

**Audit Letterhead**

**FACTUAL FINDINGS REPORT OF THE INDEPENDENT AUDITOR OF [COMPANY NAME] IN RESPECT OF THE SECTION 12I TAX ALLOWANCE PROGRAMME ANNUAL PROGRESS REPORT FOR THE PERIOD [INSERT DATE] TO [INSERT DATE].**

To the Directors

We have performed the procedures agreed with the directors of [Company name] (the Company) and the Department of Trade and Industry (the DTI) and enumerated below with respect to Section 12I of the Income Tax Act, 1962 (Act No. 58 of 1962) (the Act) and the Regulations made under Section 12I of the Act (the Regulations) as promulgated in Government Gazette number 33385 of 23 July 2010.

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. The procedures were performed solely to assist the Company and the DTI in evaluating whether or not, the Annual Progress Report for the period [insert date] to [insert date] (the Annual Progress Report) has been prepared in accordance with the Regulations and the Approval Letter dated [insert date] (the Approval Letter).

The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the directors of the Company and the DTI. Our procedures do not extend to the following sections of the Annual Progress Report and accordingly do not form part of the scope of our agreed upon procedures engagement:

- (i) Markets to which the Project is selling and the sales if the Project is in operation;
- (ii) Innovative Processes;
- (iii) Energy Efficiency; and
- (iv) Business Linkages.

We have initialled the accompanying Annual Progress Report and other schedules as set out on pages [insert page numbers] for identification purposes only.

**Procedures and Findings**

The procedures performed by us and the corresponding findings thereon are set out in the table below.

***[Note to the auditor: Throughout the document the auditor is prompted to provide details of documentation inspected. In all such instances the auditor must provide a sufficient level of detail to enable reperformance of the procedures by the users of the report, and to ensure that the readers understand the nature and extent of the procedures performed.]***

## GENERAL PROCEDURES

Procedures	Findings
Obtain the Approval Letter (noting the name of the Company) and:	
1. Agree it to the name of the Company documented in the Annual Progress Report.	The name of the Company reflected in the Annual Progress Report <i>[agrees / does not agree]</i> to that documented in the Approval Letter dated <i>[insert date]</i> .  <b><i>[Provide details of exceptions]</i></b>
If the Company has changed its name during the period covered by the Annual Progress Report, obtain the Certificate of Change of Name and:	
2. Agree it to the new name of the Company documented in the Annual Progress Report.  <b>[NOTE: If the procedure is not applicable then state that the procedure is not applicable]</b>	The Company's name as per the Annual Progress Report <i>[agrees / does not agree]</i> to that documented in the Certificate of Change of Name dated <i>[insert date of certificate]</i> .  <b><i>[Provide details of exceptions]</i></b>
3. Agree the "ownership structure for the project" information per the Annual Progress Report to the relevant underlying statutory records of the Company.	The information regarding the "ownership structure for the project" per the Annual Progress Report <i>[agrees / does not agree]</i> to the relevant underlying statutory records of the Company.  <b><i>[Provide details of exceptions]</i></b>  The following statutory records were inspected:  <b><i>[Provide details of documentation inspected]</i></b>
4. Agree the "sources of finance for the project" information per the Annual Progress Report to the relevant underlying records of the Company (e.g. bank statement or loan agreement).	The information regarding the "sources of finance for the project" per the Annual Progress Report <i>[agrees / does not agree]</i> to the relevant underlying records of the Company.  <b><i>[Provide details of exceptions]</i></b>  The following underlying records were inspected:  <b><i>[Provide details of documentation inspected]</i></b>
5. Agree the "location of project" information per the Annual Progress Report to relevant documentation such as utility bill or lease agreement.	The information regarding the "location of the project" per the Annual Progress Report <i>[agrees / does not agree]</i> to the relevant documentation.  <b><i>[Provide details of exceptions]</i></b>  The following relevant documentation was

Procedures	Findings
	inspected: <b><i>[Provide details of documentation inspected]</i></b>
6. Inspect relevant documentation (e.g. utility bill or lease agreement) and agree that the project's address is located within an Industrial Development Zone.	The project's address [include the project's address] <i>[is / is not]</i> located in an Industrial Development Zone. <b><i>[Provide details of exceptions]</i></b>

