



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	School of Accounting
<b>DEPARTMENT</b>	Department of Accountancy
<b>MODULE NAME</b>	Auditing 300 / Intermediate Auditing
<b>MODULE CODE</b>	AUD 300 / S3BCTQ1

<b>ASSESSMENT DATE</b>	18 November 2019		
<b>ASSESSOR(S)</b>	Ms Karlien Dempsey Ms Pranisha Rama		
<b>MODERATOR(S)</b>	Prof Ben Marx Ms Izette Nel (external)		
<b>DURATION:</b>	226 minutes		
<b>Reading time</b>	38 minutes	<b>Writing time</b>	188 minutes
<b>TOTAL MARKS</b>	125 marks		

<b>NUMBER OF PAGES OF QUESTION PAPER</b> <b>(scenario: 12 pages, required 5 pages)</b>	<b>17</b>
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**REQUIRED**

## QUESTION 1

YOU ARE REQUIRED TO		MARKS			
PART A					
(a)	<p>Based on the information in the scenario, discuss all concerns and any recommendations that you may have with regards to I'm-Going-Nuts Ltd's application of the principles and practices of the King IV Code.</p> <p>Please use the format below:</p> <table><tr><td>Concern</td><td>Discussion and recommendation</td></tr></table> <p>Limit your discussion to the issues that have been presented to you in the scenario, you may assume that all other matters have been dealt with.</p>	Concern	Discussion and recommendation	(23)	
Concern	Discussion and recommendation				
(b)	With reference to the minutes of the meeting held on 3 September 2019, discuss any specific Companies Act concerns that you may have.	(8)			
(c)	Discuss all considerations external audit would need to consider when determining whether they can rely on the Internal Audit Division in terms of ISA 610.	(5)			
PART B					
(a)	<p>Discuss, in terms of the SAICA Code of Professional Conduct, any concerns that you have noted in terms of the CompuX Corp scandal.</p> <p>Use the format below:</p> <table><tr><td>Issue</td><td>Fundamental Principle(s)</td><td>Threat</td></tr></table>	Issue	Fundamental Principle(s)	Threat	(12)
Issue	Fundamental Principle(s)	Threat			
(b)	Discuss any three consequences as a result of such unethical behaviour.	(3)			
TOTAL MARKS FOR QUESTION 1		(51)			

## QUESTION 2

YOU ARE REQUIRED TO		MARKS									
PART A											
(a)	<p>Identify the reports you would extract from the data received by the client in Annexure A as part of the data CAAT's to test the valuation of inventory.</p> <p>Structure your answer in the following format:</p> <table><tr><th>Report description / detail based on Annexure A</th><th>Reason for selecting the report</th><th>Line item/s number per Annexure A with an issue noted as per the report extracted as per column A</th></tr><tr><th>Column A</th><th>Column B</th><th>Column C</th></tr><tr><td>Example: Items                where "quantity" x "unit cost" does not equal "cost price"</td><td>Verify   mathematical accuracy</td><td>1050</td></tr></table>	Report description / detail based on Annexure A	Reason for selecting the report	Line item/s number per Annexure A with an issue noted as per the report extracted as per column A	Column A	Column B	Column C	Example: Items                where "quantity" x "unit cost" does not equal "cost price"	Verify   mathematical accuracy	1050	(15)
Report description / detail based on Annexure A	Reason for selecting the report	Line item/s number per Annexure A with an issue noted as per the report extracted as per column A									
Column A	Column B	Column C									
Example: Items                where "quantity" x "unit cost" does not equal "cost price"	Verify   mathematical accuracy	1050									
(b)	<p>Discuss the weaknesses as identified in the scenario. Please provide an explanation for each weakness. (You may ignore Annexure A – extract from inventory Masterfile for purposes of this question.)</p> <p>Provide your answer in tabular format as follows:</p> <table><tr><th>Weakness</th><th>Explanation</th></tr></table>	Weakness	Explanation	(15)							
Weakness	Explanation										

**QUESTION 2 (continued)**

<b>YOU ARE REQUIRED TO</b>		<b>MARKS</b>
<b>PART B</b>		
(a)	Describe the responsibility of management and of the auditor relating to going concern.	(3)
(b)	With reference to the article presented, discuss any going concern indicators evident from the article.	(5)
(c)	Describe the impact on the audit report of SAAA if you believe that the company is a going concern, but that this is subject to a material uncertainty.	(6)
<b>TOTAL MARKS FOR QUESTION 2</b>		<b>(44)</b>

### QUESTION 3

YOU ARE REQUIRED TO		MARKS		
(a)	<p>With reference to Workpaper B100, identify and discuss the business risks you expect to see in Infinity Stones Ltd’s risk register.</p> <p>Present your answer in the following table format:</p> <table><tr><td><b>Risk Indicator</b></td><td><b>Risk Description</b></td></tr></table>	<b>Risk Indicator</b>	<b>Risk Description</b>	(15)
<b>Risk Indicator</b>	<b>Risk Description</b>			
(b)	With reference to Workpaper B200, discuss the considerations that Williams Inc should take into account in terms of ISAs regarding possible fronting as per the B-BBEE Act in Gem Stones Ltd.	(5)		
(c)	With reference to Workpaper B200, discuss whether fronting in terms of the B-BBEE Act will constitute a reportable irregularity in terms of the Auditing Professions Act.	(5)		
TOTAL MARKS FOR QUESTION 3		(25)		
PRESENTATION AND DISCLOSURE		(5)		
TOTAL MARKS QUESTION 1, 2 AND 3 AND PRESENTATION AND DISCLOSURE		(125)		