost of the training per the above schedule of Expenditure on the SAQA-approved training by selecting the highest valued training cost transactions until the 50% coverage threshold has been reached. Document in the AUP report the sample items selected and perform the following procedures:</p>	<p>We selected the following sample: <i>[document the sample]</i></p> <p>and performed the following procedures:</p>
<p>40. Agree the amount per the <i>[specify the relevant original invoices inspected]</i> to the amount reflected in the schedule.</p>	<p>40. The amount per the <i>[specify the relevant original invoices inspected]</i> <i>[agrees / does not agree]</i> to the amount reflected in the schedule.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>41. Obtain from <i>[state the name and designation of the Company representative]</i> the original invoices relating to the training costs and document the descriptions of the training per the <i>[specify the relevant original invoices inspected]</i> as well as the descriptions of the training per the original application dated <i>[insert the date]</i>.</p>	<p>41. The description of the training as per the <i>[specify the relevant original invoices inspected]</i> obtained as well as the original application dated <i>[insert the—date]</i> is as follows:</p> <p><b><i>[Provide a training cost description per the original invoice and original application.]</i></b></p>
<p>42. Identify and document, by the inspection of the description of the training per the original invoice, and/or <i>[specify the other relevant underlying records inspected]</i> where necessary, whether the training was accredited by the SAQA.</p>	<p>42. Per the description of the training obtained from the original invoice, and/or <i>[specify the other relevant underlying records inspected]</i> inspected, the training provided <i>[was / was not]</i> accredited by the SAQA.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>43. Agree the names of the individual employees per the <i>[specify the relevant underlying training records inspected (e.g. attendance register)]</i> to the schedule obtained in procedures 32 and 33.</p>	<p>43. The names of the individual employees per the <i>[specify the relevant underlying training records inspected (e.g. attendance register)]</i> inspected <i>[agrees / does not agree]</i> to the schedule obtained in procedures 32 and 33.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>



<p>44. Enquire from <i>[state the name and designation of the Company representative]</i> whether the training was provided by a person who is a connected person in relation to the Company. For the training provided by a person who is a connected person in relation to the Company, recalculate the cost of the training in terms of Section 12I(1)(b) of the Act and agree the amount to the schedule.</p> <p><b>[NOTE: Section 12I(1)(b) of the Act states that “in the case of training provided by a person that is a connected person in relation to the taxpayer, so much of the cost charged by the connected person as is incurred in respect of the remuneration of employees who are employed to provide training to the taxpayer’s employees and the cost of materials used by the connected person to provide the training ...”.]</b></p> <p><b>[NOTE: If the procedure is not applicable, then state that it is not.]</b></p>	<p>44. Not applicable, as based on enquiry with <i>[state the name and designation of the Company representative]</i> we identified that the training was not provided by a person who is a connected person in relation to the Company.</p> <p style="text-align: center;">OR</p> <p>Based on enquiry with <i>[state the name and designation of the Company representative]</i> we identified that the training was provided by a person who is a connected person in relation to the Company. We recalculated the cost of the training performed in terms of Section 12I(1)(b) of the Act and <i>[no calculation errors were identified / the following calculation errors were identified:]</i></p> <p><b>[Provide details of exceptions.]</b></p> <p>Our recalculated cost <i>[agrees / does not agree]</i> to the amount reflected in the schedule.</p> <p><b>[Provide details of exceptions.]</b></p>
<p>Obtain from <i>[state the name and designation of the Company representative]</i> a schedule of Expenditure on equivalent training as per the Annual Progress Report and perform the following:</p>	<p>We obtained from <i>[state the name and designation of the Company representative]</i> a schedule of Expenditure on equivalent training as per the Annual Progress Report and performed the following:</p>
<p>45. Re-perform castings of the schedule.</p>	<p>45. We re-performed castings of the schedule and <i>[no arithmetical errors were identified / the following arithmetical errors were identified:]</i></p> <p><b>[Provide details of exceptions.]</b></p>
<p>46. Agree the total expenditure amount per this schedule to the total expenditure amount per the Annual Progress Report.</p>	<p>46. The total expenditure amount per the schedule <i>[agrees / does not agree]</i> to the total expenditure amount per the Annual Progress Report.</p> <p><b>[Provide details of exceptions.]</b></p>

