



EXAMINERS COMMENTS

on the

ASSESSMENT OF PROFESSIONAL COMPETENCE

December 2025

OBJECTIVES OF THIS REPORT

This report has been compiled from the analysis of examiners on candidates' performance in the Assessment of Professional Competence (APC), which is the second part of the SAICA qualifying examinations, and which was written in December 2025.

Its objectives are to –

- assist unsuccessful candidates in identifying those areas in which they need to improve their knowledge, application and/or presentation; and
- assist future APC candidates, by providing a commentary for them to use when working through this report.

To accomplish these objectives, the report provides specific comments on each of the case study tasks.

The APC consists of a single integrated case study which is based on a comprehensive real-life scenario and is multi-disciplinary in nature, in that it covers multiple competency areas.

The case study is assessed within the context of a certain baseline of technical competence (as developed during the course of the academic programme and as assessed in both the academic programme and the IAC).

The remainder of this report is discussed under the following headings:

- Background and acknowledgement on the setting of December 2025 APC.
- Statistics and detailed comments by section/required.

BACKGROUND ON THE SETTING OF THE DECEMBER 2025 APC

The APC Examinations Committee (APC Examco) constantly strives to improve its ability to determine whether candidates demonstrate the necessary professional competence to be admitted at entry level into the CA(SA) profession. This is done by means of an ongoing process of evaluation of and improvement in the way in which it sets an appropriate case study for the assessment and decides on the evaluation of competence.

The APC Examco is a sub-committee of the SAICA Chartered Accountants Professional Development Committee (CAPD Committee) and takes overall responsibility for the setting of the case study.

The APC Examco decides on the industry, scenario and topics to be examined. The different case studies have through the years been assessed within the context of a variety of industries, including those that are specifically excluded from the IAC. A setting team then drafts an appropriate case study and suggested solution for the assessment. The members of the setting team are specialists in their respective competency area(s) and have a good understanding of the other competency areas. They also collaborate on the different discipline areas and tasks on which these are assessed, throughout the setting process. It is the task of the rest of the APC Examco to interrogate and review the case study as it is developed.

The APC Examco consists of academics and members of the profession in public practice and/or in commerce, industry and the public sector.

Each year the APC Examco also selects academics, former academics and/or members of the profession in public practice and/or in commerce to assist with the external review of the case study. These external reviewers are selected based on their experience and ability. No-one involved in the professional programmes may be engaged by SAICA to perform the role of an external reviewer.

The involvement of such individuals as external reviewers in the assessment setting and review process is crucial for achieving the quality objective of the assessment.

Where appropriate and where possible, external reviewers are appointed for a period of at least three years as continuity is important.

The external reviewers have the following tasks:

- Reviewing the case study for conceptual problems and consistency in the use of terminology.
- Indicating whether the case study is set at an appropriate level.
- Commenting on whether the level of competence in accounting and external reporting (underpinned by the pervasive skills) is set at an appropriate level.
- Commenting on whether a minimum level of competence in the remaining five specific technical competence areas and communication skills is set at an appropriate level.
- Commenting on whether there is sufficient time to complete the case study tasks.
- Commenting on whether the principles of assessment have been met.

COMMENTARY ON CANDIDATES' PERFORMANCE IN THE DECEMBER 2025 APC

Task (a)

Competence area	APC 2025 candidate results			
	Not competent	Borderline competent	Competent	Highly Competent
Accounting	21,9%	29,9%	48,1%	0,1%

Pre-released information	Document 4
Information on the day	Document A
Task	Respond to Ayola Hlekani's email requesting assistance with Rechauffer's accounting treatment for the potential strategic partnership with a national food retail supermarket chain.

Pre-released information

The pre-released information introduced candidates to Rechauffer, one of the entities in which Coursier had invested. It has 28 retail stores that sell frozen meals or customers can order it online for delivery. Due to the growing demand for its products, Rechauffer is proposing an expansion strategy in the form of partnering with an existing supermarket chain to sell its products within its stores in branded Rechauffer freezers. This means that it would not incur high rentals and would also be able to supply areas where Rechauffer do not currently have stores.

