

New_SA_GAAP

Year end: 29 February 2008

Working papers to be prepared before engagement

Planning by	Reviewed	Performed by	Final review

11.15

Requirement	Required monthly	Required at year end	Ready
1. General			
1.1. A balanced trial balance			
1.2. Draft financial statements			
1.3. Copies of minutes and resolutions not yet pasted into the minute books including those in the process of being signed. Statutory and directors (internal).			
1.4. Monthly management accounts for the year (if applicable)			
1.5. Budgeted accounts for the following year (if applicable).			
1.6. Opening balances trial balance agreed to the prior year's AFS			
1.7. Systems notes/narratives.			
1.7.1. A brief description on the accounting and internal control systems in each of the following business cycles:			
- sales, accounts receivable and receipts;			
- purchases, accounts payable and payments;			
- personnel, salaries, wages and commission;			
- production and inventory control;			
- nature of assets, acquisition, safekeeping, maintenance and disposal of fixed assets;			
- cashbook, petty cashbook; and			
- maintenance of journal, general ledger and other accounting records.			
1.7.2. Descriptions required:			
- the names of the persons that are responsible for each function;			
- how transactions are initiated, the flow of documentation and any other items that may be relevant for a proper understanding of the system;			
- significant accounting records, supporting documents and account balances in the financial statements;			
- the accounting and financial reporting process, from the initiation of transactions to their inclusion in the financial statements;			
- the control environment; and			
- other relevant control procedures.			
2. Fixed Assets			
2.1. A fixed assets summary schedule (Annexure A).			
2.2. The following detailed schedules for each fixed asset category (Annexure B):-			
2.2.1. additions - differentiating between external and internal costs			
2.2.2. disposals and scrappings;			
2.2.3. detailed descriptions as per fixed asset register; and			
2.2.4. tax values;			
2.2.5. depreciation rates.			
2.3. The fixed asset categories are :-			
2.3.1. plant and machinery (owned and leased to be reflected separately);			
2.3.2. motor vehicles;			
2.3.3. computer equipment;			
2.3.4. computer software;			
2.3.5. office equipment and furniture;			
2.3.6. trademarks; and			

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2.3.7. goodwill.			
2.4. The purchase vouchers reflecting the asset cost for additions should be attached/resolution passed by the board of large asset purchases.			
2.5. The original title deeds in the case of a property should be available			
2.6. Vehicle licenses and registrations should be available for motor vehicles.			
2.7. Description in the fixed asset register should allow for easy identification of individual assets, i.e. assets should be coded/pre-numbered.			
2.8. For trademarks, a valuation certificate must be obtained.			
2.9. Detailed reasons justifying the useful life of the assets, i.e. the depreciation rates used per category.			
3. Group Divisions and Companies			
3.1. Schedule of investments in subsidiary and associated companies reflecting :-			
3.1.1. cost of shares;			
3.1.2. loan balances (debit and credit), certificates of balance should be obtained from the relevant companies/divisions;			
3.1.3. the latest audited financial statements for the subsidiary and all associates;			
3.1.4. the latest management accounts for the subsidiary and all associates;			
3.1.5. share certificates for the subsidiary and all directly held associates must be made available for inspection; and			
3.1.6. schedule of all group/company and divisional balance (debit or credit), all agreed prior to start of audit.			
3.2. Group Divisions and Companies			
3.2.1. Schedule of all group/company divisional charges including (if applicable) :-			
- purchases;			
- interest (paid or received); and			
- administration fees received.			
3.2.2. Schedule of all loan balances (debits and credits).			
3.2.3. Schedule of interest and any other charges with group companies			
3.3. Related Parties			
3.3.1. Other than group companies a schedule of all related parties with whom transactions have taken place.			
3.3.2. Relationship with the entities (director's interest in contracts).			
3.3.3. Nature of the transactions with these entities.			
3.3.4. Total value of transactions with these entities.			
3.3.5. Balances outstanding at year end.			
4. Accounts Receivable			
4.1. Divisional debtors age-analysis lists.			
4.2. Reconciliation of debtors age analysis total to the general ledger debtors control account.			
4.3. Computation of provision for credit notes (copies of credit notes passed since year end relating to the current year).			
4.4. Computation of provision for doubtful debts.			
4.5. Computation of provision for cash discounts.			
4.6. Detailed schedule of sundry debtors.			
4.7. Schedule of deposits.			

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4.8. Schedule of staff loans.			
4.9. Certificates of staff loans.			
4.10. Copies of the last 5 sales invoices and proof of deliveries for the year and the first 5 sales invoices plus proof of deliveries in the new year.			
5. Inventories			
5.1. Inventory summaries detailing the various stock category totals.			
5.2. Inventory sheets with detailed description of quantity and value of each stock item.			
5.3. Reconciliations between the theoretical quantities per the computer printout and physical quantities per the inventory counts at year end			
5.4. Schedule of local and overseas inventory in transit.			
5.5. Schedule of all last used document numbers.			
5.6. Detailed schedule of recommended inventory write downs (as per SARS, a detailed breakdown per inventory item is required)			
5.7. Certificates of inventory held on consignment for or by third parties (if applicable).			
6. Bank Balances			
6.1. Bank reconciliations.			
6.2. Schedule of outstanding cheques.			
6.3. Schedule of outstanding deposits.			
6.4. Foreign Exchange Contracts			
6.4.1. A list of all outstanding foreign exchange contracts at year end reflecting			
- the type of foreign currency;			
- the value of foreign currency to be purchased;			
- the rate of exchange per the contract;			
- the date the contract was entered into; and			
- the date the contract will expire.			
6.5. If the petty cash is material - copy of petty cash journal required			
7. Instalment Sale and Finance Lease Creditors			
7.1. Schedule of all finance lease creditors which reflects the following information for each finance lease agreement :-			
7.1.1. balance outstanding at beginning of year;			
7.1.2. balance of each new agreement taken out during the year, if applicable;			
7.1.3. adjustment to balances as a result of any finance charge rate changes;			
7.1.4. total of repayments for the year;			
7.1.5. finance charges incurred for the year; and			
7.1.6. balance outstanding at end of year reflected as total amount outstanding in terms of the agreement less total of prepaid finance charges.			
7.1.7. Balance outstanding divided into :-			
- capital amount repayable in the next year; and			
- capital amount repayable thereafter.			
7.1.8. Finance charge rate applicable at the end of year.			
7.1.9. The net book value of the fixed asset secured in terms of the agreement.			