<p>Select a sample of at least 50% in the cost of the training per the above schedule of Expenditure on equivalent training by selecting the highest valued training cost transactions until the 50% coverage threshold has been reached. Document in the AUP report the sample items selected and perform the following:</p>	<p>We selected the following sample:  <i>[document the sample]</i>  and performed the following procedures:</p>
<p>47. Agree the amount per the <i>[specify the relevant original invoices inspected]</i> to the amount reflected in the schedule.</p>	<p>47. The amount per the <i>[specify the relevant original invoices inspected]</i> <i>[agrees / does not agree]</i> to the amount reflected in the schedule.   <b><i>[Provide details of exceptions.]</i></b></p>
<p>48. Obtain the <i>[specify the relevant original invoices inspected]</i> relating to the training costs as well as the original application dated <i>[insert the date]</i> and document the descriptions of the training per the original invoice as well as the descriptions of the training per the original application dated <i>[insert the date]</i>.</p>	<p>48. The description of the training as per the <i>[specify the relevant original invoices inspected]</i> as well as the original application dated <i>[insert the date]</i> obtained is as follows:   <b><i>[Provide a training cost description per the original invoice and original application.]</i></b></p>
<p>49. Agree the names of the individual employees per <i>[specify the relevant underlying training records inspected (e.g. attendance register)]</i> to the schedule obtained in procedures 32 and 33.</p>	<p>49. The names of the individual employees per <i>[specify the relevant underlying training records inspected (e.g. attendance register)]</i> inspected <i>[agrees / does not agree]</i> to the schedule obtained in procedures 32 and 33.   <b><i>[Provide details of exceptions.]</i></b></p>
<p>50. Enquire from <i>[state the name and designation of the Company representative]</i> whether the training was provided by a person who is a connected person in relation to the Company. For the training provided by a person who is a connected person in relation to the Company, recalculate the cost of the training in terms of Section 12I(1)(b) of the Act and agree the amount to the schedule.   <b><i>[NOTE: Section 12I(1)(b) of the Act states “in the case of training provided by a person</i></b></p>	<p>50. Not applicable, as based on enquiry with <i>[state the name and designation of the Company representative]</i> we identified that the training was not provided by a person who is a connected person in relation to the Company.   OR   Based on enquiry with <i>[state the name and designation of the Company representative]</i> we identified that the training was provided by a person who is a connected person in relation to the Company. We recalculated the cost of the training performed in terms of</p>

<p><i>that is a connected person in relation to the taxpayer, so much of the cost charged by the connected person as is incurred in respect of the remuneration of employees who are employed to provide training to the taxpayer's employees and the cost of materials used by the connected person to provide the training ... ”.]</i></p>	<p>Section 12I(1)(b) of the Act and no calculation errors were identified, <i>[except for the following:]</i></p> <p><b><i>[Provide details of exceptions.]</i></b></p> <p>Our recalculated cost <i>[agrees / does not agree]</i> to the amount reflected in the schedule.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
--	--

## ALLOWANCE UTILISATION

Procedures	Findings
<p>51. Agree the allowance approved for the two allocation categories, namely, the Investment Allowance and Training Allowance, as per the Annual Progress Report, to the allowance approved per the Approval letter dated <i>[insert the date]</i>.</p>	<p>51. The allowance approved per the Annual Progress Report for the two allocation categories, namely, the Investment Allowance and Training Allowance, <i>[agrees / does not agree]</i> to the allowance approved per the Approval letter dated <i>[insert the date]</i>.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>52. Agree the allowances already deducted per the Annual Progress Report for the year(s) <i>[include the applicable year or years]</i> to the allowances deducted per the income tax returns (IT14) submitted by the Company to the South African Revenue Service (SARS) for the year ended <i>[insert the date]</i>, and to the amounts reported in previous Annual Progress Reports for the year(s) <i>[include the applicable year or years]</i>.</p>	<p>52. The allowances already deducted per the Annual Progress Report for the year(s) <i>[include the applicable year or years]</i> <i>[agrees / does not agree]</i> to the allowances deducted per the income tax returns (IT14) submitted by the Company to SARS for the year ended <i>[insert the date]</i>, and <i>[agrees / does not agree]</i> to the amounts reported in previous Annual Progress Reports for the year(s) <i>[include the applicable year or years]</i>.</p> <p><b><i>[Provide details of exceptions.]</i></b></p>
<p>53. Re-perform castings of the schedule of the net allowance available to the Company and agree it to the amount reflected in the Annual Progress Report.</p>	<p>53. We re-performed castings of the schedule of the net allowance available to the Company and <i>[no calculation errors were identified / the following calculation errors were identified:]</i></p> <p><b><i>[Provide details of exceptions.]</i></b></p> <p>The net allowance available to the Company <i>[agrees / does not agree]</i> to the amount reflected in the Annual Progress Report.</p>

	<b><i>[Provide details of exceptions.]</i></b>
54. Re-perform castings of the allowance utilisation schedule per the Annual Progress Report.	54. We re-performed castings of the allowance utilisation schedule per the Annual Progress Report and <i>[no arithmetical errors were identified / the following arithmetical errors were identified:]</i>  <b><i>[Provide details of exceptions.]</i></b>

---

*[Auditor's Signature]*  
*[Name of the individual registered auditor]*  
*[Capacity, if not a sole practitioner*  
*e.g. Director/Partner]*  
*Registered Auditor*  
*[Date of the auditor's report]*  
*[Auditor's address]*