

Tutorial Letter 101/3/2018

Substantive Procedures and Finalising an Audit

AUE3702

Semesters 1 and 2

Department of Auditing

This tutorial letter contains important information
about your module.

BARCODE

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Dear Student

1 INTRODUCTION

It gives us great pleasure to welcome you as an AUE3702 student in the Department of Auditing. We, as lecturers, are at your disposal and will gladly assist you in your studies. Be assured of our willingness to support you with advice during your studies.

You will receive a number of tutorial letters during the semester. A tutorial letter is one way of communicating with you about teaching, learning and assessment. Please read the **study@Unisa** brochure in combination with this tutorial letter (Tutorial Letter 101) as it gives you an idea of generally important information when studying within our College.

Right from the start we would like to point out that you must read **all the tutorial letters** you receive during the semester **immediately and carefully**, as they always contain important and, sometimes, urgent information.

This tutorial letter contains important information that will assist you in your studies. Please read it carefully and keep it at hand when working through the study material, preparing the assignments, preparing for the examination and addressing questions to your lecturers. We trust that you will benefit from everything that this module has to offer.

Study material

You will be supplied with the following tutorial material for this module by the Despatch Department:

- Study guide (also available online through the learning units on *myUnisa*) and
- Tutorial Letters

Tutorial matter that is not available when you register will be posted to you as soon as possible, but is also available on *myUnisa*. Based on a Unisa decision, for this module you will only receive a printed study guide and tutorial letters of more than 20 pages. Thus, tutorial letters of less than 20 pages are not printed and is electronically available.

To contact the Department of Despatch regarding tutorial material that you have not received, use the telephone numbers indicated in the booklet entitled **study@Unisa** (which you received with your tutorial material).

You may access the tutorial letters for the modules for which you are registered on the University's online campus, *myUnisa*, at <http://my.unisa.ac.za>. You can also use *myUnisa* to confirm that you have received all the tutorial letters. Students must be registered for a *myLife* email address and must be able to access *myUnisa* to be able to access their study material **and important announcements**, submit assignments, gain access to the Library functions and various learning resources, download study material, "chat" to their lecturers and fellow students about their studies and the challenges they encounter, and participate in online discussion forums.

Note: Some of the tutorial matter may not be available when you register. Tutorial matter that is not available when you register will be posted to you as soon as possible or can be downloaded from *myUnisa*. When you register, you will also receive an inventory letter containing information about your tutorial matter. See also the booklet entitled: ***study@Unisa*** (which you received with your tutorial matter).

***myUnisa* and *myLife* email address**

In addition to registering on *myUnisa*, it is crucial that you activate your *myLife* email address, as all your official correspondence regarding this module will be sent to your *myLife* address and not your private email address. Please consult with the ***study@Unisa*** publication for more information on the activation of your *myLife* email address as well as obtaining access to the *myUnisa* module site.

Go to the website <https://my.unisa.ac.za> and login with your student number and password. Then you will see **AUE3702** in your row of modules, in the orange bar across the top of the webpage.

2 PURPOSE AND OUTCOMES

2.1 Purpose

The purpose of the module is for students to gain knowledge, skills and competence in collecting audit evidence, formulating appropriate substantive audit procedures and finalising the audit, evaluating audit findings and expressing an appropriate audit opinion. The module has been based on the International Auditing Standards (IASs) and the academic training requirements formulated in terms of the SAICA Competency Framework.

In this module you develop the knowledge to identify, select and evaluate audit evidence. With this background knowledge you will be taught to formulate basic substantive audit procedures to collect sufficient appropriate audit evidence for each of the five business cycles. Finally this module equips you with knowledge to finalise the audit. Finalising an audit involves the evaluation of misstatements identified through the substantive procedures, identifying specific matters that must be considered during the finalisation of the audit, and forming and writing an appropriate audit report in terms of the ISAs.

2.2 Outcomes

The outcomes of this module can be found in the beginning of each of the different learning units.

During the semester you should:

- work through your study material, make summaries and complete the activities.
- read the announcements on *myUnisa*.
- answer the questions contained in Tutorial Letter 102 and compare your answers with the suggested solutions contained in Tutorial Letter 103.
- complete and submit Assignments 01 (compulsory assignment for examination admission) and 02 **before the due dates**. Only compulsory assignment 01 is included in this tutorial letter. In order to submit assignment 02, you need to consult the study guide. The purpose of assignment 02 is to build your own learning portfolio (class notes) and comprises of **all** the activities indicated at the end of each learning unit constituting **topics 2, 3 and 4 including Activity 0.1**. In other words, for assignment 02 you must submit all the activities

included in the study guide for topics 2, 3 and 4, as well as Activity 0.1, on or before the due date.

- prepare yourself for the examination (for examination preparation and technique refer to the **study@Unisa** brochure).

All students will receive the solution to assignment 01, even if they do not submit their assignment. However, you will not be provided with the suggested solutions to assignment 02 because you are provided with the relevant references in the study guide.

3 LECTURER(S) AND CONTACT DETAILS

3.1 Lecturer(s)

Lecturer for AUE3702

The lecturer responsible for this module, and to whom you should direct your enquiries, is:

Mr T Diale

E-mail: ae3702@unisa.ac.za

Tel: 012 429 8497/ +27 12 429 8497

PLEASE NOTE: To visit the lecturer personally, arrange an appointment beforehand.

Always have your student number and module code at hand when you contact the University!!!

3.2 Department

Department of Auditing:

If you wish to write to us, address letters to:

The Module leader: AUE3702

Department of Auditing

PO Box 392

UNISA

0003

Secretary:

Tel: 012 429 4707/ +27 12 429 4707

Departmental Webpage:

<http://www.unisa.ac.za/sites/corporate/default/Colleges/Accounting-Sciences/Schools,-departments-&-centre/School-of-Accountancy/Department-of-Auditing>

Prof B Ackers is the chair of the department.

3.3 College

You should direct College related undergraduate enquiries to: +2712 429 4211 or Casenquiries-undergraduate@unisa.ac.za

3.4 University

If you need to contact Unisa about matters not related to the content of this module, please consult the **study@Unisa** brochure, which you should have received with your study material. In this document you will find the contact details of various administrative departments. If you did not receive this document and have access to the Internet, you can find it on *myUnisa* under the 'Resources' option. Remember to always have your student number at hand when making an enquiry.

Please ensure that you contact the correct section or department for each enquiry as this will result in a speedy resolution of the enquiry.

