

DRAFT PROCEDURES FOR INDEPENDENT AUDITORS MEDIUM TERM RIGHTS HOLDERS – SOUTH COAST ROCK LOBSTER & PATAGONIAN TOOTHFISH

The independent auditor must prepare a report in accordance with SAAS 920 “Engagements to perform agreed-upon-procedures” issued by SAICA. These procedures must be read together with the **Application Form**, the **Instructions** and the **Explanatory Notes to the Application Form**. The auditor is required to keep an initialed copy of each document referred to or used in the specified procedures for possible subsequent verification

Question ref #	Procedure
1.3	Agree registration number to registration certificate
1.4	Agree income tax number to tax clearance certificate
1.5	Agree VAT number to tax clearance certificate
1.6	Agree Skills Development Number to tax clearance certificate
2.4	Reperform the calculation on the data provided by the applicant ensuring the flow through principle has been correctly applied and agree that the majority of shareholders (companies) or members (close corporations) are South African
2.6	Inspect valid tax clearance certificate covering date of application for authenticity and validity.
2.7	Determine if the applicant meets the definition of an SMME as defined by the Small Business Act as at the financial year end 2004. The following calculations are to be used <ul style="list-style-type: none"> • Total assets per the balance sheet excluding fixed property • Revenue per the income statement • Number of employees per the regulatory UIF document submitted
2.8	Agree the number of employees per the regulatory UIF document submitted to the figures on the application form
5.1	<input type="checkbox"/> Agree TAC allocated to seasonally valid permit issued by the Department of Environmental Affairs and Tourism (DEAT) <input type="checkbox"/> Agree total actual catch to official catch records (read in conjunction with the applicants catch records if necessary) for the period specified <input type="checkbox"/> Reperform percentage under- or over-caught calculation
6.1	Determine if the applicant meets the definition of designated employer in terms of the Employment Equity Act as set out in the explanatory notes to the application form, at 30 April 2005
6.2	If the applicant is a designated employer determine whether or not the applicant has complied with the submission requirements of the specified Act, as set out in the Explanatory Notes to the Application Form.
6.3.1	Review the specified table and <ul style="list-style-type: none"> <input type="checkbox"/> Confirm the correctness thereof to the payroll records, for the directors stipulated, <input type="checkbox"/> Check the director name and total remuneration Refer to the explanatory notes if the applicant is member of a group of companies and is more than 50% owned by the holding company.
6.3.2	Review the specified table and <ul style="list-style-type: none"> <input type="checkbox"/> Confirm the correctness thereof to the payroll records, for the employees stipulated, <input type="checkbox"/> Check the employee name and annual salary <input type="checkbox"/> Agree that employees listed are in descending order of remuneration; <input type="checkbox"/> Reperform the salary as a percentage of the total salaries in this table calculation Refer to the explanatory notes if the applicant is member of a group of companies and is more than 50% owned by the holding company.
6.4	Review the specified table and <ul style="list-style-type: none"> <input type="checkbox"/> extract the number of employees in each salary band from the payroll at 30 April 2005 <input type="checkbox"/> reperform the percentage and arithmetic calculations Refer to the explanatory notes if the applicant is member of a group of companies and is more than 50% owned by the holding company.
6.5, 6.6.1	Review the specified table and

