

02 November 2022

Attention : Directors
Umhlatuzana Education Fund NPC
2 Kingslea
193 Peter Mokaba Road
Morningside
4001

Dear Sir/Madam

AUDIT ENGAGEMENT LETTER

1. You have requested that we audit the statement of the financial position, statements of financial performance, cash flows and equity, a summary of significant accounting policies. We are pleased to confirm our acceptance and understanding of this engagement as auditors of your entity.
2. This letter sets out our understanding of the terms and objectives of our engagement, and the nature and scope of the services we will provide, as well as both the responsibilities we have and the areas where you, as the client, retain responsibility. The issue of this letter of engagement is recommended practice by the South African Institute of Chartered Accountants and should be read in conjunction with our standard terms and conditions. It does not seek to limit our professional responsibilities below the standards that are expected of our profession.
3. The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
4. We have been engaged to audit and report on the annual financial statements of the entity to be presented to the shareholder. Accordingly, we are required by statute to carry out our audit, free of restrictions. Although we will be pleased to advise and assist, the maintenance of proper accounting records and the preparation of the financial statements are both the responsibility of management. Your responsibilities include fair presentation, in all material aspects, of the statements of financial position, financial performance and cash flow of the entity, in compliance with and in the manner required by statute. Our responsibility is to express an opinion on these financial statements.
5. We will conduct our audit in accordance with ISAs. Those Standards require that we comply with ethical requirements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the planning and performing of the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Director : Ashvir Dhuki CA (S.A)

6. The procedures selected depend upon the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The audit will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities, as we consider necessary.
7. Our audit will also include:
 - evaluating the appropriateness of the accounting policies,
 - examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
 - assessing the accounting principles used and significant estimates made by management and
 - evaluating the overall financial statement presentation.
8. Owing to the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs.
9. Our audit will include such other tests as we consider necessary. The nature and extent of our tests may cover any aspect of the business operations, and will vary according to our assessment of what is material in the context of the financial statements and the efficacy of the internal control structure, where we wish to place reliance on it.
10. Our work will be planned in advance and into an audit plan. This may be varied on the basis of our findings during the course of the audit and from year to year. Accordingly, we may modify our audit scope, rotate our audit emphasis and repose matters of special audit emphasis, as the circumstances dictate.
11. The concept of materiality affects our audit planning and our consideration of matters arising from our audit. We take into account both qualitative and quantitative factors when assessing materiality.

DETECTION OF FRAUD, ERROR AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

12. The primary responsibility for safeguarding the assets of the entity and the prevention and detection of fraud, error and non-compliance with laws or regulations rests with the directors and management.
13. It is the responsibility of the directors of the entity, through oversight of management, to ensure that the entity establishes and maintains internal control to provide reasonable assurance with regard to the reliability of financial reporting, efficacy and efficiency of operations and compliance with applicable laws and regulations.
14. It is the responsibility of management to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the business.
15. Our audit is planned and performed so that we have reasonable, but not absolute, assurance of detecting material misstatements in the financial statements or accounting records, including any material misstatements resulting from fraud, error, irregularities or non-compliance with laws or regulations.
16. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement to the financial statements. Our audit is designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements. However, there are inherent limitations in an audit. For example:
 - we do not examine evidence supporting every transaction and
 - although we obtain an understanding of the accounting systems and related controls to assist us in designing our audit, we only study and evaluate those controls which are relevant to the audit.
17. Owing to these inherent limitations, and the inherent limitations of any accounting and internal control system, an unavoidable risk remains that some misstatements may remain unresolved, if they exist. Moreover, because of the characteristics of error, fraud or other irregularities, including concealment through collusion or fraud, a properly designed and executed audit may not necessarily detect a significant irregularity.

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18. We will communicate any illegal acts, material errors, identified fraud or information that indicates that a fraud may exist, that we may have identified during our audit, to the appropriate level of management as soon as is practicable.