The contact details are:

E-mail addresses:



- info@unisa.ac.za for general enquiries
- study-info@unisa.ac.za for application and registration related enquiries (prospective and registered students)
- international@unisa.ac.za for international students (registration-related enquiries)
- assign@unisa.ac.za for assignment enquiries
- exams@unisa.ac.za for examination enquiries
- despatch@unisa.ac.za for study material enquiries
- finan@unisa.ac.za for student account enquiries
- gaudeamus@unisa.ac.za for graduation enquiries
- myUnisaHelp@unisa.ac.za for assistance with myUnisa
- myLifeHelp@unisa.ac.za for assistance with myLife email accounts
- aegrotats@unisa.ac.za for aegrotat exams
- remark@unisa.ac.za for remarking of papers
- recheck@unisa.ac.za for rechecking of papers
- condiscipuli@unisa.ac.za for fellow student names
- counselling@unisa.ac.za for student counselling and career development
- vospresc@unisa.ac.za for enquiries about prescribed books
- purchasescript@unisa.ac.za for purchasing of papers

Library

The **study@Unisa** brochure, which is part of your registration package, lists all the services offered by the Unisa library.

General library catalogue enquiries

bib-oasis@unisa.ac.za

Library Web co-coordinator

bib-web@unisa.ac.za

Inter-library loans enquiries

libr-ill@unisa.ac.za

Enquiries about subject databases

bib-dbase@unisa.ac.za

Library information desk

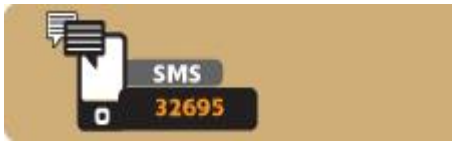
bib-help@unisa.ac.za

Enquiries about training presented by the library

bib-oplei@unisa.ac.za

Send a question to the library staff

bibrefq@unisa.ac.za

SMS numbers:

Send an SMS to 32695 to obtain more information on how to contact Unisa via SMS (only for students within the borders of South Africa). Students will receive an auto response SMS with the various SMS options. Standard SMS rates apply.

Students can also SMS enquiries directly to:

43578 for applications and registrations*
 43584 for assignments*
 43584 for examinations*
 43579 for study material*
 31954 for student accounts*
 43582 for *myUnisa* and *myLife**

* The SMS number is only for students residing in South Africa. International students are urged to make use of the e-mail address info@unisa.ac.za.

Fax number:

Fax enquiries to +27 (0)12 429 4150
 Online address <http://my.unisa.ac.za>
 Unisa website <http://www.unisa.ac.za>

Other means of contacting the university are:

Physical address University of South Africa
 Preller Street
 Muckleneuk
 Pretoria
 City of Tshwane

Postal address University of South Africa
 PO Box 392
 UNISA
 0003

NB: Lecturers cannot assist you with registration, payments, module codes, examinations, etc. These are administrative issues which you should discuss with the relevant sections.

4 RESOURCES

The resources at your disposal are classified into the following four categories:

4.1 Prescribed books

The following is a list of the prescribed books for this module. NB: all three books are essential for you to pass this module.

- Jackson RDC & Stent WJ. 2016. *Auditing notes for South African students*, 10th edition. Durban: LexisNexis.
- South African Institute of Chartered Accountants (SAICA). *SAICA Student Handbook 2017/2018 – Volume 2*. Durban: LexisNexis.
- Gowar H & Jackson RDC. 2017. *Graded Questions on Auditing 2018*. Durban: LexisNexis.

Please consult the list of official booksellers and their addresses listed in the **study@Unisa** brochure.

Prescribed books are available at the university's official booksellers. If you have any difficulties in obtaining books from these bookshops, please contact the Prescribed Book Section **as soon as possible** at telephone number +27 12 429 4152 or e-mail address: vospresc@unisa.ac.za.

Information on the use of and the sources of information available in the Unisa Library are detailed in the **study@Unisa** brochure.

4.2 Recommended books

There are no recommended books prescribed for this module.

4.3 Electronic reserves (e-reserves)

Information contained in Volume 2 of the SAICA handbook can be downloaded from IRBA's website. Refer to the latest edition.

4.4 Library services and resources information

For brief information, go to www.unisa.ac.za/brochures/studies

For detailed information, go to <http://www.unisa.ac.za/library>. For research support and services of personal librarians, click on "Research support".

The library has compiled a number of library guides:

- finding recommended reading in the print collection and e-reserves – <http://libguides.unisa.ac.za/request/undergrad>
- requesting material – <http://libguides.unisa.ac.za/request/request>
- postgraduate information services – <http://libguides.unisa.ac.za/request/postgrad>
- finding, obtaining and using library resources and tools to assist in doing research – http://libguides.unisa.ac.za/Research_Skills
- how to contact the library/finding us on social media/frequently asked questions – <http://libguides.unisa.ac.za/ask>

5 STUDENT SUPPORT SERVICES

For student support services you are referred to the ***study@Unisa*** brochure.

FREE COMPUTER AND INTERNET ACCESS

Unisa has entered into partnerships with establishments (referred to as Telecentres) in various locations across South Africa to enable you (as a Unisa student) free access to computers and the Internet. This access enables you to conduct the following academic related activities: registration; online submission of assignments; engaging in e-tutoring activities and signature courses; etc. Note that any other activity outside of these is for your own costing e.g. printing, photocopying, etc.

UNISA LIBRARY LOGIN

You will be required to provide your login details, i.e. your student number and your *myUnisa* password, in order to access the library's online resources and services.

This will enable you to:

- View or print your electronic course material.
- Request library material.
- View and renew your library material.
- Use the library's e-resources.

Requesting library books

Students are expected to purchase their own copies of the **prescribed books** listed in Tutorial Letter 101. A limited number of copies are housed in the Unisa Libraries, subject to each branch library's lending regulations. Problems experienced in obtaining copies from booksellers should be directed to the Prescribed Book Section at e-mail vospresc@unisa.ac.za or telephone +27 12 429 4152.

Electronic requests

The preferred way of requesting **recommended or additional** books is **online** via the library's catalogue.

Go to <http://oasis.unisa.ac.za>, or via *myUnisa*, go to <http://my.unisa.ac.za> > Login > Library > Library catalogue, or for mobile access, go to <http://oasis.unisa.ac.za/airpac> (AirPAC).

Telephonic book requests

This can be done on +27 (0)12 429 3133. Please supply the reservation order number (RON).

6 STUDY PLAN

You are responsible to pace yourself. The volume of work is enormous and therefore bear this in mind when planning your studies. Spread your studies evenly throughout the semester.

Also use the ***study@Unisa*** brochure for general time management and planning.

7 PRACTICAL WORK AND WORK-INTEGRATED LEARNING

There is no practical work for this module.

8 ASSESSMENT

8.1 Assessment criteria

The assessment criteria are indicated at the beginning of each learning unit in the Studyguide. Make sure you can achieve them before moving on to the next learning unit.