## ANNUAL FINANCIAL STATEMENTS

Procedures	Findings
Obtain copies of the current year's audited annual financial statements dated [insert date] and prior year's audited annual financial statements dated [insert date] and:	
7. Agree the name of the Company reflected in the current year's audited annual financial statements to the name of the Company documented in the Annual Progress Report.	The name of the Company reflected in the current year's audited annual financial statements dated <i>[insert date]</i> <i>[agrees / does not agree]</i> to the name documented in the Annual Progress Report. <b><i>[Provide details of exceptions]</i></b>
8. Record the accounting framework that was applied in the preparation of the current year's audited annual financial statements, as stated in the notes to the annual financial statements and in the audit report.	As stated in the notes to the annual financial statements and in the audit report, the current year's audited annual financial statements were prepared in accordance with <i>[insert applicable accounting framework]</i> . <b><i>[Provide details of exceptions]</i></b>
9. Agree the financial period covered by the current year's audited annual financial statements to the financial period covered by the Annual Progress Report.	The financial period covered by the current year's audited annual financial statements dated <i>[insert date]</i> <i>[agrees / does not agree]</i> to the financial period covered by the Annual Progress Report. <b><i>[Provide details of exceptions]</i></b>
10. Agree the accounting policies applied in the current year to those applied in the prior year's audited annual financial statements.  <b>[NOTE:</b> Newly issued standards or change/s in an existing standard that is part of the Financial Reporting Framework that necessitates changes to the accounting policies applied should not be reported on.]	The accounting policies applied in the current year's audited annual financial statements dated <i>[insert date]</i> <i>[agree / do not agree]</i> to the accounting policies applied in the prior year's audited annual financial statements dated <i>[insert date]</i> <b><i>[Provide details of exceptions]</i></b>
11. Inspect the auditor's report for the current year to note any modifications of the	The auditor's report <i>[contained / did not contain]</i> an opinion that was modified (e.g. –

Procedures	Findings
auditor's opinion as well as of any emphasis of matter paragraphs and provide exact extracts of any modification paragraphs (including emphasis of matters) to the auditor's report.	qualified / adverse / disclaimer of opinion) and / or emphasis of matter paragraph. <b>[Provide the exact extract of any modification paragraph]</b>

## APPROVED PROJECT AND ASSETS

Procedures	Findings
12. Agree the envisaged production start date and the actual production start date as per the Annual Progress Report to the Approval Letter and the Engineers Ready for Commission Report respectively.	The envisaged production start date and the actual production start date as per the Annual Progress Report <i>[agrees / does not agree]</i> to the Approval Letter dated <i>[insert date]</i> and the Engineers Ready for Commission Report. <b>[Provide details of exceptions]</b>
13. Agree the envisaged date of commercial production and the actual date of commercial production as per the Annual Progress Report to the Approval Letter and the Engineers Ready for Commission Report respectively.  <b>[NOTE: Commercial production is when production capacity is greater than or equal to 50%]</b>	The envisaged date of commercial production and the actual date of commercial production as per the Annual Progress Report <i>[agrees / does not agree]</i> to the Approval Letter dated <i>[insert date]</i> and the Engineers Ready for Commission Report. <b>[Provide details of exceptions]</b>
14. Agree the products, process and SIC codes as per the Annual Progress Report to the Approval Letter and original application.	The products, process and SIC codes as per the Annual Progress Report <i>[agree / do not agree]</i> to the Approval Letter dated <i>[insert date]</i> and original application dated <i>[insert date]</i> . <b>[Provide details of exceptions]</b>
15. Inspect that any change(s) to the products and / or processes approved per the amended Approval Letter were approved by the DTI before such change was effected.	The changes to approved products and / or process <i>[were / were not]</i> approved by the DTI before such changes were made. <b>[Provide details of exceptions]</b>  The following correspondence and / or other relevant documentation was inspected: <b>[Provide details of documentation inspected]</b>
16. Agree the "project plan & budget" information per the Annual Progress Report to the Company's latest approved budget, engineers' reports and / or other relevant documentation and agree this information to the Approval Letter and the	The "project plan & budget" information as per the Annual Progress Report <i>[agrees / does not agree]</i> to the Company's latest approved budget, engineer's report and other relevant documentation and <i>[agrees / does not agree]</i> to the information contained in the Approval

Procedures	Findings
original application.	Letter dated <i>[insert date]</i> and original application dated <i>[insert date]</i> .  <b><i>[Provide details of exceptions]</i></b>  The following relevant documentation was inspected:  <b><i>[Provide details of documentation inspected]</i></b>