REPORTABLE IRREGULARITIES

19. A reportable irregularity in terms of the Auditing Profession Act, 2005 is any unlawful act or omission committed by any person responsible for the management of an entity, which:
- has caused or is likely to cause material financial loss to the entity or to any partner, member, shareholder, creditor or investor of the entity in respect of his, her or its dealings with that entity, or
 - is fraudulent or amounts to theft, or
 - represents a material breach of any fiduciary duty owed by such a person to the entity or any partner, member, shareholder, creditor or investor of the entity under any law applying to the entity or the conduct or management thereof.
20. In relation to companies, the management board usually comprises:
- the board of directors of the entity (including 'shadow' directors) and holding companies in group situations and
 - any person who, in the affairs of the entity, exercises executive control which reflects the general policy of the entity for the time being or which is related to the general administration of the entity.
21. In considering whether a person is responsible for managing an entity, an auditor will have due regard both to the published details of the management structure thereof and to the de facto exercise of the requisite characteristics of control and management.
22. We are required by the Auditing Profession Act, 2005 to send a written report to the Independent Regulatory Board of Auditors ('IRBA') if we are satisfied or have reason to believe that a reportable irregularity (as defined in the Auditing Profession Act) has taken place or is taking place.
23. We undertake to notify the directors of such action within three days of sending a report to the IRBA. We will subsequently take all reasonable steps to discuss the report with the directors, who will be afforded the opportunity to make representations in respect thereof.
24. We are also required to send a second report to the IRBA, within 30 days from the date on which the initial report was sent, which should contain a statement that we are of the opinion that:
- no reportable irregularity has taken place, or
 - the suspected reportable irregularity is no longer taking place and that adequate steps have been taken for the prevention or recovery of any loss as result thereof, if relevant, or
 - the reportable irregularity is continuing.
25. If the IRBA receives a report that a reportable irregularity is continuing, it must notify any appropriate regulator of the details of the reportable irregularity to which the report relates and provide it with a copy of the report.
26. Should a reportable irregularity have taken place or be taking place, our audit report on the financial statements is required to be appropriately qualified. We require our staff to report any suspected reportable irregularity to the engagement partner without delay.
27. Owing to the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material irregularities may remain undiscovered.

RESPONSIBILITIES OF THE DIRECTORS

28. You will retain responsibility and accountability for:
- the management, conduct and operation of the entity and its affairs,
 - any representations made by you or the entity to third parties, including published information,
 - the maintenance of the accounting records that fairly represent the state of affairs and business of the entity,

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Director : Ashvir Dhuki CA (S.A)

- the establishment and maintenance of an internal control structure necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to for the prevention of errors and irregularities, including fraud and illegal acts,
 - the preparation of the annual financial statements which fairly present the financial position, results of operations and cash flows of the entity, including adequate disclosure in accordance with international financial reporting standards,
 - the preparation of the financial statements on a going concern basis, unless it is inappropriate, in which case the necessary disclosures have to be made,
 - the adjustment of the financial statements to correct material misstatements,
 - the selection and consistent application of accounting policies,
 - the safeguarding of assets,
 - the use of, extent of reliance on, or implementation of advice or recommendation supplied by us or other services,
 - the delivery, achievement or realisation of any benefits directly or indirectly related to the services that require implementation by you,
 - ensuring that all arrangements are made for access, security procedures, virus checks, facilities, licenses and/or consents (without any obligation to us), where you require us to do so or the nature of the services is such that it is likely to be more efficient for us to perform work at your premises or use your computer systems or telephone networks,
 - apprising us of any and all allegations involving financial improprieties received by management and directors, and providing us with full access to these allegations and sources of allegations timeously,
 - informing us of all directors', management and committee meetings, and all other meetings which shareholders are entitled to attend. We are entitled to be heard at any such meetings on any matters that concern us as auditors,
 - providing us with access to all information of which the management are aware that is relevant to the disclosures of the financial statements (including all information relevant to the preparation of such disclosures), such as records, documentation and other matters, whether obtained from within or outside of the general and subsidiary ledgers;
 - providing us with the requested information relating to disclosures at the start of the engagement, and specifically including information regarding significant new or revised disclosures.
 - providing us with additional information that we may request for the purpose of the audit and
 - providing us with unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
29. If we have any comments affecting the form and contents of the annual financial statements, we will discuss these with the directors.
30. Any withholding of information, as per section 93 of the Companies Act 71 of 2008, could be considered a limitation to the scope of our audit and may prevent us from expressing an opinion on the annual financial statements, causing us to alter the form of the report we may issue or affecting our ability to continue as the entity's independent auditors.
31. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit. These written representations, responses to our enquiries and results of our audit tests form the evidence upon which we will rely in expressing an opinion on your financial statements.
32. To assist us with our audit of the financial statements, you are also responsible for making available to us, as and when required, all minutes of important meetings, information, explanations and other documents, such as share registers, management accounts and other correspondence, which we consider necessary for the performance of our duties as auditors. We shall also request sight of all documents or statements which are to be issued with the financial statements. We will carry out our work without undue disruption.
33. Any delay in providing us with the required information may affect our ability to comply with the agreed timetable and our fees.
34. Any time and other expenditure incurred as part of our duties as your Registered Auditor, will be included in our audit fees.

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RESPONSIBILITIES OF AUDITORS

35. We have a statutory responsibility to the shareholders of the entity or those charged with governance, at the conclusion of our audit, to express an opinion as to whether or not the financial statements fairly present the financial position, results of operations and cash flow information of the entity, in conformity with and in the manner required by statute. In arriving at our opinion, we shall inter alia consider the following matters, and report on any in respect of which we are not satisfied:
- whether adequate accounting records have been kept by the entity,
 - whether the annual financial statements are in agreement with the accounting records and returns,
 - whether we have obtained all the information and explanations which we consider necessary for the purpose of our audit and
 - whether the information given in the report of the directors is consistent with the financial statements.
36. We also have a professional responsibility to report if the financial statements do not comply in any material respect unless, in our opinion, the non-compliance is justified in the circumstances. In determining whether or not the departure is justified, we consider:
- whether the departure is required in order for the financial statements to achieve fair presentation in all material aspects and
 - whether adequate disclosure has been made concerning the departure.
37. Our professional responsibilities also include considering whether other information in documents containing audited financial statements is materially consistent with those audited financial statements.
38. Where we consider it necessary to involve a specialist, for example an actuary or property valuator, to express our audit opinion, we will discuss this with you as a separate matter.