Information on the day

On the day, candidates were provided with additional information regarding the terms relating to a proposed strategic partnership strategy. These included aspects relating to the nature of the arrangement (principal – agent/consignment indicators), revenue recognition and pricing policies, inventory ownership and risk, product returns and customer refunds, payment flow and settlement, use of retail space and assets and marketing and promotion. Together with this information, candidates were provided with three options for accounting for the arrangement. They were required to review these and advise on the appropriateness of the accounting treatment of each option.

Option 1

- Arrangement with strategic supermarket chain partner stores, providing for joint control over the freezers in which Rechauffer's products would be kept.
- Both parties would together make decisions about the relevant activities of the arrangement.
- No separate entity would be created to account for the arrangement as a joint operation.
- This, therefore, appears to be a joint arrangement.

Option 2

- The arrangement might contain a lease in which Rechauffer 'rents' a portion of the supermarket chain partner stores for a specified period of time.
- The stores, in return, would receive variable payments based on the number of products sold.

- In this option, Rechauffer would need to recognise a right-of-use asset and a lease liability.

Option 3

- The Rechauffer products would be sold to customers of the supermarket chain's partner stores, but these customers would also be Rechauffer's customers.
- Rechauffer only has one performance obligation, namely the delivery of frozen foods.
- Control passes when the meals are delivered to the partner store.
- Rechauffer would recognise 70% of the revenue at a point in time.
- In this option, Rechauffer would need to consider normal revenue issues.

Candidate responses

Candidates were required to assist by reviewing and providing feedback on the accounting implications of each arrangement. In addition, candidates were asked to advise, with reasons, on the appropriateness of each of the accounting treatment options.

Candidates who performed well demonstrated an understanding of the following concepts as part of their responses:

- The lack of unanimous consent was identified with adequate application to some of the terms and conditions of the arrangement, for example that the price-setting decision was solely at Rechauffer's discretion.
- The identified asset was appropriately discussed as the fridge or the floor space in the various supermarket chain's partner stores.
- A discussion of the control of the frozen food and appropriately concluding that the frozen food would constitute consignment stock.
- A discussion and application of the principal-agent criterion and concluding that Rechauffer is the principal in the transaction.
- Identifying that revenue is recognised on a gross basis with the commission being recognised as an expense.

Candidates that did not perform well fell short on the following issues:

- They applied the joint arrangement requirements inappropriately, disregarding the additional information provided on the day, or applied the IFRS 10 or IFRS 15 control requirements to conclude whether a joint arrangement existed.
- Candidates discussed the identified asset to be the frozen food.
- These candidates totally missed that there was a principal-agent relationship between Rechauffer and the supermarket chain's partner stores.

Overall, candidates generally seemed to have understood the task and addressed all aspects. However, as the results show, some candidates struggled with the aspects highlighted above.

Task (b)

Competence area	APC 2025 candidate results			
	Not competent	Borderline competent	Competent	Highly Competent
Accounting and tax	22,8%	31,2%	46,0%	0,0%

Pre-released information Document 2

Information on the day Document B

Task

Respond to Zeria January's email regarding Bradger's draft journal entries for the two alternatives to the existing incentive scheme and the income tax implications of the two alternative schemes for Clairmont and the co-CEOs of the company.

Pre-released information

The pre-released information introduced candidates to the remuneration structure of the co-CEOs. The co-CEOs do not receive monthly salaries but rather are remunerated via a performance-based incentive scheme. The incentive scheme is 100% equity settled, and the candidates were triggered to consider the potential accounting and tax implications if the incentive scheme were to change.

Information on the day

On the day, candidates received information regarding the proposed changes to the incentive scheme. Two alternatives were provided:

Alternative 1

- The incentive scheme would become non-beneficial for its beneficiaries (higher performance target, introduction of an exercise price and the fair value of the option on modification was valued at a lower amount).
- The proposal was that the target CAGR for the incentive scheme arrangement be increased from 15% to 18%.
- The co-CEOs would be required to pay an exercise price of 25 cents per share for the acquisition of the shares if and when these vest.

Alternative 2

- The incentive scheme would be changed to a cash-settled scheme.
- Instead of receiving additional shares, the co-CEOs would each receive cash payouts based on the value of 2,5 million A-Ordinary shares on 31 October 2026.
- The co-CEOs would have to meet the current incentive scheme target (CAGR of 15%).

