

Part (a) Discuss the aspects Cynthia should have considered prior to accepting the BuyMore Group and its Subsidiaries as an audit client for FY2021	Marks
Integrity of management	
The executive directors have an incentive to overstate profits as the lucrative remuneration packages are based on increase in earnings year on year.	1
The Executive Directors are part of the Board who have decide on the remuneration packages, which means that they may have influenced the structure of their own remuneration packages to be beneficial for them.	1
It appears further that no remuneration committee exists , which should have determined the remuneration policy and practices as good governance practice requires.	1
An audit committee has not been appointed , and accordingly the directors are not complying with the Companies' Act, which require such for public companies.	1
Felicity cannot the auditors of the company. The Board should have appointed a new auditor after the resignation of the previous auditor, which should be ratified by the shareholders at the AGM. Thus the directors are not complying with legislation.	1
The request by the partner to not to contact the previous auditors and to not ask the client about it , this brings into question whether management is attempting to hide reasons why the engagement should not be accepted .	1
They may further place undue pressure on the audit team in order to obtain an unqualified audit opinion .	1
Executive Management and the Board lack Corporate Governance understanding and compliance, given the various instances of not complying with King IV (audit committee, executive remuneration, etc.)	1
Executive Management (prescribed officers) and the Directors do not always act with care, skill and diligence as required by their fiduciary duties of the Companies Act (sec 76).	1
This could further lead to them being held liable for reckless conduct of the business in terms of Section 22 of the Companies Act.	1
The provision of the furniture to the auditors to complete the audit on time could be seen as a bribe and brings the integrity of management into question.	
Non-compliance with the various Companies Act sections would constitute a Reportable Irregularity casting doubt on management's and the board's integrity .	1
Legal vacancy	
It is possible, based on it being unclear why the previous auditors resigned and the audit team cannot ask the client about it, that there may not be a legal vacancy. <i>(If a student mentions that the auditors resigned from the client and therefore there does appear to be a legal vacancy please award the mark here)</i>	1
Furthermore, there is no audit committee to consider matters related to the appointment of the auditors could further indicate that there is not a legal vacancy.	1
Communication with previous auditor	
Cynthia also instructed the team not to contact the previous auditors, as she believes that KDE produces high quality audits and don't need the input of other audit firms, which is not appropriate as communication with the previous auditor will highlight possible reasons for KDE not accepting the engagement.	1
Ability to settle the audit fee	
There is no indication that the company will not be able to settle the audit fee of KDE auditors.	1
Understanding of the entity	
The entity is in the retail space as well as moving into e-commerce , which is technologically intensive and competitive . They also have an in-house developed point of sale and accounting software.	1

This will require staff with knowledge and experience in these areas.	
Skills and resources	
Cynthia's integrity is questionable as she has guaranteed that the team members will receive a good rating if they do not exceed the budget, which could in turn negatively impact the audit quality.	1
There is a tight audit deadline which places the audit team under extreme pressure and could result in a thorough and quality audit not being performed.	1
This is further compounded by the fact that Cynthia requested the audit team not work longer than the budgeted hours and accordingly are encouraging to sacrificing audit quality .	1
Cynthia further encourages inappropriate behaviour by encouraging the audit team to take short cuts/do fake auditing , if necessary.	1
Cynthia has taken staff from other audit clients, which implies that there is insufficient staff available to perform the audit.	1
Also she did not ensure adequate staff with the relevant e-commerce knowledge and skills are allocated to the audit.	1
There is no evidence that they will be making use of any IT Auditing experts for the review of the system conversion as well as the new app.	1
Cynthia will not have the necessary time to provide direction, supervision and review of the audit work. This will negatively impact the audit quality.	1
Cynthia lacks of application of professional scepticism as she is placing too much trust in the competence and experience of the accounting staff of BuyMore.	1
The audit has to be completed as quickly as possible and if not properly planned could lead to fraud and error not detected	1
The audited financial statements are required to obtain additional funding from investors through the issuance of the debentures in order to fund the brand update of retail stores acquired from Super Shops (3 rd party reliance - requiring potentially additional procedures to be performed by auditors), and as Cynthia appears not to be aware thereof, she might fail to apply more competence and due care.	1
Cynthia is encouraging the audit team to share confidential information with her friend at Takealot.com, which promotes inappropriate behaviour by audit team. Impacting the manner in which the audit is undertaken and the quality thereof.	1
This may indicate there is a lack of consultation structures in the firm , as required as part of the firm's quality control requirements of ISQC 1.	1
Engagement team members might 'phantom tick'/apply other short cuts so as not to incur overruns and thereby not exceed the agreed-upon audit fee.	1
Engagement team members might not apply their professional scepticism during the audit so to remain within the budget and ensure that audit procedures do not take longer than expected.	1
Engagement team members might not record all their time , which will encourage inappropriate behaviour in the firm and filter to the staff's conduct on the audit. (unethical conduct)	1
Engagement team members might experience fatigue or not spend the necessary time required on the BuyMore audit, due to completing outstanding work on other clients and already working overtime.	1
The introduction of the shopping app as well as the conversion of BuyMore Furniture's off the shelf package to the BMS package could increase the risk that there are errors in the IT system which accounts for the transactions and increase risk of the engagement. KDE auditors need to consider if they have the expertise to audit this conversion as well as the app.	1
Terms of the engagement	
The engagement letter has not been signed before the audit commenced. This may indicate a lack of quality as the team commences the audit work without having established the terms of the engagement with the client, lack of compliance with quality processes.	1
Available	38

