



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE**

QUALIFICATION : BACHELOR OF ACCOUNTING (CHARTERED ACCOUNTANCY)	
QUALIFICATION CODE: 07 BACC	LEVEL: 6
COURSE CODE: FOE601Y	COURSE NAME: FUNDAMENTALS OF ETHICS AND ASSURANCE
DATE: DECEMBER 2025	PAPER: THEORY AND PRACTICAL
TOTAL DURATION: 150 MINUTES (2 HOURS, 30 MINUTES)	MARKS: 100

SECOND FINAL OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER	MS. G. KAFULA
MODERATOR:	MS. M. Cloete

INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL questions in blue or black ink only.2. This paper consists of 1 question.3. Write clearly and neatly.4. Start each required on a new page and number the answers clearly.5. No programmable calculators are allowed. You may make use of an unprogrammable calculator during the assessment.6. Questions relating to the paper may be raised in the initial 30 minutes after the start of the paper. Thereafter, candidates must use their initiative to deal with any perceived error or ambiguities & any assumption made by the candidate should be clearly stated.7. Any resemblance to any people, places, organisations, or anything are purely coincidental.

THIS QUESTION PAPER CONSISTS OF 9 PAGES (Including this front page)

QUESTION 1**100 MARKS**

You are an audit manager at Hamilton & Myers Auditors Inc. ["HMA"], a firm of registered auditors in South Africa.

In February 2024, Ms Lerato Dlamini, the audit partner at HMA, was approached by a prospective new client, UrbanSpaces Ltd ["UrbanSpaces"], and requested to conduct the companies external audit for the financial year ended 30 April 2024. This includes all companies in the group, with UrbanSpaces as the holding company as well as other subsidiaries in the group (see more information in working paper A-3 below). Ms Lerato Dlamini immediately accepted the audit engagement as this is a large client to add to her portfolio.

In mid-April 2024, as part of the planning procedures performed to understand UrbanSpaces and its business environment, the following information and working papers were prepared and are available for your review:

Document	Reference
Understanding the entity and its environment	A-3
Details of an audit planning meeting between Ms Lerato Dlamini and UrbanSpaces's Chief Financial Officer (CFO), Mr Thabo Khumalo	B-4
Email sent from Mr Thabo Khumalo to Ms Lerato Dlamini – Corporate Governance Matters	C-5 Attachment 1

Client: UrbanSpaces Ltd	Year-end: 30/04/2024	A-3
Prepared by: Audit trainee	Date: 15/04/2024	
Reviewed by:	Date:	
Subject: Understanding the entity and its environment		
<u>Nature and background of the company:</u>		
<p>UrbanSpaces purchases properties throughout South Africa and rents them to tenants. The properties include retail properties (shopping malls), office blocks and industrial buildings (factories). These properties are managed by UrbanSpaces's 210 property managers and financial professionals who it permanently employs.</p> <p>UrbanSpaces has a head office in Sandton, Gauteng, and smaller offices in other cities around South Africa. UrbanSpaces is listed on the Johannesburg Stock Exchange (JSE) and is one of the largest listed property companies on the JSE.</p> <p>UrbanSpaces uses an automated and integrated IT software called SYSPRO throughout its business.</p>		
<u>Updates relating to UrbanSpaces's 2024 financial year:</u>		
Sale of Greenbuild shares:		
<p>UrbanSpaces sold 49% of its (previous) 100% shareholding in Greenbuild (Pty) Ltd. The effective date of this sale was 31 October 2023.</p>		
HarborView		
<p>UrbanSpaces's only other equity holding is a 35% shareholding in HarborView(Pty) Ltd. HarborView(Pty) Ltd is incorporated in Mauritius and owns property that it rents to various holiday resorts operators.</p>		
Directors' performance incentive bonuses:		
<p>The UrbanSpaces board of directors agreed at the beginning of its 2024 financial year to approve and implement a new performance incentive scheme for all senior managers and directors. The decision was taken to encourage UrbanSpaces's senior management to increase revenue and tenant occupancy and retention rates (i.e. fill up its properties and keep customers for as long as possible).</p>		