New_SA_GAAP

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7.2. Copies of all agreements outstanding at year end (if applicable)			
7.3. Amortisation schedules per agreement/statements from the bank.			
8. Accounts Payable			
8.1. List of creditors balances.			
8.2. List of cash creditors balances.			
8.3. List of overseas creditors balances (reflecting the foreign currency owed and the exchange rate utilised).			
8.4. Reconciliation of lists of :-			
8.4.1. creditors;			
8.4.2. cash creditors; and			
8.4.3. overseas creditors			
to the general ledger control accounts.			
8.5. Schedule of accruals with appropriate supporting documentation			
8.6. Detailed schedule of sundry creditors.			
8.7. Computation of provision for leave pay and bonuses.			
8.8. Detailed breakdown and calculations of any other provisions.			
8.9. Schedule of VAT payable.			
8.10. Reasons for major fluctuations in trade creditors and provisions.			
9. Taxation			
9.1. Taxation calculation.			
9.2. Deferred tax computation.			
9.3. VAT 201's for the year.			
9.4. Schedule of fixed assets tax values and allowances.			
9.5. Receipts/proof of payment of provisional tax payments.			
9.6. Last tax assessments received			
10. Contingent Liabilities and Commitments			
10.1. Schedule of the details of any contingent liabilities.			
10.2. Schedule of any litigation outstanding on behalf of/against the company at year end (lawyers details required, if applicable)			
10.3. Schedule of capital commitments :-			
10.3.1. contracted for;			
10.3.2. approved by the directors but not contracted for; and			
10.3.3. together with details of the source of funding.			
10.4. Schedule of all rental agreements (hire of equipment and rental of premises) in force during the year and at year end, including copies of the contracts			
11. Income Statement			
11.1. Schedule of directors' emoluments.			
11.2. Analysis of general expenses summarizing the expenditure into its different classes.			
11.3. Analysis of legal expenses stating the reason why the expenditure was incurred.			
11.4. Schedule of bad debts written off reflecting :-			
11.4.1. the name of each debtor;			
11.4.2. the amount written off;			
11.4.3. the reason for write off; and			
11.4.4. whether in respect of goods/services supplier or otherwise.			

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11.5. Bad debts recovered during the year.			
11.6. Summary of repairs and maintenance, classifying the expenditure into its different classes (e.g. electrical, motor, machinery, etc.).			
11.7. Schedule of interest paid reflecting the name of the payee and the amount paid (e.g. interest of leases, bank overdraft, creditors, SARS, etc.).			
11.8. Schedule of interest and other sundry income received reflecting the name of the payer and the amount paid.			
11.9. Schedule of external rentals paid reflecting the premises rented and the monthly payments.			
11.10. A schedule of the monthly analysis of :-			
11.10.1. sales for the current and prior year; and			
11.10.2. purchases for the current and prior year.			
11.11. Reasons for significant fluctuations of income and expenditure that arose from month to month.			
11.12. Reconciliation of the total of the monthly sales analysis to :-			
11.12.1. the general ledger sales accounts; and			
11.12.2. the total per the VAT201's for the year.			
11.13. Detailed schedule of profit and loss on foreign exchange.			
11.14. Detailed schedule of profit and loss on sale of fixed assets.			
11.15. Detailed schedules of large income and expenditure for the year, including the relevant supporting documentation.			
11.16. A schedule of the monthly analysis of (Annexure D) :-			
11.16.1. gross salaries;			
11.16.2. overtime pay;			
11.16.3. other allowances;			
11.16.4. total salaries;			
11.16.5. deductions;			
11.16.6. net salaries;			
11.16.7. number of employees paid for the month;			
11.16.8. average gross salary per employee for each month;			
11.16.9. reason for significant variances that arose from month to month; and			
11.16.10. reconciliation of the total of the monthly analysis schedule to the general ledger salaries accounts.			
11.17. A schedule of the monthly analysis of (Annexure D) :-			
11.17.1. gross wages;			
11.17.2. overtime paid;			
11.17.3. other allowances;			
11.17.4. total wages;			
11.17.5. number of employees on payroll at end of month			
11.17.6. number of weeks in the month.			
11.17.7. average weekly gross wage per employee for each month			
11.17.8. reasons for significant variances that arose from month to month.			
11.17.9. reconciliation of the total of the monthly analysis schedule to the general ledger wages account.			
11.17.10. deductions; and			
11.17.11. net wages.			

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11.18. Schedule of those expenses which had a fluctuation of more than 15% from the previous year, reflecting :-			
11.18.1. current year;			
11.18.2. prior year amount;			
11.18.3. percentage difference; and			
11.18.4. reason for fluctuation from the prior year.			