

**Description**

**Financial statements**

**Supplementary statements**

**Proof print**

**Chairman's statement**

**Audit strategy memorandum**

**Levels of substantive tests**

**MAPs**

**Audit completion control checklist**

**Audit programmes PRTs and STPs with cover sheets**

**Score sheets**

**Interim management letter**

**Budget and performance summary**

**Points forward**

**Draft final management letter**

4280

3.3  


HCT/ej

7 October 1983

Silent Valley (Pty) Ltd  
c/o Lurie Johnston and Co. Inc  
701 the Stock Exchange  
Diagonal Street  
JOHANNESBURG  
2001

FEE NOTE

FEE NOTE NO:  
413

TO: Audit Fees for the year ended  
28 February 1983 R1 000,00

R1 000,00





## MATTERS FOR ATTENTION OF PARTNERS

Audit of Silent Valley (Pty) Ltd

Name of parent company (if any) Scenic Holdings Inc.

Accounting date 28 February 1983

### CONCLUSIONS

1. All matters requiring the attention of the engagement partner are set out on the attached MAPs, including any exceptions regarding 2 to 5 below.
2. I have reviewed the preparation and completion of the audit programme and working papers and I have satisfied myself that (i) the audit programme is adequate and in accordance with the approved audit strategy and (ii) all the audit work has been satisfactorily completed.
3. Questions and exceptions arising from our audit (including any missing documentation) have been satisfactorily resolved.
4. I have reviewed the draft financial statements in the context of my knowledge of the client's financial position and am satisfied that:-
  - (a) The financial statements do not contain any obvious anomalies or inconsistencies.
  - (b) The financial statements comply with statutory requirements, GAAPs, the requirements of The Johannesburg Stock Exchange and any other requirements that apply.
  - (c) All significant accounting policies are disclosed in the financial statements, have been applied consistently with the previous year and are acceptable to the firm.
5. The proposed audit report is drafted in accordance with the firm's policy and is consistent with the results of the audit.

[Signature]  
(Manager or auditor in charge)

28 July 1983  
Date

The matters set out on pages 1 to 2, comprising ~~interim MAPs items~~ to and final MAPs items 1 to 6 (as appropriate), have been cleared except where identified. I have reviewed the audit and the draft financial statements and I agree with the proposed audit report.

[Signature]  
(Engagement partner)

28/7/83  
Date

Matters previously dealt with on a tentative basis have been satisfactorily resolved. Any further matters which have arisen that should now be brought to your attention, or that call into question comments made previously, are noted on MAPs. Appropriate post balance sheet review procedures have been completed.

[Signature]  
(Manager or auditor in charge)

9/83  
Date

All outstanding matters now marked off satisfactorily.

[Signature]  
(Engagement partner)

9/9/83  
Date

Where applicable the pre-issue review has been satisfactorily completed and the point selected for special examination has been considered.

.....  
(Review partner)

.....  
Date

C. &amp; L.

INTERIM  
FINAL

## MATTERS FOR ATTENTION OF PARTNERS

Name of Client Silont Valley (Pty) LtdDescription of Financial Statements AnnualContinuation Sheet No. 1

## MATTERS FOR ATTENTION

## DISPOSAL

1. Audit Approach

The audit approach adopted is as outlined in the audit strategy memorandum.

Noted

2. The nature of the company

Silont Valley (Pty) Ltd is owned by Scenic Holdings Inc, a company registered in Panama. Silont Valley owns a farm called 'Malanishock' and the intention is to use this farm as a game park to promote tourism in the Republic as well as to supply employment opportunities to the locals.

Noted

3. Results for the year

	1983	1982
Income	60686	29348
Reversal of deed of sale provision	60686	1351
Interest Received	-	15997
Rent - Farm	-	12000
Expenditure	23729	41923
Net income before Taxation	36957	(12575)

Noted

No validation was performed on the R60686 in respect of the reversal of deed of sale provision nor were any explanations obtained for the fluctuations in interest received and rent received. The company changed hands on the 10 March 1982 and the new owners accepted the audited figures as per the annual financial statements as at 28 January 1982 and the annual financial statements as at 10 March 1982. (See accompanying financial statements) As a result

Noted. I effect these transactions which appear reasonable were effected by the current shareholders who were the company. They have been discussed with directors & agreed.

C. &amp; L.

INTERIM  
FINAL

## MATTERS FOR ATTENTION OF PARTNERS

Name of Client Silent Valley (Pty) LtdDescription of Financial Statements AnnualContinuation Sheet No. 2

## MATTERS FOR ATTENTION

## DISPOSAL

no explanations were forthcoming so we have to be satisfied with the previous periods audited figures. NO other income was earned other than stated as above as the company did not operate during the year.

4. Revaluation of Fixed Property

The principle asset of the company is the farm in the Waterberg district. On the 17 February 1983 this property was revalued by Elleras Trust (Pty) Ltd. The total valuation as per the certificate includes all fixed improvements, which by implication would constitute both the fencing and staff housing. The property is reflected in the balance sheet at its revalued amount; however the fencing and housing are shown separately, with a resultant overstatement of R74941. The client feels no alteration is necessary as they maintain the property is undervalued in the first instance.

Noted. Accepted as valuation is subjective & the b/s is not distorted by this figure.

5. Outstanding Items

1. Bank certificate
2. Title deeds 110 / Malaneshvie No 236
3. Purchase agreement of the company
4. Letter of Engagement

6. Assessed Loss.

Some doubt exists as to whether the assessed loss of R38848 reflected in the annual financial can be set off against future income earned; as the nature of the company's operations has altered and will alter over a span of three financial periods.

O.K. for tax deft. Loss used to set off against T. Income this year.

3.4.2  
D

# T. Grobler & Kie.-Co.

Geoktrooieerde Rekenmeesters (S.A.)/Chartered Accountants (S.A.)  
T. DU P. GROBLER

39 Boom Str. 39  
Western House  
KLERKSDORP 2570  
Transvaal

Posbus/P.O. Box 304  
Tel.: 29628  
29629

Aan die Aandeelhouders  
SILENT VALLEY (EIENDOMS) BEPERK

## UDITEURSVERSLAG VIR DIE JAAR GEËINDIG 28 FEBRUARIE 1982

Ons het die finansiële jaarstate van u maatskappy ondersoek, en het die pligte wat ons opgelê is deur artikel 300 van die Maatskappywet van 1973 nagekom en het ons audit sonder enige beperking hoegenaamd uitgevoer.

Na ons mening en tot die beste van ons inligting en volgens die verduidelikings aan ons verskaf toon die finansiële jaarstate gepaard met die meegaande aantekeninge 'n redelike weergawe van die stand van die maatskappy en van die resultate van sy bedrywighede op die wyse wat die Maatskappywet vereis.

*T. Grobler & Kie*

.....  
T. GROBLER & KIE

GEOKTROOIEERDE REKENMEESTERS (S.A.).

KLERKSDORP  
25 Augustus 1982.

SILENT VALLEY (EIENDOMS) BEPERK

BALANSSTAAT OP 28 FEBRUARIE 1982

<u>KAPITAAL AANGEWEND</u>	<u>Aant.</u>	<u>1982</u>	<u>1981</u>
<u>AANDELEKAPITAAL</u>	1.	R 100,00	R 100
<u>VERDEELBARE RESERWE</u>			
Onverdeelde wins		26 730,21	39 305
<u>TOTALE AANDEELHOUBERSBELANG</u>		26 830,21	39 405
<u>LANGTERMYNVERPLIGTING</u>	2.	295 641,33	280 344
<u>TOTALE KAPITAAL AANGEWEND</u>		<u>R322 471,54</u>	<u>R319 749</u>

AANWENDING VAN KAPITAAL

<u>VASTE BATES</u>	3.	R208 458,34	R202 882
<u>LENINGSHEFFINGS</u>		3 351,00	3 351
<u>BEDRYFSBATES</u>		110 662,20	131 213
Eiendomsdebiteure	4.	96 821,18	129 113
Belasting		13 254,00	2 100
Vooruitbetaalde uitgawes		130,00	
Bank		457,02	
<u>Min: BEDRYFSLASTE</u>		-	17 697
Krediteure			15 622
Oortrokke bank			2 075
<u>NETTO BEDRYFSBATES</u>		<u>110 662,20</u>	<u>113 516</u>
<u>TOTALE AANWENDING VAN KAPITAAL</u>		<u>R322 471,54</u>	<u>R319 749</u>

  
 .....  
 DIREKTEUR

# SILENT VALLEY (EIENDOMS) BEPERK

## AANTEKENINGE TOT DIE BALANSSTAAT OP 28 FEBRUARIE 1982

<u>Aant.</u>		<u>1982</u>	<u>1981</u>
1.	<u>AANDELEKAPITAAL</u>		
	<u>Gemagtig en uitgereik</u>		
	100 Gewone pariwaarde aandele van R1 elk	R 100,00	R 100
2.	<u>LANGTERMYNVERPLIGTINGE</u>		
	Onversekerde direkteurslening H.D.B. Brauer	R295 641,33	R280 344
3.	<u>VASTE BATES</u>		
	Kosprys - 1981	R197 321,77	R197 322
	Verbeterings - 1981	5 560,23	5 560
	- 1982	5 576,34	
		R208 458,34	R202 882
	(a) Plaas Malmanieshoek Nr. 226, Registrasie afdeling K.Q. distrik Waterberg. Groot 4487,6637 hektaar.		
	(b) Gedeelte 3 van die plaas Malmaniesrivier Nr. 236, registrasie afdeling K.Q. distrik Waterberg. Groot 271,3064 hektaar.		
	(Boerdery bedrywighede geskied op hierdie plase tesame met 'n aangrensende plaas in die vennootskap "Braumead Boerdery". In 1981 het die maatskappy dit self hanteer en in die huidige jaar het die moedermaatskappy dit hanteer en 'n huur vir die plase betaal).		
4.	<u>EIENDOMSDEBITEURE</u>	<u>Paradyskoppie</u>	<u>Ander</u>
	Bedrae verskuldig	R150 000,00	R7 506,97
	Min: Huurkoopreserwe	54 630,00	6 055,79
		R 95 370,00	R1 451,18
		R157 506,97	R 96 821,18
		60 685,79	
			R191 150
			62 037
			R129 113
	Verseker deur huurkope oor eiendomme verkoop.		
5.	<u>BELASTING</u>		
	Geen voorsiening word vir belasting gemaak nie weens 'n berekende verlies.		

