

SAAPS 3 (Revised November 2013)



South African Auditing Practice Statement

Illustrative Reports

Independent Regulatory Board for Auditors
PO Box 8237, Greenstone, 1616
Johannesburg

This South African Auditing Practice Statement (SAAPS) 3 (Revised November 2013), *Illustrative Reports* was prepared by the Committee for Auditing Standards (CFAS) of the Independent Regulatory Board for Auditors (IRBA) and was approved for issue in November 2013.

SAAPS 3 (Revised November 2013) provides practical assistance to auditors when reporting on financial statements 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 and the Public Audit Act.

SAAPS 3 (Revised November 2013) contains conforming amendments arising from the withdrawal of the *South African Statements of Generally Accepted Accounting Practice* (SA GAAP) from 1 December 2012 and the issue of the Accounting Standards Board (ASB) Directive 5 Appendix I.

SAAPS 3 (Revised November 2013) includes illustrative review reports for the ISRE 2400 (Revised) *Engagements to Review Historical Financial Statements* effective for reviews of historical financial statements for periods ending on or after 31 December 2013. The existing illustrative review reports for ISRE 2400 *Engagements to Review Financial Statements* are retained as they may continue to be used for reviews of financial statements for periods ending prior to 31 December 2013.

SAAPS 3 (Revised November 2013) may be downloaded free-of-charge in both Word and PDF Format from the IRBA website: www.irba.co.za.

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SOUTH AFRICAN AUDITING PRACTICE STATEMENT 3

(REVISED NOVEMBER 2013)

ILLUSTRATIVE REPORTS

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This South African Auditing Practice Statement (SAAPS) 3 (Revised November 2013), *Illustrative Reports* provides guidance to registered auditors on the layout and wording of assurance reports that meet the requirements of the IAASB's International Standards on Auditing (ISAs) and on Review Engagements (ISREs) and comply with South African jurisdictional requirements, mainly the Companies Act and the Public Audit Act.

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

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

In terms of section 1 of the Auditing Profession Act, No 26 of 2005 (the Act), a South African Practice Statement is included in the definition of "auditing pronouncements" and in terms of the Act, the auditor must, in the performance of an audit, comply with those standards, practice statements, guidelines and circulars developed, adopted, issued or prescribed by the Regulatory Board.

Introduction

Scope

1. This 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). Reading this SAAPS is not a substitute for reading the ISAs, the ISREs, the Companies Act and the 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* and ISRE 2400 (Revised) *Engagements to Review Historical Financial Statements*.
3. The guidance and illustrative reports contained in this SAAPS does 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 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 (Revised) *Financial Reporting Frameworks and the Auditor's Report*.
 - Provide guidance on the application of the International Standards on Assurance Engagements (ISAEs) and on the International Standards on Related Services (ISRSs). These standards should be referred to for applicable illustrative reports.
4. The guidance in Part A sets out:
 - An illustrative auditor's report (based on ISA 700) and independent reviewer's reports (based on ISRE 2400 and ISRE 2400 (Revised)) 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 for public sector entities described in section 4(3) of the PAA that the Auditor-General of South Africa (AGSA) has opted not to audit.
5. The guidance includes notes on the application of paragraphs 20 to 42 of ISA 700; paragraphs 26 to 28 of ISRE 2400 and paragraphs 86 to 92 of ISRE 2400 (Revised) and certain sections of the Companies Act relative to the assurance report.
 6. 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*
 7. 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.
 8. 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.
 9. Illustrative examples of ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, and ISA 810, *Engagements to Report on Summary Financial Statements*, reports that meet the requirements of the JSE Limited Listings Requirements will be dealt with in the proposed *Guide for Registered Auditors: Reporting on Interim, Preliminary, Provisional and Abridged Reports* to be issued shortly.

10. 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.
11. This SAAPS contains Appendix I: Linking Going Concern Considerations with Auditor and Reviewer Reports.

Independent Review

12. The Regulations to the Companies Act require that annual financial statements are independently reviewed in accordance with ISRE 2400¹. ISRE 2400 (Revised) was issued in September 2012 and is effective for reviews of financial statements for periods ending on or after 31 December 2013. ISRE 2400 (Revised) distinguishes between "Requirements" and "Application Material" and makes clear the distinguishing features of a review engagement.
13. The extant standard, ISRE 2400 may be used for the review of financial statements for periods ending before 31 December 2013 where a practitioner applies the extant ISRE 2400. The illustrative report in Part A, Example 2 must be used.
14. Early adoption of ISRE 2400 (Revised) is permitted. Where a practitioner does so, the practitioner shall not represent compliance with ISRE 2400 (Revised) unless all the requirements of the ISRE relevant to the review engagement have been complied with.²

1 Companies Act, Regulation 29(3)

2 ISRE 2400 (Revised), paragraph 20

Part A

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 is applicable to statutory annual financial statements which include the financial statements and other reports required by the Companies Act. The financial statements are prepared in accordance with a general purpose financial reporting framework that achieves fair presentation. This report incorporates the guidance set forth in ISA 700 with respect to the auditor's report on the financial statements, and draws from ISA 720 with respect to the other reports, 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 Statements³

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 statement of comprehensive income, statement of changes in equity and statement of 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 Standards⁴ and the requirements of the

3 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.

