Conforming and Consequential Amendments to Other ISAs Arising from the Proposed Revision of ISA 570 (Revised 202X), *Going Concern* – Final Approved Version

Marked from Agenda Item 2-D.1

This Agenda Item includes the final approved version of the proposed conforming and consequential amendments to other ISAs arising from the proposed revision of ISA 570 (Revised 202X) approved by the Board in plenary discussion on March 24, 2023, marked from **Agenda Item 2-D.1.**

ISA 200, OVERALL OBJECTIVES OF THE INDEPENDENT AUDITOR AND THE CONDUCT OF AN AUDIT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING

…

Application and Other Explanatory Material

…

Sufficient Appropriate Audit Evidence and Audit Risk (Ref: Para. 5 and 17)

…

Inherent Limitations of an Audit

…

Other Matters that Affect the Inherent Limitations of an Audit

A53. In the case of certain assertions or subject matters, the potential effects of the inherent limitations on the auditor's ability to detect material misstatements are particularly significant. Such assertions or subject matters include:

- Fraud, particularly fraud involving senior management or collusion. See ISA 240 for further discussion.
- The existence and completeness of related party relationships and transactions. See ISA 550[1] for further discussion.
- The occurrence of non-compliance with laws and regulations. See ISA 250 (Revised)[2] for further discussion.
- Future events or conditions that may cause an entity to cease to continue as a going concern. See ISA 570 (Revised 202X)[3] for further discussion.

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1 ISA 550, *Related Parties*

2 ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

3 ISA 570 (Revised 202X), *Going Concern*

Relevant ISAs identify specific audit procedures to assist in mitigating the effect of the inherent limitations.

…

ISA 210, AGREEING THE TERMS OF AUDIT ENGAGEMENTS

…

Application and Other Explanatory Material

…

Agreement on Audit Engagement Terms

…

Audit Engagement Letter or Other Form of Written Agreement[4] (Ref: Para. 10–11)

…

Form and Content of the Audit Engagement Letter

A24. The form and content of the audit engagement letter may vary for each entity. Information included in the audit engagement letter on the auditor's responsibilities may be based on ISA 200.[5] Paragraphs 6(b) and 12 of this ISA deal with the description of the responsibilities of management. In addition to including the matters required by paragraph 10, an audit engagement letter may make reference to, for example:

- Elaboration of the scope of the audit, including reference to applicable legislation, regulations, ISAs, and ethical and other pronouncements of professional bodies to which the auditor adheres.
- The form of any other communication of results of the audit engagement.
- ~~The requirement for the auditor to communicate key audit matters in the auditor's report in accordance with ISA 701.[6]~~
- The fact that because of 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.
- Arrangements regarding the planning and performance of the audit, including the composition of the engagement team.
- The expectation that management will provide written representations (see also paragraph A13).

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[4] In the paragraphs that follow, any reference to an audit engagement letter is to be taken as a reference to an audit engagement letter or other suitable form of written agreement.

[5] ISA 200, paragraphs 3–9.

[6] ~~ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*~~

- The expectation that management will provide access to all information of which management is aware that is relevant to the preparation of the financial statements, including an expectation that management will provide access to information relevant to disclosures.
- The agreement of management to make available to the auditor draft financial statements, including all information relevant to their preparation, whether obtained from within or outside of the general and subsidiary ledgers (including all information relevant to the preparation of disclosures), and the other information,[7] if any, in time to allow the auditor to complete the audit in accordance with the proposed timetable.
- The agreement of management to inform the auditor of facts that may affect the financial statements, of which management may become aware during the period from the date of the auditor's report to the date the financial statements are issued.
- The basis on which fees are computed and any billing arrangements.
- A request for management to acknowledge receipt of the audit engagement letter and to agree to the terms of the engagement outlined therein.
- The requirements for the auditor to describe how the auditor evaluated management's assessment of the entity's ability to continue as a going concern in accordance with ISA 570 (Revised 202X).[8]
- The requirement for the auditor to communicate key audit matters in the auditor's report in accordance with ISA 701.[9]

…

Appendix 1

(Ref: Para. A24–A26)

Example of an Audit Engagement Letter

…

[The responsibilities of the auditor]

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 judgment and maintain professional skepticism throughout the audit. We also:

…

- Conclude and report on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

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7 As defined in ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

8 ISA 570 (Revised 202X), *Going Concern,* paragraphs 35(b) and 36(d)

9 ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

…

ISA 220 (REVISED), QUALITY MANAGEMENT FOR AN AUDIT OF FINANCIAL STATEMENTS

…

Application and Other Explanatory Material

…

Engagement Performance

…

Direction, Supervision and Review (Ref: Para. 30)

…

The Engagement Partner's Review (Ref: Para. 30-34)

…

A92. The engagement partner exercises professional judgment in identifying the areas of significant judgment made by the engagement team. The firm's policies or procedures may specify certain matters that are commonly expected to be significant judgments. Significant judgments in relation to the audit engagement may include matters related to the overall audit strategy and audit plan for undertaking the engagement, the execution of the engagement and the overall conclusions reached by the engagement team, for example:

- Matters related to planning the engagement, such as matters related to determining materiality.
- The composition of the engagement team, including:
  - Personnel using expertise in a specialized area of accounting or auditing;
  - The use of personnel from service delivery centers.
- The decision to involve an auditor's expert, including the decision to involve an external expert.
- The engagement team's consideration of information obtained in the acceptance and continuance process and proposed responses to that information.
- The engagement team's risk assessment process, including situations where consideration of inherent risk factors and the assessment of inherent risk requires significant judgment by the engagement team. The engagement team's consideration of related party relationships and transactions and disclosures.

- Results of the procedures performed by the engagement team on significant areas of the engagement, for example, conclusions in respect of certain accounting estimates, accounting policies or going concern considerations.
- The engagement team's evaluation of the work performed by experts and conclusions drawn therefrom.
- In group audit situations:
  - The proposed overall group audit strategy and group audit plan;
  - Decisions about the involvement of component auditors, including how to direct and supervise them and review their work; and
  - The evaluation of work performed by component auditors and the conclusions drawn therefrom.
- How matters affecting the overall audit strategy and audit plan have been addressed.
- The significance and disposition of corrected and uncorrected misstatements identified during the engagement.
- The proposed audit opinion and matters to be communicated in the auditor's report, for example, key audit matters, or matters related to going concern. ~~a "Material Uncertainty Related to Going Concern" paragraph.~~

…

ISA 230, AUDIT DOCUMENTATION

…

Application and Other Explanatory Material

…

Documentation of the Audit Procedures Performed and Audit Evidence Obtained

…

Documentation of Significant Matters and Related Significant Professional Judgements (Ref: Para. 8(c))

…

A10. Some examples of circumstances in which, in accordance with paragraph 8, it is appropriate to prepare audit documentation relating to the use of professional judgment include, where the matters and judgments are significant:

- The rationale for the auditor's conclusion when a requirement provides that the auditor "shall consider" certain information or factors, and that consideration is significant in the context of the particular engagement.
- The basis for the auditor's conclusion on the reasonableness of areas of subjective judgments made by management, for example management's judgments in relation to the going concern

basis of accounting.[10]

- The basis for the auditor's evaluation of whether an accounting estimate and related disclosures are reasonable in the context of the applicable financial reporting framework, or are misstated.
- The basis for the auditor's conclusions about the authenticity of a document when further investigation (such as making appropriate use of an expert or of confirmation procedures) is undertaken in response to conditions identified during the audit that caused the auditor to believe that the document may not be authentic.
- When ISA 701 applies,[11] the auditor's determination of the key audit matters or the determination that there are no key audit matters to be communicated.

