

Proposed Conforming Amendment to ISA 706, “Emphasis of Matter Paragraphs and Other Matter(s) Paragraphs in the Independent Auditor’s Report”

Amendments to ISA 210, “Terms of Audit Engagements” (see paragraph 22) gave rise to the following conforming amendment to paragraph 10 of ISA 706:

10. Examples of circumstances other than a going concern uncertainty where the auditor may determine that an Emphasis of Matter paragraph is appropriate may include:
 - An uncertainty relating to the future outcome of an exceptional litigation or regulatory action;
 - Application of a new accounting standard (for example, a new International Financial Reporting Standard) that has a pervasive effect on the financial statements in advance of its effective date (i.e., where early application is permitted);
 - A major catastrophe that has had, or continues to have, a significant effect on the entity’s financial position.
 - The financial statements include disclosures to avoid misleading users in circumstances where law or regulation prescribes the use of a financial reporting framework that is otherwise unacceptable (see ISA 210, “Terms of Audit Engagements”).

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