4 May refer to *South African Statements of Generally Accepted Accounting Practice (SA GAAP)* or the *International Financial Reporting Standard on Small and Medium-sized Entities*, as applicable. Please note that SA GAAP has been withdrawn and will cease to apply in respect of financial years commencing on or after 1 December 2012. The AC 500 Standards formally formed part of SA GAAP and have been replaced by the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee

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 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate⁵ for the purpose of identifying whether there are material inconsistencies

5 Delete whichever is not applicable

between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.^[N9]

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^[N10]

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. Extant ISRE 2400: 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 is applicable to statutory annual financial statements which include the financial statements and the directors’ report required by the Companies Act. The financial statements are prepared in accordance with a general purpose financial reporting framework that achieves fair presentation. This report incorporates the guidance set forth in ISRE 2400 with respect to the independent reviewer’s report on the financial statements and draws from ISA 720 with respect to the directors’ report, and the requirements of the Companies 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 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 report contained below is 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 Statements⁶

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

6 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

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 Entities⁷ 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 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 these financial statements do not present fairly, in all material respects^[N8], the financial position of ABC Proprietary Limited as at

7 May refer to *South African Statements of Generally Accepted Accounting Practice (SA GAAP)* or *International Financial Reporting Standards*, as applicable. Please note that SA GAAP has been withdrawn and will cease to apply in respect of financial years commencing on or after 1 December 2012. The AC 500 Standards formally formed part of SA GAAP and have been replaced by the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee

31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa

Other reports required by the Companies Act

As part of our independent review of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report⁸ for the purpose of identifying whether there are material inconsistencies between this report and the reviewed financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the reviewed financial statements. However, we have not reviewed the Directors' Report and accordingly do not express a conclusion thereon.^[N9]

Report on Other Legal and Regulatory Requirements

[Form and content of this section of the independent reviewer's report will vary depending on the nature of the independent reviewer's other reporting responsibilities.]⁹

Independent Reviewer's signature ^[N10]

Name of individual reviewer

Registered Auditor

Date of the independent reviewers report

Independent Reviewer's address

8 If provided for by the Memorandum of Incorporation, include the Audit Committee Report and/or the Company Secretary's Certificate

9 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. ISRE 2400 (Revised): Independent reviewer's report on a complete set of general purpose financial statements prepared in accordance with a fair presentation framework

The unmodified illustrative report below is applicable to statutory annual financial statements which include the financial statements and the directors' report required by the Companies Act. The financial statements are prepared in accordance with a general purpose financial reporting framework that achieves fair presentation. This report incorporates the guidance set forth in ISRE 2400 (Revised) with respect to the independent reviewer's report on the financial statements and draws from ISA 720 with respect to the directors' report, and the requirements of the Companies Act. The adaptations in the illustrative report are referenced to the appropriate notes.

Independent Reviewer's Report

To the Shareholders of ABC Proprietary Limited^[N1]

Report on the Financial Statements¹⁰

We have reviewed the financial statements^[N2] of ABC Proprietary Limited set out on pages ... to ...^[N3], which comprise the statement of financial position as at 31 December 20X1 and the statement of comprehensive income, statement of changes in equity and statement of 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 Entities¹¹ 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]

10 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

11 May refer to *South African Statements of Generally Accepted Accounting Practice* (SA GAAP) or International Financial Reporting Standards, as applicable. Please note that SA GAAP has been withdrawn and will cease to apply in respect of financial years commencing on or after 1 December 2012. The AC 500 Standards formally formed part of SA GAAP and have been replaced by the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee

Independent Reviewer's Responsibility

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

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

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

Conclusion

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

Other reports required by the Companies Act

As part of our independent review of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report¹² for the purpose of identifying whether there are material inconsistencies between this report and the reviewed financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the reviewed financial statements. However, we have not reviewed the Directors' Report and accordingly do not express a conclusion thereon. ^[N9]

12 If provided for by the Memorandum of Incorporation, include the Audit Committee Report and/or the Company Secretary's Certificate

Report on Other Legal and Regulatory Requirements

*[Form and content of this section of the independent reviewer's report will vary depending on the nature of the independent reviewer's other reporting responsibilities.]*¹³

Independent Reviewer's signature ^[N10]

Name of individual reviewer

Registered Auditor

Date of the independent reviewers report

Independent Reviewer's address

13 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).

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

The unmodified illustrative report below is applicable to statutory annual financial statements which include the financial statements and other reports required by the Companies Act. The financial statements are prepared in accordance with the applicable financial reporting framework. It incorporates the guidance set forth in ISA 700 with respect to the auditor’s report on the financial statements when the AGSA has opted not to perform the audit of a public sector entity in terms of section 4(3) of the PAA, and draws from ISA 720 with respect to the other reports, and the requirements of the Public Finance Management Act and Companies Act. The adaptations in the illustrative report are referenced to the appropriate notes.

Independent Auditor’s Report

To [the appropriate addressee]^[N1] on [name of entity]

Report on the [Consolidated] Financial Statements¹⁴

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] statement of [financial performance / comprehensive income], statement of changes in [net assets / equity] and statement of 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 which constitutes the accounting authority is responsible for the preparation and fair presentation of these [consolidated and separate] financial statements in accordance with [applicable financial reporting framework¹⁵] and the requirements of the [Public Finance Management Act of

14 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.