…

ISA 250 (REVISED), CONSIDERATION OF LAWS AND REGULATIONS IN AN AUDIT OF FINANCIAL STATEMENTS

…

Application and Other Explanatory Material

…

The Auditor's Consideration of Compliance with Laws and Regulations

…

Procedures to Identify Instances of Non-Compliance—Other Laws and Regulations (Ref: Para. 6 and 15)

A13. Certain other laws and regulations may need particular attention by the auditor because they have a fundamental effect on the operations of the entity (as described in paragraph 6(b)). Non-compliance with laws and regulations that have a fundamental effect on the operations of the entity may cause the entity to cease operations, or call into question the entity's ability to ~~continuance~~ continue as a going concern.[12] For example, non-compliance with the requirements of the entity's license or other entitlement to perform its operations could have such an impact (e.g., for a bank, non-compliance with capital or investment requirements). There are also many laws and regulations relating principally to the operating aspects of the entity that typically do not affect the financial statements and are not captured by the entity's information systems relevant to financial reporting.

…

ISA 260 (REVISED), COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

…

Application and Other Explanatory Material

[10] ISA 570 (Revised 202X), *Going Concern*

[11] ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

[12] See ISA 570 (Revised 202X), *Going Concern*

…

Matters to Be Communicated

…

Significant Findings from the Audit (Ref: Para. 16)

…

Significant Difficulties Encountered during the Audit (Ref: Para. 16(b))

A21. Significant difficulties encountered during the audit may include such matters as:

- Significant delays by management, the unavailability of entity personnel, or an unwillingness by management to provide information necessary for the auditor to perform the auditor's procedures.
- An unreasonably brief time within which to complete the audit.
- Extensive unexpected effort required to obtain sufficient appropriate audit evidence.
- The unavailability of expected information.
- Restrictions imposed on the auditor by management.
- Management's unwillingness to make or extend its assessment of the entity's ability to continue as a going concern when requested.[13]

In some circumstances, such difficulties may constitute a scope limitation that leads to a modification of the auditor's opinion. [14]

…

Circumstances that Affect the Form and Content of the Auditor's Report (Ref: Para 16(d))

…

A24. Circumstances in which the auditor is required or may otherwise consider it necessary to include additional information in the auditor's report in accordance with the ISAs, and for which communication with those charged with governance is required, include when, for example:

- The auditor expects to modify the opinion in the auditor's report in accordance with ISA 705 (Revised).[15]
- A material uncertainty related to going concern is reported in accordance with ISA 570 (Revised 202X).[16]
- Key audit matters are communicated in accordance with ISA 701.[17]

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[13] See ISA 570 (Revised 202X), *Going Concern*, paragraph 41(e)

[14] ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

[15] ISA 705 (Revised), paragraph 30

[16] ISA 570 (Revised 202X), *Going Concern*, paragraph 41(f) ~~25(d)~~

[17] ISA 701, paragraph 17

- The auditor considers it necessary to include an Emphasis of Matter paragraph or Other Matter paragraph in accordance with ISA 706 (Revised)[18] or is required to do so by other ISAs.
- The auditor has concluded that there is an uncorrected material misstatement of the other information in accordance with ISA 720 (Revised).[19]

In such circumstances, the auditor may consider it useful to provide those charged with governance with a draft of the auditor's report to facilitate a discussion of how such matters will be addressed in the auditor's report.

…

Appendix 1

(Ref: Para. 3)

Specific Requirements in ISQM 1 and Other ISAs that Refer to Communications with Those Charged With Governance

This appendix identifies paragraphs in ISQM 1[20] and other ISAs that require communication of specific matters with those charged with governance. The list is not a substitute for considering the requirements and related application and other explanatory material in ISAs.

- ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* – paragraph 34(e)
- ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* – paragraphs 22, 39(c)(i) and 41–43
- ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements* – paragraphs 15, 20 and 23–25
- ISA 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management* – paragraph 9
- ISA 450, *Evaluation of Misstatements Identified during the Audit* – paragraphs 12–13
- ISA 505, *External Confirmations* – paragraph 9
- ISA 510, *Initial Audit Engagements*—Opening Balances – paragraph 7
- ISA 540 (Revised*), Auditing Accounting Estimates and Related Disclosures* – paragraph 38
- ISA 550*, Related Parties* – paragraph 27
- ISA 560, *Subsequent Events* – paragraphs 7(b)–(c), 10(a), 13(b), 14(a) and 17
- ISA 570 (Revised 202X), *Going Concern* – paragraph 41~~25~~

[18] ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, paragraph 12

[19] ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information,* paragraph 18(a)

[20] ISQC 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

- ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)* – paragraph 57
- ISA 610 (Revised 2013), *Using the Work of Internal Auditors* – paragraphs 20 and 31
- ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements* – paragraph 46.
- ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report* – paragraph 17
- ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report* – paragraphs 12, 14, 23 and 30
- ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report* – paragraph 12
- ISA 710, *Comparative Information—Corresponding Figures and Comparative Financial Statements* – paragraph 18
- ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information* – paragraphs 17–19

…

ISA 315 (REVISED 2019), IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT

…

Application and Other Explanatory Material

…

Risk Assessment Procedures and Related Activities (Ref: Para. 13-18)

A11. The risks of material misstatement to be identified and assessed include both those due to fraud and those due to error, and both are covered by this ISA. However, the significance of fraud is such that further requirements and guidance are included in ISA 240 in relation to risk assessment procedures and related activities to obtain information that is used to identify and assess the risks of material misstatement due to fraud.[21] In addition, the following ISAs provide further requirements and guidance on identifying and assessing risks of material misstatement regarding specific matters or circumstances:

- ISA 540 (Revised) [22] in regard to accounting estimates;
- ISA 550 in regard to related party relationships and transactions;
- ISA 570 (Revised <u>202X</u>) [23] in regard to going concern; and
- ISA 600 (Revised)[24] in regard to group financial statements.