The alternative that was approved and accepted would be implemented on 31 October 2025.

Candidate responses

Candidates who performed well demonstrated an understanding of the following concepts as part of their responses:

Alternative 1

- Candidates discussed that as alternative 1 was not considered a modification, no journal entries would be required.
- It would not be beneficial for the co-CEOs due to the increase in the CAGR target, introduction of an exercise price or the decrease in the fair value of the option on the date of this change.
- The candidates identified that there was no section 11(a) deduction for the entity or that the issuance of shares would increase the contributed tax capital for the entity.
- They identified that the co-CEOs would be subject to employees' tax, which must be withheld by the entity.
- Candidates identified that the amount to be included in the co-CEOs' gross income is the market value of the shares on the vesting date, less the consideration paid (25 cents).

Alternative 2

- Candidates discussed that the accountants did not derecognise the existing equity balance when they recognised the liability (cash settlement).
- The liability recognised was not at the appropriate amount because the incorrect vesting period of 1/2 has been used instead of 2/3.
- The equity to be derecognised should be R3 800 000, i.e. based on the fair value of the option on the grant date over the already vested period.
- The excess would be recognised in the statement of profit or loss (SPL) or directly in equity.
- Candidates identified that there would be a section 11(a) deduction for the entity when the bonus was paid.
- They identified that the co-CEOs would be subject to employees' tax, which would have to be withheld by the entity.
- Candidates identified that the amount to be included in the co-CEO's gross income at the date paid would be the market value of the shares on the vesting date.

Candidates that did not perform well fell short on the following:

- They did not provide a reason why alternative 1 was not beneficial.
- Candidates incorrectly treated alternative 2 exactly like alternative 1 for tax and accounting purposes.
- They did not identify that the existing equity portion had not been derecognised.
- Some candidates provided a response to the tax treatment for one, but not both, of the parties.

Overall, candidates generally seemed to have understood the task and addressed all aspects of the task. However, as the results show, some candidates struggled with the aspects highlighted above.

Task (c)

Competence area	APC 2025 candidate results			
	Not competent	Borderline competent	Competent	Highly Competent
Ethics and strategy	16,1%	31,4%	52,2%	0,3%

Pre-released information: Document 6

Information on the day: Document C

Task

Respond to Zeriah January's email regarding Villa Flawty's plan to target the Gauteng government departments.

Pre-released information

The pre-released information presented candidates with an email from one of the co-CEOs (Zeriah January) sharing the outcome from a strategy meeting held by one of the investees (Villa Flawty – a hotel), where a decision was taken to expand Villa Flawty's business by targeting the Gauteng provincial government. In the pre-released information, candidates were given an opportunity to upskill and understand government procurement processes and guidelines, with reference to two specific public sector guides:

- Government of the Republic of South Africa general procurement guidelines (quite a short document containing the five pillars of government procurement); and
- National Treasury PFMA SCM instruction no. 02 of 2021/2022: Threshold values for the procurement of goods and services by means of petty cash, written quotations or competitive bids.

The information also included results of a generative AI search on how to successfully conduct business with the government in South Africa. It gave a summary of the process of how to register to be a supplier for government departments and general procurement processes. Candidates were specifically instructed to limit their research and upskilling to the two above-mentioned documents only.

Information on the day

On the day, candidates were presented with a proposed project plan outlining how Villa Flawty plans to target Gauteng provincial governments as part of its business expansion project. The proposed plan was to be voted upon at a board meeting and Zeriah requested candidates to review the proposed plan and advise if it should be adopted in its current form. The candidates had to raise points that she and the board would need to consider or revisit before adopting the plan. The project plan contained various proposed actions, each consisting of multiple suggestions that could be perceived as unethical or unfair practices. Candidates had to probe into the actions suggested and use ethical principles and the procurement guidelines to highlight possible issues and concerns. This was the core of the task.

In answering this task, candidates needed to think critically about each proposed action and raise concerns, such as breach of supply chain management and procurement guidelines, risks

associated with political affiliation, and implications of being involved in corruption and bribery. A candidate needed to sufficiently explain the impact/consequence of the action by linking it to aspects such as loss of current clients, setting the wrong tone within the organisation, possible fines or criminal sanctions and blacklisting.