15 The ASB’s, Appendix I (1 April 2012) to Directive 5, dealing with Statements of Generally Accepted Accounting Practice (GAAP) as at 1 April 2012 recognises the withdrawal of Statements of GAAP from 1 December 2012 (per footnote 11 above).

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 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

For those Government Business Enterprises (GBE's) that apply Statements of GAAP, the ASB has agreed that, as an interim measure, these entities should continue to apply Statements of GAAP (as issued at 1 April 2012) – called "GAAP Reporting Framework" – until the ASB has undertaken more extensive research to identify the most appropriate framework.

Appendix I (1 April 2012) to Directive 5 also provides the basis for determining Statements of GAAP. Refer also to the conforming amendments in SAAPS 2, *Financial Reporting Frameworks and the Auditor's Report* in this regard

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. [*Insert matters emphasised*]

Other matters

We draw attention to the matter(s) below. Our opinion is not modified in respect of these matters. [*Insert other matters*]

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate¹⁶ for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports. ^[N9]

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 ^[N10]

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

16 Delete whichever is not applicable

Notes

*Addressee*¹⁷

N1. The auditor's report (or independent reviewer'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 prepared¹⁸. In the case of a South African company, the report is addressed to the shareholders or members, as applicable, when the Companies Act (including the Companies Regulations) requires the company to be audited. In the case of a company, the appropriate use of "Shareholders" or "Members" is in accordance with the definitions contained in the Companies Act.

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

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.

The report may be addressed to shareholders, trustees or other identified users in addition to Parliament or the provincial legislature where there are persons or classes of persons for whom the report has been prepared (not the board of directors or accounting authority that is responsible for preparing the financial statements). If the PFMA or MFMA is not applicable to an entity and the financial statements are not required to be tabled in Parliament or the provincial legislature, the auditor's report should be addressed to the appropriate level of oversight, normally the responsible Minister.

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

18 ISA 700, paragraph A16

Financial statements

- N2. The financial statements form part of the annual financial statements prescribed by the Companies Act. The annual financial statements of a company must include an auditor's report if the financial statements are audited.¹⁹

*Page numbers*²⁰

- 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 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 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.²¹ A complete set of financial statements is identified by the applicable financial reporting framework²² 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.

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

20 ISA 700, paragraph A18

21 ISA 700, paragraph 23(c) and ISRE 2400, paragraph 26(c)(i)

22 ISA 700, paragraph A17

The introductory paragraph in the illustrative reports does not refer to 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; such an additional statement of financial position forms part of the comparative information which is not separately identified in the introductory paragraph of the report.

The annual financial statements comprise a complete set of financial statements identified in accordance with the applicable financial reporting framework and the disclosure requirements of the Companies Act.²³ A directors' report is not identified in the financial reporting framework applicable to a complete set of financial statements which must be "standalone", that is the financial statements fully comply with the disclosure requirements of the applicable financial reporting framework.

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 director²⁴. 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.²⁵
- Public entities registered as a company – The board of directors, which constitutes the accounting authority.

If the PFMA or MFMA is not applicable to an entity, the party responsible for the preparation of the financial statements in terms of the legislation that governs

23 Companies Act, 2008, sections 29(1) and 30(3)(a) and (b)
 24 Companies Act, 2008, section 30(3)(c)
 25 PFMA section 55(1)

that entity should be inserted.

Applicable financial reporting framework

- N6. When the financial reporting framework is supplemented by legal or regulatory requirements, reference must be made to the legislation concerned²⁶. 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.

The General Notice (Directive) issued by the AGSA in terms of the PAA provides further information and requirements regarding the financial reporting frameworks and bases of accounting applicable to public sector entities. The ASB's, Appendix I (1 April 2012) to Directive 5, dealing with Statements of Generally Accepted Accounting Practice (GAAP) as at 1 April 2012 recognises the withdrawal of Statements of GAAP from 1 December 2012 (per footnote 11 above). For those Government Business Enterprises (GBE's) that apply Statements of GAAP, the ASB has agreed that, as an interim measure, these entities should continue to apply Statements of GAAP (as issued at 1 April 2012) – called "GAAP Reporting Framework" – until the ASB has undertaken more extensive research to identify the most appropriate framework. Appendix I (1 April 2012) to Directive 5 also provides the basis for determining Statements of GAAP. Refer also to the conforming amendments in SAAPS 2, *Financial Reporting Frameworks and the Auditor's Report* in this regard.

- 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 approve²⁷ 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 error²⁸.

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.

26 ISA 210.18 and ISA 700.A31

27 Companies Act, 2008, section 30(3)(c) and (d)

28 ISA 700, paragraphs 26 and A20-A23

Directors' Report, Audit Committee's Report and the Company Secretary's Certificate

N9. The Directors' Report²⁹, the Audit Committee's Report³⁰ (when applicable) and the Company Secretary's Certificate³¹ (when applicable), forms part of the annual financial statements prescribed by the Companies Act that must be audited or reviewed, as and when applicable. The information in these reports is not in the form of an assertion and the subject matters are not identifiable and capable of consistent evaluation or measurement against identified criteria.³² Consequently, the opinion expressed on the financial statements does not extend to the information contained in these reports as the auditor has no basis for concluding that the information is properly stated.