8.2 Assessment plan

Assignments and learning

The study material (including the prescribed textbooks) forms an integral part of your learning. Assignments assess your progress and your learning and must be submitted before the due dates.

Compulsory assignment

The submission of the compulsory assignment 01 will prove that you are an active student and will therefore earn you admission to the examination. Admission to the examination will be obtained by submitting the compulsory assignment. You will undoubtedly realise the importance of commencing your study programme in good time so that you can obtain admission to the examination and earn a good year mark.

General remarks

- (a) Assignment 01 is included in this tutorial letter.
- (b) The **compulsory assignment** (assignment 01), must be submitted on or before the due date to obtain admission to the examination.
- (c) It is in your own interest to **retain a copy of proof that the compulsory assignment (number 01) was submitted** so that you can produce it if there should be any dispute afterwards concerning whether or not the assignment was received.
- (d) A **year-mark** of 20% will contribute to your final mark. This year-mark will be calculated as an average of the marks obtained for **Assignments 01** and **02** (if you obtain at least 40% in the examination).

The final mark is calculated as follows:

10% x mark obtained for compulsory Assignment 01, plus

10% x mark obtained for Assignment 02, plus

80% x mark obtained in the examination (sub-minimum of 40%)

The sub-minimum of 40% implies that if you obtain a mark of less than 40% in the examination, your year mark will not be considered.

THUS:

TO GET ADMISSION TO THE EXAMINATION, YOU MUST SUBMIT ASSIGNMENT 01 BEFORE OR ON THE DUE DATE.

YOUR MARKS FOR BOTH ASSIGNMENTS 01 AND 02 WILL BE USED TO DETERMINE YOUR YEAR MARK.

Plagiarism

Plagiarism: Plagiarism is the act of taking the words, ideas and thoughts of others and passing them off as your own. It is a form of theft which involves a number of dishonest academic activities.

Study @ Unisa Disciplinary Codes (2018) is given to all students at registration. Students are advised to study the Code, especially Chapter 3: 1.18 and 1.19. Also please read the University's Copyright Infringement and Plagiarism Policy.

All your assignments must be your own work. You will receive 0% for your whole assignment if it's deemed that plagiarism was committed in any part of the assignment and you may also be subject to disciplinary proceedings by the University.

Everyone must obtain the required skills to ensure that you will be able to make a valuable contribution in the workplace.

PLAGIARISM DECLARATION:

By submitting any Auditing assignment, I declare that:

- I have read the Unisa Students' Disciplinary Code;
- I know what plagiarism is, that plagiarism is wrong and that disciplinary steps can be taken against me if I am found guilty of plagiarism;
- This assignment, submitted by myself, is my own work and that I have referenced all the sources that I have used;
- I have not allowed any other student to copy my work;
- I know that if I am found to be in violation of this declaration I will receive 0% for the assignment involved.

Please note: You do not have to submit the declaration for assignment 01. By submitting assignment 01, you automatically declare that you adhere to all the above with regard to this assignment. However, for assignment 2, Activity 0.1 entails a declaration from you that you have submitted your own attempt. You are required to submit this activity for Assignment 02.

NOTE: Students must address enquiries about assignments to assign@unisa.ac.za.

Assignments and assessment methodology applicable only to AUE3702

Assignment 01

The due date for the assignment 01 and unique code are set out in section 8.4 of this tutorial letter. If you use a wrong unique code we as lectures will never receive your assignment.

This assignment allows you to obtain **admission to the examination**. Assignment 01 is included in this tutorial letter and consists of a multiple choice assignment based on the content of **topic 1** in the study guide.

The solution to assignment 01 will be provided to you in Tutorial Letter 201 which will only be available on *myUnisa* after the due date of assignment 01. As soon as you have received the commentaries, please check your answers. This assignment and the commentaries on this assignment constitute an important part of your learning and should help you to be better prepared for the next assignment and the examination.

Assignment 02

Very important – the purpose of assignment 02 in this module is to build your own learning portfolio (class notes). The assignment will take you systematically through **topics 2, 3 and 4** of the study guide. The activities that you are expected to submit **online** (or post) are indicated at the **end of each learning unit included in topics 2, 3 and 4**. As soon as you complete a learning unit, you must save it on your computer (or write on an examination pad) before moving on to the next learning unit. In so doing, you will work **consistently**. You will feel good about yourself because you can see that you have progressed. Please work on your portfolio on a weekly basis, **you cannot complete it over the weekend before the due date**. The amount of reading and writing required in this module is simply too much and you will end up disliking the module if you postpone your efforts.

This will require planning and work on your part (ownership and time management skills). This is an open learning environment where you manage your own progress. I do not know your personal circumstances, so I cannot prescribe when to do what. **You** are therefore required to schedule **your** own dates (targets) and discipline yourself to meet those dates. Therefore take **ownership** of your own studies and your progress – it is in your hands. In achieving your targets, you will become positive, focused and driven – the stuff auditors are made of.

Assignment 02 comprises of **all** the activities indicated at the end of each learning unit included in topics 2, 3 and 4 **including** Activity 0.1 under the heading “Orientation and learning approach” of the study guide. In other words, for Assignment 02 you must have submitted **all** the activities for topics 2 - 4 **and** Activity 0.1 **online** (or posted) on or before **the due date** (refer to section 8.4 of this tutorial letter for the due dates and codes). Activity 0.1 entails a declaration from you that you have submitted your own attempt. You are required to submit this activity for Assignment 02. Also refer to the plagiarism section included previously in this tutorial letter. Please note:

- If you are found to be in violation of the plagiarism declaration, you will receive 0% for the assignment.
- If you copied **all or a portion** of your assignment from someone else, both you and the person you copied from will receive 0% for the assignment.
- If you worked together in a study group, remember that you still have to submit your **own work**, written in your **own words**. If any similar-looking/worded assignments are found it will be considered to be a violation of the declaration and you will receive 0% for the assignment.
- Your **plagiarism declaration** (Activity 0.1) holds you accountable for completing your assignment on your own.

Although the university allows you to submit handwritten assignments we recommend that you rather record your work on the computer. By utilising the computer you become proficient in a

word program and therefore improve your basic employability skills. Remember to accumulate all the activities applicable for the assignment and submit it as a single document.

Assignment 02 will be assessed on the following criteria:

ASSESSMENT CRITERIA
1. Declaration of own work attached. (Activity 0.1)
2. Activities are appropriately numbered with a brief heading. For example: <i>Activity 0.1 - Declaration of own attempt</i>
3. All activities attempted comprehensively.
4. Evident that the student constructively utilised the prescribed text books and ISAs.
5. Self-reflection activities: Entails a self-marked attempt with constructive self-reflection to remedy own mistakes.