SILENT VALLEY (EIENDOMS) BEPERK

INKOMSTESTAAT VIR DIE JAAR GEËINDIG 28 FEBRUARIE 1982

	<u>1982</u>	<u>1981</u>
<u>INKOMSTE:</u>		
Rente ontvang	R15 996,77	R 3 795
Afname in huurkoopreserwe	1 351,25	361
Huur - plaas	12 000,00	
	<u>29 348,02</u>	<u>4 156</u>
<u>Min: UITGAWES</u>	41 923,11	14 187
Rente betaal	28 034,00	9 518
Bankkoste	37,80	5
Bankrente		17
Reiskoste en onthaal	1 300,00	450
Jaargelde	80,00	80
<u>Ouditeursvergoeding</u>		
Fooie vir audit	300,00	306
Sekretariële fooie	20,00	20
Boerdery verlies (Braumead Boerdery)		3 606
Rente op belastingbetalings		185
Telefoon	151,31	
Administrasiefooie	12 000,00	
Verlies vir jaar	( 12 575,09)	( 10 031)
<u>Min: Aansuiwering van vorige jaar se belasting</u>	( 35)	
	( 12 574,74)	( 10 031)
Onverdeelde wins 1 Maart 1981	39 304,95	49 336
Onverdeelde wins per balansstaat	<u>R26 730,21</u>	<u>R39 305</u>

SILENT VALLEY (EIENDOMS) BEPERK

28 FEBRUARIE 1982

1. VOORSIENING VIR BELASTING

Aangeslane verlies 1981	R10 031
Verlies vir jaar	<u>12 575</u>
Berekende verlies	R22 606
Voorsiening vir belasting	<u>Nul</u>

2. RENTE BETAAL

H.D.B. Brauer	R28 034,00
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3. ADMINISTRASIEFOOIE

Herhauer Trust (Eiendoms) Beperk	<u>R12 000,00</u>
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4. HUUR ONTVANG VIR PLAAS

Herhauer Trust (Eiendoms) Beperk	<u>R12 000,00</u>
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5. HUURKOOPRESERWE

(a) Paradyskoppie - geen verandering	
(b) Ander: 18% van R7 506,97	R 6 055,79
1981 reserwe	<u>7 407,04</u>
Afname	<u>R 1 351,25</u>

SILENT VALLEY (EIENDOMS) BEPERK

STAAT VAN BRON EN AANWENDING VAN FONDSE VIR DIE JAAR  
GEËINDIG 28 FEBRUARIE 1982

BRON VAN FONDSE:

Toename in direkteurslening	R15 297
Afname in netto bedryfsbates	<u>2 854</u>
	<u>R18 151</u>

AANWENDING VAN FONDSE:

Toename in vaste bates	R 5 576
Verlies vir jaar	<u>12 575</u>
	<u>R18 151</u>

SILENT VALLEY (EIENDOMS) BEPERK

BALANSSTAAT OP 10 MAART 1982

<u>KAPITAAL AANGEWEND</u>	<u>Aant.</u>	<u>10 Maart 1982</u>
<u>AANDELEKAPITAAL</u>	1.	R 100,00
<u>VERDEELBARE RESERWES</u>		<u>67 614,70</u>
<u>TOTALE AANDEELHOUSERSBELANG</u>		67 714,70
<u>LANGTERMYNVERPLIGTING</u>	2.	<u>144 112,34</u>
<u>TOTALE KAPITAAL AANGEWEND</u>		<u><u>R211 827,04</u></u>

AANWENDING VAN KAPITAAL

<u>VASTE BATES</u>	3.	R208 458,34
<u>LENINGSHEFFINGS</u>		3 351,00
<u>BEDRYFSBATE</u>		
Belasting vooruitbetaal		<u>17,70</u>
<u>TOTALE AANWENDING VAN KAPITAAL</u>		<u><u>R211 827,04</u></u>

.....  
DIREKTEUR

SILENT VALLEY (EIENDOMS) BEPERK

AANTEKENINGE TOT DIE BALANSSTAAT OP 10 MAART 1982

Aant.

10 Maart 1982

1. AANDELEKAPITAAL

Gemagtig en uitgereik

100 Gewone pariwaarde aandele van R1 elk

R 100,00

2. LANGTERMYNVERPLIGTINGE

Onversekerde direkteurslening H.D.B. Brauer

R144 112,34

3. VASTE BATES

Kosprys 1981

R197 321,77

Verbeterings - 1981

5 560,23

- 1982

5 576,34

R208 458,34

(a) Plaas Malmanieshoek Nr. 226 Registrasie afdeling K.Q., distrik Waterberg. Groot 4487,6637 hektaar.

(b) Gedelte 3 van die plaas Malmaniesrivier Nr. 236, Registrasie afdeling K.Q. distrik Waterberg. Groot 271,3064 hektaar.

(Boerderybedrywighede geskied op hierdie plase tesame met 'n aangrensende plaas in die vennootskap "Braumead Boerdery". In 1981 het die maatskappy dit self hanteer en in die 1982 jaar het die moedermaatskappy dit hanteer en 'n huur vir die plase betaal).

SILENT VALLEY (EIENDOMS) BEPERK

10 MAART 1982

1. VOORSIENING VIR BELASTING

Aangeslane verlies 1981  
Verlies 1981

R10 031  
12 575

22 606

Min: Netto wins vir periode

54 121

Belasbare inkomste

R31 515

Belasting teen 42%

R13 236,30

2. RENTE BETAAL

H.D.B. Brauer

R 810,00

3. ADMINISTRASIEFOOIE

Herhauer Trust (Eiendoms) Beperk

R 5 600,00

SILENT VALLEY (EIENDOMS) BEPERK

INKOMSTESTAAT VIR DIE PERIODE GEËINDIG 10 MAART 1982

INKOMSTE:

Afname in huurkoopreserwe	R60 685,79
<u>Min: UITGAWES</u>	6 565,00
Rente betaal	810,00
Jaargelde	80,00
<u>Ouditeursvergoeding</u>	
Fooie vir audit	75,00
Administrasiefooie	5 600,00
Netto wins vir periode	54 120,79
<u>Min: Voorsiening vir staats normale belasting</u>	13 236,30
Onverdeelde wins 1 Maart 1982	40 884,49
	26 730,21
Onverdeelde wins per Balansstaat	R67 614,70



## AUDIT COMPLETION CONTROL CHECKLIST

3.4.3

Audit of, Silent Valley (Pty) Ltd Accounting date, 28/02/83

## NOTES:-

1. This checklist should be completed by the manager or auditor in charge. See manual section 225 for further guidance on completing it. If completed by the auditor in charge it should be reviewed by the manager. It should be filed on the completion section of the current audit file to be reviewed by the partner.
2. Significant matters arising from the completion of this checklist should be brought to the attention of the partner for his approval, on MAPs.

	YES/ NA	REMARKS
1. Has the statutory disclosure checklist been completed, or if not, have you satisfied yourself that the financial statements conform with statutory and other reporting requirements?	N/A	
2. Have appropriate arrangements been made to close off the accounting records?	Yes	
3. Are all individual items appearing in the financial statements (including comparative figures) in agreement with and referenced to the audit working papers?	Yes	
4. Has a suitably tailored letter of representation been obtained dated on or shortly before the date the financial statements were signed?	Yes	
5. Has a review of events subsequent to the termination of the final audit been performed where relevant?	Yes	
6. Have MAPs been prepared having regard to the matters referred to in section 122 of the manual?	Yes	
7. Has the audit report been drafted in accordance with the firm's present practice as set out in the manual Part V?	Yes	
8. Has a management letter, if applicable, been drafted and discussed with the client?	N/A	
9. Are there opportunities to provide additional services to the client, e.g. taxation advice, management services, assistance with the establishment or review of internal audit?	N/A	
10. Has the going concern status of the client been adequately considered and noted on MAPs if doubts exist?	Yes	
11. Have all review notes been cleared and relative amendments made to working papers?		31c not reviewed
12. Have important changes made to the substantive audit programme been approved by the partner?	N/A	
13. Have all sections of the audit programme (PRT and SAP) been signed off?	Yes	
14. Have all audit programme summary or cover sheets been completed and signed off?	Yes	
15. Have "no" answers to "Could material error arise?" in column 4 of the RCW been summarised on MAPs for partner approval?	N/A	
16. Have all outstanding confirmations and other matters been included on MAPs?	Yes	
17. Have all points on the score sheet been cleared or transferred to MAPs?	N/A	
18. Has the PAF been updated?	Yes	
19. Has a letter of engagement been sent to the client and is it still applicable?		Outstanding on maps
20. Have significant overruns on the time budget been explained on MAPs?	N/A	
21. Have matters to be considered for the following year's audit strategy been listed and attached to the audit strategy memorandum?	Yes	
22. Has the tax provision been reviewed by a tax specialist where relevant or have points arising at last submission date been considered?	N/A	
23. Has any matter arising from the audit, suitable for inclusion on the technical committee pilot file been drawn to the attention of the partner on MAPs?	N/A	

Signature [Signature]  
(Manager/auditor in charge)Date 27/07/83Reviewed [Signature]  
(Manager)Date 9/83

Audit of Silent Valley (Pty) LtdAccounting date 28/02/83

NOTES: (1) Guidance on the preparation and use of substantive audit programmes is given in manual section 630.

(2) Column 4 should indicate whether a standard substantive audit programme ("SAP") is used, whether extended substantive procedures ("ESP") are used or whether neither is applicable to the client ("NA").

(1) FILE REF.	(2) MANUAL REF.	(3) SECTIONS OF AUDIT PROGRAMME USED	(4) SAP/ESP/NA	(5) COMPLETION OF PROGRAMME SIGNATURE DATE	
B/1	711	Share capital, reserves and dividends	ESP	↑	↑
B/2	711	Statutory records	SAP		
B/3	721	Loan capital	ESP		
	723	Trade accounts payable	N/A		
	724	Accruals, provisions and other accounts payable	N/A		
	726	Contingencies and commitments	N/A		
	726	Supplement for pending legal matters	N/A		
B/4	731	Taxation	SAP		
B/5	741	Fixed assets	ESP		
	743	Intangible assets	N/A		
	751	Group companies	N/A	Gandu	27/07/83
	753	Investments	N/A		
	761	Inventories	N/A		
	761	Supplement for substantiation of physical stocktaking	N/A		
	761	Contract work in progress	N/A		
	771	Trade accounts receivable	N/A		
	772	Other receivables	NA		
	774	Prepayments and deferred expenditure	N/A		
B/6	781	Bank and cash balances	ESP		
B/7	791	Income statement	ESP		
B/9	811	Auditor's assessment of going concern	N/A		
B/8	850	Post balance sheet events	N/A		
	Part IV	Consolidated financial statements	N/A		

(For notes on preparation and completion of programme see reverse)

## PREPARATION OF PROGRAMME

Review and approval by audit manager (note 2).

Review and approval by computer-trained manager for computer applications

## COMPLETION OF PROGRAMME

Review and approval by audit manager (note 4).

