

CONFORMING AMENDMENT FOR ISA 701 AND ISA 702
INTERNATIONAL STANDARD ON AUDITING 200
OBJECTIVE AND GENERAL PRINCIPLES
GOVERNING AN AUDIT OF FINANCIAL STATEMENTS

(Effective for audits of financial statements for periods
beginning on or after December 15, 2005)

Financial Reporting Frameworks Supplemented with Legislative and Regulatory Requirements

42. In some jurisdictions, legislative and regulatory requirements may supplement a financial reporting framework adopted by management with additional requirements relating to the preparation and presentation of financial statements. In these jurisdictions, the applicable financial reporting framework, for the purposes of applying the ISAs, encompasses both the identified financial reporting framework and such additional requirements, provided they do not conflict with the applicable financial reporting framework. This may, for example, be the case when additional requirements prescribe disclosures in addition to those required by the identified financial reporting framework or when they narrow the range of acceptable choices that can be made within the identified financial reporting framework. If the additional requirements conflict with the applicable financial reporting framework, the auditor discusses the nature of the requirements with management and whether the additional requirements can be met through additional disclosures. If this is not possible, the auditor considers whether it is necessary to modify the opinion in the auditor's report, see ISA 701, "Modifications to the Opinion in the Independent Auditor's Report."
48. When the auditor concludes that the financial reporting framework adopted by management is not acceptable, the auditor considers the implications in relation to engagement acceptance (see ISA 210) and the auditor's report (see ISA 701).

Expressing an Opinion on the Financial Statements

49. When the auditor is expressing an opinion on a complete set of general purpose financial statements prepared in accordance with a financial reporting framework that is designed to achieve fair presentation, the auditor refers to ISA 700, "The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements," for standards and guidance on the matters the auditor considers in forming an opinion on such financial statements and on the form and content of the auditor's report. The auditor also refers to ISA 701 when expressing a modified audit opinion, including an emphasis of matter, an except for qualified opinion, a disclaimer of opinion or an adverse opinion and to ISA 702, "Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report," when including an emphasis of matter paragraph or an other matters paragraph in the auditor's report.

CONFORMING AMENDMENT FOR ISA 701 AND ISA 702
INTERNATIONAL STANDARD ON AUDITING 210
TERMS OF AUDIT ENGAGEMENTS

(Effective for audits of financial statements for periods
beginning on or after December 15, 2005)

14. Without an acceptable financial reporting framework management does not have an appropriate basis for preparing the financial statements and the auditor does not have suitable criteria for evaluating the entity's financial statements. In these circumstances, unless use of the financial reporting framework is required by law or regulation, the auditor encourages management to address the deficiencies in the financial reporting framework or to adopt another financial reporting framework that is acceptable. When the financial reporting framework is required by law or regulation and management has no choice but to adopt this framework, the auditor accepts the engagement only if the deficiencies can be adequately explained to avoid misleading users, see ISA 701 (Revised), "Modifications to the Opinion in the Independent Auditor's Report," ~~paragraph 5~~ and, unless required by law or regulation to do so, does not express the opinion on the financial statements using the terms "give a true and fair view" or "are presented fairly, in all material respects," in accordance with the applicable financial reporting framework.
15. When the auditor accepts an engagement involving an applicable financial reporting framework that is not established by an organization that is authorized or recognized to promulgate standards for general purpose financial statements of certain types of entities, the auditor may encounter deficiencies in that framework that were not anticipated when the engagement was initially accepted and that indicate that the framework is not acceptable for general purpose financial statements. In these circumstances, the auditor discusses the deficiencies with management and the ways in which such deficiencies may be addressed. If the deficiencies result in financial statements that are misleading and there is agreement that management will adopt another financial reporting framework that is acceptable, the auditor refers to the change in the financial reporting framework in a new engagement letter. If management refuses to adopt another financial reporting framework, the auditor considers the impact of the deficiencies on the auditor's report, see ISA 701 (Revised).