NB: You will **not** be provided with suggested solutions to assignment 02 because you are provided with the relevant references in the study guide. It is your own responsibility to make sure that you refer to the references and constructively utilise the prescribed material to compile your learning notes. The portfolio that you will be building through the assignment therefore becomes part of your learning notes. If you studied at a residential university, you would have attended class regularly and compiled your own study notes.

All the activities must be submitted as a single assignment (in PDF) with the unique codes as stipulated in section 8.4 of this tutorial letter. PDF file should **NOT** be submitted as "Read only".

The due dates for **all** the assignments are nonnegotiable therefore plan for the unforeseen and do not leave it for last.

8.3 Assignment numbers

8.3.1 Unique assignment numbers

Each assignment has its **own unique assignment number** (eg 102717). Students must write this number on the mark reading sheet or assignment cover page in the designated area. The unique assignment numbers are indicated under section 8.4 of this tutorial letter.

8.4 Assignment due dates

Refer to the following table for the unique numbers and due dates applicable to the assignments that you have to submit:

Assignment	FIRST SEMESTER Due date if you are registered for the first semester	SECOND SEMESTER Due date if you are registered for the second semester
01 (Compulsory) (10 % of year mark)	5 March 2018 Unique number: 892900 Multiple choice questions.	1 August 2018 Unique number: 677260 Multiple choice questions.
02 (10 % of year mark)	3 April 2018 Unique number: 810823 Activity 0.1 and all the activities found in Topics 2 to 4.	3 September 2018 Unique number: 732180 Activity 0.1 and all the activities found in Topics 2 to 4.

8.5 Submission of assignments

You may submit written assignments and assignments done on mark reading sheets either by post or electronically via *myUnisa*. Assignments may **not** be submitted by fax or e-mail. For detailed information and requirements as far as assignments are concerned, see the ***study@Unisa*** brochure that you received with your study material.

Note: Assignment 02 can only be submitted in PDF format on *myUnisa*. The PDF file should NOT be submitted as “Read only”.

To submit an assignment via *myUnisa*:

- Go to *myUnisa*.
- Log in with your student number and password.
- Select the module from the orange bar.
- Click on assignments in the left-hand menu.
- Click on the assignment number you want to submit.
- Follow the instructions on the screen.

Please ensure that your assignment 01 reaches the University **before the due date – late submission of assignment 01 will result in you not being admitted to the examination.**

PLEASE NOTE: You must submit assignment 01 in order to be admitted to the examination while both assignments 01 and 02 must be submitted for purposes of determining your year mark. No extension of the due dates can be given by the lecturers for these assignments.

General remarks

For enquiries about assignments (eg whether or not the University has received your assignment or the date on which an assignment was returned to you) please refer to the contact information in 3.4 of this tutorial letter. You may also find this information on *myUnisa*. To go to the *myUnisa* website, start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the “login to *myUnisa*” link under the *myUnisa* heading on the screen. This should take you to the *myUnisa* website. You can also go there directly by typing in <http://my.unisa.ac.za>.

Assignments posted should be addressed to:

The Registrar
PO Box 392
UNISA
0003

Completion of assignment cover

PLEASE NOTE: Make sure that you read the instructions on the assignment cover carefully before completing it. Make sure that you complete the cover **correctly**. Please make sure that the following information appears on the COVER of your assignment.

Name.
Address (and postal code).
Student number.
Subject code (e.g. AUE3702).
Correct assignment number.
Correct unique assignment number (applicable only to assignments 01 and 02).
Label with bar code.

8.6 The assignments

8.6.1 Semester 1: Compulsory assignment 01

Instructions:

- (1) Write the correct unique assignment number in the six blocks provided on the mark-reading sheet.
- (2) Write the ordinary assignment number (01) in the two blocks provided on the mark reading sheet.
- (3) Consult **study@Unisa** brochure for an example of how a computer mark-reading sheet should be filled in.
- (4) If you do not follow these instructions, the computer will reject your answer sheet and it will be returned to you unmarked. Also consult **study@Unisa** brochure when you answer multiple-choice assignments.

Special information on how to do this assignment:

- (1) This assignment consists of 20 multiple-choice questions.
- (2) This assignment covers topic 1 of the Studyguide.

ASSIGNMENT 01: MULTIPLE-CHOICE QUESTIONS

Semester 1

(10% of the year mark)

Topic 1

Refer to section 8.4

QUESTION 1

20 marks

REQUIRED

Select for each question only **ONE** alternative that you consider to be the most correct and then mark on *myUnisa* or on the mark reading sheet the digit that corresponds to the digit of the alternative which you have selected as your answer. Answer the sub-sections of this question in numerical sequence, for example, as follows:

1. 1
2. 3

(1½ marks per question)

1. Learning unit 1.3

You are the auditor of the Next-Big-Thing mining company.

In which one of these scenarios might you use an auditor's expert?

- 1 When you have a client with valued, unmined gold that is situated kilometres deep on their land.
- 2 When auditing the client's provision for bonus payments, which is based on a percentage of accounting profit.
- 3 When your audit firm needs to clarify a complex accounting issue.
- 4 All of the above.

2. Learning unit 1.9

Which one of the following roles would typically be acknowledged in a management representation letter?

- 1 Management has the responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework.
- 2 Management communicates its views on ethical behavior to its employees.

- 3 Management's knowledge of fraud is communicated to the audit committee.
- 4 Management's compensation is contingent upon operating results.

3. Learning unit 1.6

You are the external auditor of Another-One (Pty) Ltd. You are auditing the company's accounting estimates. Which of the following alternatives is **false** for external auditors?

- 1 You will only provide sufficient appropriate audit evidence that the related disclosures of accounting estimates in the financial statements are adequate.
- 2 You will assess whether there are indicators of possible management bias in making the accounting estimates.
- 3 You will obtain management representations regarding the reasonability of the accounting estimates.
- 4 You must gain an understanding of management's accounting estimates process, including the related internal controls, as part of your risk assessment procedures.

4. Learning unit 1.7

Study **ISA 530** and then select the most correct alternative.

- 1 This standard sets out a table to calculate the sample size.
- 2 The tolerable misstatement is nothing other than the application of performance materiality.
- 3 If the level of sampling risk that the auditor is willing to accept is low then the sample size will also be small.
- 4 The sample size can only be determined through the exercise of professional judgement.

5. Learning unit 1.8

Study **ISA 505** and then select the most correct alternative.

- 1 Should management refuse to allow the auditor to send an external confirmation, then the audit report will state this fact.
- 2 In the case of non-response to an external confirmation, the auditor may then assume that the party agrees with the content of the request.
- 3 When using external confirmation procedures, the auditor may rely on the client's internal audit department to exercise control over the external confirmation requests.
- 4 The auditor must investigate all exceptions on an external confirmation.