Maximum	15
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Part (b) With reference to the information related to BuyMore Furniture under the ‘Subsidiaries’ heading – discuss the general controls that should’ve been in place to ensure the data is completely and accurately transferred between the systems.	
The conversion to the BMS system by BuyMore Furniture must be planned:	
• Date and time schedules for conversion must be prepared;	1
• Cut-off points must be determined;	1
• The conversion method must be defined (parallel, launch, direct)	1
Preparation for conversion	
• Preparation of data files on the BMS system	1
• Balancing of files on the old system	1
• Controls to ensure files. date are complete, accurate and valid	1
• Preparation of control totals for conversion	1
• Training of staff in respect of the use of the new system	1
• Preparation of the premises (uninterruptible power supply/air-conditioning etc.)	1
• Authorisation of data to be transferred	1
Controls over the conversion by the date control group;	
• Supervision by competent senior management;	1
• The auditors, KDE should be involved	1
Testing of the system after the conversion	
• Balancing of files on the BMS system with balances of files on the old system (control totals)	1
• Obtaining a printout of converted data and comparison with source data/reports from old system	1
• Comparison of date run on the new system with information from the old system (parallel/launch/modular)	1
• Confirmation of validity and accuracy from third parties	1
• Follow-up of items on exception reports	1
• Approval by users of the new system	1
System documentation must be updated, namely system flowcharts, system descriptions, operating manuals.	1
Back-up of new systems/files off site and securely.	1
Post-implementation review to determine whether or not objectives have been met by users, auditors and IT staff.	1
Available	20
Maximum	10

Part (c) Describe, with reference to the information provided under the ‘Introduction of online shopping’ section under the headings: background, registering a profile, shopping, checkout and payment, the tests of controls you would perform to test the occurrence app sales for FY2021	Marks
Note to markers: The test of control should be described, namely how to test the control to earn the mark, versus merely repeating of the control procedure. This applies to part (c) and (d).	