However, the auditor has responsibilities in accordance with ISA 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*, which requires the auditor to read the other information to identify material inconsistencies, if any with the audited financial statements³³. When the auditor reads the other information, the auditor does so in the light of the knowledge the auditor has acquired during the audit. We have drawn from that standard and evolving international best practice in the wording of the paragraph headed "*Other reports required by the Companies Act*".

The guidance in the preceding paragraph is considered to apply equally to an independent reviewer.³⁴

When an auditor's report on financial statements contains a qualified opinion, an adverse opinion or a disclaimer of opinion, the wording in the paragraph headed "*Other reports required by the Companies Act*" in the illustrative reports may require amendment. The auditor considers whether the qualified opinion, adverse opinion or disclaimer of opinion has any effect, or possible effect, on the consistency of those reports with the audited or reviewed financial statements and, if so, the auditor amends the wording appropriately having regard to the circumstances.

The Auditor's signature

N10. The illustrative report assumes that the auditor and independent reviewer is a Registered Auditor (RA) and that the relevant report is presented on a

29 Companies Act, 2008, section 30(b)
 30 Companies Act, 2008, section 94(7)(f)
 31 Companies Act, 2008, section 88(2)(e)
 32 International Framework for Assurance Engagements, paragraph 32
 33 ISA 720, paragraph 6
 34 ISRE 2400, paragraph 2

letterhead. The signing convention illustrated is set out in Section 150.6 of the Code of Professional Conduct for Registered Auditors and requires, in addition to the auditor's signature and date of the auditor's report:

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

These requirements have been adapted accordingly for independent reviewer reports.

Part B**Illustrative Reports**

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ILLUSTRATIVE REPORTS

Audited Financial Statements

Unmodified Reports

1. 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 statements of financial position as at 31 December 20X1, and the statements of comprehensive income, statements of changes in equity and statements of 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 and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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. 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' Report and accordingly do not express an opinion thereon.

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 (non-profit company) (IFRS)

Circumstances include:

- Non-profit company
- Financial statements prepared in accordance with IFRS, including a directors' report as required by the Companies Act
- Unmodified opinion
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary

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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' Report and accordingly do not express an opinion thereon.

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 (entity specific basis of accounting)

Circumstances include:

- Voluntary audit
- Profit company (not state owned or public) where the public interest score is less than 100 and the financial statements are internally compiled. The financial statements are intended for the purpose of providing financial information to the shareholders, considered specific users
- The 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
- Unmodified opinion
- Restriction on distribution and use
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary

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 statement of comprehensive income and statement of 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, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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.

Basis of Accounting

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

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' Report and accordingly do not express an opinion thereon.

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. 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'
- Ongewysigde mening

Onafhanklike Ouditeursverslag

Aan die Aandeehouers van ABC Beperk³⁵

Verslag oor die Finansiële State

Ons het die 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 staat van omvattende inkomste, staat van veranderinge in ekwiteit en staat van 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 'International Financial Reporting Standards'³⁶ 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.

35 Die onderopskrif "Verslag oor die Finansiële State" is onnodig waar die tweede onderopskrif "Verslag oor Ander Regs en Regulatoriese Vereistes" nie toepaslik is nie.
 36 Mag verwys na 'South African Statements of Generally Accepted Accounting Practice' (SA GAAP) of die 'International Financial Reporting Standard for Small and Medium-sized Entities', soos toepaslik. Neem kennis dat SA GAAP onttrek is en sal nie verder van toepassing wees ten opsigte van die finansiële jare met en vanaf 1 Desember 2012.

'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.³⁷ '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 gehele 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 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.

Ander verslae wat deur die Maatskappywet vereis word

As deel van ons oudit van die finansiële state vir die jaar geëindig 31 Desember 20X1 het ons die Direkteursverslag, die Verslag van die Ouditkomitee en die Sertifikaat van die Maatskappysekretaris³⁸ deurgelees om te bepaal of daar wesenlike teenstrydighede tussen hierdie verslae en die geouditeerde finansiële state is. Hierdie verslae is die verantwoordelikheid van die verskeie opstellers daarvan. Gebaseer op die deurlees van hierdie verslae het ons nie wesenlike teenstrydighede tussen hierdie verslae en die geouditeerde finansiële state geïdentifiseer nie. Ons het hierdie verslae egter nie geoudit nie en spreek dienooreenkomstig nie 'n mening oor hierdie verslae uit nie.

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.]

37 Waar die ouditeur ook 'n verantwoordelikheid het om 'n mening oor die effektiwiteit van interne beheer tesame met die oudit 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 is."

38 Skrap wat nie van toepassing is nie

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

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

Omstandighede:

- Hierdie verslag is 'n vertaling van voorbeeld "1" 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 Aandeehouers van ABC Beperk

Ons het die gekonsolideerde en afsonderlike finansiële state van ABC Beperk, soos uiteengesit op bladsye ... tot ..., geoudit. Hierdie gekonsolideerde en afsonderlike finansiële state bestaan uit die state van finansiële stand soos op 31 Desember 201X, en die state van omvattende inkomste, state van veranderings in ekwiteit en state van 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 gekonsolideerde en afsonderlike finansiële state ooreenkomstig 'International Financial Reporting Standards' en die vereistes van die Maatskappywet van Suid-Afrika, en vir sodanige interne beheer as wat die direkteure nodig ag om die opstel van gekonsolideerde en afsonderlike 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 gekonsolideerde en afsonderlike 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 gekonsolideerde en afsonderlike 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 gekonsolideerde en afsonderlike finansiële state, in alle wesentliche 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.