6. Learning unit 1.6

Study **ISA 540** and then select the most correct alternative.

- 1 The auditor does not consider the outcomes of prior period estimates since estimates relate to future events only.
- 2 Management bias plays a small role in the auditing of estimates.
- 3 The measurement criteria of accounting estimates can vary depending on the applicable financial reporting framework.
- 4 Obtaining written representations from management regarding the reasonableness of accounting estimates is not compulsory.

7. Learning unit 1.6

Study **ISA 540** and then select the most correct alternative.

- 1 Accounting estimates will always give rise to a high risk of material misstatement.
- 2 Complex financial instruments, which are not traded in an active and open market, do not require the estimation of fair values.
- 3 Fair value accounting estimates are not specialised.
- 4 Not all financial statement items requiring measurement at fair value involve the estimation of uncertainty.

8. Learning unit 1.6

Study **ISA 540** and identify the alternative that would **not** constitute an example of an accounting estimate.

- 1 Allowance for doubtful debts (allowance for credit losses).
- 2 Warranty obligations.
- 3 Provision for unpaid leave.
- 4 Depreciation.

9. Learning unit 1.6

Study **ISA 540** and then select the most correct alternative.

- 1 When auditing smaller entities the standard does not require formal audit working papers to evidence consideration of accounting estimates.
- 2 Assumptions do not form an integral part of accounting estimates.
- 3 A difference between the outcome of an accounting estimate and the amount recognised in the prior period financial statements represent a misstatement of the prior period financial statements.

- 4 The amount of an accounting estimate can never be measured with complete accuracy.

10. Learning unit 1.8

Select the alternative which provides the best example of what will be regarded by the auditor as the most reliable source of audit evidence.

- 1 A trainee accountant receives a faxed copy of the bank confirmation and agrees the information to the bank balance in the general ledger bank account.
- 2 The client sends out and receives back bank, attorneys and investment confirmations on behalf of the auditor. The auditor has for several years accepted this practice as it has been agreed with the client that 2% of the audit fees will be reduced if the client performs the confirmation process.
- 3 The auditor receives a faxed copy of the investment confirmation. The auditor verifies with the bank that the faxed copy is indeed from the correct source. The auditor then also requests the investment manager to post the original signed confirmation to the auditor.
- 4 In order to save audit time, the auditor phones the client's attorney to confirm that there are no possible or current litigations existing against the client.

11. Learning unit 1.8

Your client sells computer equipment for cash and on credit. Thirty-five major customers buy on credit. You have decided to send out trade debtors confirmation letters to these customers to verify trade receivables at year-end. Identify the financial statement assertion relating to accounts receivable that the above audit procedure is designed to test.

- 1 Completeness.
- 2 Cut-off.
- 3 Existence.
- 4 Occurrence.

12. Learning unit 1.1

Study **ISA 500** and then select the incorrect alternative.

- 1 The auditor can perform substantive testing by selecting all items or specific items, or by performing an audit sampling.
- 2 Whether audit evidence is appropriate depends on its relevance and reliability.
- 3 Audit evidence may only be gathered from the general ledger records.
- 4 A bank statement received from the client's banker is considered more reliable than a bank statement received from the client's employees because the reliability of audit evidence is increased when it is obtained from independent sources outside the entity.

13. Learning unit 1.5

Study **ISA 510** and then select the most correct alternative.

- 1 Opening balances are computerised balances and therefore no further audit procedures are required.
- 2 The appropriateness of accounting policies must be considered according to this standard.
- 3 The opinion of the previous year's auditors has no effect on the current year's audit report.
- 4 A predecessor auditor, according to this standard, includes another engagement partner in the same audit firm.

14. Learning unit 1.1

Which one of the following factors would most likely influence an auditor's consideration of reliability of data when performing analytical procedures?

- 1 Whether the data was developed in a computerised or manual accounting system.
- 2 Whether the data was prepared on the accrual basis.
- 3 Whether the data was developed by a system with adequate controls.
- 4 Whether the data was processed by an online system.

15. Learning unit 1.3 & 1.9

KZ Properties has adopted the fair value model to value its investment properties.

Select the most appropriate alternative that the auditor should consider when performing fair value tests on KZ Properties' investment properties.

- 1 Obtain an independent valuation from an expert.
- 2 Evaluate from the disclosure of fair values that they are measured in accordance with the financial reporting framework.
- 3 Incorporate in the management representation letter a paragraph confirming the reasonableness of significant assumptions relating to fair values.
- 4 All of the above.

16. Learning unit 1.1

Study **ISA 500** and then select the most correct alternative to complete the following sentence:

The main purpose of substantive audit procedures is to determine whether ...

- 1 the internal control system is working.
- 2 account balances are accurately recorded.

- 3 transactions in the year under review are reasonable compared to prior years.
- 4 there are material misstatements in the financial statements.

17. Learning unit 1.4

Study **ISA 610** and then select the incorrect alternative.

- 1 The internal audit function of an entity performs assurance and consulting services designed to evaluate and improve the effectiveness, of the entity's governance, risk management and internal control processes.
- 2 The external auditor may be prohibited in terms of law or regulation from obtaining direct assistance from internal auditors. ISA 610 overrides such law or regulation.
- 3 Internal audit's work (to be used in the audit) should be evaluated by assessing the extent to which its organisational status and relevant procedures support its objectivity and its level of competence, and whether internal audit applies a systematic and disciplined approach that includes quality control.
- 4 All of the above.

18. Learning unit 1.2

You are the auditor of Make-it-Work Bank. The bank employs an actuary to value certain line-items included in the annual financial statements, based on significant assumptions and methods.

Which consideration would you take into account when evaluating the **appropriateness** of the actuary's work?

- 1 If the actuary's work involves significant use of source data, as well as the relevance, completeness, and accuracy of the source data.
- 2 The relevance and reasonableness of the actuary's findings or conclusions, their consistency with other audit evidence, and whether they have been appropriately reflected in the financial statements.
- 3 The relevance and reasonableness of the actuary's significant assumptions and methods.
- 4 All of the above.

19. Learning unit 1.1

Audit evidence obtained during execution of the audit should be ...

- 1 sufficient and appropriate.
- 2 communicated to management within six months.
- 3 verifiable.

4 All of the above.

20. Learning unit 1.5

Which **one** of the following audit procedures that an external auditor would apply in order to verify the opening balance of trade receivables (debtors) at 31 March 2018, is **incorrect**?

- 1 Inspect the credit applications for a sample of debtors and confirm that the credit terms and limit was recorded on the application form and signed by the credit controller and the financial manager.
- 2 Verify the opening balances according to the trade receivables' ledger by performing "payments received after 31 March 2018" testing.
- 3 Send confirmation letters to debtors and request them to confirm their outstanding balances at 31 March 2018.
- 4 Verify the opening balances according to the trade receivables' ledger by examining the source documents that make up the balances.