1. Background		
1.1	Firewalls: Attempt to override/pass the firewalls for both the app and the BMS system. This can be done by IT audit experts, test data or reprocessing (how).	1
1.2	Access: <ul style="list-style-type: none"> • Enquire from management and staff what controls are in place to prevent unauthorised access to the BuyMore server and <i>BMS system and server where the app is hosted system</i>. 	1
	<ul style="list-style-type: none"> • Attempt to access the BuyMore server and the <i>BMS system and server where the app is hosted System</i> by means of test data/reprocessing. 	1
1.3	Data protection policy: Read and discuss with management/staff to determine adequacy thereof (<i>This is to ensure that people cannot access the system to initiate an invalid sale</i>).	1
1.4	Inspect the user access profiles/tables to ensure that only authorised users have access on a least privilege basis to the server and systems.	1
1.5	Password control: Inspect a copy of the password policy of BuyMore to ensure it is in place.	1
1.6	By making use of test data/reprocessing test that the password criteria are being met in accordance with the password policy: <ul style="list-style-type: none"> • Use of upper case, lower case, numeric and alpha digits, not too long, short, etc; (password composition - Create low level security password and see if system rejects it.) • Passwords are changed (enforced) after a certain period of time (password validity timeframes & password automatic system changes); (Maximum 2 marks for examples of how to test password criteria)	1 1 1
2. Registering a profile		
2.1	By making use of test data/reprocessing, attempt to create a customer profile without completing all the required fields and confirm that it does not succeed/pass.	1
2.2	By making use of test data/reprocessing attempt to create a customer profile without accepting the terms and conditions and confirm that it does not succeed/pass (alternatively use CAATS ensure no profiles exist where the customer did not accept T&C).	1
2.3	Create a fictitious profile to verify whether a confirmation email is sent to the customer and received by customer.	1
3. Shopping, checkout and payment		
<i>(Note that mandatory fields etc. can be tested via test data or reprocessing, or data analytics)</i>		
3.1	Inspect the cart once items have been selected to ensure all items have been transferred into the cart at: <ul style="list-style-type: none"> • The correct value; • The correct number of items (error message for items in excess of limits) • That VAT has been levied on the items • The total amount has been calculated correctly. 	1 1 1 1
3.2	Attempt to finalise a sale transaction by leaving the mandatory address field blank and confirm that it does not succeed/pass.	1
3.3	Attempt to finalise a sale transaction by not providing credit card details and confirm that it does not succeed/pass.	1
3.4	Attempt to complete the payment details field by using an invalid/expired credit card and confirm that it does not succeed/pass.	1
3.5	Using CAATs/reprocessing inspect these sales invoice and dispatch note ledgers/files to ensure transaction is not processed for the invalid/expired credit card.	1
3.6	For approved credit card purchase , using CAATS/inspection agree the payments to the invoice that is emailed and dispatch note sent to the warehouse manager.	1
3.7	Select invoices from the sales ledger and follow through to (the direction to test occurrence):	

<ul style="list-style-type: none"> • Invoice; • Credit card payment; • Despatch note; • Valid customer profile (registration document/number). 	1 1 1 1
3.8 Verify that a sale that is not matched to a despatch note is reflected on the exception report .	1
3.9 Enquire of the IT manager about the effective operation of the control of the listing and follow up on unmatched invoices on the exception report.	1
3.10 Inspect the exception report for the electronic signature of a manager as approval of the report.	1
3.11 Observe a “cash-on-delivery” transaction to take note of the cash being taken by the driver, counted and then handed over after the delivery.	1
	Available 29
	Maximum 15
	Communication skills – clarity of expression 1
	Total for part (c) 16

<p>Part (d) Describe, with reference to the information provided under the ‘Introduction of online shopping’ section under the heading: dispatch of sales, the tests of controls you would perform to test the accuracy and completeness of sales on the app for FY2021.</p> <p>Ignore cost of sales.</p>	Marks
<p><i>Note to markers:</i> <i>The required asked test of controls for accuracy and completeness. As different controls are required for these assertions, to achieve these assertions, candidates could be expected to list the test of controls per assertion, and accordingly should be rewarded therefore. However, as certain controls relates to both assertions, the controls should be marked whether listed under the relevant assertion or not.</i></p>	
<p>Controls listed per assertion: please give a mark for the presentation of the controls under the headings: - Completeness - Accuracy</p>	1 1
<p>1. Dispatch of sales (completeness)</p>	
1.1 Discuss/enquire from the retail store manager and dispatch clerks about the controls in place and the effective working thereof.	1
1.2 Observe the process of the retail store manager logging onto the app with a unique username and password.	1
1.3 Attempt to gain access into the app by entering a fictitious username and password.	1
1.4 Observe the process of the retail store manager assigning the dispatch note to the first available dispatch clerk.	1
1.5 Observe a driver obtaining notification of a delivery and trace the delivery to the dispatch note.	1
1.6 Inspect a sample of mobile dispatch devices and confirm that they are in good working condition to ensure all goods despatched are accounted for	1
1.7 Inspect the safe where the devices are stored overnight for security of the devices.	1
1.8 Attempt to gain access to a sample of devices of dispatch clerks and drivers by entering a fictitious username and password.	1
1.9 For a sample of orders, observe the dispatch controller selecting the products against the dispatch note on the device and	1