CONFORMING AMENDMENT FOR ISA 701 AND ISA 702**INTERNATIONAL STANDARD ON AUDITING 240, THE AUDITOR'S
RESPONSIBILITY TO CONSIDER FRAUD IN A FINANCIAL STATEMENT AUDIT**

- 89. When the auditor confirms that, or is unable to conclude whether, the financial statements are materially misstated as a result of fraud, the auditor should consider the implications for the audit.** ISA 320, “Audit Materiality” and ISA 701¹, “Modifications to the Opinion in the Independent Auditor’s Report,”¹ provide guidance on the evaluation and disposition of misstatements and the effect on the opinion in the auditor’s report.

¹ ISA 700, “The Auditor’s Report on Financial Statements” will be withdrawn when ISA 700 (Revised), “The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements” and ISA 701, “Modifications to the Opinion in the Independent Auditor’s Report” become effective. ISA 700 (Revised) and ISA 701 are effective for auditor’s reports dated on or after December 31, 2006.

CONFORMING AMENDMENT FOR ISA 701 AND ISA 702
INTERNATIONAL STANDARD ON AUDITING 560

SUBSEQUENT EVENTS

11. When management does not amend the financial statements in circumstances where the auditor believes they need to be amended and the auditor's report has not been released to the entity, the auditor should express an **n except for-qualified** opinion or an adverse opinion, as described in ISA 701, "Modifications to the **Opinion in the Independent Auditor's Report.**"
17. The new auditor's report should include an emphasis of a matter paragraph referring to a note to the financial statements that more extensively discusses the reason for the revision of the previously issued financial statements and to the earlier report issued by the auditor **(see ISA 702, "Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report")**. The new auditor's report would be dated not earlier than the date of approval of the revised financial statements and, accordingly, the procedures referred to in paragraph 5 would ordinarily be extended to the date of the new auditor's report. Local regulations of some countries permit the auditor to restrict the audit procedures regarding the revised financial statements to the effects of the subsequent event that necessitated the revision. In such cases, the new auditor's report would contain a statement to that effect.

CONFORMING AMENDMENT FOR ISA 701 AND ISA 702**INTERNATIONAL STANDARD ON AUDITING 570****GOING CONCERN**

(Effective for audits of financial statements for periods
beginning on or after December 15, 2004)*

8. Examples of events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumption are set out below. This listing is not all-inclusive nor does the existence of one or more of the items always signify that a ~~material~~significant uncertainty exists.

Financial

- Net liability or net current liability position.
- Fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment; or excessive reliance on short-term borrowings to finance long-term assets.
- Indications of withdrawal of financial support by debtors and other creditors.
- Negative operating cash flows indicated by historical or prospective financial statements.
- Adverse key financial ratios.
- Substantial operating losses or significant deterioration in the value of assets used to generate cash flows.
- Arrears or discontinuance of dividends.
- Inability to pay creditors on due dates.
- Inability to comply with the terms of loan agreements.
- Change from credit to cash-on-delivery transactions with suppliers.
- Inability to obtain financing for essential new product development or other essential investments.

Operating

- Loss of key management without replacement.
- Loss of a major market, franchise, license, or principal supplier.
- Labor difficulties or shortages of important supplies.

Other

- Non-compliance with capital or other statutory requirements.
- Pending legal or regulatory proceedings against the entity that may, if successful, result in claims that are unlikely to be satisfied.
- Changes in legislation or government policy expected to adversely affect the entity.

* ISA 315, "Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement," ISA 330, "The Auditor's Procedures in Response to Assessed Risks," and ISA 500, "Audit Evidence" gave rise to conforming amendments to ISA 570. The conforming amendments are effective for audits of financial statements for periods beginning on or after December 15, 2004 and have been incorporated in the text of ISA 570.

The significance of such events or conditions often can be mitigated by other factors. For example, the effect of an entity being unable to make its normal debt repayments may be counter-balanced by management's plans to maintain adequate cash flows by alternative means, such as by disposal of assets, rescheduling of loan repayments, or obtaining additional capital. Similarly, the loss of a principal supplier may be mitigated by the availability of a suitable alternative source of supply.

Auditor's Responsibility

9. The auditor's responsibility is to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements, and consider whether there are significant material uncertainties about the entity's ability to continue as a going concern that need to be disclosed in the financial statements. The auditor considers the appropriateness of management's use of the going concern assumption even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern.