Review and approval by computer-trained manager for computer applications

## COMMENTS

SIGNATURE	DATE
S/L	9/83
S/L	9/83

## NOTES:

### PREPARATION OF PROGRAMME

1. The auditor in charge should complete each year the coversheet in respect of the substantive audit programme (SAP) proposed. The proposed SAP, including levels of tests and timing, should be prepared or amended in accordance with the audit strategy determined each year as set out in the Audit Strategy Memorandum (to which the levels of substantive tests form is attached) approved by the partner or manager (manual section 221).

#### Review and Approval

2. The proposed SAP, including levels of tests and timing, should be reviewed and approved by the audit manager. He should evidence his approval by signing and dating the appropriate box. Where any substantial changes to the programme are proposed after the audit strategy has been determined, the partner's approval is required and this should be obtained on MAPs, setting out reasons for the changes, before substantive procedures commence.

### COMPLETION OF PROGRAMME

3. On completion of the steps in the SAP the auditor in charge should sign and date the relevant section of the programme under the heading "completion of programme" as evidence that:-
  - (a) the substantive procedures have been carried out to his satisfaction;
  - (b) any amendments or additions to the programme have been clearly recorded on the SAP or on a working paper cross-referenced thereto; and
  - (c) any queries and exceptions noted in the course of substantive procedures have been either suitably disposed of on a score sheet or recorded on MAPs.

#### Review and Approval

4. The audit manager should review the completed SAP and supporting working papers. He should sign and date the appropriate box as evidence that:-
  - (a) the programme of substantive procedures appears to have been properly completed;
  - (b) all queries and exceptions noted have been cleared or recorded on MAPs (see paragraph 3(c) above);
  - (c) any departures or breakdowns have been properly recorded on working papers and necessary amendments to the SAP made; and
  - (d) consideration has been given to advising management immediately of any significant circumstances which might indicate the existence of fraud.
5. A separate box is provided for the audit manager to sign as evidence that he is satisfied as to the matters in paragraph 4(a) to (d) above, and that he is satisfied that the assessment sections in the SAP have been properly dealt with.

B/A1  
3.45  
①Audit of Silent Valley (Pty) Ltd ..... Accounting date 28/02/83 .....

- NOTES :**
- See manual section 711 for further guidance on the following validation steps.
  - Before commencing validation :-
    - obtain an understanding of all the accounting and disclosure requirements relevant to the client's capital, reserves and statutory records and the accounting policies adopted in connection with movements in, and disclosure of reserves;
    - consider the timing of validation work.

## VALIDATION STEPS

W.P.  
REF.

REMARKS

SIGNATURE  
AND DATE

## I. RELEVANT FACTORS

- In preparing the steps under the validation audit objectives, consider the factors that are normally relevant in determining the nature and extent of the extended validation procedures with respect to share capital, reserves and dividends including :-
  - Any procedures, in addition to its regular accounting routines, adopted by the client in preparing the financial statements.
  - Whether the client uses independent secretaries (e.g. C&L secretarial department) or handles its own share capital transactions.
  - Any other factors identified in the course of applying extended validation procedures. Detail these below and consider the effect thereof:-

Noted

Noted

N/A

EXCEPTIONS  
YES/NO    CLEARED

## II. VALIDATION AUDIT OBJECTIVES

- Determine whether share capital and reserves are properly recorded and disclosed in the financial statements

## Share capital

- Prepare an analysis of authorised and issued share capital, showing:-
  - a detailed description of each class;
  - a reconciliation of the figures of the current year agreed to the balance sheet, and those of the previous year agreed to the previous year's working papers, in quantity and amount;
  - details of calls received in advance, calls in arrear and options granted on unissued share capital

- Carry out the following work on the analysis in Step 1.1 above:-
  - Check the calculations and additions.
  - Agree the total amounts at the year end to the general ledger
  - Agree the details of authorised share capital to the company's memorandum of association filed in the PAF.
  - Investigate any unusual items.

## Reserves

- Prepare an analysis of reserves, showing the nature of each reserve and reconciling the balance sheet figure of the current year with that of the previous year.

- Carry out the following work on the analysis in Step 1.3 above:-
  - Check the additions.
  - Agree the opening figures to the previous year's working papers.
  - Agree the balances at the year end to the general ledger.
  - Investigate any unusual items.

Gardner  
27/07/83

## EXTENDED VALIDATION APPROACH (MANUAL 660)

## SHARE CAPITAL, RESERVES AND DIVIDENDS

Audit of Silent Valley (Pty) Ltd ..... Accounting date 28/04/83

## VALIDATION STEPS

W.P.  
REF.EXCEPTIONS  
YES/NO CLEAREDSIGNATURE  
AND DATE

2. Determine whether all changes in share capital and reserves and all dividends paid, proposed or declared have been properly dealt with and disclosed in the financial statements.

## Reserves

- 2.3 Agree the details of all reserves to the financial statements (including comparative figures), ensuring that the accounting treatment of reserve movements, not dealt with in the income statement, is acceptable and properly disclosed.
- 2.4 Ensure that a proper distinction has been made between distributable and non-distributable reserves.
- 2.5 Update the history and particulars of reserves on PAF.

AFS

No

(9/5)

(9/6)

No

DAF

(9/1)

No

3. Determine whether appropriate authorisation has been obtained in respect of changes in authorised and issued share capital, transfers between reserves and the payment or declaration of dividends.

4. Determine whether the client has complied with the terms, requirements, restrictions and the like applicable to share capital, reserves and dividends, including those set out in its documents of incorporation.

- 4.1 Ensure that the PAF contains a copy of the memorandum and articles of association or equivalent documents, and, where appropriate, copies of any shareholders' agreements, trust deeds or loan agreements.

- 4.2 Update the PAF for any new documents or amendments to existing documents and remove obsolete ones.

- 4.3 Review these documents and confirm that all provisions relating to the financial statements and applicable to share capital, reserves and dividends, are being complied with.

DAF

(9/2)

No

N/A

No

N/A

No

*Goussie*  
27/07/83

## COOPERS &amp; LYBRAND

## EXTENDED VALIDATION APPROACH (MANUAL 660)

## SHARE CAPITAL, RESERVES AND DIVIDENDS

Audit of Silent Valley (Pty) Ltd ..... Accounting date 28/02/83 .....

## VALIDATION STEPS

W.P.  
REF.EXCEPTIONS  
YES/NO CLEAREDSIGNATURE  
AND DATEIII. CONCLUSIONS AND ASSESSMENT1. Conclusions (Auditor in charge)

1.1 Confirm that the extended validation programme reflects all the relevant amendments to the nature and extent of the audit procedures as required by:-

- (a) the evaluation of the procedures identified in the Evaluation, Planning and Control Programme ("EPCP");
- (b) the significance of exceptions identified during the course of applying the validation procedures.

1.2 Consider whether the carrying out of the validation procedures achieved all the validation audit objectives, if not, draw to the attention of the manager and record on MAPs.

2. Assessment (Manager/Auditor in charge)

2.1 Relevant Factors, steps 1.1 to 4.3, and Validation Audit Objectives, steps 1.1 to 4.3, properly completed and signed.

2.2 Working papers reviewed ..... c. 1 to c. 6 ..... (Reference codes)

2.3 Conclusions in steps 1.1 and 1.2 above agreed.

↑

NO

Gavan  
27/07/83

JEBH

3.4.6.

B/R



## COOPERS &amp; LYBRAND

## SPECIMEN STANDARD SUBSTANTIVE AUDIT PROGRAMME

## STATUTORY RECORDS

 Audit of: Silent Valley ..... Accounting date: 28/02/83 .....

MANUAL REF:	Notes:	EXCEPTIONS		SIGNATURE AND DATE
		W.P. REF.	YES NO	
711	(1) See manual section 711 for further guidance on the following substantive steps.			
640	(2) Specify levels of test for steps 13,14 and 15. Where the firm carries out share transfer audits during the year, or where supplementary Control Objective 8.50 on the accuracy of the register of members has been evaluated and compliance tested, it will usually be appropriate to modify the nature of the tests or reduce the level.			
	(3) In most cases, the substantive steps for statutory records may be carried out more appropriately in conjunction with the substantive steps for share capital, reserves and dividends.			
	(4) Steps 3 to 21 of the programme are to be carried out each year, where appropriate. Steps 22 and 23 relate to matters concerning the statutory records and returns which the auditor may wish to review where there are doubts regarding the proper maintenance of these records or the lodging of returns. A review of these other statutory records and lodging of statutory returns may be carried out periodically, say every three years.			
<b>Inspection of Statutory Documents</b>				
1	On the occasion of the first audit by C & L inspect the company's files of statutory documents (if necessary, inspect the company's file kept by the Registrar of Companies - this may be referred to the C & L Pretoria office), ensuring where relevant that the previous auditor's notice of resignation has been filed. The results of the inspection should be recorded and filed on PAF 1, and should include information as to present directors, officers and principal shareholders, particulars of any pledges, notarial bonds, mortgage bonds and notarial debentures affecting property of the company, and any other points of importance.		No.	
2	Obtain a copy of the Memorandum and Articles of Association stamped by the Companies Registration Office to be filed on PAF 1 and prepare extracts on the firm's standard working papers, also to be filed on PAF 1. If extracts only are to be filed, the manager's approval should be obtained.	PAF 1/1	No	
<b>Annual Return (Section 173(1), Companies Act)</b>				
3	Ensure, by inspecting a copy and a filing acknowledgement, that a return (form CM 23) in respect of the previous financial year has been lodged with the Registrar of Companies within one month after the end of the month within which the anniversary of the date of the company's incorporation occurs. Check the evidence of the R80 annual duty paid in accordance with section 174 of the Companies Act and that the duty was paid upon the lodgement of the annual return; record details on the firm's standard working paper.		N/A	
<b>Register of Pledges and Bonds (Section 127, Companies Act)</b>				
4	Verify that pledges, notarial bonds, mortgage bonds and notarial debentures created during the year (which should be recorded in the minutes) have been entered in the register.			
5	If a charge has been repaid, verify that the entry has been made in the register.		N/A	
6	Update the schedule of pledges and bonds on PAF 2.			
7	For the purpose of preparing the letter of representation, confirm with the secretary of the company that there are no pledges and bonds not entered in the register.			