Candidate performance

Candidates who performed well in this task demonstrated an understanding of the action plan and raised concerns around the following issues, among others:

- Breach of SCM frameworks (cannot break down larger contracts, cannot lobby for registration on CSD).
- A 5% complementary accommodation incentive (bribe/illegal).
- Sourcing of quotes (breach of confidentiality/leads to unfair dealings/unfair competition).
- Association with a retired politician (negative publicity/association risk).
- Targeting SCM officials by hosting networking events (could lead to undue influence of government officials).
- Lack of formal pricing policy (potential losses) and
- Other consequences of adopting the proposed plan (reputation, blacklisting, fines, loss of existing clients).

Candidates who did not perform well in this task were those who –

- Failed to thoroughly engage with the action plan and were therefore unable to identify the issues.
- Did identify the issues but failed to provide clear explanations why these were problematic.
- Merely regurgitated the theory behind the five pillars without a clear link to the implications for Villa Flawty and
- Struggled to provide other valid implications apart from the breach of the five pillars.

Overall, candidates seemed to have understood the task on the whole and engaged with the information on the day. There were more candidates who demonstrated competence than not.

Task (d)

Competence area	APC 2025 candidate results			
	Not competent	Borderline competent	Competent	Highly Competent
Management accounting and finance	24,4%	48,8%	26,8%	0,0%

Pre-released information: Document 5

Information on the day: Document D

Task

Respond to Zeriah January's email regarding the two proposals received by Villa Flawty from Silver Spoons.

Pre-released information

In this email Zeriah expressed her concern about Clairmont's investment in Villa Flawty, which had declined in value during FY2025. It could result in the co-CEOs not achieving their performance incentive scheme target. Zeriah is looking for ways to improve Villa Flawty's financial performance and is considering proposals from a successful restaurant group called Silver Spoons to explore some areas of mutual interest. Villa Flawty at the time operated its own kitchen, had its own chef and served breakfast, lunch and dinner to guests staying at the hotel as well as to outside patrons. Villa Flawty has a liquor licence and an extensive wine cellar.

Candidates should have revised techniques to evaluate the potential proposals such as relevant costing and capital budgeting as part of their preparation, as the task clearly triggered this aspect.

Information on the day

On the day the candidates were provided with two proposals from Silver Spoons by the CEO:

Option 1

- A joint venture in which Silver Spoons takes full control of the kitchen and dining operations and has exclusive rights to provide all food and beverages consumed by conference delegates.
- Revenue and costs for one calendar year were provided on the assumption that the joint venture would take effect from 1 January 2025 (this was provided in a table).
- Accommodation would be provided to a new chef at a discounted rate.
- A 50/50 profit share and
- A facilitation fee would be paid to JZAH Investments.

Option 2

- Complete outsourcing of the kitchen to Silver Spoons.
- Villa Flawty would receive a monthly rental of R150 000.
- Accommodation would be provided to the new chef at a discounted rate and
- Villa Flawty would have to carry the cost of retrenchments (e.g., for the present chef).

Candidate requirements:

- A response noting which of the options would be the most financially attractive when compared to the current EBITDA of Villa Flawty.
- Provisions of calculations to support the recommendation and
- Provision of advice on further key information that the CEO of Villa Flawty should request regarding both options for the evaluation of which option to pursue.

Candidate performance

Candidates who performed exceptionally well demonstrated an understanding of the following concepts as part of their responses:

- Incremental revenues: Identified incremental revenues for both options (accommodation income to Villa Flawty, lease income, once-off sale of equipment, etc.).
- Incremental costs: Identified incremental costs for both options (once-off retrenchment, accommodation expense at the discounted rate for the JV, etc.).
- Once-off costs would not recur beyond year 1 and correct treatment of these within the calculation.
- Profit-sharing principles (not all income would be earned by Villa Flawty and not all expenses were expenses of the JV but rather of Villa Flawty).
- Concluded, based on their calculations, which of the options was financially more attractive for Villa Flawty.
- Advised on key information that needed to be requested, with well-explained reasons why the information was needed.