### BENEFITS FROM OTHER INCENTIVES

Procedures	Findings
Inquire from management/directors and obtain a copy of the current year's audited annual financial statements dated <i>[insert date]</i> and relevant underlying accounting records and:	
17. Inspect and inquire whether the Company has not received any concurrent industrial incentive in terms of section 12I(7)(a)(ii).	Per discussion with <i>[insert name and designation of person(s) discussed with]</i> and inspection of the audited annual financial statements and relevant underlying accounting records <i>[provide details of other relevant accounting records inspected]</i> , the Company <i>[is / is not]</i> receiving concurrent industrial incentive benefits in terms of section 12I(7)(a)(ii) and / or <i>[does / does not]</i> constitute an industrial participation project.  <b><i>[Provide details of exceptions]</i></b>

### MANUFACTURING ASSETS

Procedures	Findings
18. Re-perform casts of the "Total Assets Invested in the Project" schedule as per the Annual Progress Report.	No arithmetical errors were identified, except for the following:  <b><i>[Provide details of exceptions]</i></b>
Select a random sample of assets (including additions) invested in the project from the Annual Progress Report (sample selection should include: <ul style="list-style-type: none"> <li>• All manufacturing assets purchased from connected parties; and</li> <li>• at least 50% in value of the remaining manufacturing assets)</li> </ul> and perform the following procedures:	
19. Agree the details documented in the Annual Progress Report relating to the manufacturing assets selected to relevant documentation (e.g. inspect invoices, contracts, proof of delivery and payment confirmation to the supplier) to determine	The assets <i>[have / have not]</i> been acquired. <b><i>[Provide details of exceptions]</i></b>  The following relevant documentation was inspected:  <b><i>[Provide details of documentation inspected]</i></b>

Procedures	Findings
that the assets have been acquired.	<i>inspected]</i>
<p>20. Re-perform casts and calculations as per the invoices or contracts inspected in procedure 19 above and agree the total costs and description of assets to the Annual Progress Report.</p> <p><b>[NOTE:</b> assets may not be recorded at their revalued amount (if any) in the Annual Progress Report, as the allowance is based on the cost of the assets]</p>	<p>Re-performed casts and calculation as per the invoice or contracts, no errors were identified, except for the following:</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>The total costs and description of asset as per the invoice or contract <i>[agree / do not agree]</i> to the information documented in Annual Progress Report.</p> <p><b><i>[Provide details of exceptions]</i></b></p>
<p>21. Where assets have been acquired from connected persons (as defined in section 1 of the Act), obtain a confirmation from the connected persons of their historical costs of procuring / manufacturing the asset and agree that the assets have been recorded at that value in the Annual Progress Report.</p>	<p>The assets acquired from connected persons <i>[have / have not]</i> been recorded at the historical cost of the connected person in the Annual Progress Report.</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>The following confirmations were inspected:</p> <p><b><i>[Provide details of documentation inspected]</i></b></p>
<p>22. Agree that assets have been accurately classified as either sourced locally or imported, and in the case of imported assets, agree that the country recorded as being imported from is correct, by inspecting invoices, bills of entry, bills of lading and contracts.</p>	<p>By inspection of invoices, contracts and other relevant documentation, the assets <i>[have / have not]</i> been correctly classified as either being sourced locally or imported.</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>For imported assets, the country recorded as being imported from <i>[is / is not]</i> correct.</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>The following relevant documentation was inspected:</p> <p><b><i>[Provide details of documentation inspected]</i></b></p>
<p>23. Inspect the proof of delivery and contracts for:</p> <ul style="list-style-type: none"> <li>• The date of purchase and / or contract date was on or after the date of approval as per the Approval letter; and</li> <li>• The asset was acquired or contracted for on or after the date of approval as per the Approval letter.</li> </ul>	<p>The date of purchase and / or contract date <i>[was / was not]</i> on or after the date of approval as per the Approval letter dated <i>[insert date]</i>.</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>The assets <i>[were / were not]</i> acquired or contracted for on or after the date of approval as per the Approval letter dated <i>[insert date]</i>.</p> <p><b><i>[Provide details of exceptions]</i></b></p>