MANUAL REF:	SUBSTANTIVE STEPS	W.P. REF.	EXCEPTIONS		SIGNATURE AND DATE
			YES	NO	
	<u>Register of Directors and Officers (Section 215, Companies Act)</u>				
	8 Inspect the register and prepare an extract thereof on the firm's standard working paper.				
	9 Note changes since the last inspection of the register and verify by inspecting copies and filing acknowledgements that returns (forms CM 29) of all changes have been lodged with the Registrar of Companies.			No	
	10 Check with the appropriate minutes of meetings that all appointments, resignations or removals have been properly made.	9/2			
	11 See that the number of directors is not below the minimum prescribed by section 208 of the Companies Act (public company 2, private company 1) and complies with the Articles (see PAF 1).				
	<u>Register of Members</u>				
711.07-09	12 Where the registration work is done by independent registrars:-				
	(a) Obtain confirmation from them of the total figures for each class of share in respect of balances on the registers and unclaimed dividends. If the client is a company listed on the JSE obtain also a list of directors' shareholdings and holdings in excess of 5% if this information is to be disclosed in the directors' report.				
	(b) If the agreement between the client and the registrars requires the latter to carry insurance providing cover against loss, enquire whether the arrangements are being followed.				
	(c) Consider whether any enquiries are necessary as to the registrars' system of internal control or to confirm the information in the certificate.				
711.10	13 Where the company does its own registration work:-				
	(a) Obtain or prepare on the firm's standard working paper, a list of shareholders and:-				
	(i) agree the number of shares in issue on the list with the analysis prepared in step 1 for Share Capital, Reserves and Dividends;				
	(ii) check or test the additions of the list;				
640	Level of test..... 100%				
	(iii) check or test the number of shares held by individual shareholders shown on the list to the register of members and vice versa.	9/1		No	
640	Level of test..... 100%				
	If the client is a company listed on the JSE obtain or prepare also a list of directors' shareholdings and holdings in excess of 5% if this information is to be disclosed in the directors' report.				
	(b) If the company has more than one beneficial shareholder and there have been any issues, transfers or dividends during the year, complete the following steps 14 and 15.				
711.24	(c) Where shares have been redeemed during the year, devise and carry out appropriate additional substantive steps in relation to such redemptions.				
721.13	(d) Where the company has an issue of bearer shares, devise and carry out appropriate additional substantive steps in relation to such bearer shares.				
	14 Issues				
	(a) Agree totals of allotment lists with total share capital issued.				
	(b) Check or test items on lists with cash received records or evidence of other consideration received (e.g. cancelled convertible redeemable preference share certificates).				
640	Level of test.....				

*Signature*  
27/07/03

MANUAL REF:	SUBSTANTIVE STEPS	W.P. REF.	EXCEPTIONS		SIGNATURE AND DATE
			YES	NO	
	(c) Inspect counterfoils (or other record) of share certificates issued and receipts for certificates from shareholders or their authorised agents.				
640	Level of test.....				
	(d) Check or test the additions of the allotment lists.				
640	Level of test.....				
	(e) Check or test postings of items verified to register of members.				
640	Level of test.....				
15	Transfers				
	(a) Note from the board minutes the transfers approved during the year.				
	(b) Check or test entries in the transfer register with transfer forms.				
640	Level of test..... 100%				
	(c) Verify a proportion of the transfer forms inspected above, as follows:-				
	(i) See that they appear to have been properly completed and stamped.				
	(ii) Inspect cancelled old certificates and counterfoils (or other record) of new certificates issued.				
	(iii) Inspect receipts from shareholders, or their authorised agents, for new certificates issued.				
	(iv) Check that the transfers have been correctly recorded in the register of members.				
640	Level of test..... 100%				
	Minute Books (Sections 204 and 242, Companies Act)				
620.18 711.05 711. 13-20	16 Review and obtain copies or make extracts of the minutes of general meetings of the company and of meetings of the directors, managers and important committees (to be identified on each audit) during the year and up to the date of the audit report. Note particularly:-				
	(a) matters relating to a general understanding of the client's business and activities;				
	(b) matters significantly affecting specific items in the financial statements;				
	(c) any authority given for specific large or unusual transactions.				
	17 Ensure that the annual general meeting was held within nine months after the end of the previous financial year (section 179 of the Companies Act). (If an annual general meeting was not held confirm that the shareholders' consent was obtained in terms of section 179 (7) of the Companies Act).				
	18 When reviewing the minutes:-				
711. 26(a), 28	(a) Ensure that there was a quorum for each meeting (refer to PAF 1).				
	(b) Ensure the minute books and attendance registers were properly kept, i.e. the minutes are pasted into the books in the correct date order and the attendance registers were signed (Section 245). If these documents have not been properly kept draw the attention of the partner to the matter on MAPs.				
	(c) If the firm, either in South Africa or elsewhere, acts as auditors of other companies in the group, notify the appropriate offices of the firm of any relevant points from the minutes. In doing this, care should be taken not to disclose any confidential information without the client's consent.				
	(d) Refer on MAPs to minutes of an exceptional or unusual nature.				
	(e) File on PAF 2 extracts of important minutes which may affect the financial statements in the future. Update as necessary the extracts on PAF 2 prepared in past years.				
	19 Ensure that all agreements entered into during the year, significant to the financial statements, have been identified. This will necessitate, in addition to reviewing the minutes, making appropriate enquiries. Update the list on PAF 2 of agreements of continuing significance.				

MANUAL REF :	SUBSTANTIVE STEPS	W.P. REF.	EXCEPTIONS		SIGNATURE AND DATE												
			YES	NO													
	20 Ensure that all matters noted from the review of minutes and agreements as being relevant to the financial statements have been considered in applying the substantive procedures on the various accounts classifications, and are disclosed in the financial statements as appropriate. Mark off the extracts or copies of minutes accordingly.	9/3 9/4	No		Jaw 27/0												
	<u>Directors' and Officers' Interests in Contracts (Section 240, Companies Act)</u>																
711. 26(b),28	21 Ensure that the register of interests in contracts has been kept and that entries therein are in accordance with the minutes of directors' meetings. If the register has not been properly kept draw to the attention of the partner on MAPs.		N/A														
	<u>Other Statutory Registers or Books</u>																
711. 27-28	22 Consider whether any substantive work is required on the other statutory registers or books. If so, inspect the other statutory registers or books and ensure that they appear up to date and that the form of the registers or books, and the nature of the information they contain, comply with the statutory requirements, as follows:-																
	<table><thead><tr><th>Register of</th><th>Companies Act Section</th></tr></thead><tbody><tr><td>(a) Allotments</td><td>93</td></tr><tr><td>(b) <del>Debtenture holders</del></td><td>128</td></tr><tr><td>(c) Directors', officers' and other insiders' material interests in shares and debentures of the company, and other officers possessing prior knowledge which may materially affect the price of the company's shares or debentures (public companies only)</td><td>230,231</td></tr><tr><td>(d) Directors and officers (external companies),</td><td>327</td></tr><tr><td>(e) <del>Land and buildings</del></td><td>Schedule 4, para 16 (5)</td></tr></tbody></table>	Register of	Companies Act Section	(a) Allotments		93	(b) <del>Debtenture holders</del>	128	(c) Directors', officers' and other insiders' material interests in shares and debentures of the company, and other officers possessing prior knowledge which may materially affect the price of the company's shares or debentures (public companies only)	230,231	(d) Directors and officers (external companies),	327	(e) <del>Land and buildings</del>	Schedule 4, para 16 (5)	N/A	No	
Register of	Companies Act Section																
(a) Allotments	93																
(b) <del>Debtenture holders</del>	128																
(c) Directors', officers' and other insiders' material interests in shares and debentures of the company, and other officers possessing prior knowledge which may materially affect the price of the company's shares or debentures (public companies only)	230,231																
(d) Directors and officers (external companies),	327																
(e) <del>Land and buildings</del>	Schedule 4, para 16 (5)																
	<u>Statutory Returns</u>																
711. 27-28	23 Consider whether any substantive work is required on statutory returns. If so, ensure that all necessary statutory returns have been lodged with the Registrar of Companies, by inspecting copies and filing acknowledgements. For this purpose, obtain the appropriate statutory returns checklists from the stationery department, as follows:-																
	(a) Applicable on Incorporation. (b) Change of Name, Amendments to Constitution, Alterations to Capital. (c) Keeping of Registers and Repetitive Returns to the Registrar of Companies. (d) Sundry. (e) Accounting Matters. (f) External Companies.	N/A	No														
	<u>CONCLUSIONS AND ASSESSMENT</u>																
	<u>Conclusions (Auditor in charge)</u>																
610. 28-30 631.05	24 (a) (i) State whether any exceptions were noted in steps 1 to 23 above. (ii) If so, confirm that they have been recorded on a score sheet giving working paper reference (and if appropriate recorded on the RCW), and that their implications in respect of the audit report have been considered.																
711.29	(b) Consider whether any matters noted during the examination of the statutory records require specific mention in the letter of representation. If so, give working paper reference.																
	<u>Assessment (Manager/Auditor in charge)</u>																
	25 (a) Steps 1 to 23 properly completed and signed.																
	(b) Working papers reviewed.....c/l to c/l.....(Reference codes)																
	(c) Consider, in the light of your review and the audit findings, whether the levels and samples used for test provide an adequate basis for an opinion on the statutory records.																
781.15	(d) Confirmations from third parties marked off.																
	(e) Conclusions in step 24 agreed.																

*Janani*  
27/07/23

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## EXTENDED VALIDATION APPROACH (MANUAL 660)

## VALIDATION PROCEDURES - LOAN CAPITAL

Audit of Silent Valley (Pty) Ltd. Accounting date 28/02/83

- NOTE : (1) See manual section 721 for further guidance on the following validation steps.  
 (2) For the purpose of this section of the extended validation procedures, loan capital is considered to include proprietors' loans.

VALIDATION STEPS	W.P. REF.	REMARKS	SIGNATURE AND DATE
<b>I. RELEVANT FACTORS</b>			
In preparing the steps under the validation audit objectives, consider the factors that are normally relevant in determining the nature and extent of the extended validation procedures with respect to loan capital including:-			
1.1 Any procedures, in addition to its regular accounting routines, adopted by the client in preparing the financial statements.		✓	Jandu. 27/07/83
1.2 The involvement of C & L accounting staff in writing up the accounting records .		✓	
1.3 The materiality of loan capital in relation to the financial statements.		✓	
1.4 The nature and size of the individual items that comprise the loan capital balances.		✓	
1.5 The extent to which loan capital can be correlated with other accounts.		✓	
1.6 The effect of matters arising from the following:-			
(a) The performance indicator review (including any performance indicators utilised by management);		✓	
(b) Exceptions noted and information obtained from validation procedures applied to assets and other liabilities.			
1.7 The effect of unusual fluctuations in total loan capital balances from normal or expected levels.		✓	
1.8 Whether there are any procedures (identified by enquiry and through the EPCP) that could have an effect on the nature and extent of the validation steps, provided reasonable assurance is obtained that these procedures are functioning effectively.		✓	
1.9 Any other factors identified in the course of applying extended validation procedures. Detail these below and consider the effect thereof:-			
.....			
..... N/A .....			
.....			
.....			

Audit of Silent Valley (Pty) Ltd ..... Accounting date 28/02/83 .....

