



UNIVERSITY OF THE FREE STATE

EACG 6808/6836/5808/5838

SCHOOL OF ACCOUNTANCY

MAIN NOVEMBER EXAM

PAPER 1

TIME: 180 MINUTES

MARKS: 100

WRITING TIME – 150 MINUTES

**Your answer script should be scanned in and uploaded on the EACG Blackboard – in the folder <EACG Exam Paper 1>. Your filename should be: studentnoEACG-Exam Paper 1**

REQUIRED		Marks	
		Sub total	Total
<b>FOR PURPOSES OF REQUIRED PARTS a) to d); REFER ONLY TO SECTIONS 1-4.</b>			
a)	Describe the risks of material misstatement for the consolidated financial statements of the MultiStar Ltd group as follows:  i. At financial statement level; ii. At assertion level for acquisition of new head office; iii. At assertion level for subscription revenue of decoder packages; and iv. At assertion level for the investment in an associate.  <i>Communication – logical argument</i>	9 4 4 4  1	22
b)	Discuss whether the proposal by the board to have mandatory vaccinations for employees is regarded as ethical or not.  <i>Communication – logical argument</i>	4  1	5
c)	Describe the audit partner, Heleen Bruwer’s considerations and response based on the information provided in relation to the ICASA Broadcasting regulations in terms of the applicable legislation and the International Standards on Auditing (ISA’s).  <i>Please note: Do not address the SAICA Code of Professional conduct in your answer.</i>  <i>Communication – clarity of expression</i>	10  1	11
d)	Describe the substantive procedures that should be performed to obtain sufficient and appropriate audit evidence with regard to: i. The initial recognition and subsequent measurement of the investment in BetKing in the consolidated financial statements of MultiStar Ltd; and ii. Dividend declared during the board meeting held on 25 August 2021.  For purposes of part (d), assume that following procedures were already performed by the audit team: ..... <i>continue on next page.</i>	11 8	19

