

Competence-Based Assessment

Specimen questions applicable from
September 2026

Time allowed: 3 hours

This paper is divided into three sections:

Section A - ALL 25 questions are compulsory and **MUST** be attempted

Section B - ALL requirements are compulsory and **MUST** be attempted

Section C - ALL FOUR questions are compulsory and **MUST** be attempted

Do NOT open this paper until instructed by the supervisor.

You must NOT write in your answer booklet until instructed by the supervisor.

This question paper must not be removed from the examination hall.

Paper CBA

The ACCA logo consists of the letters 'ACCA' in a bold, white, sans-serif font, centered within a solid black square.

The Association of Chartered Certified Accountants

Section A - ALL 25 questions are compulsory and MUST be attempted

- 1** An independent reviewer must send a written report to the Commission if they are satisfied or have reason to believe that a reportable irregularity (RI) is taking place or has taken place in respect of a company. The independent reviewer should then send a notice to the board of directors that the report was sent and attach the report to the notice.

Which of the following is the next step to be taken by the independent reviewer?

- A** Launch a further investigation to obtain a better understanding of the RI
- B** Afford members of the board the opportunity to make representations in respect of the RI
- C** Report the matter to the relevant local authorities that deal with similar RIs
- D** Take reasonable measures to discuss the RI with the board of the company

- 2** **Which of the following is the main objective of the King V Report?**

- A** To encourage transparent and meaningful reporting to stakeholders
- B** To ensure the sustainability of corporations across a wide variety of sectors and organisational types
- C** To reinforce corporate governance as a holistic and interrelated set of arrangements to be understood and implemented
- D** To broaden the acceptance of King V by making it accessible and fit for application across a variety of sectors and organisational types

- 3** The Independent Regulatory Board for Auditors (IRBA) was established under the Auditing Profession Act (2005) and began operating in 2006.

Which of the following is NOT a role or function of the IRBA in South Africa?

- A** Promoting the integrity of the accountancy profession
- B** Prescribing accreditation, registration, registration renewal and re-registration fees
- C** Recognising educational qualifications or programmes, and prescribing frameworks for training and professional development programmes in the auditing profession
- D** Investigating and disciplining IRBA members in respect of improper conduct

- 4** **Which of the following statements is NOT true?**

- A** After the date of the audit report, the auditor has no duty to perform procedures to identify if subsequent events exist
- B** If the auditor becomes aware of an adjusting subsequent event after the date of the audit report, but before the financial statements are issued, and management refuses to adjust the financial statements, the auditor should issue an amended modified audit report
- C** If the auditor becomes aware of an adjusting subsequent event after the date of the audit report and after financial statements have been issued, and management refuses to adjust the financial statements, the auditor is not allowed to issue a new audit report
- D** The auditor has a duty to report reportable irregularities, as defined in the Auditing Profession Act (2005), that result from subsequent events identified after the date of the audit report

5 The following are elements of the scope of a certain type of assurance engagement:

- (1) Audit of financial statements
- (2) Audit of financial systems and transactions, including the evaluation of compliance with applicable statutes and regulations
- (3) Audit of internal control and internal audit functions
- (4) Audit of probity and propriety of administrative decisions taken
- (5) Audit of performance against predetermined objectives

Which of the following assurance engagements includes all of the elements listed above?

- A An external audit
- B An internal audit
- C A public sector audit
- D An independent review

6 The following are examples of company records:

- (1) Employee contracts
- (2) Securities register
- (3) Notices of shareholder meetings
- (4) Company risk register
- (5) Memorandum of Incorporation

The Companies Act of South Africa (2008 as amended) ('the Act') prescribes the form and standard of company records.

Which of the records listed above must be kept in a written format for seven years or longer in terms of the Act?

- A 1, 2, 3, 4 and 5
- B 5 only
- C 2, 3, and 5 only
- D 2 and 3 only

7 When expressing an audit opinion in the ordinary course of duties, a registered auditor can incur liability to a client or any third party in some circumstances.

Which of the following is NOT a circumstance in which the auditor incurs liability?

- A When the auditor failed to report a reportable irregularity (RI) they were unaware of
- B When the audit opinion was expressed maliciously, fraudulently or pursuant to a negligent performance of the auditor's duties with valid reasons
- C When it can be proven the auditor was reasonably aware that the audit client would use the audit opinion to induce a third party to act or refrain from acting in some way
- D When the auditor expressed an incorrect audit opinion due to a limitation of scope that was beyond their control

8 **Which of the following matters can the auditor communicate orally to those charged with governance?**

- A Matters that relate to a conflict of interest
- B Significant matters, related to the audit
- C Matters related to major non-compliance with key laws and regulations
- D All of the above need to be communicated in writing

9 Which of the following is NOT accurate about the differences between the ACCA and the IRBA Codes of Professional Conduct?