Ander verslae wat deur die Maatskappywet vereis word

As deel van ons audit van die gekonsolideerde en afsonderlike finansiële state vir die jaar geëindig 31 Desember 20X1 het ons die Direkteursverslag, die Verslag van die Ouditkomitee en die Sertifikaat van die Maatskappysekretaris deurgelees om te bepaal of daar wesentliche teenstrydighede tussen hierdie verslae en die geouditeerde gekonsolideerde en afsonderlike finansiële state is. Hierdie verslae is die verantwoordelikheid van die verskeie opstellers daarvan. Gebaseer op die deurlees van hierdie verslae het ons nie wesentliche teenstrydighede tussen hierdie verslae en die geouditeerde gekonsolideerde en afsonderlike finansiële state geïdentifiseer nie. Ons het hierdie verslae egter nie geaudit nie en spreek dienooreenkomstig nie 'n mening oor hierdie verslae uit nie.

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. Finansiële state (IFRS for SMEs)

Omstandighede:

- Hierdie verslag is 'n vertaling van voorbeeld "2" 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 Aandehouers van ABC Eiendoms Beperk

Ons het die finansiële state van ABC Eiendoms Beperk, soos uiteengesit op bladsye ... tot ..., geoudit. Hierdie finansiële state bestaan uit die staat van finansiële stand soos op 31 Desember 201X, en die staat van omvattende inkomste, staat van veranderings in ekwiteit en staat van 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 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 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 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.

Ander verslae wat deur die Maatskappywet vereis word

As deel van ons oudit van die finansiële state vir die jaar geëindig 31 Desember 20X1 het ons die Direkteursverslag deurgelees om te bepaal of daar wesenlike teenstrydighede tussen hierdie verslag en die geouditeerde finansiële state is. Die Direkteursverslag is die verantwoordelikheid van die direkteure. Gebaseer op die deurlees van die Direkteursverslag het ons nie wesenlike teenstrydighede tussen hierdie verslag en die geouditeerde finansiële state geïdentifiseer nie. Ons het die Direkteursverslag egter nie geoudit nie en spreek dienooreenkomstig nie 'n mening oor hierdie verslag uit nie.

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

Modified reports

Other matters

8. 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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

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

Circumstances include:

- 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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

10. 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 statement of comprehensive income, statement of changes in equity and statement of 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 [*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*]. *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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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 notes

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.³⁹

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.

³⁹ The director's should disclose management plans to deal with the events or conditions

11. 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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

12. Going concern assumption inappropriate – adverse opinion

Circumstances include:

- 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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

13. 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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

14. 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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

15. Company has ceased trading in the prior year

Circumstances include:

- The company has ceased trading in the prior year 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
- Memorandum of Incorporation does not provide for the appointment of an audit committee and a company secretary

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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Directors' Report is the responsibility of the directors'. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited Directors' Report and accordingly do not express an opinion thereon.

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

16. 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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 financial statements.

* 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

17. 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 statement of comprehensive income, statement of changes in equity and statement of 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

Note x to the financial statements 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. Note x 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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 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 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

18. 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 statement of comprehensive income, statement of changes in equity and statement of 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 to the financial statements as a whole.

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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Auditor's Signature

Name of individual registered auditor

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

Registered Auditor

Date of auditor's report

Auditor's address

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

Circumstances include:

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

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 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 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 on the consolidated financial statements and our unqualified audit opinion on the separate financial statements.

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

The financial statements of a subsidiary are materially misstated as the subsidiary did not depreciate property, plant and equipment, as required by International Financial Reporting 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.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the

respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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

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

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 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 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.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the

respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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. Inability to obtain sufficient appropriate audit evidence – qualified opinion

Circumstances include:

- 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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. 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 statement of comprehensive income, statement of changes in equity and statement of 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

Included in accounts payable is an amount of Rxxx. The company did not have adequate internal controls to maintain records of accounts payable for goods and services received but not yet paid. We were unable to obtain sufficient appropriate audit evidence to substantiate the accruals disclosed in note x to the financial statements. As a consequence, we were unable to determine whether any adjustments were required to the financial statements arising from accounts payable and accruals not brought to account or incorrectly stated.

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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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. 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 material but not 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 statement of comprehensive income, statement of changes in equity and statement of 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.