<p style="text-align: center;">Details of an audit planning meeting between Ms Lerato Dlamini and UrbanSpaces's Chief Financial Officer (CFO), Mr Thabo Khumalo</p>	<p style="text-align: center;">B4</p>
<p><u>Details of an audit planning meeting held on 16 March 2024:</u></p> <p>After introducing himself, Mr Thabo Khumalo CA(SA) thanked Ms Lerato Dlamini for congratulating him on his recent employment as CFO. Mr Thabo Khumalo said he is pleased to have been chosen to be on the board of such a prestigious company.</p> <p>Mr Thabo Khumalo requested that HMA finalise the audit by 30 June 2024. It is the first time that HMA is auditing UrbanSpaces and Ms Lerato Dlamini is concerned that the deadline is quite tight, especially given the complexity of the SYSPRO systems, but said that the audit team would try their best.</p> <p>When Mr Thabo Khumalo was asked to describe the governance structures of UrbanSpaces, he responded as follows:</p> <p><i>I am going to send you a document which sets out the governance structures of UrbanSpaces(see document C5 below). I want to request that you review this document and send me a report concluding on whether we are complying with the recommendations of King IV.</i></p> <p><i>I know your audit staff are already under pressure to meet the audit deadline but I thought that their knowledge of our business could be well used for this and it would be more efficient than contracting another company for this.</i></p> <p>Ms Lerato Dlamini thanked Mr Thabo Khumalo for the opportunity and mentioned that although she hasn't completed a report on governance structures before, she accepted it as this would give her an opportunity to gain experience on the recommendations of King IV.</p> <p>Mr Thabo Khumalo then informed Ms Lerato Dlamini about the retirement of Mr Adams, UrbanSpaces's previous CFO:</p> <p><i>Mr Adams had a car accident in November 2023 and, as a result of injuries from the accident, was forced to retire. As the accident happened while he was travelling to a UrbanSpaces meeting, UrbanSpaces agreed to assist with preparation and submission of Mr Adams's personal tax returns after the accident as a way compensate him for his injuries.</i></p> <p>Ms Lerato Dlamini offered for HMA to assist with the preparation and submission of Mr Adams' personal tax return for no additional fee.</p>	

Email sent from Mr Thabo Khumalo to Ms Lerato Dlamini -
Corporate Governance Matters

C5

TO: Ms Lerato Dlamini <Lerato Dlamini@HMA.co.za>
FROM: Thabo Khumalo <Thabo Khumalo@UrbanSpaces.co.za> (CFO
of UrbanSpaces)Date: 16 March 2024
Subject: Governance Structures

Dear Ms Lerato, Dlamini

As a follow-up to our planning meeting, please find UrbanSpaces's governance structure attached [see attachment 1 below].

Included in the attachment is the following:

- Part A – Board of Directors
- Part B – Governance Policies and Practices

Looking forward to getting your report on this.

Kind regards
Thabo Khumalo

C5 - Attachment 1:

**URBANSPACES LIMITED PART A –
BOARD OF DIRECTORS**



1 2 3 4 5 6 7 8 9

1. Mr T Khumalo CA(SA)	Chief Financial Officer (appointed 1 March 2024)
2. Prof A Anderson	Independent non-executive director
3. Mr W Williams	Independent non- executive director
4. Mr G Gellar	Independent non-executive director
5. Mr D Dwayne	Chairman and Independent non-executive director
6. Mrs H Harper	Non-executive director
7. Mr W Watts	Chief Operating Officer
8. Mr S Seamor	Company Secretary
9. Mrs A Greenfields	Chief Executive Officer (appointed 1 February 2024)
10. Mr A Adams	Chief Financial Officer (resigned 31 December 2023)
11. Mr B Bullock	Chief Executive Officer (removed 10 October 2023)

PART B – GOVERNANCE POLICIES AND PRACTICES

UrbanSpaces's governance policies and practices
CEO (Chief Executive Officer)

The position of CEO was vacant for 3 months in the 2024 financial year after the directors unanimously decided to remove the previous CEO in a board of directors meeting on 10 October 2023. The directors were unable to find a suitable replacement from within UrbanSpaces. Consequently, they delegated the identification of a suitable person to an external recruitment firm called HR Collect. HR Collect head-hunted Mrs. A Greenfields who was found to be a suitable candidate for the position. At a director meeting on 5 January 2024, the board of directors voted in favour of her appointment.