- A** The ACCA Code includes a section designated to professional accountants in business, whereas the IRBA Code does not
- B** The IRBA Code is only applicable to professional accountants in public practice who are auditors, whereas the ACCA Code is only applicable to professional accountants in public practice other than auditors
- C** The ACCA Code provides additional guidance and requirements for professional accountants in public practice that is not contained in the IRBA Code
- D** The ACCA Code is applicable to students studying towards the designation, whereas the IRBA Code is not applicable to students

10 SAAEPS 1.42 distinguishes between ‘scoping criteria’ and ‘measurement / evaluation criteria’. ‘Scoping criteria’ are used in sustainability assurance engagements to assess the appropriateness of the development of content on sustainability matters.

Which one of the following statements describes ‘scoping criteria’?

- A** The subject matter information, or aspects thereof, that is expected to be scoped out from the sustainability assurance engagement, and the reason for the exclusion
- B** The scope of measurement or evaluation methods for identified sustainability assurance key performance indicators (KPIs) and/or disclosures
- C** The KPIs and/or disclosures which are used to evaluate performance, and the disclosed KPIs which are scoped into the sustainability assurance engagement
- D** Relevant contextual issues that may impact considerations around the sustainability reporting content

11 The Johannesburg Stock Exchange (JSE) Listing Requirements include additional requirements (to ISA 210) pertaining to the terms of an engagement.

Which of the following is an additional JSE listing requirement which should be included in the terms of engagement?

- A** The objective and scope of non-assurance services, in addition to the audit of the financial statements
- B** A statement clarifying that there may be circumstances in which a report may differ from its expected form
- C** A requirement for the auditor to inform the JSE, and the audit committee of the audit client, if the audit client misrepresents the content of the auditor’s report
- D** The identification of the applicable financial reporting framework for the preparation of the financial statements

12 One of the governance outcomes of the King V Report describes the social license to operate that an organisation acquires, through transparently demonstrating its trustworthiness and responsible corporate citizenship.

Which of the following is described in this governance outcome?

- A** Legitimacy
- B** Ethical culture
- C** Performance and value creation
- D** Conformance and prudent control

- 13** ACCA has issued guidance to members which explains the different sanctions which can be used during disciplinary proceedings.

Which of the following is the lowest sanction the ACCA disciplinary committee can apply?

- A** Reprimand
- B** Admonishment
- C** Exclusion/removal from register
- D** None of the above

- 14** Which of the following is NOT a general purpose framework for financial reporting?

- A** International Financial Reporting Standards (IFRS)
- B** The Modified Cash Standards
- C** The Regulatory Reporting Requirements
- D** Standards of Generally Recognised Accounting Practice (GRAP)

- 15** The Companies Act of South Africa (2008 as amended) includes criteria for individuals or firms to be eligible to be appointed as auditor of a company.

Which of the following individuals may be appointed as auditor of Bakeries (Pty) Ltd?

- A** John is a registered auditor who was a director of Bakeries (Pty) Ltd three years ago
- B** Sara is a registered auditor who has been preparing the financial statements of Bakeries (Pty) Ltd for the past two years
- C** Sim is a registered auditor who has been the designated auditor of Bakeries (Pty) Ltd for the past five financial years
- D** None of the individuals above are eligible to be appointed auditor of Bakeries (Pty) Ltd

- 16** Which of the following indicates that there are significant deficiencies in internal control?

- (1) When employees steal cash from cash registers
- (2) When the expiry dates of non-perishable food items, that represent a significant portion of the inventory balance, are not reviewed
- (3) When the finance department is headed by a temporary employee
- (4) When a client's warehouse has no surveillance over the entry and exit points

- A** 3 and 4 only
- B** 1, 2 and 4 only
- C** 1, 3 and 4 only
- D** 1, 2, 3 and 4

- 17** As part of an audit, auditors can request external confirmations of client accounts from financial institutions.

Which of the following is a limitation in terms of SAAPS 6 when confirmations are requested by auditors from financial institutions?