VALIDATION STEPS	W.P. REF.	EXCEPTIONS YES/NO	CLEARED	SIGNATURE AND DATE
<b>II. VALIDATION AUDIT OBJECTIVES</b>				
1. <u>Determine whether all material liabilities for loan capital existing at the year-end have been recorded</u>				
1.1 Obtain or prepare analyses of loan capital and related accounts (e.g. interest charged and accrued) showing the following information on each loan:-				
(a) Description of the loan, the principal amount and interest payment terms, the interest rate and details of any security held by the lender.				
(b) With regard to the principal amount:-				
(i) balance at the beginning of the year;				
(ii) further advances, repayments and renewals during the year;				
(iii) current, non-current and total balances at the year end.				
(c) With regard to interest:-				
(i) accrued at the beginning of the year;				
(ii) charged for the year;				
(iii) accrued at the year end.				
1.2 Confirm amounts owing, accrued interest and significant terms (Step 1.4) of loan capital by direct correspondence with the lenders or trustees.				
2. <u>Determine whether all changes in loan capital have been appropriately included in the financial statements</u>				
3. <u>Determine whether all changes in loan capital have been properly authorised</u>				
3.2 In respect of proprietors' loans pay particular attention to the validity of transactions with the client. Also obtain written representation as to the balances at the year end and terms and conditions of the loans.				

W.P.  
REF.EXCEPTIONS  
YES/NO

CLEARED

SIGNATURE  
AND DATE

## II. VALIDATION AUDIT OBJECTIVES

- 1.
- Determine whether all material liabilities for loan capital existing at the year-end have been recorded

- 1.1 Obtain or prepare analyses of loan capital and related accounts (e.g. interest charged and accrued) showing the following information on each loan:-

(a) Description of the loan, the principal amount and interest payment terms, the interest rate and details of any security held by the lender.

(b) With regard to the principal amount:-

(i) balance at the beginning of the year;

(ii) further advances, repayments and renewals during the year;

(iii) current, non-current and total balances at the year end.

(c) With regard to interest:-

(i) accrued at the beginning of the year;

(ii) charged for the year;

(iii) accrued at the year end.

- 1.2 Confirm amounts owing, accrued interest and significant terms (Step 1.4) of loan capital by direct correspondence with the lenders or trustees.

- 2.
- Determine whether all changes in loan capital have been appropriately included in the financial statements

- 3.
- Determine whether all changes in loan capital have been properly authorised

3.2 In respect of proprietors' loans pay particular attention to the validity of transactions with the client. Also obtain written representation as to the balances at the year end and terms and conditions of the loans.

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A/2

AFS

A/3

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27/02/83

COOPERS & LYBRAND

EXTENDED VALIDATION APPROACH (MANUAL 660)

VALIDATION PROCEDURES - LOAN CAPITAL

Audit of Silent Valley (Pty) Ltd ..... Accounting date 28/02/03 .....

VALIDATION STEPS	W.P. DEF.	EXCEPTIONS YES/NO	CLEARED	SIGNATURE AND DATE
4. <u>Determine whether interest charged or accrued is appropriately recorded</u>				
5. <u>Determine whether the client has complied with all terms, requirements, restrictions and the like with respect to any loan agreements</u>				
<div> <p>5.1 Ensure that borrowings did not, at the year end, exceed any applicable limit in the articles of association, any trust deed or any loan agreement. Consider whether such limits might have been exceeded during the year. Update the working paper, which should be maintained in the PAF, to compare borrowings with limits on borrowing powers. In the case of a restriction on borrowing because of non-resident interests, verify that the Reserve Bank consent has been obtained (also applicable to bank loans).</p> </div>	N/A	NO		<i>Janau</i> 27/01/03
6. <u>Determine whether loan capital that is secured by a pledge of assets or other pledges (e.g. third party guarantee) is identified</u>				
6.1 Determine, by reviewing loan agreements, bond indentures and the like (and related confirmation replies) whether any of the loans are secured by a pledge of assets or other pledges.	N/A	NO		
<b>III. CONCLUSIONS AND ASSESSMENT</b>				
1. <u>Conclusions</u> (Auditor in charge)				
1.1 Confirm that the extended validation programme reflects all the relevant amendments to the nature and extent of the audit procedures as required by:-				
(a) the evaluation of the procedures identified in the Evaluation, Planning and Control Programme ("EPCP");		NO		
(b) the significance of exceptions identified during the course of applying the validation procedures.		NO		
1.2 Consider whether the carrying out of the validation procedures achieved all the validation audit objectives, if not, draw to the attention of the manager and record on MAPs.		NO		
2. <u>Assessment</u> (Manager/Auditor in charge)				
2.1 Relevant Factors, steps 1.1 to , and Validation Audit Objectives, steps 1.1 to properly completed and signed.				
2.2 Working papers reviewed..... <u>D/3</u> ..... (Reference codes).				
2.3 Conclusions in steps 1.1 and 1.2 above agreed.				



COOPERS &amp; LYBRAND

## SPECIMEN STANDARD SUBSTANTIVE AUDIT PROGRAMME

## TAXATION

Audit of: Silent Valley (Pty) LtdAccounting date: 28/02/83

B/4

3.4.8

MANUAL  
REF:

Notes:

250,731

- (1) See manual sections 250 and 731 for further guidance on the following substantive steps.
- (2) Before commencing substantiation:-

730

731.04

- (a) obtain an understanding of the client's accounting policies relevant to tax (PAF 9);
- (b) prepare a substantive audit programme based on these specimen procedures and build in further procedures to take account of special aspects of the client's business, any weaknesses or breakdowns noted on the RCW and any exceptions recorded while carrying out the substantive procedures;
- (c) discuss with the tax department the respective responsibilities of the audit and tax departments in connection with the tax provision.

## SUBSTANTIVE STEPS

W.P.  
REF.EXCEPTIONS  
YES  
NOC  
CorrectSIGNATURE  
AND DATE

## Summary of Taxation

731.02

- 1 Obtain or prepare a statement in columnar form of the tax accounts (a standard printed tax summary form is available for this purpose), reconciling the balance sheet figures of the current year with those of the previous year, and showing the following:-
- (a) The make-up of the tax liabilities provided at the date of the previous balance sheet.
- (b) Payments made during the year on account, or in settlement, of those liabilities, or any repayments made by the Inland Revenue.
- (c) Amounts charged in the financial statements in respect of estimated liabilities arising on profits for the year covered by the financial statements, split as between current and prior years.
- (d) Provisional payments of normal tax made during the period.
- (e) Movements on loan portion of normal tax.
- (f) Other taxes on foreign dividends or on other foreign income.
- (g) The make-up of the tax liabilities at the balance sheet date, indicating which amounts are agreed with the Inland Revenue and which amounts are estimated and have yet to be agreed.
- (h) Transfers between deferred tax and current tax.

Identify on the statement any over- or under-provision on tax provisions made in previous year(s).

E/1

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- 2
- (a) Agree the opening figures on the statement to the previous year's financial statements and working papers.
- (b) Investigate balances outstanding from previous years to confirm their continued validity and accuracy, and enquire into the progress made in the agreement of assessments. Bring any material areas of dispute or serious lack of progress to the attention of the audit manager.
- (c) Verify all transactions affecting the tax accounts during the period with assessments, provisional tax returns and official receipts. Confirm that assessments have been checked by the client before payment and that provisional and other payments were made on due dates.
- (d) Vouch direct foreign taxes (e.g. taxes on foreign branch profits, withholding taxes on foreign dividends, royalties and interest) with available evidence, such as branch tax returns submitted to foreign fiscal authorities, assessments, receipts, tax certificates issued by paying agents, etc.
- (e) Check the additions of the statement.
- (f) Agree the balances on the statement to the relevant figures in the general ledger.
- (g) Agree the totals of the statement to the financial statements (including the comparative figures).

E/1

No

No

No

N/A

No

No.

MANUAL REF:	SUBSTANTIVE STEPS	W.P. REF.	EXCEPTIONS		SIGNATURE AND DATE
			YES	NO	
	<u>Tax Checklists</u>				
731.07(d)	3 Ensure that copies of the following documents have been placed on CAF section E, where appropriate:-  (a) Checklist for Computation of Taxable Income of a Company (Stationery code E3). This should be completed each year. If its use is considered unnecessary, the reasons for its non-completion should be recorded on interim or final MAPs and the approval of the partner thereby obtained. (b) Tax Savings Checklist (Stationery code E4). Where it is not intended to use this checklist, this should also be recorded on interim or final MAPs together with:- (i) the reasons why its use is considered inappropriate; and (ii) the period of time that has elapsed since the savings checklist was last completed. (c) Undistributed Profits Tax Computation (Stationery code E5). This should be completed each year. If there is a contingent liability for undistributed profits tax, record on final MAPs and ensure that the appropriate note appears on the financial statements. Where a contingent liability was identified for the previous year at the last audit, update the computation for that year and ensure any liability has been provided for.				
	<u>Tax Computations</u>				
	4 (a) Obtain or prepare copies of the tax computations and calculations of deferred tax provisions, and:- (i) review for points of principle; (ii) check significant figures from their sources.  Note: The tax checklists in step 3 above should be used as guides to the preparation of computations or in reviewing computations prepared by the client.  (b) Ensure that provisions made in respect of prior year computations not yet agreed appear to be reasonable. Inspect correspondence with the Department of Inland Revenue with respect to such computations, and file copies of important letters (normally including those dealing with the most recently agreed tax assessment) on the CAF section E. (c) Ensure that the deferred tax requirement is in accordance with the principles set out in GAAP 1.002. If a deferred tax account is required but is not set up, draw attention to this in final MAPs.	E/2	No		
	5 As an overall check on the reasonableness of the tax charge, prepare a proof of the actual charge for the year, including any transfers to or from deferred tax, and reconciling this with an amount representing the standard rate of tax on the profit before tax shown in the financial statements.	E/3	No		
	<u>Liaison with the Tax Department</u>				
250 App.13 731.08	6 Where the firm handles the client's tax returns, liaise with the C&L tax department, tax specialist, person of tax competence or the person in the firm responsible for dealing with the client's tax affairs, with regard to additional information which should be provided by audit staff.				
	<u>Disclosure</u>				
730.10 730.30 790.08 730.39	7 Ensure the following are disclosed in accordance with GAAP 1.002 and Schedule 4 of the Companies Act:- (a) The effect of permanent differences (e.g. investment allowances) on the tax charge for the year and the effect of assessed losses offset against taxable income of the current year. (b) Significant prior period adjustments. (c) The effect on deferred tax of a change in tax rates, if the liability method is adopted. (d) The reason if no provision for taxation has been made. (e) The amounts (if material) of any taxes other than South African Normal Tax, including foreign taxes.				
730.29	(f) The amount of any loss available for offset against taxable income of future periods.	A35	No		