…

[21] ISA 240, paragraphs 12–27

[22] ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

[23] ISA 570 (Revised <u>202X</u>), *Going Concern*

[24] ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

Evaluating the control environment (Ref: Para 21(b))

…

Information obtained from outside of the general and subsidiary ledgers

A138. Financial statements may contain information that is obtained from outside of the general and subsidiary ledgers. Examples of such information that the auditor may consider include:

- Information obtained from lease agreements relevant to disclosures in the financial statements.
- Information disclosed in the financial statements that is produced by an entity's risk management system.
- Fair value information produced by management's experts and disclosed in the financial statements.
- Information disclosed in the financial statements that has been obtained from models, or from other calculations used to develop accounting estimates recognized or disclosed in the financial statements, including information relating to the underlying data and assumptions used in those models, such as:
  - Assumptions developed internally that may affect an asset's useful life; or
  - Data such as interest rates that are affected by factors outside the control of the entity.
- Information disclosed in the financial statements about sensitivity analyses derived from financial models that demonstrates that management has considered alternative assumptions.
- Information recognized or disclosed in the financial statements that has been obtained from an entity's tax returns and records.
- Information disclosed in the financial statements that has been obtained from analyses prepared to support management's assessment of the entity's ability to continue as a going concern, such as disclosures, if any, related to events or conditions that have been identified that may cast significant doubt on the entity's ability to continue as a going concern.[25]

…

Identifying and Assessing Risks of Material Misstatement at the Financial Statement Level

A195. Risks of material misstatement at the financial statement level refer to risks that relate pervasively to the financial statements as a whole, and potentially affect many assertions. Risks of this nature are not necessarily risks identifiable with specific assertions at the class of transactions, account balance or disclosure level (e.g., risk of management override of controls). Rather, they represent circumstances that may pervasively increase the risks of material misstatement at the assertion level. The auditor's valuation of whether risks identified relate pervasively to the financial statements supports the auditor's assessment of the risks of material misstatement at the financial statement level. In other cases, a number of assertions may also be identified as susceptible to the risk, and may therefore affect the auditor's risk identification and assessment of risks of material misstatement at the assertion level.

[25] ISA 570 (Revised 202X), paragraphs 33-34~~19-20~~

Example:

The entity faces operating losses and liquidity issues and is reliant on funding that has not yet been secured. In such a circumstance, the auditor may ~~determine~~ conclude that management's use of the going concern basis of accounting gives rise to a risk of material misstatement at the financial statement level. In this situation, the accounting framework may need to be applied using a liquidation basis, which would likely affect all assertions pervasively.

…

Appendix 1

(Ref: Para. A61-A67)

Considerations for Understanding the Entity and its Business Model

…

Objectives and Scope of an Entity's Business Model

…

4. A business risk may have an immediate consequence for the risk of material misstatement for classes of transactions, account balances, and disclosures at the assertion level or the financial statement level. For example, the business risk arising from a significant fall in real estate market values may increase the risk of material misstatement associated with the valuation assertion for a lender of medium-term real estate backed loans. However, the same risk, particularly in combination with a severe economic downturn that concurrently increases the underlying risk of lifetime credit losses on its loans, may also have a longer-term consequence. The resulting net exposure to credit losses may indicate an event or condition that may cast significant doubt on the entity's ability to continue as a going concern. If so, this could have implications for management's, and the auditor's, conclusion as to the appropriateness of the entity's use of the going concern basis of accounting, and ~~determination~~ conclusion as to whether a material uncertainty exists. Whether a business risk may result in a risk of material misstatement is, therefore, considered in light of the entity's circumstances. Examples of events and conditions that may give rise to the existence of risks of material misstatement are indicated in **Appendix 2.**

…

ISA 450, EVALUATION OF MISSTATEMENTS IDENTIFIED DURING THE AUDIT

…

Application and Other Explanatory Material

…

Evaluating the Effect of Uncorrected Misstatements (Ref: Para. 10–11)

…

A17. In addition, each individual misstatement of a qualitative disclosure is considered to evaluate its effect

on the relevant disclosure(s), as well as its overall effect on the financial statements as a whole. The determination of whether a misstatement(s) in a qualitative disclosure is material, in the context of the applicable financial reporting framework and the specific circumstances of the entity, is a matter that involves the exercise of professional judgment. Examples where such misstatements may be material include:

- Inaccurate or incomplete descriptions of information about the objectives, policies and processes for managing capital for entities with insurance and banking activities.
- The omission of information about the events or circumstances that have led to an impairment loss (e.g., a significant long-term decline in the demand for a metal or commodity) in an entity with mining operations.
- Inadequate disclosures about events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.[26]
- The incorrect description of an accounting policy relating to a significant item in the statement of financial position, the statement of comprehensive income, the statement of changes in equity or the statement of cash flows.
- The inadequate description of the sensitivity of an exchange rate in an entity that undertakes international trading activities.

…

ISA 500, AUDIT EVIDENCE

Introduction

Scope of this ISA

1. This International Standard on Auditing (ISA) explains what constitutes audit evidence in an audit of financial statements, and deals with the auditor's responsibility to design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion.
2. This ISA is applicable to all the audit evidence obtained during the course of the audit. Other ISAs deal with specific aspects of the audit (for example, ISA 315 (Revised) [27]), the audit evidence to be obtained in relation to a particular topic (for example, ISA 570 (Revised 202X) [28]), specific procedures to obtain audit evidence (for example, ISA 520[29]), and the evaluation of whether sufficient appropriate audit evidence has been obtained (ISA 200[30] and ISA 330[31]).

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[26] ISA 570 (Revised 202X), *Going Concern*, paragraph 33

[27] ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment*

[28] ISA 570 (Revised 202X), *Going Concern*

[29] ISA 520, *Analytical Procedures*

[30] ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

[31] ISA 330, *The Auditor's Responses to Assessed Risks*

…

ISA 510, INITIAL AUDIT ENGAGEMENTS – OPENING BALANCES

…

Application and Other Explanatory Material

…

Appendix

(Ref: Para A8)

Illustrations of Auditors' Reports with Modified Opinions

Note: Throughout these illustrative auditor's reports, the Opinion section has been positioned first in accordance with ISA 700 (Revised), and the Basis for Opinion section is positioned immediately after the Opinion section. Also, the first and last sentence that was included in the extant auditor's responsibilities section is now subsumed as part of the new Basis for Opinion section.

Illustration 1:

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised)[32] does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised <u>202X</u>).[33]**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements[34]

Qualified Opinion

…

Basis for Qualified Opinion

---

32 ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

33 ISA 570 (Revised <u>202X</u>), *Going Concern*

34 The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Other Matter

…

Illustration 2:

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**

…

Independent Auditor's Report

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements[35]

Opinions

…

Basis for Opinions, Including Basis for Qualified Opinion on the Financial Performance and Cash Flows

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

[35] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

…

Other Matter

…

ISA 540 (REVISED), AUDITING ACCOUNTING ESTIMATES AND RELATED DISCLOSURES

…

Application and Other Explanatory Material

…

Identifying and Assessing the Risks of Material Misstatement (Ref: Para. 4, 16)

…

Estimation Uncertainty (Ref: Para. 16(a))

…

A75. In some cases, the estimation uncertainty relating to an accounting estimate may affect the auditor's professional judgment as to whether a material uncertainty exists related to events or conditions that may cast significant doubt about the entity's ability to continue as a going concern. ISA 570 (Revised 202X)[36] establishes requirements and provides guidance in such circumstances.