- A** Financial institutions can exercise discretion in giving information about client's accounts
- B** Auditors may only request confirmation when required to do so by law
- C** Auditors must sign a confidentiality agreement before confirmations are provided
- D** Financial institutions are not obliged to advise an auditor that the client has other accounts which are not listed in the confirmation request

- 18** For its financial year ending 30 June 20X5, FarmPark (Pty) Ltd (FarmPark) had 35 shareholders who all held shares directly in the company. FarmPark also employed an average of 60 employees and generated annual revenue of R265 million. The company was fully financed through equity and had no external debt at its 20X5 financial year-end. FarmPark's public interest score is 360.

Which of the following accountability structures must be appointed by FarmPark based on its public interest score, in terms of the Companies Act of South Africa (2008 amended)?

- A** A social and ethics committee
 - B** An external auditor
 - C** A company secretary
 - D** All the above
- 19** Which one of the following audit procedures is least likely to provide useful information to identify subsequent events?
- A** Inspection of the entity's latest available interim financial statements
 - B** Inspection of the forecasts, including the budget, of the entity for the 12-month period after year-end
 - C** Inspection of the minutes of meetings held before year end of management and shareholders for the financial year under audit
 - D** Enquiry from management whether there are any subsequent events that might affect the financial statements
- 20** Major accounting scandals have impacted the audit profession significantly as they have led to increased ethical requirements and more rigorous auditing requirements. Accounting scandals took place at the following companies:
- (1) WorldCom
 - (2) VBS Mutual Bank
 - (3) Enron
 - (4) Steinhoff
 - (5) Barings Bank

Which accounting scandals listed above involved a lack of auditor independence?

- A** 3 only
 - B** 1, 2 and 4 only
 - C** 2 and 3 only
 - D** 1, 2, 3, 4 and 5
- 21** Which of the following governance structures provides independent oversight over the effectiveness of the combined assurance model and the integrity of the annual financial statements?
- A** The internal audit function
 - B** The social and ethics committee
 - C** The external auditors
 - D** The audit committee

22 A reportable irregularity (RI) is any unlawful act or omission which:

- (1) Is fraudulent or amounts to theft
- (2) Results in a loss greater than planning materiality
- (3) Represents a breach of any duty towards the entity
- (4) Is committed by persons responsible for management

Which of the statements about RIs, listed above, are true?

- A** 1, 2, 3 and 4
- B** 1 and 4 only
- C** 1 and 3 only
- D** 3 and 4 only

23 In which of the following circumstances is an independent review required in terms of the JSE Listing Requirements?

- A** When a JSE-listed company issues a sustainability report
- B** When a JSE-listed company issues five-year financial forecasts and the actual results for one of the periods differs by more than 10%
- C** When a JSE-listed company issues interim results
- D** When a JSE-listed company issues abridged financial statements

24 In which of the following circumstances is the auditor guilty of improper conduct per the IRBA Rules Regarding Improper Conduct?

- (1) An auditor's client, without the knowledge of the auditor, submits profit and cash forecasts to a bank, citing that the auditor reviewed the figures
- (2) The auditor emigrates to another country, abandoning their practice and arranges for the dispatch of their clients' business to another auditor without giving clients any notice
- (3) The auditor resigns from an audit engagement due to significant outstanding fees from the client and then refuses to share information and important work papers with the client's newly appointed auditor
- (4) The auditor resigns from an audit engagement due to a limitation in scope (a lack of access to information), leaving the client without any audit assistance

- A** 2, 3 and 4
- B** 1, 3 and 4
- C** 2 and 3 only
- D** 3 only

25 Certain pre-conditions for sustainability assurance engagements must be present as per SAAEPS 1. The following are five characteristics the practitioner must determine are present in the pre-conditions:

- (1) Relevance
- (2) Completeness
- (3) Reliability
- (4) Neutrality
- (5) Understandability

Which of the following explains the purpose of the five characteristics?

- A** They assist in determining whether the subject matter information in a sustainable assurance engagement is appropriate
- B** They are considerations to determine whether reporting policies and procedures for preparation of sustainability information were established through a formal process
- C** They assist in determining whether the sustainable assurance engagement exhibits rational purpose
- D** They explain aspects that enable relevant and reliable sustainability information

2 marks each

50

Section B – ALL requirements are compulsory and MUST be attempted

26 Background

Professional Incorporated, (PROFINC), a medium-sized South African advisory and assurance firm, recently accepted the external audit engagement of Digitalectra Ltd (Digitalectra) for the financial year ended 31 October 20X5. Digitalectra, an electronics retail company, has experienced significant growth in the past few years. Digitalectra acquired 100% of the equity shares of WindFast Couriers (Pty) Ltd during the 20X4 financial year.