MANUAL REF:	SUBSTANTIVE STEPS	W.P. REF.	EXCEPTIONS		SIGNATURE AND DATE
			YES	NO	
	<u>Extraordinary Items</u>				
730.03	8 The tax effect of extraordinary items should be separated from the charge relating to the normal operating profit and included with those items. If material, the amount of the tax should be disclosed.				
	<u>Review by Tax Specialist (or Person of Tax Competence)</u>				
210.10	9 If the company is listed or is an associate or subsidiary of a listed company or falls into any of the other categories which require a review of the provision by a tax specialist (or person of tax competence) in terms of manual 250, ensure that such a person has reviewed the provision, or alternatively, reviewed the computations submitted to the Department of Inland Revenue in respect of the previous financial period. If the latter alternative is relied on, ensure that no significant change has taken place in the client's affairs and make sure that all points arising from the review are considered when arriving at a conclusion on the adequacy of the provision in the financial statements. Where necessary, check with the tax specialist (or person of tax competence) that no major changes are likely to occur when the detailed computations for the year under review are prepared for submission to the Department of Inland Revenue.				
250 App.23					
	<u>CONCLUSIONS AND ASSESSMENT</u>				
	<u>Conclusions (Auditor in charge)</u>				
730	10 (a) Confirm that the accounting policies applied in respect of taxation are in accordance with any policies stated in the client's financial statements, are consistent with those applied in the previous year, and are acceptable to the firm.				
610. 28-30 631.05	(b) (i) State whether any exceptions were noted in steps 1 to 9 above. (ii) If so, confirm that they have been recorded on a score sheet giving working paper reference (and if appropriate recorded on the RCW), and the nature and level of substantive procedures amended as necessary.				
250 App.23	(c) Confirm that, where required, the review by a tax specialist or person of tax competence has been completed.				
	(d) Consider whether any matters noted during the substantiation of taxation require specific mention in the letter of representation. If so, give working paper reference.				
	(e) (i) Consider whether the above substantive procedures have provided any evidence that tax (including deferred tax) is not fairly stated in the financial statements. (ii) If there is such evidence, give working paper reference, draw to the attention of the manager and record on a score sheet.				
	<u>Assessment (Manager/Auditor in charge)</u>				
11	(a) Steps 1 to 9 properly completed and signed.				
	(b) Working papers reviewed.....(Reference codes)				
	(c) Consider, in the light of your review and the audit findings, whether the levels and samples used for test provide an adequate basis for an opinion on the account balances.				
	(d) Presentation in the financial statements or chairman's statement of information with taxation implications has been considered and, where necessary, agreed with a tax specialist (or person of tax competence).				
	(e) Conclusions in step 10 agreed.				

*Gaudin*  
27/01/83

*CPH*  
9/83

Accounting date 28/02/83

See manual section 741 for further guidance on the following validation steps.

VALIDATION STEPS		W. P. REF.	REMARKS	SIGNATURE AND DATE
<b>I RELEVANT FACTORS</b>				
1.	In preparing the steps under the validation audit objectives consider the factors that are normally relevant in determining the nature and extent of the extended validation procedures with respect to fixed assets including:-			
1.1	Any procedures, in addition to its regular accounting routines, adopted by the client in preparing the financial statements.		Noted	
1.2	The involvement of C & L accounting staff in writing up the accounting records.		✓	
1.3	The materiality of fixed assets in relation to the financial statements.		✓	
1.4	The nature and size of the individual items that comprise the fixed asset balances or the activity in additions and disposals and in repairs and maintenance of fixed assets.		✓	
1.5	The effect of matters arising from the following :-			
	(a) The performance indicator review (including any performance indicators utilised by management).		✓	
	(b) Exceptions and errors noted and information obtained from validation procedures applied to other assets and liabilities.		✓	
1.6	The effect of unusual fluctuations in fixed asset and depreciation balances from normal or expected levels.		✓	
1.7	Whether there are any procedures (identified by enquiry and through the EPCP) that could have an effect on the nature and extent of the validation steps, provided reasonable assurance is obtained that these procedures are functioning effectively. Example: Control over the allocation of invoices to ensure that repairs are not improperly capitalised.		✓	
1.8	Any other factors identified in the course of applying extended validation procedures. Detail these below and consider the effect thereof:-  ..... ..... ..... N/A			

## EXTENDED VALIDATION APPROACH (MANUAL 660)

## VALIDATION PROCEDURES - FIXED ASSETS

Audit of ..... Accounting date .....

VALIDATION STEPS	W.P. REF.	EXCEPTIONS YES/NO CLEARED		SIGNATURE AND DATE
II. VALIDATION AUDIT OBJECTIVES				
1. <u>Determine whether the cost or other basis of recording fixed assets is appropriate and has been consistently applied.</u>				
2. <u>Determine whether additions to fixed assets are valid</u>				
3. <u>Determine whether items have been properly classified between capital and revenue.</u>				

## SPECIMEN EXTENDED VALIDATION PROCEDURES

## FIXED ASSETS

VALIDATION STEPS	W.P. Ref.	Exceptions Yes No	Sig & Date
<u>VALIDATION AUDIT OBJECTIVES</u>			
1. <u>Determine whether the cost or other basis of recording fixed assets is appropriate and has been consistently applied.</u>	↑	↑	
1.1 Obtain or prepare analyses of fixed assets for cost or valuation and accumulated depreciation showing:-			
(a) total amounts, by class, at the beginning of the year;			
(b) details of purchases including a description of the assets acquired;			
(c) details of disposals including a description of assets sold or scrapped and the profits or losses on disposals;			
(d) total depreciation charged for the year by class;			
(e) any other adjustments applicable to the year (e.g. inter-group transfers, fully depreciated assets written off);			
(f) total amounts, by class, at the year end agreeing these with the fixed assets register which should be kept in terms of section 284(1)(b) of the Companies Act.			
(g) information that requires disclosure in the financial statements.		No	
1.2 Check the additions and cross casts of the analyses.			
1.3 Consider whether the analyses of additions and disposals are suitable for taxation purposes where the firm deals with the taxation affairs of the client.			
1.4 Investigate any significant or unusual adjustments made by the client to bring the general ledger accounts in agreement with the analyses obtained or prepared in Step 1.1.	F/1		
1.5 Determine whether the capitalisation practices followed by the client are appropriate, as regards the nature and reasonableness of elements of costs considered to be capital and the segregation and classification of additions to land or buildings for depreciation purposes, and are consistent with the previous year.			
1.6 Enquire into and examine supporting documentation in respect of valuation increases recorded in the general ledger, noting the basis used.			
1.7 Consider for the purpose of fair presentation the capitalising of significant leased assets, (e.g. where the majority of fixed assets are leased by a client in a capital intensive industry).			
2. <u>Determine whether additions to fixed assets are valid.</u>			
2.1 Vouch all significant additions by reference to supporting documentation (e.g. title deeds, purchase agreements, construction contracts, progress billings, suppliers' invoices and work orders) and minutes of meetings of the board of directors, ensuring that additions have been authorised and approved. Where practicable, conduct physical examination and trace to fixed assets register.	F/3	No	
2.2 With reference to Step 2.1 above, where construction contracts or similar agreements are in force, determine whether all retentions have been capitalised and taken up in accounts payable.			
2.3 With reference to 2.1 above, determine that capital work carried out by the client's own employees is accounted for on the basis of detailed costing records and in accordance with the capitalisation practices followed by the client (Step 1.5). Where			

*Foulon*  
27/07/88

## COOPERS &amp; LYBRAND

## SPECIMEN EXTENDED VALIDATION PROCEDURES

## FIXED ASSETS

VALIDATION STEPS		Exceptions			Sig & Date
		WP	Yes/No	Ord	
	overheads are capitalised, ensure that they only include factory overheads, the basis of calculation is reasonable and no profit has been taken. If other overheads have been included, or if the policy of including or excluding factory overheads has been changed during the year, record on MAP's.				
2.4	Identify and obtain explanations for open capital projects not apparently completed within a reasonable period or in respect of which expenditures were greater than planned. Determine the nature of individual items and identify those items, if any, that should be expensed or upon which depreciation should have been charged.				
3.	<u>Determine whether items have been properly classified between capital and revenue.</u>				
3.1	Scrutinise all repairs and maintenance accounts and vouch all significant entries to supporting documentation (e.g. suppliers' invoices) and confirm that these do not relate to items which should be capitalised rather than expensed. Make a note of the scrutiny and items vouched for Section P to ensure non duplication of work during the validation procedures for the income statement.	P/4	NO		
3.2	Examine records of leased assets, lease agreements and other relevant data and determine whether the leases are correctly classified and properly accounted for (refer 1.7.). Correlate leases examined with prior year's working papers and audit procedures on rental expense to determine that all significant leases are examined. If assets are acquired at the expiration of the lease ensure that any assets so acquired were properly capitalised.				
4.	<u>Determine whether all disposals of fixed assets have been appropriately recorded.</u>				
4.1	Verify all significant disposals and resulting profits and losses with reference to book values, supporting documentation of sales, ensuring that the disposals have been properly authorised and approved. Trace disposals to the fixed assets register.				
4.2	Test, for instance by selecting expenditure for replacement of existing assets and confirming that the related disposal has been recorded, that scrappings and other disposals have been recorded correctly.				
5.	<u>Determine whether the fixed assets recorded in the accounts exist and are owned by the client.</u>				
5.1	Verify the physical existence of property and material plant and equipment (e.g., motor vehicles, trailers and construction equipment including leased assets) for the items not verified in Step 2.1 above.			Not Applicable	
5.2	Examine title deeds to fixed properties and evidence of ownership of motor vehicles and other registrable assets.	F/2	No		
5.3	Consider whether to carry out any further steps to validate the continued existence of buildings.		No		
6.	<u>Determine whether adequate rates of depreciation have been properly applied to all items of fixed assets that should be depreciated, on a method consistent with that in the previous year.</u>				
6.1	Determine whether the depreciation practices followed by the client are appropriate as to methods, estimates of useful lives and net realisable values, practices for depreciating additions and disposals within the financial year and accounting for fully depreciated assets, and are consistent with the previous year.	F/1	NO		
6.2	Review the calculations of depreciation for reasonableness and carry out test calculations on the individual items to the extent needed to substantiate the accuracy and completeness of the provision. Review the fixed asset register for items on which no depreciation has been charged and identify those items, if any, upon which depreciation should have been charged.	F/1	No		
<p><u>Note:</u> If depreciation is calculated on a total basis, it may not be necessary to check any detailed calculations.</p>					

*Farshi*  
27/07/23

## COOPERS &amp; LYBRAND

## SPECIMEN EXTENDED VALIDATION PROCEDURES

## FIXED ASSETS

VALIDATION STEPS	Exceptions			To Date
	WP Ref	Yes/No	Clrd	
7. <u>Determine whether the net book value is likely to be recovered in the course of normal business operations through future depreciation charges and ultimate net realisable value.</u>				
7.1 Make enquiries as to the existence of assets no longer in use. Consider appropriateness of book values of such assets and obtain adequate evidence in support thereof.	N/A	No		
7.2 Review the appropriateness of valuation increases referred to in Step 1.6.	(F/z)	Yes	Ref WP	27/07/92
7.3 Review the ability of the client to earn profits on significant leased assets taking into account the length of the future period over which the commitment extends and any cancellation arrangements.				
8. <u>Determine whether fixed assets that have been pledged as security are identified.</u>				
8.1 Enquire whether any fixed assets have been pledged as security for liabilities of either the client or third parties. Examine supporting documentation and compare with the information obtained through direct correspondence with lenders.	N/A	No.		
8.2 If so, ensure that the appropriate disclosure is made in the financial statements.	N/A	No		

## VALIDATION PROCEDURES - FIXED ASSETS

Audit of ..... Accounting date .....