1.10	Inspect the printed invoice against the despatch note as well as	1
1.11	The items selected and placed in the box	1
1.12	Observe whether the controller seals the box and electronically marks it as being ready for collection, only if the order is complete and checked against the despatch note.	1
1.6	Do test counts of the goods in sealed boxes and compare to despatch note detail.	1
1.7	Observe a collection of the sealed boxes by a driver and confirm whether that the driver electronically signs the dispatch request on the dispatch controller's mobile device as evidence of receipt.	1
1.8	Inspect exception reports for unmatched dispatch notes and: <ul style="list-style-type: none"> determine how the issue was resolved by inspecting the note relating to the resolution confirm that these were unmatched for longer than 10 minutes by checking the time reflected on the report confirm that no completed orders are included on the exception report. 	1 1 1
1.9	Discuss the process of resolving unmatched despatch notes with the retail store manager.	1
1.10	Select dispatch notes from the system (using CAATS) and follow them through to: <ul style="list-style-type: none"> despatch note signed by the driver; invoice on the system; recording of sale in the sales journal. 	1 1 1
2.	Dispatch of sales (accuracy)	
2.1	Using test data, test the processing of entries in the sales ledger for the: <ul style="list-style-type: none"> the accuracy of the prices used from the master file; the calculation the invoice total (number of goods x price)/using CAATs test calculations on invoice (including the calculation of VAT). 	1 1
	Available	25
	Maximum	9
	Communication skills – clarity of expression	1
	Total for part (d)	10
	Total for part I	52

(e)	With reference to the development of the app described under the ‘Introduction of online shopping’ section – describe the substantive audit procedures KDE Auditors will perform to obtain sufficient and appropriate audit evidence over the recognition of the app as an asset.	Marks
1	Obtain a signed management representation letter regarding all assertions on the app recognized as an asset as at 30 September 2021	Max 4
2	Obtain a schedule from management on the computation of research and development costs to the app (intangible asset) as at 30 September 2021	
3	Cast and cross cast the schedule for mathematical accuracy	
4	Agree the balance on the schedule to the general ledger, financial statements and trial balance to ensure amounts agree	
5	Inspect that the disclosure of the internally generated intangible asset meets the requirements of IAS 38	
6	Obtain the invoice within the first quarter of 2021 and trace the expenditure through to the general ledger and inspect that the costs relating to Brainstorm and User journey have been correctly expensed (research costs cannot be capitalized as per IAS 38)	1

7	Inspect the invoice from the second quarter and inspect that the costs were fully capitalized as it was within the development phase (piloted and tested)	1
8	Inspect the invoice from the third quarter and verify that all costs were expensed (app was implemented in the third quarter therefore operating stage)	1
9	Inspect the minutes of the directors meeting for authorization on the completion of the app and for approval of the appointment of BrainWave (Pty) Ltd to verify that BuyMore plans to complete and use the app.	1
10	Physically inspect the app is fully operating by downloading and accessing the app to ensure that intangible asset recorded actually exists	1
11	With permission from management, contact the BrainWave expert involved in the development of the app and inspect their qualification and CV to ensure that they have the necessary competence and experience to verify that BuyMore has adequate technical and other resources available to complete the development of the app	1
12	Obtain and inspect the app registration date with Android and IOS on the registration certificate to ensure that the app was registered and launched in the third quarter (further providing evidence that the invoice in the third quarter was correctly expensed)	1
13	Inspect the invoices and ensure that VAT has been correctly calculated at 15% and trace that the amount excluding VAT has been appropriately expensed/capitalized	1
Available		12
Maximum		9
Communication mark – clarity of expression		1
Total for part (e)		10

(f) Discuss the risk of material misstatement at an assertion level for the basic base salaries and commissions to be paid to delivery drivers. Please present your answers in a tabular format and specify the affected assertion.

Risk discussion	Assertion affected		
Risk Discussion		Assertion Affected	
There is a risk that drivers inflate the number of deliveries performed within the 60 minute delivery time/average per month compared to other drivers in order to receive a higher commission	1	(Accuracy, completeness and occurrence)	1
There is a risk that due to the complexity of the sliding scale, the sliding scale could be used incorrectly thus incorrectly calculating the basic base salary	1	(Accuracy)	1
There is a risk that drivers falsely mark the delivery as complete/successful before the 60 minute time period in order to receive a higher base salary	1	(Accuracy)	1
As there is no indication to determine the number of years a driver has been employed by BuyMore, there is a risk that drivers will fictitiously overstate the number of years they have been working in order to receive a higher base salary	1	(Occurrence and accuracy)	1
As the App is fully integrated with BMS point of sale and accounting software on a real time basis, there is a risk that due to system breakdowns/app glitches it can result in successful	1	(Completeness)	1

orders being lost or not registered on the app resulting in lost commission for drivers			
As the App only makes use of firewalls, there is a risk of unauthorized access due to inadequate access controls to the application which can result in the number of successful orders being changed thus misstating commission per order.	1	(Accuracy)	1
There is a risk that the server may shutdown due to unplanned interruptions thus resulting in possible orders that have been successful not being registered on the app	1	(Completeness)	1
	AVAILABLE	AVAILABLE	7
	MAXIMUM	MAXIMUM	4
		Communication skills – presentation	1
		TOTAL	9