Although 51% of Digitalectra shares are owned by the public, 49% of shares are collectively held by the Kaiser family. The Kaiser family has control of the operations of Digitalectra, with Rodwell Kaiser holding the chief executive officer (CEO) position. His sister, Caitlin Louw (a qualified chartered certified accountant), holds the chief financial officer (CFO) position. Both Rodwell and Caitlin have 15 years' experience in their roles at Digitalectra. Digitalectra intends to list on the Johannesburg Stock Exchange (JSE) in the 20X6 financial year.

Due to the high volume of online sales transactions, Digitalectra implemented a new Enterprise Resource Planning system in June 20X5. The new system integrates all functions of the business, including the finance function. Apart from South Africa, Digitalectra also makes online sales to Botswana and Madagascar (countries where WindFast Couriers (Pty) Ltd operates and has warehouses where Digitalectra inventory is also held until it is delivered to customers). Digitalectra has a customised website for each country, where customers can place sales orders on a cash or credit (interest-free) basis. The sales on these websites are denominated in local currency to ease the shopping experience. Digitalectra's functional and reporting currency is South African Rand. Digitalectra charges standard delivery fees on sales, which are included in the final price of each order placed by a customer. Digitalectra pays over the delivery fee to WindFast Couriers (Pty) Ltd once delivery is completed.

Board structure

The following represents the board composition of Digitalectra, as at 31 October 20X5:

Name and age	% shares	Role/position	Years in position	Committee membership
Rodwell Kaiser (57)	10%	CEO	15	Audit
Caitlin Louw (46)	10%	CFO	15	Risk (chair)
Sim Ndlovu (59)	-	COO	10	Risk
Kelly Kaiser (41)	-	Non-executive, & Chairperson	7	Nomination
Nola Pieterse (61)	0.01%	Non-executive	14	Remuneration & Nomination (chair)
Joppie Combrink (33)	-	Non-executive	5	Nomination & Remuneration (chair)
Edward Fielis (45)	-	Independent non-executive	5	Audit (chair) & Risk
JP McIlroy (39)	-	Independent non-executive, lead independent	3	Audit & Remuneration

Additional notes:

- Kelly and Rodwell are spouses (married in community of property)
- Edward is the Chief Executive Officer of WindFast Couriers (Pty) Ltd, a wholly-owned subsidiary of Digitalectra

Management of Digitalectra has resolved that the company fully adopts the King V Report, especially in light of the company's plans to list on the JSE in the 20X6 financial year.

Matters related to the audit for the year ended 31 October 20X5

When an audit senior from PROFINC, was gathering information on Digitalectra during the execution stage of the audit, an email dated 3 December 20X4 was discovered in the Digitalectra whistleblowing email account. The email alleged that the CEO of Digitalectra, Rodwell Kaiser, paid a bribe to an employee at BizReport Advisory to issue a fraudulent B-BBEE certificate for WindFast Couriers (Pty) Ltd. This certificate did not meet the B-BBEE requirements but was used by WindFast Couriers (Pty) Ltd to secure a large logistics contract with a well-known manufacturer of beverages.

Required:

(a) Referring to the Background information provided, identify and explain five factors that impact the risk of material misstatement (RoMM) in the separate financial statements of Digitalectra at:

(i) The overall financial statement level for Digitalectra

(7.5 marks)

(ii) The assertion level for revenue

(7.5 marks)

Note: 0.5 mark will be awarded for each correct factor identified and another 1 mark for the explanation. You do not need to include the assertions affected in your response.

(b) Explain any concerns you may have in terms of the Auditing Profession Act in light of the discovery made by the PROFINC audit senior through the whistleblower email account of Digitalectra.

(5 marks)

(c) Critically evaluate the board composition of Digitalectra against the recommended practices of the King V Code on corporate governance.

(10 marks)

(30 marks)

Section C – ALL FOUR questions are compulsory and MUST be attempted

- 27** During the planning stage of the audit of HillBank (Pty) Ltd (HillBank) for the financial year ended 30 June 20X5, it was discovered that the financial manager occasionally instructed the junior accountant to alter invoices that did not meet Value Added Tax (VAT) requirements. The alterations were made using artificial intelligence (AI) software to ensure that the invoices complied with VAT rules that enabled a claim for input tax from the tax authorities to be made.