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. Misstatements – individually immaterial, financial statements as a whole are materially misstated, and insufficient audit evidence – qualified opinion

Circumstances include:

- Individually immaterial departures from International Financial Reporting Standards but material in aggregate
- The misstatements in aggregate are material (effects) together with the insufficient audit evidence (possible effects)
- 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 statement of comprehensive income, statement of changes in equity and statement of 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 financial statements are misstated due to the cumulative effect of individually uncorrected misstatements identified during the course of our audit with respect to the following disclosures:

- [List misstated disclosures together with Rand value]

We were unable to obtain sufficient appropriate audit evidence to substantiate the following disclosures:

- [List disclosures together with Rand value]

Qualified Opinion

In our opinion, except for the effects and the possible effects of the respective matters 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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 – IFRS disclosures not made by the directors and auditor makes the required disclosures in the auditor’s report – qualified opinion

Circumstances include:

- The directors of the company have not made certain disclosures in the financial statements as required by IFRS
- The auditor identifies those non-disclosures in the auditor’s report
- 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 statement of comprehensive income, statement of changes in equity and statement of 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 ultimate controlling party of ABC Limited is XYZ Limited. Contrary to the requirements of IAS 24, 'Related party disclosures', management has not disclosed either this information or the transactions and balances with this party in the accompanying financial statements. At the year end, an outstanding current liability of Rxxx was due to XYZ Limited (20X0: Rxxx) and, during the year ABC Limited purchased Rxxx of inventory from XYZ Limited (20X0: Rxxx).

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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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 – IFRS disclosures not made by the directors and auditor does not make the required disclosures in the auditor’s report as it is impracticable to do so – qualified opinion

Circumstances include:

- The directors of the company have not made certain disclosures in the financial statements as required by IFRS
- The auditor does not identify those non-disclosures in the auditor’s report as it is impracticable to do so
- 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 statement of comprehensive income, statement of changes in equity and statement of 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 financial statements do not contain information about the extent of the company's reliance on its major customers as required by International Financial Reporting Standards (IFRS) 8, Operating segments. Management has not provided us with this information. We have not included the omitted information in our auditor's report as it was impracticable to do so.

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.

Other reports required by the Companies Act of South Africa

As part of our audit of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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 "10" 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 Aandehouers 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 staat van omvattende inkomste, staat van veranderings in ekwiteit en staat van 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 auditbewyse 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 auditprosedures 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 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 *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. *Aantekening X* dui ook aan dat hierdie omstandighede, tesame met ander aangeleenthede, die bestaan van 'n wesenlike onsekerheid aandui wat beduidende twyfel kan werp oor die maatskappy se vermoë om as 'n lopende saak voort te bestaan.

Ander verslae wat deur die Maatskappywet vereis word

As deel van ons oudit van die finansiële state vir die jaar geëindig 31 Desember 20X1 het ons die Direkteursverslag, die Verslag van die Ouditkomitee en die Sertifikaat van die Maatskappysekretaris deurgelees om te bepaal of daar wesenlike teenstrydighede tussen hierdie verslae en die geouditeerde finansiële state is. Hierdie verslae is die verantwoordelikheid van die verskeie opstellers daarvan. Gebaseer op die deurlees van hierdie verslae het ons nie wesenlike teenstrydighede tussen hierdie verslae en die geouditeerde finansiële state geïdentifiseer nie. Ons het hierdie verslae egter nie geoudit nie en spreek dienooreenkomstig nie 'n mening oor hierdie verslae uit nie.

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

Verduidelikende openbaarmaking in die aantekeninge

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 wesenlike 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 "11" 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 ..., geoudit. Hierdie finansiële state bestaan uit die staat van finansiële stand soos op 31 Desember 201X, en die staat van omvattende inkomste, staat van veranderings in ekwiteit en staat van 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 '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 auditbewyse 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 auditprosedures 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 kontantvloei vir die jaar wat op daardie datum geëindig het, ooreenkomstig 'International Financial Reporting Standards' en die vereistes van die Maatskappywet van Suid-Afrika.

Ander verslae wat deur die Maatskappywet vereis word

As deel van ons oudit van die finansiële state vir die jaar geëindig 31 Desember 20X1 het ons die Direkteursverslag, die Verslag van die Ouditkomitee en die Sertifikaat van die Maatskappysekretaris deurgelees om te bepaal of daar wesenlike teenstrydighede tussen hierdie verslae en die geouditeerde finansiële state is. Hierdie verslae is die verantwoordelikheid van die verskeie opstellers daarvan. Gebaseer op die deurlees van hierdie verslae het ons nie wesenlike teenstrydighede tussen hierdie verslae en die geouditeerde finansiële state geïdentifiseer nie. Ons het hierdie verslae egter nie geoudit nie en spreek dienooreenkomstig nie 'n mening oor hierdie verslae uit nie.

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:

- Report prepared in accordance with ISRE 2400 (Revised)⁴⁰
- 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. The financial statements 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 statement of comprehensive income, statement of changes in equity and statement of 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 these financial statements in accordance with the basis of accounting described in note xx and the

40 Refer to Part A, Example 2 for an example of a report prepared in accordance with the extant ISRE 2400

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

Independent Reviewer's Responsibility

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

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

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

Conclusion

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

Basis of Accounting

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

Other reports required by the Companies Act

As part of our independent review of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the reviewed financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the reviewed financial statements. However, we have not reviewed the Directors' Report and accordingly do not express a conclusion thereon.

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:

- Die verslag is saamgestel in lyn met ISRE 2400 (Revised) maatreëls⁴¹
- 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 state is opgestel ooreenkomstig 'IFRS for SMEs'
- 'n Firma wat 'n Geregistreerde Ouditeur is, is aangestel as onafhanklike nasiener
- Ongemodifiseerde gevolgtrekking

Onafhanklike Nasienersverslag

Aan die Aandehouers van ABC Eiendoms Beperk

Verslag oor die Finansiële State⁴²

Ons het die finansiële state van ABC Eiendoms Beperk soos uiteengesit op bladsye ... tot ..., wat bestaan uit die staat van finansiële stand soos op 31 Desember 20X1, en die staat van omvattende inkomste, staat van veranderings in ekwiteit en staat van 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, nagesien.