Conclusions and Reporting

30. Based on the audit evidence obtained, the auditor should determine if, in the auditor's judgment, a significant material uncertainty exists related to events or conditions that alone or in aggregate, may cast significant doubt on the entity's ability to continue as a going concern.
31. A significant material uncertainty exists when the magnitude of its potential impact is such that, in the auditor's judgment, clear disclosure of the nature and implications of the uncertainty is necessary for the presentation of the financial statements not to be misleading.

Going Concern Assumption Appropriate but a Significant Material Uncertainty Exists

32. If the use of the going concern assumption is appropriate but a significant material uncertainty exists, the auditor considers whether the financial statements:
 - a) Adequately describe the principal events or conditions that give rise to the significant doubt on the entity's ability to continue in operation and management's plans to deal with these events or conditions; and
 - b) State clearly that there is a significant uncertainty related to events or conditions which may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.
33. If adequate disclosure is made in the financial statements, the auditor should express an unmodified qualified opinion but include modify the auditor's report by adding an emphasis of matter paragraph in the auditor's report to highlight the existence of a significant material uncertainty relating to the event or condition that may cast significant doubt on the entity's ability to continue as a going concern and draws attention to the note in the financial statements that discloses the matters set out in paragraph 32 (see ISA 702, "Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report"). In evaluating the adequacy of the financial statement disclosure, the auditor considers whether the information explicitly draws the reader's attention to the possibility that the entity may be unable to continue realizing its assets and discharging its liabilities in the normal course of business. The following is an example of such a paragraph when the auditor is satisfied as to the adequacy of the note disclosure:

~~“Without qualifying our opinion, we~~ draw attention to Note X in the financial statements which indicates that the Company incurred a net loss of ZZZ during the year ended December 31, 20X1 and, as of that date, the Company’s current liabilities exceeded its total assets by ZZZ. These conditions, along with other matters as set forth in Note X, indicate the existence of a **significant material** uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.”

In extreme cases, such as situations involving multiple **significant material** uncertainties that are significant to the financial statements, the auditor may consider it appropriate to express a disclaimer of opinion instead of adding an emphasis of matter paragraph.

34. **If adequate disclosure is not made in the financial statements, the auditor should express an ~~except for qualified~~ opinion or an adverse opinion, as appropriate. The report should include specific reference to the fact that there is a **significant material** uncertainty that may cast significant doubt about the entity’s ability to continue as a going concern.** The following is an example of the relevant paragraphs when an ~~except for qualified~~ opinion is to be expressed:

“The Company’s financing arrangements expire and amounts outstanding are payable on March 19, 20X1. The Company has been unable to re-negotiate or obtain replacement financing. This situation indicates the existence of a **significant material** uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact. On this basis we modify our opinion as described below.

In our opinion, except for the omission of the information included in the preceding paragraph, the financial statements give a true and fair view of (present fairly, in all material respects) the financial position of the Company at December 31, 20X0 and the results of its operations and its cash flows for the year then ended in accordance with ...”

The following is an example of the relevant paragraphs when an adverse opinion is to be expressed:

“The Company’s financing arrangements expired and the amount outstanding was payable on December 31, 20X0. The Company has been unable to re-negotiate or obtain replacement financing and is considering filing for bankruptcy. These events indicate a **significant material** uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact. On this basis we modify our opinion as described below.

In our opinion, because of the omission of the information mentioned in the preceding paragraph, the financial statements do not give a true and fair view of (or do not present fairly) the financial position of the Company as at December 31, 20X0, and of its results of operations and its cash flows for the year then ended in accordance with... (and do not comply with...) ...”

Going Concern Assumption Inappropriate

35. **If, in the auditor’s judgment, the entity will not be able to continue as a going concern, the auditor should express an adverse opinion if the financial statements have been prepared on a going concern basis.** If, on the basis of the additional audit procedures carried out and the information obtained, including the effect of

management's plans, the auditor's judgment is that the entity will not be able to continue as a going concern, the auditor concludes, regardless of whether or not disclosure has been made, that the going concern assumption used in the preparation of the financial statements is inappropriate and expresses an adverse opinion.