VALIDATION STEPS	W.P. REF.	EXCEPTIONS YES/NO CLEARED	SIGNATURE AND DATE
4. <u>Determine whether all disposals of fixed assets have been appropriately recorded.</u>			
5. <u>Determine whether the fixed assets recorded in the accounts exist and are owned by the client</u>			
6. <u>Determine whether adequate rates of depreciation have been properly applied to all items of fixed assets that should be depreciated, on a method consistent with that in the previous year.</u>			
7. <u>Determine whether the net book value is likely to be recovered in the course of normal business operations through future depreciation charges and ultimate net realisable value.</u>			
8. <u>Determine whether fixed assets that have been pledged as security are identified.</u>			

Audit of Silont Valley (Pty) Ltd

Accounting date ..... 28/02/83

VALIDATION STEPS	W. P. REF.	EXCEPTIONS YES/NO CLEARED	SIGNATURE AND DATE
<b>III CONCLUSIONS AND ASSESSMENT</b>			
1. <u>Conclusions</u> (Auditor in charge)			
1.1 Confirm that the extended validation programme reflects all the relevant amendments to the nature and extent of the audit procedures as required by :-			
(a) the evaluation of the procedures identified in the Evaluation, Planning and Control Programme ("EPCP");		No	
(b) the significance of exceptions identified during the course of applying the validation procedures.		No	
1.2 Consider whether the carrying out of the validation procedures achieved all the validation audit objectives, if not, draw to the attention of the manager and record on MAPs.			
2. <u>Assessment</u> (Manager/Auditor in charge)			
2.1 Relevant Factors, steps 1.1 to , and Validation Audit Objectives, steps 1.1 to , properly completed and signed.			
2.2 Working papers reviewed... (Reference codes)			
2.3 Conclusions in steps 1.1 and 1.2 above agreed.			

3.4.10

Audit of Slate Valley (Pty) Ltd ..... Accounting date 28/02/83 .....

NOTE : See manual 781 for further guidance on the following validation steps.

VALIDATION STEPS	W.P. REF.	REMARKS	SIGNATURE AND DATE
<u>I. RELEVANT FACTORS</u>			
1. In preparing the steps under the validation audit objectives, consider the factors that are normally relevant in determining the nature and extent of the extended validation procedures with respect to bank and cash balances including :-			
1.1 Any procedures, in addition to its regular accounting routines, adopted by the client in preparing the financial statements.		Noted	
1.2 The involvement of C & L accounting staff in writing up the accounting records.		✓	
1.3 The materiality of bank balances and cash funds in relation to the financial statements,		✓	
1.4 The volume of activity in bank and cash accounts and the number of bank and cash accounts maintained.		✓	
1.5 Whether there are any control procedures (identified by enquiry and through the EPCP) that could have an effect on the nature and extent of the validation steps, provided reasonable assurance is obtained that these procedures are functioning effectively.		✓	
1.6 Any other factors identified in the course of applying extended validation procedures. Detail these below and consider the effect thereof:-			
N/A			
.....			
.....			
.....			

Audit of Silent Valley (Pty) Ltd ..... Accounting date 28/02/83 .....

VALIDATION STEPS	W.P. REF.	EXCEPTIONS YES/NO	CLEARED	SIGNATURE AND DATE
II. VALIDATION AUDIT OBJECTIVES				
1. <u>Determine whether the bank and cash balances at the year-end are fairly stated.</u>				
1.1 Obtain or prepare a summary of bank and cash balances at the balance sheet date and agree with ledger control accounts and other subsidiary books. The summary should include the corresponding figures at the previous year-end.	(L/I)	NO		
1.2 Determine by reference to the balances at the previous year end and to the client's records, those bank accounts and cash funds which were open or in use during any part of the year.	N/A	No.		
1.3 Enquire as to whether the bank accounts or cash in the client's possession include property of others (e.g., an employees' association or employees' savings) or the client's property not recorded in the books (e.g., cash representing unclaimed wages).				
1.4 (a) Confirm year-end bank and cash deposit balances by direct correspondence on C & L's standard bank report request letter for all accounts that were open during any part of the year confirming NIL balances as shown in the client's records.	9/5			
(b) Determine whether bank account balances and overdrafts are only "netted" on the balance sheet where a right of "set off" exists as agreed by the bankers concerned.	N/A	No		
1.5 Obtain bank reconciliations at the year-end for all those bank accounts which were open at the year-end and check the additions. Consider the frequency of preparation of reconciliations and review interim reconciliations during the year for validity, and investigate any unusual items in the reconciliations.	(L/I)	No		
1.6 Compare Book balances per the reconciliation to the control accounts in the general ledger.	(L/I)			
1.7 Compare bank balances per the reconciliations to the amounts confirmed by the bank.	9/5			
1.8. Substantiate any reconciling items.	(L/I)			

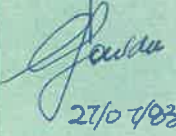
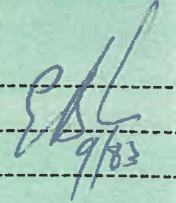
*Pauline*  
27/01/83

## COOPERS &amp; LYBRAND

## EXTENDED VALIDATION APPROACH (MANUAL 660)

## VALIDATION PROCEDURES - BANK AND CASH BALANCES

Audit of Silent Valley (Pty) Ltd ..... Accounting date 28/02/83 .....

VALIDATION STEPS	W.P. REF.	EXCEPTIONS YES/NO CLEARED	SIGNATURE AND DATE
2. <u>Determine whether bank and cash balances that are restricted as to availability or use are identified (e.g. overdrafts secured by other credit balances; credit balances which may be set off by the bank against overdrafts in other group companies; balances in blocked currencies).</u>	41	No	
3. <u>Determine whether secured bank overdrafts are identified as such</u>	NA	No	 27/02/83
III. <u>CONCLUSIONS AND ASSESSMENT</u>			
1. <u>Conclusions</u> (Auditor in charge)			
1.1 Confirm that the extended validation programme reflects all the relevant amendments to the nature and extent of the audit procedures as required by :-  (a) the evaluation of the procedures identified in the Evaluation, Planning and Control Programme ("EPCP");  (b) the significance of exceptions identified during the course of applying the validation procedures.		No	
1.2 Consider whether the carrying out of the validation procedures achieved all the validation audit objectives, if not, draw to the attention of the manager and record on MAPs.		No	
2. <u>Assessment</u> (Manager/Auditor in charge)			
2.1 Relevant Factors, steps 1.1 to , and Validation Audit Objectives steps 1.1 to , properly completed and signed.			
2.2 Working papers reviewed... 41 ..... (reference codes)			 27/02/83
2.3 Conclusions in steps 1.1 and 1.2 above agreed.			

3.4.11  
5/7Audit of Silent Valley (Pty) Ltd Accounting date 28/02/83

NOTE : See manual 660 and 791 for further guidance on the following steps, including timing of work.

VALIDATION STEPS	W.P. REF.	REMARKS	SIGNATURE AND DATE
<u>I. RELEVANT FACTORS</u>			
1. In preparing the steps under the validation audit objectives consider the factors that are normally relevant in determining the nature and extent of the extended validation procedures with respect to the income statement including :-			
1.1 Any procedures, in addition to its regular accounting routines, adopted by the client in preparing the financial statements.		Noted	
1.2 The involvement of C & L accounting staff in writing up the accounting records.		✓	
1.3 The materiality of the items appearing in the income statement in relation to the financial statements and items requiring specific disclosure under the Companies Act.		✓	
1.4 The nature and size of the individual items that comprise the income and expenditure balances.		✓	
1.5 The extent to which income and expenditure items can be correlated with balance sheet items.			
1.6 The effect of matters arising from the following :-			
(a) The work carried out under various stages of the Planning and Control programme;			
(b) The performance indicator review (including any performance indicators utilized by management).		✓	
(c) Exceptions noted and information obtained from validation procedures applied to assets and liabilities.			
1.7 Whether there are any control procedures (identified by enquiry and through the EPCP) that could have an effect on the nature and extent of the validation steps, provided reasonable assurance is obtained that these procedures are functioning effectively.		✓	
1.8 Any other factors identified in the course of applying extended validation procedures. Detail these below and consider the effect thereof:-			
N/A			

Gould  
27/07/83

COOPERS AND LYBRAND

EXTENDED VALIDATION APPROACH (MANUAL 660)

VALIDATION PROCEDURES - INCOME STATEMENT

Audit of .....Accounting date .....

VALIDATION STEPS	W.P. REF.	EXCEPTIONS YES/NO	CLEARED	SIGNATURE AND DATE
<p align="center"><u>II. VALIDATION AUDIT OBJECTIVES</u></p> <p>1. <u>Determine whether the income for the year is valid and is accurately stated.</u></p>				

## COOPERS &amp; LYPRAND

## EXTENDED VALIDATION APPROACH (MANUAL 660)

## VALIDATION PROCEDURES - INCOME STATEMENT

Audit of .....Accounting date .....

## VALIDATION STEPS

W.P.  
REF.EXCEPTIONS  
YES/NO    CLEAREDSIGNATURE  
AND DATE

2. Determine whether the income for the year, from all sources, is completely stated.

Audit of Silene Valley (Pty) Ltd ..... Accounting date 28/02/83 .....

VALIDATION STEPS	W.P. REF.	EXCEPTIONS YES/NO	CLEARED	SIGNATURE AND DATE
3. <u>Determine whether the expenditure for the year is valid and is accurately stated.</u>				
3.1. Agree the expenditure figures appearing in the detailed income statement with the relevant general ledger G/Ls through the TB.	P/1			
3.2. Scrutinise G/L accounts relating to all expenditure items. List the items requiring specific validation.	P/3 P/4	No		J. Gault 27/01/83
3.3. Consider if proprietor has any means of controlling the validity and accuracy of expenditure.				
3.4. Carry out the necessary validation work in respect of the items listed.				