---X---

8.6.2 Semester 1: Compulsory assignment 02

ASSIGNMENT 02: PORTFOLIO

Semester 1

(10% of the year mark)

Topics 2 - 4 and Activity 0.1

Refer to sections 8.2 & 8.4

8.6.3 Semester 2: Compulsory assignment 01

Instructions:

- (1) Write the correct unique assignment number in the six blocks provided on the mark-reading sheet.
- (2) Write the ordinary assignment number (01) in the two blocks provided on the mark reading sheet.
- (3) Consult **study@Unisa** for an example of how a computer mark-reading sheet should be filled in.

- (4) If you do not follow these instructions, the computer will reject your answer sheet and it will be returned to you unmarked. Also consult **study@Unisa** when you answer multiple-choice assignments.

Special information on how to do this assignment:

- (1) This assignment consists of 20 multiple-choice questions.
 (2) This assignment covers topic 1 of the Studyguide.

ASSIGNMENT 01: MULTIPLE-CHOICE QUESTIONS

Semester 2

(10% of the year mark)

Topic 1

Refer to section 8.4

QUESTION 1

20 marks

REQUIRED

Select for each question only **ONE** alternative that you consider to be the most correct and then mark on *myUnisa* or on the mark reading sheet the digit that corresponds to the digit of the alternative which you have selected as your answer. Answer the sub-sections of this question in numerical sequence, for example, as follows:

1. 1
2. 3

(1½ marks per question)

1. Learning unit 1.1

Study **ISA 500** and then select the most correct alternative to complete the following sentence:

The main purpose of substantive audit procedures is to determine whether ...

- 1 the internal control system is working.
- 2 account balances are accurately recorded.
- 3 transactions in the year under review are reasonable compared to prior years.
- 4 there are material misstatements in the financial statements.

2. Learning unit 1.7

Study **ISA 530** and then select the incorrect alternative.

- 1 Sampling risk is the risk that the conclusion reached by the auditor, based on the sample, might be different from the conclusion reached if the entire population had been tested.
- 2 In performing tests of details, an increase in the use of other substantive procedures directed at the same assertion will decrease the sample size.
- 3 All items in a population must have a chance of being selected in audit sampling.
- 4 Audit sampling selection methods include selecting all items (100% testing) and selecting specific items.

3. Learning unit 1.6

Which of the following statements is correct regarding accounting estimates?

- 1 The auditor's objective is to evaluate whether accounting estimates are reasonable in the circumstances.
- 2 Accounting estimates should be used when accurate data concerning past events can be accumulated in a timely, cost-effective manner.
- 3 The auditor is not interested in obtaining sufficient, appropriate audit evidence about whether accounting estimates were adequately disclosed in the financial statements.
- 4 Accounting estimates should not be used when the outcome of future events related to the estimated item is unknown.

4. Learning unit 1.9

Which one of the following roles would typically be acknowledged in a management representation letter?

- 1 Management has the responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework.
- 2 Management communicates its views on ethical behaviour to its employees.
- 3 Management's knowledge of fraud is communicated to the audit committee.
- 4 Management's compensation is contingent upon operating results.

5. Learning unit 1.6

Study **ISA 540** and then select the alternative that is required from the external auditor.

- 1 Obtain evidence on whether the accounting estimates recognised are according to the applicable financial reporting framework.
- 2 Obtain evidence on how reasonable the accounting estimates are.

- 3 Obtain evidence on whether the disclosures relating to accounting estimates are adequate.
- 4 All of the above.

6. Learning unit 1.6

Study **ISA 540** and then select the most correct alternative.

- 1 The auditor does not consider the outcomes of prior period estimates since estimates relate to future events only.
- 2 Management bias plays a small role in the auditing of estimates.
- 3 The measurement criteria of accounting estimates can vary depending on the applicable financial reporting framework.
- 4 Obtaining written representations from management regarding the reasonableness of accounting estimates is not compulsory.

7. Learning unit 1.8

Select the alternative which provides the best example of what will be regarded by the auditor as the most reliable source of audit evidence.

- 1 A trainee accountant receives a faxed copy of the bank confirmation and agrees the information to the bank balance in the general ledger bank account.
- 2 The client sends out and receives back bank, attorneys and investment confirmations on behalf of the auditor. The auditor has for several years accepted this practice as it has been agreed with the client that 2% of the audit fees will be reduced if the client performs the confirmation process.
- 3 The auditor receives a faxed copy of the investment confirmation. The auditor verifies with the bank that the faxed copy is indeed from the correct source. The auditor then also requests the investment manager to post the original signed confirmation to the auditor.
- 4 In order to save audit time, the auditor phones the client's attorney to confirm that there are no possible or current litigations existing against the client.

8. Learning unit 1.6

Study **ISA 540** and identify the alternative that would **not** constitute an example of an accounting estimate.

- 1 Allowance for doubtful debts (allowance for credit losses).
- 2 Warranty obligations.
- 3 Provision for unpaid leave.
- 4 Depreciation.

9. Learning unit 1.8

Study **ISA 505** and then select the most correct alternative.

- 1 Should management refuse to allow the auditor to send an external confirmation, then the audit report will state this fact.
- 2 In the case of non-response to an external confirmation, the auditor may then assume that the party agrees with the content of the request.
- 3 When using external confirmation procedures, the auditor may rely on the client's internal audit department to exercise control over the external confirmation requests.
- 4 The auditor must investigate all exceptions on an external confirmation.

10. Learning unit 1.6

Study **ISA 540** and then select the most correct alternative.

- 1 Accounting estimates will always give rise to a high risk of material misstatement.
- 2 Complex financial instruments, which are not traded in an active and open market, do not require the estimation of fair values.
- 3 Fair value accounting estimates are not specialised.
- 4 Not all financial statement items requiring measurement at fair value involve the estimation of uncertainty.

11. Learning unit 1.8

Your client sells computer equipment for cash and on credit. Thirty-five major customers buy on credit. You have decided to send out trade debtors confirmation letters to these customers to verify trade receivables at year-end. Identify the financial statement assertion relating to accounts receivable that the above audit procedure is designed to test.

- 1 Completeness.
- 2 Cut-off.
- 3 Existence.
- 4 Occurrence.

12. Learning unit 1.5

Study **ISA 510** and then select the most correct alternative.

- 1 Opening balances are computerised balances and therefore no further audit procedures are required.
- 2 The appropriateness of accounting policies must be considered according to this standard.
- 3 The opinion of the previous year's auditors has no effect on the current year's audit report.

- 4 A predecessor auditor, according to this standard, includes another engagement partner in the same audit firm.