36. When the entity's management has concluded that the going concern assumption used in the preparation of the financial statements is not appropriate, the financial statements need to be prepared on an alternative authoritative basis. If on the basis of the additional audit procedures carried out and the information obtained the auditor determines the alternative basis is appropriate, the auditor can issue an ~~unmodified~~qualified opinion if there is adequate disclosure but the auditor may want to consider including may require an emphasis of matter paragraph in the auditor's report to draw the user's attention to that basis (see ISA 702).

Management Unwilling to Make or Extend Its Assessment

37. **If management is unwilling to make or extend its assessment when requested to do so by the auditor, the auditor should consider the need to modify the opinion in the auditor's report as a result of the auditor's inability to obtain sufficient appropriate audit evidence~~limitation on the scope of the auditor's work~~.** In certain circumstances, such as those described in paragraphs 15, 18 and 24, the auditor may believe that it is necessary to ask management to make or extend its assessment. If management is unwilling to do so, it is not the auditor's responsibility to rectify the lack of analysis by management, and an except for opinion or a disclaimer of opinion in the auditor's report~~modified report~~ may be appropriate because it may not be possible for the auditor to obtain sufficient appropriate audit evidence regarding the use of the going concern assumption in the preparation of the financial statements.
38. In some circumstances, the lack of analysis by management may not preclude the auditor from being satisfied about the entity's ability to continue as a going concern. For example, the auditor's other procedures may be sufficient to assess the appropriateness of management's use of the going concern assumption in the preparation of the financial statements because the entity has a history of profitable operations and a ready access to financial resources. In other circumstances, however, the auditor may not be able to confirm or dispel, in the absence of management's assessment, whether or not events or conditions exist which indicate there may be a material doubt on the entity's ability to continue as a going concern, or the existence of plans management has put in place to address them or other mitigating factors. In these circumstances, the auditor modifies the opinion in the auditor's report as discussed in ISA 701 (Revised)⁹, "Modifications to the Opinion in the Independent Auditor's Report"~~"The Auditor's Report on Financial Statements,"~~ paragraphs 36-44".

CONFORMING AMENDMENT FOR ISA 702 AND ISA 702**INTERNATIONAL STANDARD ON AUDITING 700
(REVISED)****THE INDEPENDENT AUDITOR'S REPORT ON A COMPLETE SET OF GENERAL
PURPOSE FINANCIAL STATEMENTS**

(Effective for auditor's reports dated on or after December 31, 2006)

2. This ISA addresses circumstances when the auditor is able to express an unqualified opinion and no modification to the auditor's report is necessary. ISA 701, "Modifications to the Opinion in the Independent Auditor's Report" establishes standards and provides guidance on (a) circumstances that may result in a modification to the auditor's opinion on the financial statements, (b) the type of opinion appropriate in the circumstances, and (c) the content of the auditor's report when the auditor's opinion is modified~~the modifications to this report for an emphasis of matter, a qualified opinion, a disclaimer of opinion, or an adverse opinion.~~ ISA 702, "Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report," establishes standards and provides guidance on circumstances when the auditor considers including an emphasis of matter paragraph or an other matters paragraph in the auditor's report on the financial statements.
8. When wording prescribed by law or regulation differs significantly from the phrases in paragraph 6, the auditor carefully considers whether there may be a risk that users might misunderstand the assurance obtained in an audit of financial statements. For example, the wording might convey to readers that the auditor is attesting to the accuracy of the financial statement amounts rather than expressing an opinion on whether the financial statements give a true and fair view or are presented fairly, in all material respects. In such circumstances, the auditor considers whether the risk of misunderstanding can be mitigated through appropriate explanation in the auditor's report (see ISA 701 (Revised)).