…

Indicators of Possible Management Bias (Ref: Para. 32)

…

A135. Indicators of possible management bias may affect the auditor's conclusion as to whether the auditor's risk assessment and related responses remain appropriate. The auditor may also need to consider the implications for other aspects of the audit,[37] including the need to further question the appropriateness of management's judgments in making accounting estimates. Further, indicators of possible management bias may affect the auditor's conclusion as to whether the financial statements as a whole are free from material misstatement, as discussed in ISA 700 (Revised).[38]

…

ISA 560, SUBSEQUENT EVENTS

…

Application and Other Explanatory Material

…

[36] ISA 570, (Revised 202X), *Going Concern*

[37] ISA 570 (Revised 202X), paragraphs A56-A59

[38] ISA 700 (Revised), paragraph 11

Events Occurring between the Date of the Financial Statements and the Date of the Auditor's Report (Ref: Para. 6–9)

…

Inquiry (Ref: Para. 7(b))

A9. In inquiring of management and, where appropriate, those charged with governance, as to whether any subsequent events have occurred that might affect the financial statements, the auditor may inquire as to the current status of items that were accounted for on the basis of preliminary or inconclusive data and may make specific inquiries about the following matters:

- Whether new commitments, borrowings or guarantees have been entered into.
- Whether sales or acquisitions of assets have occurred or are planned.
- Whether there have been increases in capital or issuance of debt instruments, such as the issue of new shares or debentures, or an agreement to merge or liquidate has been made or is planned.
- Whether any assets have been appropriated by government or destroyed, for example, by fire or flood.
- Whether there have been any developments regarding contingencies.
- Whether any unusual accounting adjustments have been made or are contemplated.
- Whether any events have occurred or are likely to occur that will bring into question the appropriateness of accounting policies used in the financial statements, as would be the case, for example, if such events call into question the appropriateness of management's use of the ~~validity of the~~ going concern basis of accounting in the preparation of the financial statements ~~assumption~~.
- Whether any events have occurred that are relevant to the measurement of estimates or provisions made in the financial statements.
- Whether any events have occurred that are relevant to the recoverability of assets.

…

ISA 580, WRITTEN REPRESENTATION

…

Appendix 1

(Ref: Para 2)

List of ISAs Containing Requirements for Written Representations

This appendix identifies paragraphs in other ISAs that require subject-matter specific written representations. The list is not a substitute for considering the requirements and related application and other explanatory material in ISAs.

- ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* – paragraph 40
- ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements* – paragraph 17
- ISA 450, *Evaluation of Misstatements Identified during the Audit* – paragraph 14
- ISA 501, *Audit Evidence—Specific Considerations for Selected Items* – paragraph 12
- ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures* – paragraph 37
- ISA 550, *Related Parties* – paragraph 26
- ISA 560, *Subsequent Events* – paragraph 9
- ISA 570 (Revised 202X), *Going Concern* – paragraph 40~~16(c)~~
- ISA 710, *Comparative Information—Corresponding Figures and Comparative Financial Statements* – paragraph 9
- ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information* – paragraph 13(c)

…

Appendix 2

(Ref: Para A21)

Illustrative Representation Letter

The following illustrative letter includes written representations that are required by this and other ISAs. It is assumed in this illustration that the applicable financial reporting framework is International Financial Reporting Standards; the requirement of ISA 570 (Revised 202X)[39] to obtain a written representation is not relevant; and that there are no exceptions to the requested written representations. If there were exceptions, the representations would need to be modified to reflect the exceptions.

…

ISA 600 (REVISED), SPECIAL CONSIDERATIONS—AUDITS OF GROUP FINANCIAL STATEMENTS (INCLUDING THE WORK OF COMPONENT AUDITORS)

…

Requirements

…

Understanding the Group and its Environment, the Applicable Financial Reporting Framework and the Group's System of Internal Control

…

[39] ISA 570 (Revised 202X), *Going Concern*

Considerations When Component Auditors Are Involved

31. The group auditor shall communicate to component auditors on a timely basis: (Ref: Para. A106)

    (a) Matters that the group auditor determines to be relevant to the component auditor's design or performance of risk assessment procedures for the purposes of the group audit;

    (b) In applying ISA 550,[40] related party relationships or transactions identified by group management, and any other relayed parties of which the group auditor is aware, that are relevant to the work of the component auditor; and (Ref: Para. A107)

    (c) In applying ISA 570 (Revised 202X),[41] events or conditions identified by group management or the group auditor, that may cast significant doubt on the group's ability to continue as a going concern that are relevant to the work of the component auditor.

…

Appendix 1

(Ref: Para. A42)

Illustration of Independent Auditor's Report Where the Group Auditor Is Not Able to Obtain Sufficient Appropriate Audit Evidence on Which to Base the Group Audit Opinion

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of consolidated financial statements of an entity other than a listed entity using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA 600 (Revised) applies).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701.[42]**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

[40] ISA 550, *Related Parties,* paragraph 17

[41] ISA 570 (Revised 202X), *Going Concern*

[42] ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

Report on the Audit of the Consolidated Financial Statements[43]

Qualified Opinion

…

Basis for Qualified Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

…

Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

…

ISA 610 (REVISED 2013), USING THE WORK OF INTERNAL AUDITORS

…

Application and Other Explanatory Material

…

Determining the Nature and Extent of Work of the Internal Audit Function that Can Be Used

Factors Affecting the Determination of the Nature and Extent of the Work of the Internal Audit Function that Can Be Used (Ref: Para. 17–19)

…

Judgments in planning and performing audit procedures and evaluating results (Ref: Para. 18(a), 30(a))

…

A19. Since the external auditor has sole responsibility for the audit opinion expressed, the external auditor needs to make the significant judgments in the audit engagement in accordance with paragraph 18. Significant judgments include the following:

- Assessing the risks of material misstatement;
- Evaluating the sufficiency of tests performed;

[43] The sub-title "Report on the Audit of the Consolidated Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

- Evaluating the appropriateness of management's use of the going concern ~~assumption~~ basis of accounting;
- Evaluating significant accounting estimates; and
- Evaluating the adequacy of disclosures in the financial statements, and other matters affecting the auditor's report.