13. Learning unit 1.4

Study **ISA 610** and then select the most correct alternative.

- 1 The external auditors may reduce their responsibility for the audit opinion expressed by using the work of the internal audit function.
- 2 The external auditor may not be prohibited by law or regulation from obtaining direct assistance from internal auditors.
- 3 The external auditor may use an incompetent internal auditor to provide direct assistance.
- 4 The external auditor shall evaluate the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors.

14. Learning unit 1.1

Study **ISA 500** and then select the most correct alternative.

- 1 A management's expert is an individual possessing expertise in accounting or auditing, whose work is used by the entity to assist the entity in preparing financial statements.
- 2 Evaluating an expert's competence is not part of this standard.
- 3 The degree of the sufficiency of audit evidence can be calculated by an auditor.
- 4 This standard is applicable to all the audit evidence obtained during the course of an audit.

15. Learning unit 1.3 & 1.9

KZ Properties has adopted the fair value model to value its investment properties.

Select the most appropriate alternative that the auditor should consider when performing fair value tests on KZ Properties' investment properties.

- 1 Obtain an independent valuation from an expert.
- 2 Evaluate from the disclosure of fair values that they are measured in accordance with the financial reporting framework.
- 3 Incorporate in the management representation letter a paragraph confirming the reasonableness of significant assumptions relating to fair values.
- 4 All of the above.

16. Learning unit 1.2

ABC Auditors recently acquired a client who is in the mining industry.

The client has outsourced the calculation of the rehabilitation provision to an expert.

Select the most appropriate action to be followed by the external auditor.

- 1 Evaluate the competence, capabilities and objectivity of that expert.
- 2 Obtain an understanding of the work of that expert.
- 3 Evaluate the appropriateness of the expert's work as audit evidence for the relevant assertion.
- 4 All of the above.

17. Learning unit 1.1

Select the incorrect alternative.

Relevant audit evidence can be obtained by:

- 1 Recalculating the provision for bonuses.
- 2 Inquiring from management regarding all or any accounting policy changes.
- 3 Observing the year-end inventory count.
- 4 Estimating the share capital balance.

18. Learning unit 1.5

Which **one** of the following audit procedures that an external auditor would apply in order to verify the opening balance of trade receivables (debtors) at 31 March 2018, is **incorrect**?

- 1 Inspect the credit applications for a sample of debtors and confirm that the credit terms and limit was recorded on the application form and signed by the credit controller and the financial manager.
- 2 Verify the opening balances according to the trade receivables' ledger by performing "payments received after 31 March 2018" testing.
- 3 Send confirmation letters to debtors and request them to confirm their outstanding balances at 31 March 2018.
- 4 Verify the opening balances according to the trade receivables' ledger by examining the source documents that make up the balances.

19. Learning unit 1.1

Which one of the following factors would most likely influence an auditor's consideration of reliability of data when performing analytical procedures?

- 1 Whether the data was developed in a computerised or manual accounting system.
- 2 Whether the data was prepared on the accrual basis.

- 3 Whether the data was developed by a system with adequate controls.
- 4 Whether the data was processed by an online system.

20. Learning unit 1.3

An auditor intends to use the work of an actuary who has a relationship with the client. Under these circumstances, the auditor ...

- 1 should not reach an agreement with the actuary, detailing the respective roles and responsibilities of the auditor and the expert.
- 2 should assess the risk that the actuary's objectivity might be impaired.
- 3 is **not** permitted to rely on the actuary because of a lack of independence.
- 4 should communicate this matter to those charged with governance as a significant deficiency in internal control.

---X---

8.6.4 Semester 2: Compulsory assignment 02

ASSIGNMENT 02: PORTFOLIO

Semester 2

(10% of the year mark)

Topics 2 - 4 and Activity 0.1

Refer to sections 8.2 & 8.4

8.7 Other assessment methods

An examination paper which serves as a self-evaluation assessment is included hereafter.

Special instructions and the answering of this assessment opportunity

It is advised that you complete this assessment opportunity under examination conditions within three hours without consulting your study material.

After having completed this, you should compare your answers with the key in Tutorial Letter 201. This assessment opportunity **must not** be sent to the University.

Tutorial material for this assessment opportunity

This assessment opportunity deals with the entire content of this module.

Purpose of this assessment opportunity

The purpose of this assessment opportunity is to serve as a revision of the study material as a whole and at the same time is an indication of the standard which can be expected in the examination.

Attached find a previous examination that serves as a self-assessment assignment.

QUESTION

100 MARKS

1. BACKGROUND INFORMATION

You are a senior trainee accountant at Bean Counters Inc. (Bean Counters), a large firm of registered auditors.

You have been assigned to the audit of Edison (Proprietary) Limited (Edison) for the year ended 30 June 2015.

Edison is a large manufacturing and retail company that manufactures and sells clothing and shoes to the South African public through their 70 retail stores.

On 1 April 2015 Edison added “Jozi Jeans” to their existing clothing line by importing high-quality, no-name brand jeans from Quality Clothing International (QCI) in Southern California, United States of America. Once these imported jeans are received by Edison, the Edison clothing design team sew the “Jozi Jeans” brand logo onto each garment. These jeans are then sold in Edison’s largest and most successful retail stores situated in Melrose Arch, Sandton, Menlyn and Cape Town, for R850 each.

Edison does not make use of hedge accounting as stipulated in *IAS 39 – Financial instruments: Recognition and measurement*.

Market research performed by Edison indicates that the “Jozi Jeans” are in high demand.

Edison is a registered VAT vendor in terms of Section 23(1) of the Value-Added Tax Act 89 of 1991.

Edison’s financial reporting framework is the International Financial Reporting Standards (IFRS).

2. TRADE PAYABLES

The following is an extract from the final trial balance of Edison as at 30 June 2015:

Description	Amount (R)		Note
	2015	2014	
Trade payables	35 000 000	30 000 000	1 and 2

Note 1

On 1 April 2015, Edison ordered 4 500 no-name brand jeans from QCI. The goods ordered were invoiced on 30 April 2015 for an amount of \$225 000 and were shipped free on board (FOB) on 31 May 2015. On 31 May 2015, the US\$/ZAR exchange rate was R10.52 to the dollar. The goods ordered arrived at the Durban harbour on 15 June 2015. You ascertained from the E-filing returns filed with the South African Revenue Services (SARS) that R364 518

(VAT) and R283 500 (Customs Duty) was paid to SARS. You may assume that the Customs Duty was calculated correctly. On 16 June 2015 the goods were transported to the Edison head office in Johannesburg, at a cost of R90 000. The transport costs were paid to the delivery company by means of electronic fund transfer (EFT), upon arrival of the goods at the Edison head office on 17 June 2015. On this date the purchase clerk at the Edison head office issued a goods received note (GRN). The invoice from QCI is payable on 31 August 2015, 90 days from the shipment date. This is considered to be normal payment terms for goods shipped internationally.