(g) With reference to the information contained under the ‘New acquisition: Super Shops’ heading – describe the audit procedures the auditors will perform assess the reasonability of the valuation that was performed on Super Shops to assess the investment for impairment in the standalone financial statements of BuyMore.	
Obtain a signed management representation letter regarding the valuation.	1
With regard to Thandi Matlala, an expert engaged by Super Shops management and his work , do the following: Evaluate her competence and capabilities by obtaining evidence of (1) her membership of an accredited professional body, (2) her experience in doing fair value work (for example whether it is her area of specialisation), and (3) that she understands the requirements of the applicable financial reporting framework.	1 1 1
Evaluate her objectivity by discussing with management and the expert any interests and relationships that may threaten her objectivity.	1
Obtain an understanding of the work done by Thandi Matlala and its relevance as audit evidence of investment for impairment by inspecting the engagement letter or other agreement between her and management and assessing (1) the nature, scope and objectives of the work that she had to do and (2) the respective roles and responsibilities of her and management; also discuss these aspects with the expert and with management.	1 1
Assess the appropriateness of the expert’s work as audit evidence by: (1) considering the relevance and reasonableness of her conclusions in comparison to other audit evidence and the auditor’s professional judgement, experience and knowledge, (2) considering the relevance and reasonableness of any assumptions used by the expert through discussion with the expert and considering the requirements of the applicable framework and (3) auditing the relevance, completeness and accuracy of source data (e.g. the calculation of the valuation as well as and the impairment calculations) used in the workings of the expert against relevant supporting documents.	1 1 1
Should there be a significant disagreement between the auditors and the Thandi Matlala on the fair value and the impairment, obtain permission from management to appoint an auditors’ expert and follow the procedures contained in ISA 620 <i>Using the work of an auditor’s expert</i> .	1
	Available 11
	Maximum 8

(h) Assess the risk of material misstatement at an overall financial statement level for the BuyMore Group for the 2021 financial year.	
Group of companies	
Risk that inter-company balances and transactions are not eliminated during consolidation.	1
Risk that related party transactions not treated at fair value and arm’s length/correctly disclosed;	1
Risk that the related party transaction are not disclosed appropriately in the financial statements.	1
IT system	
BuyMore Furniture has converted tot the BMS system in the current year and there is a risk that the conversion is not complete and that information could be lost resulting in a misstatement in the standalone and consolidated financial statements.	1
Operations	
The operations are diversified and spread across SA which could result in a weak control environment and a misstatement in the AFS.	1
Integrity of management	

Management integrity seems to be questionable as they offer free furniture to auditing staff to complete the audit on time, which increases the fraud risk.	1
Felicity is known for “pushing the envelope” so may cut corners and could result in her integrity being questionable and overridden through her desire to meet targets.	1
Governance structures	
The BuyMore Group has weak governance structures evidenced by:	
• A lack of independent non-executive directors on the board	1
• A dominance by the More family on the board,	1
• No board committees to support the board in the execution of their duties	1
Which could result in a weak control environment and increases the risk of material misstatement in the AFS.	1
Performance driven	
Revenue is a key performance indicator and directors bonuses are linked to performance and revenue increasings which increases the risk of misstatement in the financial statements as management have an incentive to overstate revenue to achieve targets and get bonuses.	1
Non-compliance with legislation	
There is a possibility that the company did not adhere to the rules and regulations around health and safety with regard to the production of their frozen foods which could result in fines and penalties and is also indicative of a weak control environment.	1
Funding required	
The audit deadline is tight in order to present financial statements to investors to fund the brand update of retail stores which creates an opportunity for management to misstatement information in order to attract investors.	1
Factors to decrease risk	
There are no apparent factors to decrease risk	1
Overall assessment	
The overall assessment of risk is HIGH	1
	Available 15
	Maximum 8