Procedures	Findings
	<p>The following relevant documentation was inspected:</p> <p><b><i>[Provide details of documentation inspected]</i></b></p>
<p>24. Enquire and inspect relevant documentation (e.g. invoices and contracts) to determine whether the assets purchased are correctly disclosed as New or Used assets.</p>	<p>Per discussion with <i>[insert name and designation of person(s) discussed with]</i> and inspection of relevant documentation, the assets purchased <i>[are / are not]</i> correctly disclosed as New or Used assets.</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>The following relevant documentation was inspected:</p> <p><b><i>[Provide details of documentation inspected]</i></b></p>
<p>25. Physically inspect the asset for physical existence, being in current use and not disposed of and agree records of the date on which it was brought into use (by inspecting, e.g. invoices, the Company's production records and other relevant documentation) to details recorded in the Annual Progress Report.</p>	<p>The assets <i>[were / could not be]</i> physically inspected on <i>[insert date]</i>, <i>[were / were not]</i> in use at that date and <i>[were / were not]</i> disposed of.</p> <p><b><i>[Provide details of exceptions including details of assets that have been disposed of and which are included in the Annual Progress Report]</i></b></p> <p>The date as disclosed in the Annual Progress Report that the assets were brought into use <i>[agrees / does not agree]</i> to the Company's production or other records.</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>The following relevant documentation was inspected:</p> <p><b><i>[Provide details of documentation inspected]</i></b></p>
<p>26. Through enquiry of appropriate person(s) and observation of the manufacturing process, determine that the assets are being used in the approved manufacturing process as per the Approval Letter.</p>	<p>Per discussion with <i>[insert name and designation of person(s) discussed with]</i> and observation of the manufacturing process, the assets selected <i>[are / are not]</i> being used in the approved manufacturing process.</p> <p><b><i>[Provide details of exceptions]</i></b></p>
<p>27. Through enquiry of appropriate engineer (s) and inspection of the engineer's report, agree the following information to the Annual Progress Report:</p> <ul style="list-style-type: none"> <li>• The date on which more than 50% of the manufacturing assets</li> </ul>	<p>Per discussion with <i>[insert name of engineer(s) discussed with]</i> and inspection of the engineer's report, the date on which more than 50% of the manufacturing assets will be brought into use and the date on which all the assets will be brought into use <i>[agrees / does</i></p>

Procedures	Findings
<p>will be brought into use and;</p> <ul style="list-style-type: none"> <li>The date on which all the assets will be brought into use.</li> </ul>	<p><i>not agree</i>] to the Annual Progress Report.</p> <p><b>[Provide details of exceptions]</b></p>
<p>28. Agree the total cost of all assets of the Company, including non-qualifying assets, per the Annual Progress Report to the current year's audited annual financial statements.</p>	<p>The total cost of all assets of the Company, including non-qualifying assets, as per the Annual Progress Report <i>[agrees / does not agree]</i> to the current year's audited annual financial statements dated <i>[insert date]</i>.</p> <p><b>[Provide details of exceptions]</b></p>
<p>The following procedure is only applicable to the Annual Progress Report issued in the fourth year after the date of approval:</p>	
<p>29. Agree, through inspection of relevant documentation [e.g. engineer's report], that more than 50% of manufacturing assets have been brought into use within 4 years from the date of approval as per the Approval Letter.</p>	<p>Per inspection of relevant documentation, more than 50% of manufacturing assets <i>[have / have not]</i> been brought into use within 4 years from the date of approval as per the Approval Letter dated <i>[insert date]</i>.</p> <p><b>[Provide details of exceptions]</b></p> <p>The following relevant documentation was inspected:</p> <p><b>[Provide details of documentation inspected]</b></p>

### SMALL MEDIUM AND MICRO ENTITIES (SMME) PROCUREMENT

Procedures	Findings
<p>Select a random sample of at least 50% in value of the SMME's that have been contracted for the project (included in the Annual Progress Report), and perform the following procedures:</p>	
<p>30. Obtain a confirmation from the SMME's of their average number of full time employees and annual turnover for the period covered by the Annual Progress Report and inspect that:</p> <ul style="list-style-type: none"> <li>The average number of full time employees does not exceed 200; and</li> <li>The annual turnover does not exceed R50 million.</li> </ul>	<p>Confirmation from SMME's of their average number of full time employees and annual turnover was <i>[obtained / not obtained]</i> and that their average number of full time employees <i>[does / does not]</i> exceed 200 and their annual turnover <i>[does / does not]</i> exceed R50 million.</p> <p><b>[Provide details of exceptions]</b></p> <p>The following confirmations were inspected:</p> <p><b>[Provide details of documentation inspected]</b></p>
<p>31. Agree the value and quantity of goods or services procured from the SMME's as per the Annual Progress Report to the original invoice from the SMME.</p>	<p>The value and quantity of goods and services procured from the SMME's as per the Annual Progress Report <i>[agrees / does not agree]</i> to the value and quantity per the original invoices from the SMME.</p>