…

ISA 700 (REVISED), FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS

…

Requirements

…

Auditor's Report

…

Auditor's Report for Audits Conducted in Accordance with International Standards on Auditing

…

Going Concern

29. ~~Where applicable, t~~The auditor shall report in accordance with ISA 570 (Revised 202X).[44]

…

Responsibilities for the Financial Statements

…

34. This section of the auditor's report shall describe management's responsibility for: (Ref: Para. A45–A48)
    (a) Preparing the financial statements in accordance with the applicable financial reporting framework, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
    (b) Assessing the entity's ability to continue as a going concern[45] and whether the use of the going concern basis of accounting is appropriate as well as disclosing, if applicable, matters relating to going concern. The explanation of management's responsibility for this assessment shall include a description of when the use of the going concern basis of accounting is appropriate. (Ref: Para. A48)

---

[44] ISA 570 (Revised 202X), *Going Concern,* paragraphs 35-39~~21-23~~

[45] ISA 570 (Revised 202X), paragraph 2

…

Auditor's Report Prescribed by Law or Regulation

50. If the auditor is required by law or regulation of a specific jurisdiction to use a specific layout, or wording of the auditor's report, the auditor's report shall refer to International Standards on Auditing only if the auditor's report includes, at a minimum, each of the following elements: (Ref: Para. A70–A71)

    (a) A title.

    (b) An addressee, as required by the circumstances of the engagement.

    (c) An Opinion section containing an expression of opinion on the financial statements and a reference to the applicable financial reporting framework used to prepare the financial statements (including identifying the jurisdiction of origin of the financial reporting framework that is not International Financial Reporting Standards or International Public Sector Accounting Standards, see paragraph 27).

    (d) An identification of the entity's financial statements that have been audited.

    (e) A statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the IESBA Code.

    (f) ~~Where applicable, a~~A section that addresses, and is not inconsistent with, the reporting requirements in paragraphs 35–36 and 37(c)~~22~~ of ISA 570 (Revised 202X).

    (g) Where applicable, a Basis for Qualified (~~or~~ Adverse) Opinion section that addresses, and is not inconsistent with, the reporting requirements in paragraph 37(b)~~23~~ of ISA 570 (Revised 202X).

    (h) Where applicable, a section that includes the information required by ISA 701, or additional information about the audit that is prescribed by law or regulation and that addresses, and is not inconsistent with, the reporting requirements in that ISA. [46] (Ref: Para. A72–A75)

    (i) Where applicable, a section that addresses the reporting requirements in paragraph 24 of ISA 720 (Revised).

    (j) A description of management's responsibilities for the preparation of the financial statements and an identification of those responsible for the oversight of the financial reporting process that addresses, and is not inconsistent with, the requirements in paragraphs 33–36.

    (k) A reference to International Standards on Auditing and the law or regulation, and a description of the auditor's responsibilities for an audit of the financial statements that addresses, and is not inconsistent with, the requirements in paragraphs 37–40. (Ref: Para. A50–A53)

    (l) For audits of complete sets of general purpose financial statements of listed entities, the name of the engagement partner unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat.

    (m) The auditor's signature.

[46] ISA 701, paragraphs 11-16

(n) The auditor's address.

(o) The date of the auditor's report.

…

Appendix

(Ref: Para A19)

Illustrations of Independent Auditor's Reports on Financial Statements

…

Illustration 1 – Auditor's Report on Financial Statements of a Listed Entity Prepared in Accordance with a Fair Presentation Framework

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **Key Audit Matters have been communicated in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements[47]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a

[47] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Key Audit Matters

…

Illustration 2 – Auditor's Report on Consolidated Financial Statements of a Listed Entity Prepared in Accordance with a Fair Presentation Framework

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of consolidated financial statements of a listed entity using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA 600 (Revised) applies).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **Key Audit Matters have been communicated in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Consolidated Financial Statements[48]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

…

[48] The sub-title "Report on the Audit of the Consolidated Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

Key Audit Matters

…

Illustration 3 – Auditor's Report on Financial Statements of an Entity Other than a Listed Entity Prepared in Accordance with a Fair Presentation Framework

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **The auditor is not required, and has not otherwise decided, to communicate key audit matters in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

…

Illustration 4 – Auditor's Report on Financial Statements of an Entity Other than a Listed Entity Prepared in Accordance with a General Purpose Compliance Framework

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity required by law or regulation. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **The auditor is not required, and has not otherwise decided, to communicate key audit matters in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

…

ISA 701, COMMUNICATING KEY AUDIT MATTERS IN THE INDEPENDENT AUDITOR'S REPORT

Introduction

Scope of this ISA

…

4. Communicating key audit matters in the auditor's report is in the context of the auditor having formed an opinion on the financial statements as a whole. Communicating key audit matters in the auditor's report is not:

(a) A substitute for disclosures in the financial statements that the applicable financial reporting framework requires management to make, or that are otherwise necessary to achieve fair presentation;

(b) A substitute for the auditor expressing a modified opinion when required by the circumstances of a specific audit engagement in accordance with ISA 705 (Revised); [49]

(c) A substitute for reporting in accordance with ISA 570 (Revised 202X);[50] ~~when a material uncertainty exists relating to events or conditions that may cast significant doubt on an entity's ability to continue as a going concern;~~

(d) A separate opinion on individual matters. (Ref: Para. A5-A8)

…

Requirements

…

Communicating Key Audit Matters

…

Interaction between Descriptions of Key Audit Matters and Other Elements Required to Be Included in the Auditor's Report

15. A matter giving rise to a modified opinion in accordance with ISA 705 (Revised), or a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ISA 570 (Revised 202X), are by their nature key audit matters. However, in such circumstances, these matters shall not be described in the Key Audit Matters section of the auditor's report and the requirements in paragraphs 13–14 do not apply. Rather, the auditor shall:

    (a) Report on these matter(s) in accordance with the applicable ISA(s); and

    (b) Include a reference to the Basis for Qualified (Adverse) Opinion or the Material Uncertainty Related to Going Concern section(s) in the Key Audit Matters section. (Ref: Para. A6–A7)

…

Application and Other Explanatory Material

Scope of this ISA (Ref: Para. 2)

…

Communicating Key Audit Matters

…

Reference to Where the Matter is Disclosed in the Financial Statements (Ref: Para. 13)

---

[49] ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

[50] ISA 570 (Revised 202X), *Going Concern*, paragraphs 35-3~~97~~22-23

…

A41. In addition to referring to related disclosure(s), the auditor may draw attention to key aspects of them. The extent of disclosure by management about specific aspects or factors in relation to how a particular matter is affecting the financial statements of the current period may help the auditor in pinpointing particular aspects of how the matter was addressed in the audit such that intended users can understand why the matter is a key audit matter. For example~~: W~~when an entity includes robust disclosure about accounting estimates, the auditor may draw attention to the disclosure of key assumptions, the disclosure of the range of possible outcomes, and other qualitative and quantitative disclosures relating to key sources of estimation uncertainty or critical accounting estimates, as part of addressing why the matter was one of most significance in the audit and how the matter was addressed in the audit.