Direkteure se Verantwoordelikheid vir die Finansiële State

Die maatskappy se direkteure is verantwoordelik vir die opstel en redelike voorstelling van hierdie finansiële state ooreenkomstig die '*International Financial Reporting Standard for Small and Medium-sized Entities*'⁴³ 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.

41 Verwys na Deel A, Voorbeeld 2 vir 'n voorstelling van 'n verslag wat voorberei is in lyn met die bestaande ISRE 2400

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

43 Mag verwys na 'South African Statements of Generally Accepted Accounting Practice' (SA GAAP) of die 'International Financial Reporting Standard for Small and Medium-sized Entities', soos toepaslik. Neem kennis dat SA GAAP onttrek is en sal nie verder van toepassing wees ten opsigte van die finansiële jare met en vanaf 1 Desember 2012.

Onafhanklike Nasiener se Verantwoordelikheid

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

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

Die prosedures wat uitgevoer word tydens 'n oorsig is aansienlik minder as dié wat tydens 'n 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 wesenlike opsigte, 'n redelike voorstelling is van die finansiële stand van ABC Eiendoms Beperk soos op 31 Desember 20X1 en van die maatskappy se finansiële prestasie en kontantvloei vir die jaar wat op daardie datum geëindig het, ooreenkomstig die '*International Financial Reporting Standard for Small and Medium-sized Entities*' en die vereistes van die Maatskappywet van Suid-Afrika nie.

Ander verslae wat deur die Maatskappywet vereis word

As deel van ons onafhanklike oorsig van die finansiële state vir die jaar geëindig 31 Desember 20X1 het ons die Direkteursverslag⁴⁴ deurgelees om te bepaal of daar wesenlike teenstrydighede tussen hierdie verslag en die nagesiende finansiële state is. Die Direkteursverslag is die verantwoordelikheid van die direkteure. Gebaseer op die deurlees van die Direkteursverslag het ons nie wesenlike teenstrydighede tussen hierdie verslag en die nagesiende finansiële state geïdentifiseer nie. Ons het die Direkteursverslag egter nie nagesien nie en spreek dienoooreenkomstig nie 'n gevolgtrekking daaroor uit nie.

44 Indien voorsien word deur die Akte van Oprigting, sluit die Verslag van die Ouditkomitee en/of die Sertifikaat van die Maatskappysekretaris in

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.]⁴⁵

Onafhanklike Nasiener se handtekening

Naam van individuele nasiener

Geregistreerde Ouditeur

Datum

Geregistreerde Ouditeur se adres

45 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:

- Die verslag is saamgestel in lyn met ISRE 2400 (Revised) maatreëls⁴⁶
- Hierdie verslag is 'n vertaling van voorbeeld “29” 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 nasierverslag 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 veranderinge 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 finansiële state van ABC Eiendoms Beperk, soos uiteengesit op bladsye ... tot ..., wat bestaan uit die staat van finansiële stand soos op 31 Desember 20X1, en die staat van omvattende inkomste, staat van veranderinge in ekwiteit en staat van 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, nagesien.

Direkteure se Verantwoordelikheid vir die Finansiële State

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

46 Verwys na Deel A, Voorbeeld 2 vir 'n voorstelling van 'n verslag wat voorberei is in lyn met die bestaande ISRE 2400

wesentliche wanvoorstelling, hetsy weens bedrog of foute, in staat te stel.

Onafhanklike Nasiener se Verantwoordelikheid

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

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

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

Rekeningkundige Grondslag

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

Ander verslae wat deur die Maatskappywet vereis word

As deel van ons onafhanklike oorsig van die finansiële state vir die jaar geëindig 31 Desember 20X1 het ons die Direkteursverslag deurgelees om te bepaal of daar wesentliche teenstrydighede tussen hierdie verslag en die nagesiende finansiële state is. Die Direkteursverslag is die verantwoordelikheid van die direkteure. Gebaseer op die deurlees van die Direkteursverslag het ons nie wesentliche teenstrydighede tussen hierdie verslag en die nagesiende finansiële state geïdentifiseer nie. Ons het die Direkteursverslag egter nie nagesien nie en spreek dienoooreenkomstig nie 'n gevolgtrekking daarvoor uit 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:

- Report prepared in accordance with ISRE 2400 (Revised)⁴⁷
- 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial*

47 Refer to Part A, Example 2 for an example of a report prepared in accordance with the extant ISRE 2400

Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

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

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

Basis for Qualified Conclusion

The company's inventories are carried in the statement of financial position at 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

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

Other reports required by the Companies Act

As part of our independent review of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the reviewed financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the reviewed financial statements. However, we have not reviewed the Directors' Report and accordingly do not express a conclusion thereon.