Question ref #	Procedure
and 6.6.2	<ul style="list-style-type: none"> <input type="checkbox"/> If the applicant is a designated employer agree the details to the applicants EEA2/2A form for October 2004. <input type="checkbox"/> If the applicant is not a designated employer reperform the % and arithmetic calculations. Refer to the explanatory notes if the applicant is member of a group of companies and is more than 50% owned by the holding company.
6.7.1	<p>Review the documentation submitted by the applicant and agree:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Percentage shareholding held by black persons in 2001, 2002, 2003, 2004 and 2005 <input type="checkbox"/> Percentage voting rights held by black persons in 2002, 2003, 2004 and 2005 <input type="checkbox"/> Review the documentation submitted by the applicant and recalculate the percentage dividends declared in favour of black persons in 2002, 2003, and 2004
6.7.2	<p>Review the documentation submitted by the applicant and agree:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Percentage shareholding held by women in 2002, 2003, 2004 and 2005 <input type="checkbox"/> Percentage voting rights held by women in 2002, 2003, 2004 and 2005 <input type="checkbox"/> Review the documentation submitted by the applicant and recalculate the percentage dividends declared in favour of women in 2002, 2003, and 2004
6.7.3	Confirm the existence of a share scheme with reference to a valid trust document.
6.7.4	Confirm the percentage shares held by employees not listed in Question 6.3
6.7.5	Review the submitted information and recalculate the amounts paid to shareholders, at the dates specified or during the period specified) and confirm the correctness thereof to the supporting records
6.7.7	Reperform the calculations as per the submitted information
6.8.1	<p>Review the information submitted and confirm</p> <ul style="list-style-type: none"> <input type="checkbox"/> The percentage interest held by black persons for the financial years ended 2001,2002,2003,2004 and at date of application <input type="checkbox"/> the membership voting rights per the relevant founding statement/registration document for the financial years ended 2002,2003,2004 and at date of application <input type="checkbox"/> Review the documentation submitted by the applicant and recalculate the percentage profit distribution declared in favour of black persons in 2001, 2002, 2003, and 2004
6.8.2	<p>Review the documentation submitted by the applicant and agree:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Percentage interest held by women in 2002, 2003, 2004 and 2005 <input type="checkbox"/> Percentage membership voting rights per the relevant founding statement/registration document for the financial years ended 2002,2003,2004 and at date of application <input type="checkbox"/> Review the documentation submitted by the applicant and recalculate the percentage profit distribution declared in favour of women in 2002, 2003, and 2004
6.8.3	Confirm the existence of a share scheme with reference to a valid trust document.
6.8.4	Confirm the percentage shares held by employees not listed in Question 6.3
6.8.5	Review the submitted information and recalculate the amounts paid to members, at the dates specified or during the period specified) and confirm the correctness thereof to the supporting records
6.8.7	Reperform the calculations as per the submitted information
6.10	<p>Review the April 30 2005 SARS return for Skills Development Levy Payments, and confirm whether applicant has receipts from the SETA for the submission of the following documents:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Workplace skills plan <input type="checkbox"/> Total paid to SETA in skills development levies <input type="checkbox"/> Extract total training costs for the 2004 financial year from the accounting records <input type="checkbox"/> Recalculate the training costs spent as percentage of payroll for the 2004 financial year. <input type="checkbox"/> Recalculate the percentage of training budget spent on black employees
6.11	Review learnership agreement to confirm registration with SETA.
6.15	Determine if the donations allowed as a taxable deduction for each of the years specified agrees to the information submitted in the form
6.18	<p>For each supplier identified by the applicant:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Agree the rand amount spent for the financial year ended 2004 to the supporting accounting records (general ledger) <input type="checkbox"/> Recalculate the amount paid to suppliers as a percentage of expenses
7.8	Inspect valid registration certificate
8.1.1	<p>Review the submitted document and</p> <ul style="list-style-type: none"> <input type="checkbox"/> Agree the total employees to contributions to the Unemployment Insurance Fund as at

Question ref #	Procedure
	<p>specified date *</p> <ul style="list-style-type: none"> <input type="checkbox"/> Agree the total employees for which the applicant does not contribute to the Unemployment Insurance Fund; <input type="checkbox"/> Reperform all the arithmetic calculations <p>* If the Applicant has submitted more than one application to DEAT (either as a result of a group structure or as a result of application for more than one sector/right) then the auditor is to</p> <ul style="list-style-type: none"> <input type="checkbox"/> Reconcile the complete number of permanent employees (per payroll) to the various applications submitted by the Applicant <input type="checkbox"/> Reperform all arithmetic calculations on the overall allocation table <input type="checkbox"/> Agree the allocation for this cluster per the overall allocation table to the number included on this application
8.1.2	Reperform the calculation using the TAC 2005 per 5.1 and the applicant's annual wage bill allocated to this fishery, and agree to figure under column "How much does the applicant spend on wages per ton allocated"
8.1.3	Reperform the calculation using the TAC 2005 per 5.1 and total employees per 8.1.1, and total employees less seasonal employees and agree to figure under the column, "How many people does that applicant employ per ton allocated," and "How many people, less seasonal employees, does the applicant employ per ton allocated.
8.1.4	<p>Review the submitted document and</p> <ul style="list-style-type: none"> <input type="checkbox"/> agree the highest and lowest salaries paid to the appropriate payroll/HR records (refer to explanatory notes) <input type="checkbox"/> Reperform the calculation
9.1.1 and 9.1.2	<p>Review the submitted document and</p> <ul style="list-style-type: none"> <input type="checkbox"/> agree the total to the total of property plant and equipment disclosed in the latest audited financial statements * <input type="checkbox"/> reperform all the arithmetic calculations <p>Refer to the explanatory notes to the application form.</p>
10.1	<ul style="list-style-type: none"> <input type="checkbox"/> Reconcile the total tons landed figure per table 10.1 to the total catch per 5.1. <input type="checkbox"/> Reconcile the total Rand value landed figure per table 10.1 to the applicants accounting records <input type="checkbox"/> Compare the total percentage with 100% <input type="checkbox"/> Explain any variances
11.1,11.2, 11.3, 11.4, 11.5, 11.6,	<ul style="list-style-type: none"> <input type="checkbox"/> Review the submitted documents and agree the figures to the applicable audited financial statements. <input type="checkbox"/> Reperform all the calculations for accuracy and correctness <input type="checkbox"/> Where the financial statements for the years 2001,2002 or 2003 have not been audited the annual financial statements submitted to SARS should be used but an audit is required for the 2004 figures <input type="checkbox"/> Identify any audit qualifications,
14.1	Review the submitted document and agree the total fishing levies paid to official departmental receipts for the financial year specified.
14.2	Reconcile the amount and date to an official receipt noting the Rand amount and date.