Procedures	Findings
<p>By inspection of the date of delivery of the goods or service, agree that all invoices fall within the period covered by the Annual Progress Report.</p>	<p><b>[Provide details of exceptions]</b></p> <p>The following invoices were inspected:</p> <p><b>[Provide details of documentation inspected]</b></p> <p>The date of all proof of delivery documents or invoices inspected <i>[do / do not]</i> fall within the period covered by the Annual Progress Report.</p> <p><b>[Provide details of exceptions]</b></p>
<p>32. By inspection of the original invoices obtained in procedure 31 above, agree that the raw materials, intermediate products and / or services procured (expenditure incurred) is in accordance with the approved process and / or generic product range as per the Approval letter.</p>	<p>The raw materials, intermediate products and / or services procured (expenditure incurred) <i>[are / are not]</i> in accordance with the approved process and / or generic product range as per the Approval letter dated <i>[insert date]</i>.</p> <p><b>[Provide details of exceptions]</b></p> <p>The following invoices were inspected:</p> <p><b>[Provide details of documentation inspected]</b></p>

**DIRECT EMPLOYMENT CREATION**

Procedures	Findings
<p>Obtain a schedule of full-time direct employees that have been employed as a result of the project by the Company for the financial year of the Annual Progress Report:</p>	
<p>33. Re-perform casts of the schedule.</p>	<p>No arithmetical errors were identified, except for the following:</p> <p><b>[Provide details of exceptions]</b></p>
<p>34. Agree the number of “full-time direct employees” per this schedule to the number of such employees per the Annual Progress Report and the relevant underlying salary and wages records of the Company.</p>	<p>The number of “full-time direct employees” employed by the Company as a result of the project per the schedule <i>[agrees / does not agree]</i> to the Annual Progress Report and the relevant underlying salary and wages records of the Company.</p> <p><b>[Provide details of exceptions]</b></p> <p>The following relevant underlying salaries and wages records were inspected:</p> <p><b>[Provide details of documentation inspected]</b></p>
<p>Select a random sample of at least 50% of employees from the schedule obtained in procedures 33 and 34 above and perform the following procedures:</p>	
<p>35. Inspect the contracts or letters of</p>	<p>The date of employment reflected in the</p>

Procedures	Findings
<p>employment between the Company and the employee and agree that the date of employment reflected in the letter(s) occurs on or after the date of approval per the Approval Letter.</p>	<p>contracts or letters of employment <i>[do / do not]</i> fall on or after the approval date as per the Approval Letter dated <i>[insert date]</i>.</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>The following relevant documentation was inspected:</p> <p><b><i>[Provide details of documentation inspected]</i></b></p>
<p>36. By physically inspecting the identity document (ID or Passport) of the employee or a certified copy thereof contained in the employee personal records maintained by the Company's personnel department, agree the information contained therein to the information recorded in the relevant underlying salary and wages records and to the information recorded in the schedule.</p>	<p>The information contained in the employees' ID / Passports or certified copy thereof <i>[agrees / does not agree]</i> to the information recorded in the relevant underlying salary and wages records and to the information recorded in the schedule.</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>The following relevant underlying salaries and wages records were inspected:</p> <p><b><i>[Provide details of documentation inspected]</i></b></p>

### SKILLS DEVELOPMENT

Procedures	Findings
<p>Select a random sample of at least 50% of employees from the schedule obtained in procedures 33 and 34 above and perform the following procedures:</p>	
<p>37. Agree the information related to "skills development" per the Annual Progress Report to the Company's latest skills development plan and agree this information to the Approval Letter and the original application.</p>	<p>The information related to "skills development" as per the Annual Progress Report <i>[agrees / does not agree]</i> to the Company's latest skills development plan, and <i>[agrees / does not agree]</i> to the information contained in the Approval Letter dated <i>[insert date]</i> and original application dated <i>[insert date]</i>.</p> <p><b><i>[Provide details of exceptions]</i></b></p>