**Extremely Rare Circumstances when Applying the Financial Reporting Framework
Results in Misleading Financial Statements**

15. As discussed in ISA 210, the auditor considers the acceptability of the financial reporting framework when considering accepting the engagement. Application of a financial reporting framework determined to be acceptable for general purpose financial statements will ordinarily result in financial statements that achieve fair presentation. In extremely rare circumstances, however, application of a specific requirement in a framework that has been determined to be acceptable for general purpose financial statements may result in financial statements that are misleading in the particular circumstances of the entity. Some financial reporting frameworks determined to be acceptable for general purpose financial statements acknowledge, implicitly or explicitly, that there are extremely rare circumstances when it is necessary for the financial statements to depart from a specific requirement in the framework in order to achieve the objective of fair presentation of the financial statements and provide guidance on the disclosures required. Other financial reporting frameworks may not provide any guidance on these circumstances even though they are acceptable frameworks for general purpose financial statements. If the auditor encounters circumstances that lead the auditor to conclude that compliance with a specific requirement results in financial statements that are misleading, the auditor considers the need to modify the auditor's report. The modifications, if any, that are appropriate to the auditor's report will depend on how management addresses the matter in the financial statements and how the financial reporting framework deals with these rare circumstances (see ISA 701 (Revised)).

Other Matters

45. Standards, laws or generally accepted practice in a jurisdiction may require or permit the auditor to elaborate on matters that provide further explanation of the auditor's responsibilities in the audit of the financial statements or of the auditor's report thereon. Such matters may be addressed in a separate paragraph following the auditor's opinion ([see ISA 702](#)).

Other Reporting Responsibilities

46. In some jurisdictions, the auditor may have additional responsibilities to report on other matters that are supplementary to the auditor's responsibility to express an opinion on the financial statements. For example, the auditor may be asked to report certain matters if they come to the auditor's attention during the course of the audit of the financial statements. Alternatively, the auditor may be asked to perform and report on additional specified procedures, or to express an opinion on specific matters, such as the adequacy of accounting books and records. Auditing standards in the specific jurisdiction or country often provide guidance on the auditor's responsibilities with respect to specific additional reporting responsibilities in that jurisdiction or country.
47. In some cases, the relevant standards or laws may require or permit the auditor to report on these other responsibilities within the auditor's report on the financial statements. In other cases, the auditor may be required or permitted to report on them in a separate report.
48. **When the auditor addresses other reporting responsibilities within the auditor's report on the financial statements, these other reporting responsibilities should be addressed in a separate section in the auditor's report that follows the opinion paragraph.**
49. The auditor addresses these other reporting responsibilities in a separate section of the report in order to clearly distinguish them from the auditor's responsibilities for, and opinion on, the financial statements.
63. The auditor may refer to the audit having been conducted in accordance with both ISAs as well as national auditing standards when the auditor complies with each of the ISAs relevant to the audit and performs any additional audit procedures necessary to comply with the relevant standards of that jurisdiction or country. A reference to both the ISAs and national auditing standards is not appropriate if there is a conflict between the reporting requirements regarding the auditor's report in the ISAs and in the national auditing standards that affects the auditor's opinion or the need to include an emphasis of matter paragraph in the particular circumstances. For example, some national auditing standards prohibit the auditor from including an emphasis of matter paragraph to highlight a going concern problem, whereas ISA [570, "Going Concern," paragraph 33, 701](#) requires the auditor to modify the auditor's report by adding an emphasis of matter paragraph in such circumstances. In case of such conflicts, the auditor's report refers only to the auditing standards (either ISAs or the relevant national auditing standards) in accordance with which the auditor has complied with the reporting requirements.