Candidates that did not perform well –

- Struggled to explain (showing a lack of understanding of) the JV costs (e.g., that the accommodation expenses had to be shared between the JV and Villa Flawty) relative to expenses incurred only by Villa Flawty (e.g., retrenchment costs).
- Did not perform calculations to support which one of the options was more financially attractive.
- Did not compare the two options provided against the current EBITDA.
- Provided strategic considerations instead of listing further information that should be requested from Silver Spoons and
- Provided a limited number of valid key information points.

Overall, candidates generally seemed to have understood the task and addressed all aspects of the task. However, some candidates struggled with the aspects highlighted above.

Task (e)

Competence area	APC 2025 candidate results			
	Not competent	Borderline competent	Competent	Highly Competent
Management accounting and finance and tax	47,7%	33,3%	19,0%	0,0%

Pre-released information: Document 7

Information on the day: Document E

Task

Respond to Ayola Hlekani's email regarding the high-level valuation of Bruum Finance and the income tax considerations.

Pre-released information

The pre-released information introduced the candidates to Bruum Finance. The directors of Bruum have approached Coursier with a view to acquiring an equity stake in Bruum. Bruum is a major financier of motorcycles deployed in the on-demand delivery (ODD) service industry, through rent-to-own agreements. In terms of these agreements the ODD drivers can opt to acquire the motorcycle, which is the subject of rent-to-own agreement, at about 10% of the initial upfront purchase cost of the motorcycle. The drivers need to make an upfront deposit, which Bruum used to cover damage to the motorcycle or absorb any lease amounts not recovered from the driver. A key inclusion in the pre-release (which many candidates sadly did not reflect on), is that Bruum had no debt funding. Candidates were also informed that various synergies could possibly arise between Coursier and Bruum, which would partly speak to the strategic rationale for the transaction.

Finally, candidates were informed that the board of Bruum has undertaken to provide Coursier with a preliminary valuation of the equity of Bruum (in other words a very strong trigger to candidates study the topic of valuations and more specifically – if they made the link to earlier information provided – the EBITDA-multiple and discounted cash flow valuations). Candidates were also alerted to the fact that they would need to provide inputs on certain tax matters. The document contained key operating metrics together with financial results.

Information on the day

The information on the day provided the following:

- The preliminary valuations prepared by Bruum's CFO, using both an EBITDA-multiple and a discounted cash flow (DCF) approach. Both valuations contained various contentious issues (including a tax loss added to the valuation of the enterprise) and some errors, which candidates needed to either respond to or identify.
- Five valuation-related issues raised by Bruum during a telephonic conversation with Ayola Hlekani:
 - The need to prepare at least two valuations when valuing a company.
 - The DCF valuation method not being appropriate for a company in a high-growth phase (such as Bruum).

- Discrediting the DCF valuation given that its value slightly exceeded the net asset value (NAV) of Bruum.
- Uncertainty regarding the inclusion of the loss on disposal of the motorcycles in the EBITDA of Bruum given that the loss was likely to be non-recurring and
- Adding the value of the tax loss to the value derived using the EBITDA-multiple.

Income tax-related issues were raised by the Bruum CFO, on which he sought clarity:

- Whether Bruum had correctly applied sections 11(i) and 11(j) in calculating Bruum's income tax. Bruum writes off all debt outstanding for more than 60 days and claims a section 11(j) deduction in respect of these, while not claiming any section 11(j) deduction (Bruum does not apply IFRS 9 *Financial Instruments*).
- The treatment of the upfront deposits received as being capital in nature, while these were not ring-fenced in a separate bank account and
- Claiming a section 11(o) deduction in respect of the loss on disposal of motorcycles. No capital losses had been claimed in terms of the Eighth Schedule.

Candidates were required to respond to the following requests:

1. Related to the valuation:
 - 1.1. Highlighting any errors apparent in the valuations performed by Bruum's CFO.
 - 1.2. Briefly explaining any assumptions made by the CFO which needed clarification and
 - 1.3. Providing commentary on the five issues raised in the telephonic conversation.
2. Related to the income tax:
 - 2.1. Explaining, with reasons, whether the tax-related issue referred to earlier have been treated correctly and
 - 2.2. Highlighting any income tax considerations that the CFO should take into account in calculating the tax loss in the valuation.