### SUMMARY OF TRAINING EXPENDITURE

Procedures	Findings
<p>38. Agree the total salary and wages amount per the Annual Progress Report to the relevant underlying salaries and wages records of the Company.</p>	<p>The total salary and wages amount per the Annual Progress Report <i>[agrees / does not agree]</i> to the relevant underlying salaries and wages records of the Company.</p> <p><b><i>[Provide details of exceptions]</i></b></p> <p>The following relevant underlying salaries and</p>

Procedures	Findings
	wages records were inspected: <b><i>[Provide details of documentation inspected]</i></b>
39. Re-perform the calculation of the Training Cost % of the wage bill as contained in the Annual Progress Report.	No calculation errors were identified, except for the following: <b><i>[Provide details of exceptions]</i></b>
Obtain a schedule of Expenditure on SAQA approved training as per the Annual Progress Report and perform the following:	
40. Re-perform casts of the schedule.	No arithmetical errors were identified, except for the following: <b><i>[Provide details of exceptions]</i></b>
41. Agree the total expenditure amount per this schedule to the total expenditure amount per the Annual Progress Report.	The total expenditure amount per the schedule <i>[agrees / does not agree]</i> to the Annual Progress Report. <b><i>[Provide details of exceptions]</i></b>
Select a random sample of at least 50% in cost of the training per the above schedule of Expenditure on SAQA approved training and perform the following procedures:	
42. Agree the amount per the original invoice to the amount contained in the schedule	The amount per the original invoice <i>[agrees / does not agree]</i> to the amount contained in the schedule. <b><i>[Provide details of exceptions]</i></b> The following invoices were inspected: <b><i>[Provide details of documentation inspected]</i></b>
43. Obtain the original invoices relating to the training costs and the original application and document the descriptions of the training per the original invoice and original application as your finding.	The description of the training is as follows: <b><i>[Provide training cost description per the original invoice and original application]</i></b> The following invoices were inspected: <b><i>[Provide details of documentation inspected]</i></b>
44. Inspect the description of the training per the original invoice, and / or other relevant document where necessary, and inspect that the training was accredited by the SAQA.	The training provided <i>[was / was not]</i> accredited by the SAQA. <b><i>[Provide details of exceptions]</i></b> The following relevant documentation was inspected: <b><i>[Provide details of documentation inspected]</i></b>
45. Inspect the names of the employees per the relevant training documentation (e.g.	The individual employees that attended the training <i>[were / were not]</i> employed directly

Procedures	Findings
<p>attendance register) and agree the individual employees to the schedule obtained in procedures 33 and 34.</p>	<p>under the project.  <b>[Provide details of exceptions]</b>  The following relevant training documentation was inspected:  <b>[Provide details of documentation inspected]</b></p>
<p>46. If the training was provided by a person who is a connected person in relation to the Company, re-perform the calculation of the cost of the training in terms of Section 12I(1)(b) of the Income Tax Act and agree the amount to the schedule.</p> <p><b>[NOTE: Section 12I(1)(b) of the Act states: “in the case of training provided by a person that is a connected person in relation to the taxpayer, so much of the cost charged by the connected person as is incurred in respect of the remuneration of employees who are employed to provide training to the taxpayer’s employees and the cost of materials used by the connected person to provide the training;”]</b></p> <p><b>[NOTE: If the procedure is not applicable then state that the procedure is not applicable]</b></p>	<p>No calculation errors were identified, except for the following:  <b>[Provide details of exceptions]</b>  The cost of the training in terms of Section 12I(1)(b) <i>[agrees / does not agree]</i> to the amount reflected in the schedule.  <b>[Provide details of exceptions]</b></p>
<p>Obtain a schedule of Expenditure on equivalent training as per the Annual Progress Report and perform the following:</p>	
<p>47. Re-perform casts of the schedule.</p>	<p>No arithmetical errors were identified, except for the following:  <b>[Provide details of exceptions]</b></p>
<p>48. Agree the total expenditure amount per this schedule to the total expenditure amount per the Annual Progress Report.</p>	<p>The total expenditure amount per the schedule <i>[agrees / does not agree]</i> to the Annual Progress Report.  <b>[Provide details of exceptions]</b></p>
<p>Select a random sample of at least 50% in cost of the training per the above schedule of Expenditure on equivalent training and perform the following:</p>	
<p>49. Agree the amount per the original invoice to the amount contained in the schedule.</p>	<p>The amount per the original invoice <i>[agrees / does not agree]</i> to the amount contained in the schedule.  <b>[Provide details of exceptions]</b>  The following invoices were inspected:</p>