REPORTING TO MANAGEMENT

39. We shall report to management, usually in writing, any significant weaknesses in, or our observations on, the internal control structure and other areas that come to our attention during the course of our normal audit work and which, in our view, require its attention.
40. Our review of internal financial control systems is only performed to the extent required to express an opinion on the financial statements and therefore our comments on these systems will not necessarily address all possible improvements that might be suggested as a result of a more extensive special examination.
41. No such report may be provided to a third party without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the entity in mind and that we accept neither duty nor responsibility to any other party.

COMMUNICATION WITH DIRECTORS

42. Audit matters of governance interest are those matters that arise from the audit of financial statements and, in our opinion, are both important and relevant to the directors in overseeing the financial reporting and disclosure process. Audit matters of governance interest will be communicated to the directors.
43. We will communicate only those matters of governance interest that comes to our attention as a result of the performance of the audit. We are not required to design procedures for the specific purpose of identifying matters of governance interest.

DOCUMENTS ISSUED WITH THE FINANCIAL STATEMENTS

44. In order to assist us with our audit of your financial statements, we shall request sight of all documents or statements, and reports which are to be issued with the financial statements.

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45. ISAs require that we read any annual report and other documents that contain our audit opinion. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to verify such other information as part of our audit.
46. Once we have issued our report, we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect you to inform us of any material event occurring between the date of our report and the date of issue of the financial statements which may affect the financial statements.

REPORTING

47. At the conclusion of our audit, we will express an opinion as to whether or not the financial statements fairly present the financial position, results of operations and cash flow information of the entity, in conformity with, and in the manner required by statute.
48. The form and content of our report will be in line with the requirements of the ISAs, and may need to be amended in light of our audit findings.
49. The auditor's responsibilities relating to going concern and the implication for the auditor's report, are to obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists about the entity's ability to continue as a going concern. The report will be amended accordingly based on the conclusion, and thus might include a going concern section.
50. The auditor's report will refer to other information, whether financial or non-financial information (other than financial statements and the auditor's report thereon), included in an entity's annual report. The auditor's responsibilities towards the other information is to read and consider the other information because other information that is materially inconsistent with the financial statements or the auditor's knowledge obtained in the audit may indicate that there is a material misstatement of the financial statements or that a material misstatement of the other information exists, either of which may undermine the credibility of the financial statements and the auditor's report thereon. Such material misstatements may also inappropriately influence the economic decisions of the users for whom the auditor's report is prepared. These responsibilities however do not constitute an assurance engagement on other information or impose an obligation on the auditor to obtain assurance about the other information.
51. The auditor retains the right to disclose the length of audit tenure in the report, either as required by the Independent Regulatory Board of Auditors, or as voluntarily disclosed by the auditor.

TIMETABLE

52. We will agree on a timetable to enable you to meet your statutory obligations to issue annual financial statements and to meet any other deadlines you have brought to our attention. However, any such timetable will be based upon the assumption that we will receive the appropriate co-operation and assistance to perform an effective and efficient audit.

FUTURE YEARS

53. We propose that the engagement letter will be in place until replaced. Should circumstances change, we will issue a new engagement letter. Until such a time, this letter will be in force even where there is a change in group structure. Please confirm your agreement with the terms contained in this letter, by countersigning the enclosed copy and returning it to us. Should there be anything with which you do not agree or wish to amend, please contact us.

AGREEMENT OF STANDARD TERMS AND CONDITIONS

54. This engagement letter and the standard terms and conditions are contractual in nature and include all relevant terms that will govern the engagement for which they have been prepared. The terms of this letter supersede any prior oral or written

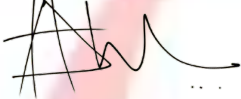
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representations or commitments by or between the parties. Should there be any conflict between the terms of this engagement letter and the standard terms and conditions, the former will take precedence over the latter. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all parties.

55. The client acknowledges that it is fully conversant and acquainted with the contents of the standard terms and conditions which, if not attached hereto, have previously been made available and submitted to it, either separately or in conjunction with prior engagement letters or mandates.

56. Any action brought against us shall be subject to the exclusive jurisdiction of a South African court, and South African law shall apply.

Yours faithfully



Per : **Ashvir Dhuki**
Director
Strategic Audit Techniques Inc.
Chartered Accountants (S.A)
Registered Auditors

The terms as above are accepted by _____ who represents that he/she is authorized to accept these terms on behalf of Umhlatuzana Education Fund NPC.

Signature

Date

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