Mrs A Greenfields accepted her appointment, subject to the following employment conditions:

- An annual bonus of R1 000 000 (increasing at 10% per annum), payable at the end of each financial year that she is employed, starting on 30 June 2024.
- If UrbanSpaces terminates her employment contract, she would receive a payment of R2 500 000.

UrbanSpaces's remuneration committee approved these conditions in a meeting held on 15 February 2024.

CFO (Chief Financial Officer)

Mr Watts appointed Mr T Thabo Khumalo as the new CFO on 1 March 2024. This appointment followed Mr Adams's retirement in December 2023.

COO (Chief Operating Officer)

Mr W Watts was UrbanSpaces's COO for the last 6 years.

Company Secretary

Mr S Seamor has been an executive director of UrbanSpaces for the last 3 years. On 1 January 2024, UrbanSpaces's audit committee appointed Mr S Seamor as UrbanSpaces's company secretary.

Chairman of the board

Mr D Dwayne has continued as the Chairman of UrbanSpaces's board of directors in its 2024 financial year. It is UrbanSpaces's policy to rotate the position of Chairman every 3 years and his 3-year term will end on 30 April 2024. As a result, the shareholders are required to appoint a new chairman at UrbanSpaces's Annual General Meeting on 30 June 2024.

Committee Compositions**Audit committee**

- Prof A Anderson (Chairman)
- Mr W Williams
- Mr D Dwayne

Remuneration committee

- Mrs H Harper (Chairman)
- Mr D Dwayne
- Prof A Anderson

Risk committee

- Mr W Watts (Chairman)
- Mrs A Greenfields

UrbanSpaces's board of directors has always delegated strategic decision making, implementation and monitoring to its risk committee as they believe this committee is best suited to such responsibilities given their awareness of the risks and opportunities that UrbanSpaces face.

Performance assessments

The most recent formal performance assessment on all board of directors occurred in May 2021.

Independence review

During the 2024 financial year, all UrbanSpaces independent non-executive directors were individually reviewed by the new CEO for their degree of independence. The new CEO reported that, although all of them had served on the board of directors for between 2 and 3 years, they remain independent.

Other Matters

UrbanSpaces Ltd is facing increasing pressure from its investors, regulators, tenants, and the broader society to conduct its business responsibly and to provide transparent reporting.

Recent debates in the media have questioned whether large property companies, such as UrbanSpaces, are fulfilling their social and environmental obligations, especially regarding urban development, sustainability, and tenant affordability.

QUESTION 1		
YOU ARE REQUIRED TO:		MARKS
(a)	Describe the audit risks at the overall financial statement level for the UrbanSpaces consolidated financial statements for the 30 April 2024 financial year.	(15)
(b)	Based on the request to review and report on UrbanSpaces’s compliance with King IV in B4, discuss the considerations that Ms Lerato Dlamini should have considered and the conditions that she should have specified before accepting the request. Provide the appropriate safeguards where necessary.	(15)
(c)	In terms of SAICA’s Code of Professional Conduct, discuss and conclude on whether Ms Lerato Dlamini’s offer to assist UrbanSpaces with Mr Adams’s personal tax (see B4) was appropriate. Provide the appropriate safeguards where necessary.	(8)
(d)	With reference to the information in Parts A and B of C5 - Attachment 1, identify and discuss the areas of UrbanSpaces’s non-compliance with the recommendations of King IV.	(30)
(e)	Explain how the utilitarianism and the deontology classical ethical theories could be applied to evaluate UrbanSpaces’ decision to implement the directors’ performance incentive scheme that prioritises revenue growth and tenant occupancy.	(10)
(f)	Using an appropriate ethical decision-making model, set out the steps that Ms Lerato Dlamini should follow in resolving the ethical dilemma she faces in accepting the additional request to report on King IV compliance while under time pressure.	(10)
(g)	Discuss UrbanSpaces’ corporate moral obligations towards its stakeholders (investors, tenants, employees, and society at large) considering the concerns raised in the media.	(10)
Overall presentation and effective communication		(2)
TOTAL MARKS: SECOND FINAL OPPORTUNITY EXAMINATION		(100)

END OF INFORMATION AND REQUIRED