Procedures	Findings
	<b><i>[Provide details of documentation inspected]</i></b>
50. Obtain the original invoices relating to the training costs and the original application and document the descriptions of the training per the original invoice and original application as your finding.	The description of the training is as follows: <b><i>[Provide training cost description per the original invoice and original application]</i></b> The following invoices were inspected: <b><i>[Provide details of documentation inspected]</i></b>
51. Inspect the description of the training per the original invoice, and / or other relevant document where necessary, and inspect that the training was determined by the adjudication committee to be equivalent to training accredited by SAQA.	The training provided <i>[was / was not]</i> determined by the adjudication committee to be equivalent to training accredited by SAQA. <b><i>[Provide details of exceptions]</i></b> The following relevant documentation was inspected: <b><i>[Provide details of documentation inspected]</i></b>
52. Inspect the names of the employees per relevant training documentation (e.g. attendance register) and agree the individual employees to the schedule obtained in procedures 33 and 34.	The individual employees that attended the training <i>[were / were not]</i> employed directly under the project. <b><i>[Provide details of exceptions]</i></b> The following relevant training documentation was inspected: <b><i>[Provide details of documentation inspected]</i></b>
53. If the training was provided by a person who is a connected person in relation to the Company, re-perform the calculation of the cost of the training in terms of Section 12I(1)(b) of the Income Tax Act and agree the amount to the schedule.	No calculation errors were identified, except for the following: <b><i>[Provide details of exceptions]</i></b> The cost of the training in terms of Section 12I(1)(b) <i>[agrees / does not agree]</i> to the amount reflected in the schedule. <b><i>[Provide details of exceptions]</i></b>

## ALLOWANCE UTILISATION

Procedures	Findings
54. Agree the allowance approved for the two allocation categories, namely the Investment Allowance and Training Allowance, as contained in the Annual Progress Report, to the allowance approved per the Approval letter.	The allowance approved per the Annual Progress Report for the two allocation categories <i>[agrees / does not agree]</i> to the allowance approval per the Approval letter dated <i>[insert date]</i> .

Procedures	Findings
	<b><i>[Provide details of exceptions]</i></b>
55. Agree the allowances already deducted per the Annual Progress Report to the allowances deducted per the income tax returns (IT14) submitted by the Company to the South African Revenue Service (SARS) and to the amounts reported in previous Annual Progress Reports.	The allowances already deducted per the Annual Progress Report for the year(s) <i>[include year or years applicable]</i> <i>[agrees / does not agree]</i> to the allowances deducted per the income tax returns (IT14) submitted by the Company to SARS and <i>[agrees / does not agree]</i> to the amounts reported in previous Annual Progress Reports.  <b><i>[Provide details of exceptions]</i></b>
56. Re-perform cast of the schedule of the net allowance available to the Company and agree it to the amount reflected in the Annual Progress Report.	No calculation errors were identified, except for the following:  <b><i>[Provide details of exceptions]</i></b>  The net allowance available <i>[agrees / does not agree]</i> to the Annual Progress Report.  <b><i>[Provide details of exceptions]</i></b>
57. Re-perform casts of the allowance utilisation schedule per the Annual Progress Report.	No arithmetical errors were identified, except for the following:  <b><i>[Provide details of exceptions]</i></b>

Because the above procedures do not constitute an audit of financial information, a review of financial information or other assurance engagement conducted in accordance with *International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements other than Audits or Reviews of Historical Financial Information*, we do not express any assurance on the accompanying Annual Progress Report.

Had we performed additional procedures or had we performed an audit or review, or other assurance engagement in respect of the Annual Progress Report and other accompanying schedules for the *[year/period]* ended *[insert date]*, other matters might have come to our attention that would have been reported to you.

**Restriction on use and distribution**

Our report is solely for the purpose set out in the first paragraph of this report and is restricted to those parties that have agreed to the procedures being performed. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

\_\_\_\_\_  
*[Firm Name / Name of Registered Auditor]*

Per *[Partner Name]*

Partner

*[Date]*