Candidate responses

Competent candidates generally adequately covered the following:

Errors made in the valuation and/or clarification being sought:

- Using an average EBITDA determined using one year's historic (actual) EBITDA and two years' forecast EBITDA. (This did not make sense. How can one forecast a sustainable EBITDA when the company is in a high-growth phase?)
- Bruum's CFO used an EBITDA-multiple sourced from ChatGPT (ChatGPT is not a reliable source).
- While it is correct to add cash and cash equivalents (to both valuations) as a dissimilar asset, only the permanent surplus portion thereof should be added.
- Using the prime lending rate as a risk-free rate for the purpose of calculating a cost of equity for Bruum instead of using the yield of an appropriate government bond.
- Adding an equity market premium sourced from ChatGPT – again raising a red flag around the reliability of the equity market premium. No unlevered beta of Bruum was included.
- No adjustment was made to add back the bad debts forecast and
- The 6% per annum terminal growth rate is overstated.

Regarding the five valuation-related issues raised by Bruum's CFO:

- Preparing multiple valuations makes sense as one can then assess what a reasonable fair value for the equity would be.

- The CFO was incorrect in stating that a DCF model would be inappropriate given that Bruum is in a high-growth phase. In view of this, a multiple approach would not be feasible as future growth is not constant. The DCF model can deal with fluctuating growth given the implicit period.
- The fact that the DCF value and the NAV differ, does not discredit the DCF as a valuation methodology.
- Given Bruum's business model, making a loss on disposal of the motorcycles is normal and hence recurring and
- Unpacking the tax loss: Bruum's tax loss was added as additional value to the EBITDA valuation; its value being determined as the tax loss multiplied by the corporate tax rate. Candidates could have provided one of two arguments. First, that the tax loss does create additional value if the Coursier transaction would not result in a section 103 being trigger. This additional value would need to be determined based on the utilisation of this tax loss subject to the limitation imposed by section 20, being the higher of 80% of the tax loss or R1 million. The forecast utilisation x 27% for each of the future financial years would then need to be discounted to a present value. Second, the alternative was that when using an EBITDA-multiple, EBITDA is by implication a pre-tax number.

Tax-related issues

- Bruum can claim amounts owing that have become bad during the year of assessment provided that the amount owing had been included in taxable income in that particular year of assessment, or historically (under section 11(i)). Bruum, applying section 11(j), could further claim an allowance for bad debts of 25% on amounts outstanding in the category 60–119 days and 40% on amounts outstanding for 120 days or more.
- Bruum would need to include the upfront deposits received in taxable income, given that the upfront deposits are not ring-fenced in a separate bank account.
- Bruum can elect to apply section 11(o) in instances where the disposal value of its motorcycles is less than the tax value of the motorcycles.

Candidates who performed poorly, tended to –

- Identify too few errors in what the CFO of Bruum had made in the two valuations he had prepared.
- Were unable to explain why such treatment was wrong.
- Made numerous technically incorrect statements in formulating their responses – such as why the debt was not deducted in arriving at the value of the equity OR why the WACC was not used as the discount rate in the DCF.
- Pose a variety of questions instead of providing answers and
- Not revisit the sections of the Income Tax Act in formulating the responses to the tax-related issues, resulting in the incorrect application of the Act.

Overall, most candidates displayed limited competence in this task. This was largely due to the integrated nature of this task and an inability to competently address the income tax implications. Further, the responses to the MAF component of the task lacked critical analysis.

Task (f)

Competence area	APC 2025 candidate results			
	Not competent	Borderline competent	Competent	Highly Competent
Auditing	43,1%	37,7%	19,2%	0,0%

Pre-released information: Document 3

Information on the day: Document F

Task

Respond to Ayola Hlekani's email regarding the table of contents compiled by Bradger & Partners in preparation for the upcoming audit of Clairmont's investments at fair value through P&L.

Pre-released information

Document 3 provided candidates with information relating to an upcoming meeting with the auditors to discuss the audit of 'investments at fair value through profit or loss', which was a key component of Clairmont's financial statements. This provided candidates with the opportunity to prepare for and understand how to audit the fair value of Clairmont's investments. It involved considering, amongst others, the risks of material misstatement at the assertion level, procedures an auditor will likely perform on such an account balance and auditing of accounting estimates to assess the fair value of the investments.