Independent Reviewer's signature

Name of individual reviewer

Registered Auditor

Date of the independent reviewer's report

Independent Reviewer's address

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

Circumstances include:

- Report prepared in accordance with ISRE 2400 (Revised)⁴⁸
- 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 statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 is 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. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything

48 Refer to Part A, Example 2 for an example of a report prepared in accordance with the extant ISRE 2400

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 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

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

Basis for Adverse Conclusion

As explained in note x, 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

Based on our review, due to the significance of the matter discussed in the Basis for Adverse Conclusion paragraph, we conclude that these financial statements do not present fairly the financial position of ABC Proprietary Limited as at 31 December 20X1, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our independent review of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the reviewed financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the reviewed financial statements. However, we have not reviewed the Directors' Report and accordingly do not express a conclusion thereon.

Independent Reviewer's signature

Name of individual reviewer

Registered Auditor

Date of the independent reviewer's report

Independent Reviewer's address

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

Circumstances include:

- Report prepared in accordance with ISRE 2400 (Revised)⁴⁹
- 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 statement of comprehensive income, statement of changes in equity and statement of 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.

Independent Reviewer’s Responsibility

Our responsibility is to express a conclusion on these financial statements. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence as a basis for expressing a conclusion on the financial statements.

49 Refer to Part A, Example 2 for an example of a report prepared in accordance with the extant ISRE 2400

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

Due to the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on these financial statements. Accordingly, we do not express a conclusion on these financial statements.

Other reports required by the Companies Act

As part of our independent review of the financial statements for the year ended 31 December 20X1, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the reviewed financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the reviewed financial statements. However, we have not reviewed the Directors' Report and accordingly do not express a conclusion thereon.

Independent Reviewer's signature

Name of individual reviewer

Registered Auditor

Date of the independent reviewer's report

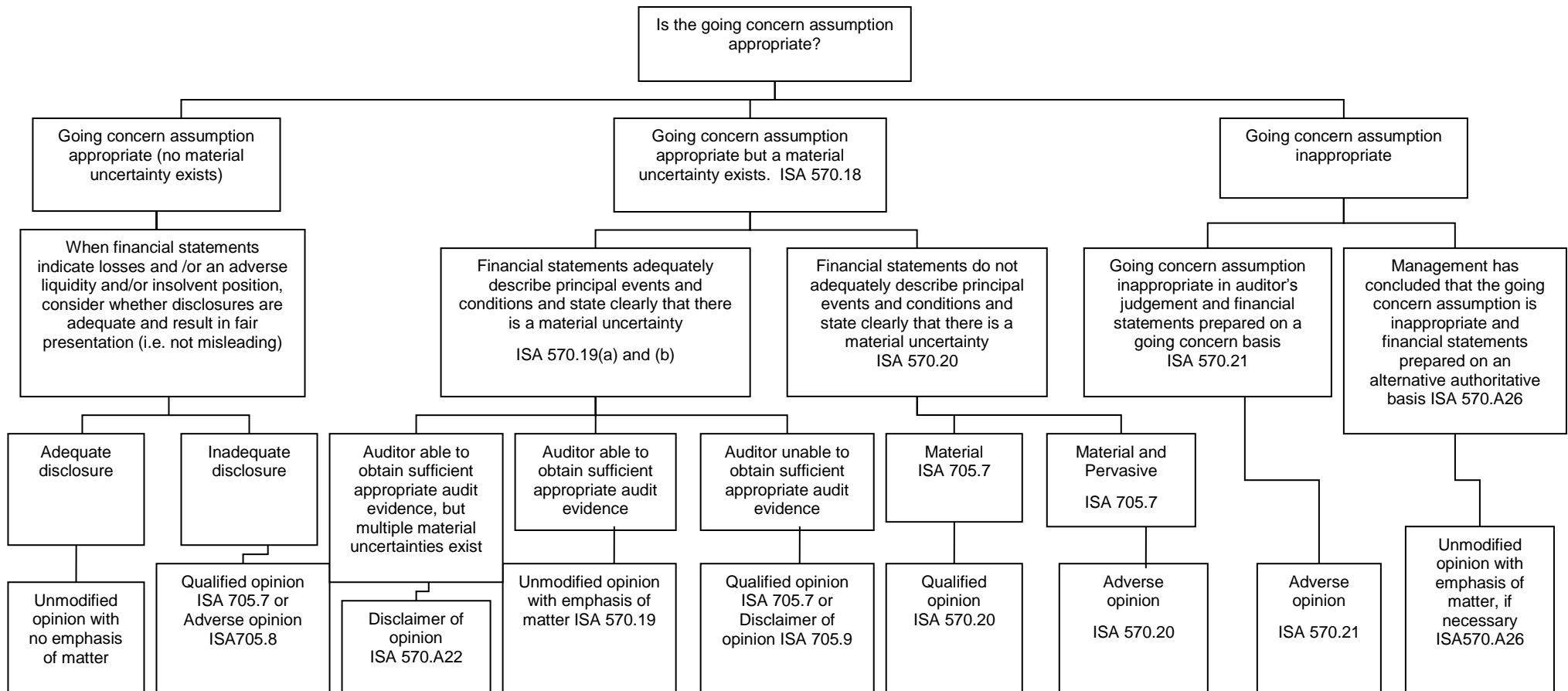
Independent Reviewer's address

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 of the uncertainty is necessary for the presentation of the financial statements not to be misleading (ISA 570.17).