(i) Considering the information contained under the heading “Auditors” only, discuss any concerns regarding ethical conduct of the KDE auditors with reference to the SAICA Code of Professional Conduct.	
Cynthia is a CA(SA) and RA and therefore she has to adhere to the SAICA CPC.	1
It is unclear whether the other team members are CA(SA)’s but as trainees, the SAICA CPC will also be applicable.	1
Felicity the CEO and Cynthia, the audit partner have been friends since they were three years old, therefore this is a Familiarity threat	½
To Cynthia’s independence	½
As their friendship may result in Cynthia overlooking issues at the company.	1
The threat is significant as Cynthia is the audit partner and Felicity is the CEO and Chairman of BuyMore and thus they are both in influential positions.	1
The only possible safeguard is for another partner at KDE auditors to take over the engagement from Cynthia.	1
Felicity has promised furniture to the audit team if they finish the audit on time which creates a	

Self-interest threat	1/2
Intimidation threat	1/2
To the teams independence	1/2
And professional competence and due care	1/2
As this is an inducement of significant value (they only have to pay delivery fees) and they will overlook issues and rush through the audit without possibly spending the appropriate time and resources on the audit and therefore possibly issue an inappropriate audit opinion.	1
The threat is significant as the value of the inducement is large – furniture for a full room is significant in value and the team only has to pay delivery fees.	1
The only possible safeguard is for the team to refuse the offer from Felicity.	1
Cynthia has mentioned that Buymore is an important client of the firm as the audit fee would boost the turnover of KDE significantly, this is a	
Self-interest threat to	1/2
Independence and objectivity and	1/2
Professional competence and due care	1/2
As Cynthia might overlook issues at BuyMore to retain them as a client.	1
The threat is significant as the sustainability of KDE might be dependent on the fees earned from BuyMore.	1
A possible safeguard is to have a second partner review of the work performed.	1
Cynthia has not assigned a sufficient number of staff members with the appropriate knowledge to the team and has limited time to review the work and has not signed the engagement letter yet has commenced with work on the audit, this is a	
Self-interest threat	1/2
To professional competence and due care	1/2
As she is accepting a client (for payment of fees) without being able to provide a quality audit in terms of time and resources.	1
The threat is significant as many of the audit issues will be missed and the audit is not being performed in terms of ISQC 1 and ISA 220, thus lacking in quality.	1
A safeguard is that additional staff with appropriate knowledge are assigned to the audit OR that Cynthia be replaced on the audit with a partner from KDE who has enough time and the appropriate knowledge and experience to audit BuyMore.	1
There is also the possibility of additional accounting and taxation services being provided to BuyMore which creates a	
Self-review threat to	1/2
Independence and objectivity	1/2
As KDE auditors will be auditing and reviewing work that they have performed for BuyMore.	1
The threat is significant as they will overlook issues as a result of being involved in the additional accounting and taxation transactions that they are going to be auditing.	1
A possible safeguard is to not accept any additional services OR to ensure that the audit team members do not perform any of these additional accounting and taxation services (a different team performs these services).	1
Cynthia informed the staff member that they can contact a friend of hers at Takealot.com to discuss issues surrounding the app, this is a	
Self-interest threat to	1/2
Confidentiality	1/2
As the team members will be sharing confidential client information with a competitor of the client.	1
The threat is significant as the friend at Takealot.com will be obtaining sensitive and confidential information about the newly launched online app that is in competition with Takealot.com to an extent	1
As a safeguard, the team must not contact the friend at Takealot.com.	1
Available	27

	Maximum	14
	<i>Communication skills – clarity of expression</i>	1
	Total	15

<p>i) With reference to the incident involving bacteria found in BuyMore Food’s ready-made frozen foods:</p> <p>i) Describe the additional audit procedures that should be carried out on the event that occurred; and</p> <p>ii) Discuss, with reasons, whether the financial statement for the 2021 financial year should be amended.</p>	
Review legal correspondence regarding the claim to establish the amount of the claim.	1
Discuss the case with BuyMore’s legal team to assess the likely outcome of the claim.	1
Review press reports regarding food poisoning to assess impact on the business .	1
Discuss the case with management , including their assessment of its impact on the going concern status of BuyMore Food.	1
Obtain written management representations from the directors on the going concern status .	1
This is a non-adjusting event after the reporting period.	1
However, given its nature it should be disclosed in a note to the financial statements.	1
If it impacts on the going concern status of the company, then the accounts would have to be prepared on a different basis and disclosures	1
In accordance with IAS 8 <i>Accounting policies, changes in accounting estimates and errors</i> would be required.	1
	Available
	9
	Maximum
	5