Information on the day

Document F presented candidates with a table of contents for an 'audit file' compiled by external consultants, Bradger, as a new value-adding service, to support amounts and disclosures in Clairmont's AFS. This was aimed at ensuring that the external audit could be completed as quickly and effectively as possible. The candidates were required to –

- explain any concerns about items Bradger included in the table of contents.
- describe the documents and records Bradger should have added, indicating why it is required for audit purposes (to ensure an effective and efficient audit).

In responding to this task, candidates needed to think critically about the table of contents and probe whether each item sufficiently supported the amount and disclosures for the investment in Coursier (the focus was therefore only on one of the investees). In instances where the item listed in the table would not provide sufficient support to the auditors to perform audit procedures on the investment, the candidate needed to describe additional documentation and the reason why it should be included in the 'audit file'. Thus, the core of this task consisted of two parts: candidates had to raise valid concerns and provide additional valid documents.

Candidate responses

Candidates who were competent in this task addressed a sufficient number of concerns and/or additional documents outlined below. Candidates were not expected to identify all of the concerns and additional documents listed below, but rather to demonstrate sufficient coverage of relevant concerns and supporting documentation. Candidates were also not required/expected to link a specific concern to a particular additional document.

In addition, candidates needed to demonstrate an understanding of the concerns mentioned below and/or documents. The discussion below provides an overview of the concerns and additional documents that could reasonably have been identified with reference to the table of contents provided on page 19 of the information on the day:

Concerns regarding documentation supporting the investment

Several items listed in the table of contents did not provide sufficient audit evidence to support the fair value measurement of the investment in Coursier. Competent candidates recognised that certain documents included in the file would not, on their own, enable the external auditors to obtain sufficient appropriate audit evidence.

For example, the share purchase agreement confirms the initial acquisition of the investment but does not provide evidence of the current percentage shareholding. Additional supporting documentation, such as share certificates, shareholder agreements, or the investee's audited financial statements, would therefore be required to confirm Clairmont's current ownership interest.

Similarly, the bank statement evidencing the original purchase payment was of limited relevance because the investment is measured at fair value through profit or loss. Competent candidates identified that the audit would require documentation supporting the current valuation, including management valuation reports as at 31 October 2025 and the comparative valuation as at 31 October 2024.

Concerns relating to valuation support

The valuation calculation provided in the Excel spreadsheet raised further concerns. While such a spreadsheet may allow the auditor to check the mechanical accuracy of calculations, it does not provide sufficient evidence regarding the appropriateness of the valuation methodology, assumptions and inputs.

Competent candidates, therefore, suggested that additional documentation such as the following should be included in the audit file:

- A detailed valuation report prepared by management or an external valuation specialist.
- Sensitivity analyses supporting the valuation.
- Supporting documentation for key assumptions such as forecast growth rates and
- Budgets or forecasts used as inputs in the valuation model.

Concerns relating to supporting financial information

The inclusion of the investee's trial balance was also insufficient on its own. Candidates needed to consider whether the trial balance used in the valuation was final and how the figures were incorporated into the valuation model. Competent responses therefore suggested reconciliations between the valuation model, the trial balance, and the investee's financial statements, or requested additional documents such as audited financial statements or management accounts.

Concerns relating to valuation assumptions

The table of contents included analyses of the WACC and terminal growth rate, but the documentation listed did not necessarily provide sufficient support for the assumptions used. Candidates could have raised concerns about what the 'analyses' include or relate to. Competent

candidates, therefore, recommended that detailed calculations and supporting evidence for the underlying inputs be included, such as market data supporting the risk-free rate, beta assumptions, or industry reports supporting the growth rate.

Candidates who did not perform well in this task appeared not to have understood the scenario's context:

For example, some candidates incorrectly assumed that Bradger were the external auditors or that they had performed the valuation. On page 2 of the pre-released document, candidates were informed that Clairmont's accounting, human resources, and tax functions (VAT and income tax) are outsourced to Bradger, an external consultant. The information on the day clearly stated that Bradger was compiling the table of contents for the 'audit file' to ensure the external audit was completed as quickly and effectively as possible. Furthermore, the pre-released information stated clearly that the co-CEO performed the year-end valuations.