On 18 June 2015 Edison's clothing design team commenced sewing the "Jozi Jeans" brand logo onto each of the jeans received at a cost of R71 per jean. This was completed on 23 June 2015 and the branded "Jozi Jeans" was distributed to Edison's Melrose Arch, Sandton, Menlyn and Cape Town retail stores on 25 June 2015.

At year end Edison had 4 000 "Jozi Jeans" in stock.

Note 2

- At 30 June 2015 the trade payables consisted of 28 individual creditors' accounts (2014: 25 accounts).
- QCI is the only foreign creditor of Edison.
- You have access to the trade payables' (creditors') list, trade payables ledgers, trade payables control account, suppliers statements and suppliers correspondence files.

3. BANK

You have received the following bank reconciliation which relates to the current account of Edison:

BANK RECONCILIATION AT 30 JUNE 2015

Account number: 10006 600 6020
 Account type: Current account
 Bank: Med Bank

	R
Balance per cash book at 30 June 2015	4 700 524
Add: Outstanding cheque (Cheque 13521)	1 455 698
Deduct: Outstanding deposits (Receipt 1369)	(62 569)
Bank error (*)	(220 000)
Balance per bank statement as at 30 June 2015	5 873 653

- * Med bank informed Edison that there had been a system error during June 2015 and that an amount of R220 000 had been incorrectly deducted from Edison's current account. This error will be corrected during July 2015.

4. SUBSEQUENT EVENTS

You have not yet performed the procedures to identify possible subsequent events that relate to Edison.

5. UNRESOLVED MATTERS

The following materiality levels were set for the audit:

Planning materiality	R4 000 000
Final materiality	R3 500 000

The following unresolved matters were identified during the audit:

Unresolved matter 1

The trade receivables balance of R12 000 000 in the final trial balance was in fact overstated by R3 800 000. You have discussed the matter with the management of Edison. However, they refuse to adjust the financial statements to correct the overstatement of R3 800 000.

Unresolved matter 2

Due to the numerous power failures which occurred throughout the year in the Melrose Arch, Sandton and Menlyn areas, several weeks' worth of accounting information was lost, as Edison has neither backup facilities nor an uninterruptible power supply (UPS). The accounting information lost relates to various transactions, including sales. All Edison's retail stores work on a 100% paperless basis. Therefore management could not identify and reconcile the lost accounting information to transactions that did occur.

REQUIRED

Marks

Refer to Section 2, TRADE PAYABLES.

1. Calculate the value at which the 4 000 "Jozi Jeans" in stock, will be disclosed at, in the Statement of Financial Position of Edison as at 30 June 2015.

Please note:

- Set out your calculation. 1 mark will be awarded for each correct inclusion/exclusion of costs in calculating the value

(7)

Logical presentation

(1)

Total

(8)

Refer to Section 2, TRADE PAYABLES.

2. Formulate the **substantive audit procedures** to obtain sufficient appropriate audit evidence for the **accuracy, valuation and allocation** and **completeness** of the **trade payables (creditors)** of Edison at year end.

Please note:

- 1½ marks will be awarded for each properly formulated substantive procedure.

(33)

Communication skills – clearly indicating the split between the applicable assertions.

(1)

Total

(34)

Refer to Section 3, BANK.

3. Formulate the **substantive audit procedures** to audit the **bank reconciliation** of Edison as at 30 June 2015.

Please note:

- 1½ marks will be awarded for each properly formulated substantive procedure. (18)

Structuring of the answer according to the components (headings) of the reconciliation. (1)

Total (19)

Refer to Section 4, SUBSEQUENT EVENTS.

4. Formulate the **audit procedures** to **identify possible significant subsequent events** in terms of *ISA 560 – Subsequent events*.

Please note:

- 1½ marks will be awarded for each properly formulated audit procedure.

Total (12)

Refer to Section 5, UNRESOLVED MATTERS.

5. **Discuss** the **effect** of each unresolved matter on the audit report of Edison for the year ended 30 June 2015.

Please note:

- 1½ mark will be awarded for each correct discussion point. (25)

Communication skill – proper layout and structure, with appropriate sub-headings and the application of critical reasoning (2)

Total (27)

8.8 The examination**Requirements for admission to the examination**

Submission of the **compulsory assignment 01** by its due date will give a student admission to the examination in this module. Admission will be obtained by submitting this assignment **in time** and not by the marks you obtain for it. Please ensure that this assignment reaches the University **before or on the due date**. **Late submission of the assignment will result in you not being admitted to the examination. No extension will be given for the late submission of assignments 01 and 02.**

The examination period

This module is offered in both semesters. This means that if you are registered for the first semester, you will write the examination in May/June 2018 and the supplementary examination will be written in October/November 2018. If you are registered for the second semester you

will write the examination in October/November 2018 and the supplementary examination will be written in May/June 2019.

During the semester, the examination section will provide you with information regarding the examination in general, examination venues, examination dates and examination times.

Format of the examination paper

The duration of the examination is 3 hours. The exam paper consists of a scenario with questions. Students will have to apply their theoretical knowledge to the information provided in the scenario. The examination will not contain any multiple-choice questions.

Calculator policy

Candidates may only use silent, electronic, battery-driven pocket calculators subject to the following conditions:

- Calculators must be cordless, and may not have print-out facilities or alpha keys;
- Any financial calculator will be allowed, as the following tables will not be provided:
 - Tables of present value factors for various discount rates for varying periods; and
 - Tables of future value factors for various interest rates for varying periods;
- The calculator function on mobile telephones or any electronic device (i.e. laptops and/or any Smart Phone) may not be used; and
- Candidates may not share a calculator with another candidate in the examination room.

Previous examination papers

Previous examination papers are available to students on **myUnisa**. **Suggested solutions are not provided**. Please do not request these from us, as it is a departmental policy that we are not allowed to supply you with the memorandums. You may, however, accept that the type of questions that will be asked in the examination will be similar to those found in your study material. However, sufficient practice questions may be obtained from Tutorial Letter 102.

Use the **study@Unisa** brochure for general guidance for the examination as well as for your preparation for the examination.

9 FREQUENTLY ASKED QUESTIONS

The **study@Unisa** brochure contains an A-Z guide of the most relevant study information.

10 SOURCES CONSULTED

Except for the prescribed text books of the module no additional sources were consulted.

11 CONCLUSION

Wishing you every success with your Auditing studies! We are here to assist you where we can with the content of the module. Please make the most of your opportunity to learn about this module.

12 ADDENDUM

There is no addendum to this tutorial letter.