## COOPERS &amp; LYBRAND

## EXTENDED VALIDATION APPROACH (MANUAL 660)

## VALIDATION PROCEDURES - INCOME STATEMENT

Audit of Silent Valley (Pty.) Ltd. Accounting date 28/02/83

VALIDATION STEPS	W.P. REF.	EXCEPTIONS YES/NO    CLEARED	SIGNATURE AND DATE
<p>4. <u>Determine whether all expenditure for the year is completely stated.</u></p> <p>4.1 With reference to the possibility of liabilities for expenditure directly related to the business have been discharged by proprietor or through undisclosed loan capital.</p>	N/A	No	
<p>5. <u>General</u></p> <p>5.1 Scrutinise the journal and vouch unusual entries paying particular attention to amounts written off asset accounts.</p>	N/A	NO	Gould 27/01/83
<p style="text-align: center;"><b>III CONCLUSIONS AND ASSESSMENT</b></p> <p>1. <u>Conclusions</u> (Auditor in charge)</p> <p>1.1 Confirm that the extended validation programme reflects all the relevant amendments to the nature and extent of the audit procedures as required by :-</p> <p>(a) the evaluation of the procedures identified in the Evaluation, Planning and Control Programme ("EPCP");</p> <p>(b) the significance of exceptions identified during the course of applying the validation procedures.</p> <p>1.2 Consider whether the carrying out of the validation procedures achieved all the validation audit objectives, if not, draw to the attention of the manager and record on MAPs.</p> <p>2. <u>Assessment</u> (Manager/Auditor in charge)</p> <p>2.1 Relevant Factors, steps 1.1 to , and Validation Audit Objectives, steps 1.1 to , properly completed and signed.</p> <p>2.2 Working papers reviewed.....(Reference codes)</p> <p>2.3 Conclusions in steps 1.1 and 1.2 above agreed.</p>			

## STANDARD VALIDATION PROCEDURES

## POST BALANCE SHEET EVENTS

3.4.12

Audit of Silont Valley (Pty) Ltd ..... Accounting date 28/02/83 .....

## NOTE:

The auditor has a responsibility to identify and ensure appropriate treatment in the financial statements of significant events or transactions taking place subsequent to the date of the financial statements (the accounting date) and before the date on which the related audit report is signed. The review is not considered to be a complete audit, and the accounting entries will not need to be checked in detail in normal circumstances. Where, however, it is considered that the client's internal control and management systems are poor, or where a substantial proportion of the subsequent accounting period has elapsed before completion of the financial statements it may be necessary to carry out further procedures to identify post balance sheet events.

VALIDATION STEPS	W.P. REF.	EXCEPTIONS		SIGNATURE AND DATE
		YES/NO	CLEARED	
The following procedures should normally be carried out as a minimum:-				
1. Enquire of appropriate officers of the company as to the existence of significant contingencies or commitments as of the date of the balance sheet or arising subsequently.		No		
2. Enquire of appropriate officers of the company as to significant changes in share capital or loan capital subsequent to the year-end and the status at the date of enquiry of items in the financial statements to be reported upon which were accounted for on a tentative basis or on the basis of inconclusive information.	A/A A/E A/S	No		
3. Read minutes of meetings of shareholders, directors, managers and important committees subsequent to the accounting date, if available, and enquire as to the matters dealt with at any meetings for which minutes are not yet available.		No		
4. Include in any enquiries made of solicitors a request for information existing at both the accounting date and arising up to the date of the enquiry.		No		
5. Read management financial statements, if any, prepared for periods subsequent to the accounting date, make appropriate comparisons with amounts appearing in the financial statements to be reported upon and enquire as to any changes in the basis upon which the management financial statements have been prepared.		Not Applicable		21/01/83
6. Examine internal audit reports submitted subsequent to the accounting date and enquire as to any reports in process and the contents thereof.		Not Applicable		
7. Examine material journal entries, cash books and other principal books of account after the accounting date for major unusual transactions.		No		
8. Review "Matters for Attention of Partners" and follow up any matters which caused uncertainty at the date of the review of the audit which required follow up action.		No		
9. In the case of audits where subsidiaries and associated companies are material to the group or company, ensure that a review is carried out by the auditors of those companies of post balance sheet events similar to the holding company review.		Not Applicable		
10. A paragraph is normally included in the letter of representation dealing with post balance sheet events. Consider whether this should be enlarged to make reference to any points which may have arisen during the post balance sheet review or, if a letter of representation has already been obtained, it will be necessary to obtain further written representations.		No		
11. Examine exchange rate movements subsequent to the year end and consider the effect of currency movements of a permanent nature.		No		
12. Consider whether the company can continue as a going concern. Consideration would have to be given to current trading conditions and economic climate including the company's relationship with its customers, employees, principal suppliers and government. A review of any known "trouble areas" within the business would also have to be undertaken.		No		
13. <u>Assessment</u> (Manager/Auditor in charge)				
13.1 Steps 1 to 12 (as appropriate) properly completed and signed.				
13.2 Working papers reviewed ..... (Reference codes)				

3.4.13

APPENDIX TO TECHNICAL  
CIRCULAR NO.T.87COOPERS & LYBRANDAUDIT PROGRAMMEAUDITOR'S ASSESSMENT OF 'GOING CONCERN'Audit of Silent Valley (Pty) Ltd Date of accounts 28/02/83


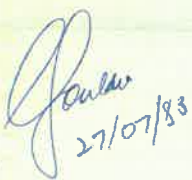

## NOTES:

1. Reference may be made to Technical Circular No.T.87 for assistance in completing this programme.
2. Completion of this programme is mandatory on all audits except where the engagement partner waives its use.
3. Additional indicators of whether a going concern problem may exist at a client may be obtained from a review of the financial review checklist where this has been completed as part of the audit planning and control documentation.
4. Care should be taken not to duplicate the steps in this programme and those in the audit programme covering "Post Balance Sheet Events".
5. All significant matters arising during and on completion of the programme should be brought to the attention of the engagement partner (in MAPs) as soon as possible.

Programme	W.P. Ref.	Remarks	Signature and Date
<p>1. Consider the company's forecasting methods and experience and the effectiveness of its previous forecasts. Consider whether the information to be provided is likely to be a reliable basis for the auditor's assessment. Identify areas of vulnerability and determine the probable scope of the auditor's examination.</p> <p>2. Obtain the company's forecasts, including cash, profit and balance sheet forecasts, and any other information produced by the company in order to demonstrate its going concern status. Review these and discuss points arising with senior management, having particular regard to the following requirements:-</p> <p>(a) The assumptions on which the forecasts are based must be reasonable, e.g. the level of activity, profit margins and rates of interest and taxation;</p>			

Programme	W.P. Ref.	Remarks	Signature and Date
<p>(b) The forecasts should cover the foreseeable future having regard to the operating cycle of the company; and</p> <p>(c) There should be adequate contingency reserves.</p> <p>3. Ensure that any cash forecast correlates with the information available in the profit and loss and balance sheet forecasts. The absence of the latter two should put the auditor on enquiry.</p> <p>4. Consider whether the position shown by the forecast balance sheet is reasonably attainable.</p> <p>5. With reference to the forecasts and other information reviewed, consider whether the company is at risk because:-</p> <p>(a) It is placing undue reliance on short term or unsatisfactory methods of financing since more conventional finance is not available to it.</p> <p>(b) It may have difficulty in meeting long term debt repayments on due dates.</p> <p>(c) It may have difficulty in financing capital commitments through to completion.</p> <p>6. The following additional matters should be considered in order to identify more precisely the cause of any apparent going concern problem:-</p> <p>(a) Has the company suffered the loss of important components of the business, e.g. manufacturing units, franchises, etc? Note that the termination by the company or curtailment of activities may be voluntary and deliberate. Such situations should be investigated with the purpose of establishing whether the company's status is weakened or strengthened.</p> <p>(b) Does the company illustrate an inability to respond to change, whether in terms of its plant, products or personnel?</p>			

Programme	W.P. Ref.	Remarks	Signature and Date
(c) Is the company over-trading?			
(d) Is the company involved in a large project out of proportion to its capability?			
(e) Is the problem caused by any other identifiable factors? If yes, please state these factors.			
7. Examine internal management accounts and minutes of meetings of shareholders, directors and managers subsequent to the balance sheet date. Enquire as to the matters dealt with at any meetings for which minutes are not yet available. Note any matters relevant to an assessment of the company's going concern status. If minutes are not available, refer to paragraph 13 below.		None Available	
8. Where adequate finance for the company's future operations will not be obtained internally, determine what arrangements have been made by the company to overcome these financing problems, e.g. introduction of additional capital, granting of loans and banking facilities.	A/A A/S	Additional Share Capital to be issued for working capital mgmt.	Poulde 27/07/93
9. Review all financing arrangements, both actual and potential and establish that, now and in the foreseeable future:-  (a) the company's borrowing powers have not been and will not be exceeded;  (b) the company will be able to comply with the terms of the agreements;  (c) the finance arranged should overcome the company's financial problems; and  (d) the potential arrangements can be relied upon.			
10. Consider obtaining third party confirmation of financing arrangements.			
11. In view of the company's status, review the following matters relevant to the audit of the financial statements being reported upon:-  (a) adequacy of accounting policies regarding valuation of assets;			

Programme	W.P. Ref.	Remarks	Signature and Date
(b) net realisable value of assets, having regard to their probable method of realisation;		✓	
(c) review of post balance sheet events and disposal of matters arising (see separate audit programme where appropriate); and		✓	
(d) judgement on adequacy of provisions.		N/A.	
12. Expand the letter of representation to be obtained from the client to cover matters represented by senior management in connection with the company's liquidity position and going concern status.		✓	
13. Ensure that the board of directors has considered adequately the matters under review including the company's forecasts and seek evidence in the form of board minutes.			
14. Reference may be made to paragraph 10 of General Statement B8 by National Council which deals with the questions of trading whilst insolvent and steps which may be taken to resolve the situation. The auditor should consider obtaining written confirmation of any action taken or arrangements made in this connection.			
15. Having regard to the above matters, consider the audit report and refer as necessary to Manual Part V. Ensure that all significant matters are brought to the attention of the partner in MAPs.		✓	
			



2-2-83



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NAME OF COMPANY

Silent Valley (Pty) Ltd

INITIALS

LG

YEAR END

28/02/83

DATE

28/07/83

### Points Forward to 1984

1. Current Account is going to change - At time of audit had not yet occurred ∴ new address for bank letter will have to be obtained.