The candidates demonstrated limited evidence of engaging with the table of contents, resulting in very limited concerns and additional documents being discussed. Most candidates focused on discussing the additional documents and support for Inv-5 and Inv-6 of the table of contents, both of which only probe the reasonability of the WACC and growth rate. As a result, candidates did not sufficiently probe the existence of the investments and their current percentage holdings, and there was limited discussion of the actual value of the investments, as prepared internally by the co-CEO.

Overall, most candidates displayed limited competence in this task. Candidates did not sufficiently apply their audit knowledge or audit principles and did not critically assess the appropriateness and sufficiency of the evidence provided for the upcoming audit of 'investments at fair value through profit or loss' in Clairmont's AFS.

Task (g)

Competence area	APC 2025 candidate results			
	Not competent	Borderline competent	Competent	Highly Competent
Management accounting and finance	15,9%	35,9%	47,8%	0,4%

Pre-released information: Document 8

Information on the day: Document G

Task

Respond to Zeria January's email regarding the KPIs (operational and/or financial) to monitor Coursier's performance.

Pre-released information

The pre-released information introduced Coursier as an on-demand delivery (ODD) platform that collects delivery fees from customers and outsources deliveries to independent drivers who are paid a fixed fee per order (R32 per delivery within 12 km). The information described Coursier's fee-based, asset-light platform model and stated that Coursier has no interest-bearing debt.

Performance analysis was clearly triggered in the pre-released information. Candidates were provided with sufficient detail regarding Coursier's revenue drivers, cost structure and ecosystem participants (customers, merchants and drivers) to enable them to consider how performance in such a business could be measured. In addition, it triggered the use of artificial intelligence (AI). Candidates were made aware that AI tools such as ChatGPT could be used to generate suggestions. This required candidates to exercise professional judgement and critically evaluate AI-generated outputs on the basis of the specific business model. While the identification of KPIs was not explicitly triggered, performance measurement forms part of sound business analysis. Candidates were therefore expected to be able to identify appropriate KPIs based on the business model provided.

Information on the day

On the day, candidates were provided with ChatGPT-generated KPI suggestions and were required to comment on their usefulness and identify (with reasoning) the five most appropriate ratios/metrics for monitoring Coursier's performance. Although some of the ChatGPT KPIs were clearly relevant, all KPIs could potentially be argued to be relevant, with the exception of the debt-to-EBITDA ratio since Coursier has no debt.

Candidates were required to –

- evaluate AI-generated KPI suggestions using professional judgement.
- identify the inappropriateness of debt-related ratio.
- propose five useful performance measures and
- apply these measures specifically to Coursier's business model.

The task required contextual judgement and application rather than technical complexity.

Candidates were required to demonstrate an understanding of –

- the economic drivers of a delivery-fee-based platform.
- the relationship between order volumes, delivery efficiency and profitability and
- customer and merchant ecosystem growth.

Importantly, candidates were expected to use the business model provided in the pre-release to evaluate appropriate KPIs for this type of platform business. The task required explanation and contextual application of performance measures rather than generic ratio recall.

Although the explicit requirement to identify KPIs was introduced on the day, performance analysis was clearly triggered in the pre-released information. Candidates who had engaged appropriately with Coursier's business model should have been able to respond effectively.

Candidate responses

For the first part of the task, relating to the critique of the ChatGPT suggested KPIs, most candidates correctly identified that the debt-related KPI was irrelevant given that Coursier has no interest-bearing debt. However, some candidates failed to consider this fact and included leverage-based ratios without questioning their applicability. For the second part of the task, related to proposing the top five KPIs, most candidates were able to provide reasonable metrics aligned to operational performance and growth. However, a recurring weakness was insufficient application to Coursier's fee-based business model. In several instances, candidates listed KPIs without clearly explaining how they drive value in an ODD platform environment. A number of candidates also misunderstood aspects of the business model, for example by referring to commission-based revenue structures rather than delivery fees, indicating inadequate engagement with the pre-released information.

Stronger candidates clearly demonstrated how metrics such as average delivery time, customer retention, merchant growth and order frequency link to revenue growth and sustainability within a platform ecosystem.

Overall, the task differentiated between candidates who demonstrated contextual business acumen and those who relied on generic financial ratio recall without sufficient application to the scenario.