CONFORMING AMENDMENTS FOR ISA 701 AND ISA 702

INTERNATIONAL STANDARD ON AUDITING 710, COMPARATIVES

12. When the auditor's report on the prior period, as previously issued, included an except for qualified opinion, a disclaimer of opinion, or an adverse opinion and the matter which gave rise to the modification is:
 - (a) Unresolved, and results in a ~~modification of the modified~~ opinion in the auditor's report regarding the current period figures, the opinion in the auditor's report should also be modified regarding the corresponding figures; or
 - (b) Unresolved, but does not result in a modification of the opinion in the auditor's report regarding the current period figures, the opinion in the auditor's report should be modified regarding the corresponding figures.
13. When the auditor's report on the prior period, as previously issued, included an except for qualified opinion, a disclaimer of opinion, or an adverse opinion and the matter which gave rise to the modification is resolved and properly dealt with in the financial statements, the current report does not ordinarily refer to the previous modification. However, if the matter is material to the current period, the auditor may include an emphasis of matter paragraph dealing with the situation.
15. In such circumstances, the auditor should consider the guidance in ISA 560, "Subsequent Events" and:
 - (a) If the prior period financial statements have been revised and reissued with a new auditor's report, the auditor should obtain sufficient appropriate audit evidence that the corresponding figures agree with the revised financial statements; or
 - (b) If the prior period financial statements have not been revised and reissued, and the corresponding figures have not been properly restated and/or appropriate disclosures have not been made, the auditor should express an except for opinion or an adverse opinion in the auditor's issue a modified report on the current period financial statements, modified with respect to the corresponding figures included therein.
16. If, in the circumstances described in paragraph 14, the prior period financial statements have not been revised and an auditor's report has not been reissued, but the corresponding figures have been properly restated and/or appropriate disclosures have been made in the current period financial statements, the auditor may include an other matters emphasis of matter paragraph describing the circumstances and referencing to the appropriate disclosures (see ISA 702). In this regard, the auditor also considers the guidance in ISA 560.

Incoming Auditor—Additional Requirements*Prior Period Financial Statements Audited by Another Auditor*

17. In some jurisdictions, the incoming auditor is permitted to refer to the predecessor auditor's report on the corresponding figures in the incoming auditor's report for the current period. **When the auditor decides to refer to another auditor, the incoming auditor's report should indicate:**
 - a) **That the financial statements of the prior period were audited by another auditor;**

- b) The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefor; and
 - c) The date of that report.
19. ~~In situations where the incoming auditor identifies that the corresponding figures are materially misstated, the auditor should request management to revise the corresponding figures or if management refuses to do so, appropriately modify the report.~~

Reporting

24. When the comparatives are presented as comparative financial statements, the auditor should issue a report in which the comparatives are specifically identified because the audit opinion is expressed individually on the financial statements of each period presented. Since the auditor's report on comparative financial statements applies to the individual financial statements presented, the auditor may express an except for -qualified opinion or adverse opinion, disclaim an opinion, or include an emphasis of matter paragraph or other matters paragraph with respect to one or more financial statements for one or more periods, while issuing a different report on the other financial statements.
25. When reporting on the prior period financial statements in connection with the current year's audit, if the opinion on such prior period financial statements is different from the opinion previously expressed, the auditor should disclose the substantive reasons for the different opinion in an other matters emphasis of matter paragraph (see ISA 702). This may arise when the auditor becomes aware of circumstances or events that materially affect the financial statements of a prior period during the course of the audit of the current period.

Incoming Auditor—Additional Requirements

Prior Period Financial Statements Audited by Another Auditor

26. When the financial statements of the prior period were audited by another auditor:
- a) The predecessor auditor may reissue the auditor's report on the prior period with the incoming auditor only reporting on the current period; or
 - b) The incoming auditor's report should state that the prior period was audited by another auditor and the incoming auditor's report should indicate:
 - i) That the financial statements of the prior period were audited by another auditor;
 - ii) The type of opinion expressed by the predecessor auditor and if the opinion was modified, the reasons therefor; and
 - iii) The date of that report.

~~30. In situations where the incoming auditor identifies that the prior year unaudited figures are materially misstated, the auditor should request management to revise the prior year's figures or if management refuses to do so, appropriately modify the report.~~

CONFORMING AMENDMENTS FOR ISA 701 AND ISA 702**INTERNATIONAL STANDARD ON AUDITING 720****OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS**

12. If an amendment is necessary in the audited financial statements and the entity refuses to make the amendment, the auditor should express an ~~except for~~ ~~qualified opinion~~ or an adverse opinion.
13. If an amendment is necessary in the other information and the entity refuses to make the amendment, the auditor should consider including in the auditor's report an other matters ~~emphasis of matter~~ paragraph describing the material inconsistency or taking other actions (see ISA 702, "Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report"). The actions taken, such as not issuing the auditor's report or withdrawing from the engagement, will depend upon the particular circumstances and the nature and significance of the inconsistency. The auditor would also consider obtaining legal advice as to further action.

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