- ~~When the auditor concludes in accordance with ISA 570 (Revised) that no material uncertainty exists relating to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, the auditor may nevertheless determine that one or more matters relating to this conclusion arising from the auditor's work effort under ISA 570 (Revised) are key audit matters. In such circumstances, the auditor's description of such key audit matters in the auditor's report could include aspects of the identified events or conditions disclosed in the financial statements, such as substantial operating losses, available borrowing facilities and possible debt refinancing, or non-compliance with loan agreements, and related mitigating factors.[51]~~

…

ISA 705 (REVISED), MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR'S REPORT

…

Requirements

…

Form and Content of the Auditor's Report When the Opinion Is Modified

Auditor's Opinion

…

Disclaimer of Opinion

19. When the auditor disclaims an opinion due to an inability to obtain sufficient appropriate audit evidence, the auditor shall:

    (a) State that the auditor does not express an opinion on the accompanying financial statements;

    (b) State that, because of the significance of the matter(s) described in the Basis for Disclaimer of Opinion section, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements; and

~~[51] See paragraph A3 of ISA 570 (Revised).~~

(c) Amend the statement required by paragraph 24(b) of ISA 700 (Revised), which indicates that the financial statements have been audited, to state that the auditor was engaged to audit the financial statements.

(d) State that~~,~~ the auditor is unable to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

…

Considerations When the Auditor Disclaims an Opinion on the Financial Statements

29. Unless required by law or regulation, when the auditor disclaims an opinion on the financial statements, the auditor's report shall not include a section on:

(a) ~~a~~ Key Audit Matters ~~section~~ in accordance with ISA 701;[52]

(b) Going Concern in accordance with ISA 570 (Revised 202X); [53]

(c) Material Uncertainty Related to Going Concern in accordance with ISA 570 (Revised 202X); [54] and

(d) ~~An~~ Other Information ~~section~~ in accordance with ISA 720 (Revised).~~[55]~~[56] (Ref: Para. A26)

…

Application and Other Explanatory Material

…

Form and Content of the Auditor's Report When the Opinion Is Modified

Illustrative Auditor's Reports (Ref: Para. 16)

A17. Illustrations 1 and 2 in the Appendix contain auditor's reports with qualified and adverse opinions, respectively, as the financial statements are materially misstated.

A18. Illustration 3 in the Appendix contains an auditor's report with a qualified opinion as the auditor is unable to obtain sufficient appropriate audit evidence. Illustration 4 contains a disclaimer of opinion due to an inability to obtain sufficient appropriate audit evidence about a single element of the financial statements. Illustration 5 contains a disclaimer of opinion due to an inability to obtain sufficient appropriate audit evidence about multiple elements of the financial statements. In each of the latter two cases, the possible effects on the financial statements of the inability are both material and pervasive. The Appendices to other ISAs that include reporting requirements, including ISA 570 (Revised 202X),~~[57]~~ also include illustrations of auditor's reports with modified opinions.

---

[52] ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, paragraphs 11–13

[53] ISA 570 (Revised 202X), *Going Concern*, paragraph 35

[54] ISA 570 (Revised 202X), *Going Concern*, paragraphs 36–37

~~[55] ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, paragraphs 11–13~~

[56] ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*, paragraph A54

~~[57] ISA 570 (Revised), *Going Concern*~~

…

Considerations When the Auditor Disclaims an Opinion on the Financial Statements (Ref: Para. 29)

A26. Providing the reasons for the auditor's inability to obtain sufficient appropriate audit evidence within the Basis for Disclaimer of Opinion section of the auditor's report provides useful information to users in understanding why the auditor has disclaimed an opinion on the financial statements and may further guard against inappropriate reliance on them. However, communication of any key audit matters other than the matter(s) giving rise to the disclaimer of opinion may suggest that the financial statements as a whole are more credible in relation to those matters than would be appropriate in the circumstances, and would be inconsistent with the disclaimer of opinion on the financial statements as a whole. Similarly, it would not be appropriate to include an Other Information section in accordance with ISA 720 (Revised) addressing the auditor's consideration of the consistency of the other information with the financial statements. Accordingly, paragraph 29 of this ISA prohibits ~~a Key Audit Matters section or an Other Information~~ certain sections from being included in the auditor's report when the auditor disclaims an opinion on the financial statements, unless the auditor is otherwise required by law or regulation to communicate key audit matters or to report on other information.

…

Appendix

(Ref: Para A17-A18, A25)

Illustrations of Independent Auditor's Reports with Modifications to the Opinion

…

Illustration 1 – Qualified Opinion due to a Material Misstatement of the Financial Statements

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised)[58] does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not ~~exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **Key audit matters have been communicated in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

[58] ISA 600 (Revised), Special Considerations—*Audits of Group Financial Statements (Including the Work of Component Auditors)*

Report on the Audit of Financial Statements[59]

Qualified Opinion

…

Basis for Qualified Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Other Information [or other title if appropriate such as "Information Other that the Financial Statements and Auditor's Report Thereon"]

…

Key Audit Matters

…

Illustration 2 – Adverse Opinion due to a Material Misstatement of the Consolidated Financial Statements

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of a listed entity using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA 600 (Revised) applies).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **ISA 701 applies; however, the auditor has determined that there are no key audit matters other than the matter described in the Basis for Adverse Opinion section.**

…

[59] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Consolidated Financial Statements[60]

Adverse Opinion

…

Basis for Adverse Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

…

Other Information [or other title if appropriate such as "Information Other that the Financial Statements and Auditor's Report Thereon"]

…

Key Audit Matters

…

Illustration 3 – Qualified Opinion due to the Auditor's Inability to Obtain Sufficient Audit Evidence Regarding a Foreign Associate

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of a listed entity using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA 600 (Revised) applies).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **Key audit matters have been communicated in accordance with ISA 701.**

…

[60] The sub-title "Report on the Audit of the Consolidated Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Consolidated Financial Statements[61]

Qualified Opinion

…

Basis for Qualified Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

…

Other Information [or other title if appropriate such as "Information Other that the Financial Statements and Auditor's Report Thereon"]

…

Key Audit Matters

…

Illustration 4 – Disclaimer of Opinion due to the Auditor's Inability to Obtain Sufficient Appropriate Audit Evidence about a Single Element of the Consolidated Financial Statements

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of consolidated financial statements of an entity other than a listed entity using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA 600 (Revised) applies).**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Consolidated Financial Statements[62]

[61] The sub-title "Report on the Audit of the Consolidated Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

[62] The sub-title "Report on the Audit of the Consolidated Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

Disclaimer of Opinion

…

Basis for Disclaimer of Opinion

The Group's investment in its joint venture XYZ Company is carried at xxx on the Group's consolidated statement of financial position, which represents over 90% of the Group's net assets as at December 31, 20X1. We were not allowed access to the management and the auditors of XYZ Company, including XYZ Company's auditors' audit documentation. As a result, we were unable to determine whether any adjustments were necessary in respect of the Group's proportional share of XYZ Company's assets that it controls jointly, its proportional share of XYZ Company's liabilities for which it is jointly responsible, its proportional share of XYZ's income and expenses for the year, and the elements making up the consolidated statement of changes in equity and the consolidated cash flow statement.