This discovery increases the risk of material misstatement in the financial statements due to fraud, particularly management override of controls.

Required:

Describe four risk assessment audit procedures that can be performed to assist the auditors of HillBank in gathering information to assist with assessing the risk of material misstatement due to fraud.

(4 marks)

- 28** A first year ACCA trainee auditor on the audit of NorthPlace (Pty) Ltd (NorthPlace) documented the following pertaining to the payroll system:

- The finance team (comprising of the financial manager, a junior accountant and a finance clerk) are responsible for the payroll function.
- NorthPlace makes use of freeware cloud computing payroll solutions to store employee data and prepare the monthly payroll.
- NorthPlace's bank account is linked to the cloud software to ease the process of payments to employees, pension fund administrators, tax authorities and medical aid administrators.
- Any one of the three finance team members can make changes to employee data on the cloud software.
- The accountant requests an automated calculation by the online software of monthly salaries and deductions payable, checks the numbers against employee files, approved deduction tables (tax, medical aid and pension fund) and releases the payroll for approval by the financial manager.
- The financial manager approves all monthly payroll payments provided the total aggregate net amounts payable is in a reasonable expected range.

Upon approval of the payments on the cloud software, an authentication message is sent to the financial manager's mobile phone through a banking application (that is linked to NorthPlace's bank account) for approval of the transaction.

Required:

Identify, with reasons, five control deficiencies in the payroll system of NorthPlace.

(5 marks)

29 BarnField (Pty) Ltd (BarnField), an agricultural company that breeds chickens, had a major debtor, ChickProcessing (Pty) Ltd (ChickProcessing), with an outstanding balance of R1,200,000 as at 30 June 20X5, its financial year-end. The auditors of BarnField issued their audit report on 31 July 20X5, and BarnField issued its audited annual financial statements to the public on 4 August 20X5.

On 5 August 20X5, ChickProcessing made a public announcement that it had gone bankrupt after settling an amount of R30,000,000 in respect of a prolonged court case that it had lost. The court case was brought by customers who suffered severe health consequences after consuming chicken nuggets manufactured by ChickProcessing that contained listeriosis. ChickProcessing filed for voluntary liquidation during June 20X5 and indicated it could only settle R0.10 for every R1 it owed its creditors.

Required:

(a) Explain why the information provided above constitutes a subsequent event.

(2 marks)

(b) Explain adjusting and non-adjusting events and assess which category this subsequent event falls into.

(4 marks)

(6 marks)

30 During the audit of the provisions and accruals of Solve Liquids (Pty) Ltd (Solve Liquids) for the financial year ended 30 September 20X5, Johnny, the third year ACCA trainee, identified a pending litigation (involving a claim of R20,000,000) against Solve Liquids which related to an employee who sustained severe injuries from Solve Liquid chemicals while on duty. Solve Liquids management argued that the employee failed to adhere to company protocol when they used the chemicals as they did not wear the necessary protective equipment. At the time of the audit, the legal representative of Solve Liquids, TrustLegal Inc. (TrustLegal), sent a formal letter to Johnny and the designated audit partner, Collins, stating that there was a 95% chance that the court would rule in favour of Solve Liquids.

Johnny performed all the necessary procedures to evaluate the competence, capabilities and objectivity of the management expert, TrustLegal, and to understand and evaluate the appropriateness of their work and place reliance on the expert's work. The facts surrounding the litigation were disclosed in the financial statements of Solve Liquids as a contingent liability. Based on the audit findings, Collins appropriately issued an unqualified audit opinion, in the auditor's report dated 3 December 20X5. The final materiality figure was set at R1,100,000.

Following continued court proceedings after 30 September 20X5, TrustLegal sent another letter to Johnny and Collins on 7 December 20X5 stating that there was now a 70% chance that the court would rule in favour of the employee and a settlement amount of R10,000,000 could be granted. Solve Liquids management refuses to adjust the financial statements.

Collins instructed Johnny to prepare audit documentation reflecting the matter and the going concern uncertainty arising from it. Johnny executed the following:

- Amended the original documentation of the audit work for provisions and replaced the original audit work findings with the new circumstances, without performing additional procedures on the latest work of the management expert.
- Documented an audit difference of R10,000,000 in the conclusion of the workpaper and transferred the difference to the schedule of audit differences.

Required:

Explain any concerns and/ or omissions in the additional work performed and the details disclosed in the audit workpaper by Johnny on the matter arising after the date of the audit report, with reference to ISA 230.

(5 marks)

End of Question Paper