We are unable to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

…

Illustration 5 – Disclaimer of Opinion due to the Auditor's Inability to Obtain Sufficient Appropriate Audit Evidence about Multiple Elements of the Financial Statements

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised), does not apply).**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements[63]

Disclaimer of Opinion

…

Basis for Disclaimer of Opinion

We were not appointed as auditors of the Company until after December 31, 20X1 and thus did not observe the counting of physical inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at December 31, 20X0 and 20X1,

[63] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

which are stated in the statements of financial position at xxx and xxx, respectively. In addition, the introduction of a new computerized accounts receivable system in September 20X1 resulted in numerous errors in accounts receivable. As of the date of our report, management was still in the process of rectifying the system deficiencies and correcting the errors. We were unable to confirm or verify by alternative means accounts receivable included in the statement of financial position at a total amount of xxx as at December 31, 20X1. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories and accounts receivable, and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

We are unable to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

ISA 706 (REVISED), EMPHASIS OF MATTER PARAGRAPHS AND OTHER MATTER PARAGRAPHS IN THE INDEPENDENT AUDITOR'S REPORT

Introduction

Scope of this ISA

…

3. ISA 570 (Revised 202X)[64] and ISA 720 (Revised)[65] establishes requirements and provides guidance about communication in the auditor's report relating to going concern and other information respectively.

…

Application and Other Explanatory Material

…

Circumstances in Which an Emphasis of Matter Paragraph May Be Necessary (Ref: Para. 4, 8)

…

A5. Examples of circumstances where the auditor may consider it necessary to include an Emphasis of Matter paragraph are:

- An uncertainty relating to the future outcome of exceptional litigation or regulatory action, that is not an event or condition that may cast significant doubt on the entity's ability to continue as a going concern.

[64] ISA 570 (Revised 202X), *Going Concern*

[65] ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

- A significant subsequent event that occurs between the date of the financial statements and the date of the auditor's report.[66]
- Early application (where permitted) of a new accounting standard that has a material effect on the financial statements.
- A major catastrophe that has had, or continues to have, a significant effect on the entity's financial position.

…

Including an Emphasis of Matter Paragraph in the Auditor's Report (Ref: Para. 9)

…

A7. The inclusion of an Emphasis of Matter paragraph in the auditor's report does not affect the auditor's opinion. An Emphasis of Matter paragraph is not a substitute for:

(a) A modified opinion in accordance with ISA 705 (Revised) when required by the circumstances of a specific audit engagement;

(b) Disclosures in the financial statements that the applicable financial reporting framework requires management to make, or that are otherwise necessary to achieve fair presentation; or

(c) Reporting in accordance with ISA 570 (Revised 202X).[67] ~~when a material uncertainty exists relating to events or conditions that may cast significant doubt on an entity's ability to continue as a going concern.~~

…

Placement of Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Auditor's Report (Ref: Para. 9, 11)

A16. The placement of an Emphasis of Matter paragraph or Other Matter paragraph in the auditor's report depends on the nature of the information to be communicated, and the auditor's judgment as to the relative significance of such information to intended users compared to other elements required to be reported in accordance with ISA 700 (Revised). For example:

Emphasis of Matter Paragraphs

- When the Emphasis of Matter paragraph relates to the applicable financial reporting framework, including circumstances where the auditor determines that the financial reporting framework prescribed by law or regulation would otherwise be unacceptable,[68] the auditor may consider it necessary to place the paragraph immediately following the ~~Basis for Opinion~~ Going Concern or Material Uncertainty Related to Going Concern section to provide appropriate context to the auditor's opinion.

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66 ISA 560, paragraph 6

67 ISA 570 (Revised 202X), Going Concern, paragraphs 35-39 ~~22-23~~

68 For example, as required by ISA 210, *Agreeing the Terms of Audit Engagements*, paragraph 19 and ISA 800 (Revised), *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*, paragraph 14

- When a Key Audit Matters section is presented in the auditor's report, an Emphasis of Matter paragraph may be presented either directly before or after the Key Audit Matters section, based on the auditor's judgment as to the relative significance of the information included in the Emphasis of Matter paragraph. The auditor may also add further context to the heading "Emphasis of Matter", such as "Emphasis of Matter – Subsequent Event", to differentiate the Emphasis of Matter paragraph from the individual matters described in the Key Audit Matters section.

Other Matter Paragraphs

…

Appendix 3

(Ref: Para A17)

Illustration of an Independent Auditor's Report that Includes a Key Audit Matters Section, an Emphasis of Matter Paragraph, and an Other Matter Paragraph

…

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised)[69] does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised <u>202X</u>).**

…

- **Key audit matters have been communicated in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of Financial Statements[70]

Opinion

…

[69] ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

[70] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Emphasis of Matter[71]

…

Key Audit Matters

…

Other Matter

…

Appendix 4

(Ref: Para A8)

Illustration of an Independent Auditor's Report Containing a Qualified Opinion Due to a Departure from the Applicable Financial Reporting Framework and that Includes an Emphasis of Matter Paragraph

…

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**

…

[71] As noted in paragraph A16, an Emphasis of Matter paragraph may be presented either directly before or after the Key Audit Matter section based on the auditor's judgement as to the relative significance of the information included in the Emphasis of Matter paragraph.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of Financial Statements[72]

Qualified Opinion

…

Basis for Qualified Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Emphasis of Matter – Effects of a Fire

…

ISA 710, COMPARATIVE INFORMATION—CORRESPONDING FIGURES AND COMPARATIVE FINANCIAL STATEMENTS

…

Appendix

(Ref: Para A5, A7, A10)

Illustrations of Independent Auditors' Reports

…

Illustration 1 – Corresponding Figures

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised)[73] does not apply).**

[72] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

[73] ISA 600 (Revised), Special Considerations—*Audits of Group Financial Statements (Including the Work of Component Auditors)*

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).[74]**
- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of Financial Statements[75]

Qualified Opinion

…

Basis for Qualified Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Responsibilities of Management and Those Charged with Governance for the Financial Statements[76]

…

Illustration 2 – Corresponding Figures

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

[74] ISA 570 (Revised 202X), *Going Concern*

[75] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

[76] Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction.

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of Financial Statements[77]

Qualified Opinion

…

Basis for Qualified Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Responsibilities of Management and Those Charged with Governance for the Financial Statements[78]

…

Illustration 3 – Corresponding Figures

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**

[77] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

[78] Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction.

- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of Financial Statements[79]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Other Matter

…

Illustration 4 – Comparative Financial Statements

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701.**

…

[79] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of Financial Statements[80]

Qualified Opinion

…

Basis for Qualified Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Responsibilities of Management and Those Charged with Governance for the Financial Statements[81]

…

ISA 720 (REVISED), THE AUDITOR'S RESPONSIBILITIES RELATING TO OTHER INFORMATION

…

Application and Other Explanatory Material

…

Reading and Considering the Other Information (Ref: Para. 14-15)

…

Considering Whether There Is a Material Inconsistency between the Other Information and the Auditor's Knowledge Obtained in the Audit (Ref: Para. 14(b))

…

A32. The auditor's knowledge obtained in the audit may also include matters that are prospective in nature. Such matters may include, for example, business prospects and future cash flows that the auditor considered when evaluating the assumptions used by management in performing impairment tests

[80] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

[81] Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction.

on intangible assets such as goodwill, or when evaluating management's assessment of the entity's ability to continue as a going concern.[82]

…

Appendix 2

(Ref: Para. 21-22, A53)

Illustration of Independent Auditor's Reports Relating to Other Information

…

Illustration 1 – An auditor's report of any entity, whether listed or other than listed, containing an unmodified opinion when the auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement of the other information.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of any entity, whether listed or other than listed, using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised)[83] does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X). [84]**
- **Key audit matters have been communicated in accordance with ISA 701. [85]**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of Financial Statements[86]

Opinion

…

Basis for Opinion

[82] ISA 570 (Revised 202X), *Going Concern*

[83] ISA 600 (Revised), Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)

[84] ISA 570 (Revised 202X), *Going Concern*

[85] ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report.* The Kay Audit Matters section is required for listed entities only.

[86] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Key Audit Matters[87]

…

Illustration 2 – An auditor's report of a listed entity containing an unmodified opinion when the auditor has obtained part of the other information prior to the date of the auditor's report, has not identified a material misstatement of the other information, and expects to obtain other information after the date of the auditor's report.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of a listed entity, using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **Key Audit Matters have been communicated in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of Financial Statements[88]

Opinion

…

Basis for Opinion

…

[87] The Kay Audit Matters section is required for listed entities only.

[88] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Key Audit Matters

…

Illustration 3 – An auditor's report of an entity other than a listed entity containing an unmodified opinion when the auditor has obtained part of the other information prior to the date of the auditor's report, has not identified a material misstatement of the other information, and expects to obtain other information after the date of the auditor's report.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity, using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Other Information [or other title if appropriate such as "Information Other that the Financial Statements and Auditor's Report Thereon"]

…

Illustration 4 – An auditor's report of a listed entity containing an unmodified opinion when the auditor has obtained no other information prior to the date of the auditor's report but expects to obtain other information after the date of the auditor's report.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of a listed entity, using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **Key audit matters have been communicated in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of Financial Statements[89]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Key Audit Matters

[89] The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

…

Illustration 5 – An auditor's report of any entity, whether listed or other than listed, containing an unmodified opinion when the auditor has obtained all of the other information prior to the date of the auditor's report and has concluded that a material misstatement of the other information exists.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of any entity, whether listed or other than listed, using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **Key audit matters have been communicated in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

…

Other Information [or other title if appropriate such as "Information Other that the Financial Statements and Auditor's Report Thereon"]

…

Illustration 6 – An auditor's report of any entity, whether listed or other than listed, containing an qualified opinion when the auditor has obtained all of the other information prior to the date of the auditor's report and there is a limitation of scope with respect to a material item in the consolidated financial statements which also affects the other information.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of consolidated financial statements of any entity, whether listed or other than listed, using a fair presentation framework. The audit is a group audit (i.e., ISA 600 (Revised) applies).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised <u>202X</u>).**
- **Key audit matters have been communicated in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Qualified Opinion

…

Basis for Qualified Opinion

…

<u>Going Concern</u>

<u>We have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.</u>

…

Other Information [or other title if appropriate such as "Information Other that the Financial Statements and Auditor's Report Thereon"]

…

<u>Illustration 7 – An auditor's report of any entity, whether listed or other than listed, containing an adverse opinion when the auditor has obtained all of the other information prior to the date of the auditor's report and the adverse opinion on the consolidated financial statements also affects the other information.</u>

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of consolidated financial statements of any entity, whether listed or other than listed, using a fair presentation framework. The audit is a group audit (i.e., ISA 600 (Revised) applies).**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**
- **Key audit matters have been communicated in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Adverse Opinion

…

Basis for Adverse Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

…

Other Information [or other title if appropriate such as "Information Other that the Financial Statements and Auditor's Report Thereon"]

…

ISA 800 (REVISED), SPECIAL CONSIDERATIONS—AUDITS OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH SPECIAL PURPOSE FRAMEWORKS

…

Application and Other Explanatory Material

…

Forming an Opinion and Reporting Considerations (Ref: Para. 11)

A13. The Appendix to this ISA contains illustrations of independent auditor's reports on special purpose financial statements. Other illustrations of auditor's reports may be relevant to reporting on special

purpose financial statements (see for example, the Appendices to ISA 700 (Revised), ISA 705 (Revised),[90] ISA 570 (Revised 202X),[91] ISA 720 (Revised),[92] and ISA 706 (Revised)).[93]

Application of ISA 700 (Revised) When Reporting on Special Purpose Financial Statements

…

Going Concern

A15. Special purpose financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis of accounting is relevant (e.g., the going concern basis of accounting is not relevant for some financial statements prepared on a tax basis in particular jurisdictions).[94] Depending on the applicable financial reporting framework used in the preparation of the special purpose financial statements, the description in the auditor's report of management's responsibilities[95] relating to going concern may need to be adapted as necessary. The description in the auditor's report of the auditor's responsibilities[96] may also need to be adapted as necessary depending on how ISA 570 (Revised 202X) applies in the circumstances of the engagement.

…

Appendix

(Ref: Para. A14)

Illustrations of Independent Auditor's Reports on Special Purpose Financial Statements

…

Illustration 1: An auditor's report on a complete set of financial statements of an entity other than a listed entity prepared in accordance with the financial reporting provisions of a contract (for purposes of this illustration, a compliance framework).

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **The financial statements have been prepared by management of the entity in accordance with the financial reporting provisions of a contract (that is, a special purpose framework). Management does not have a choice of financial reporting frameworks.**

…

[90] ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

[91] ISA 570 (Revised 202X), *Going Concern*

[92] ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

[93] ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

[94] ISA 570 (Revised 202X), paragraph 2

[95] See ISA 700 (Revised), paragraphs 34(b) and A48.

[96] See ISA 700 (Revised), paragraph 39(b)(iv).

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**

…

- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Emphasis of Matter~~s~~ – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note X to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company in complying with the financial reporting provisions of the contract referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and DEF Company and should not be distributed to or used by parties other than the Company or DEF Company. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements[97]

…

Illustration 2: An auditor's report on a complete set of financial statements of an entity other than a listed entity prepared in accordance with the tax basis of accounting in Jurisdiction X (for purposes of this illustration, a compliance framework).

For purposes of this illustrative auditor's report, the following circumstances are assumed:

[97] Throughout these illustrative auditor's reports, the terms management and those charged with governance may need to be replaced by another term that is appropriate in the context of the legal framework in the particular jurisdiction.

- **Audit of a complete set of financial statements that have been prepared by management of a partnership in accordance with the tax basis of accounting in Jurisdiction X (that is, a special purpose framework) to assist partners in preparing their individual income tax return. Management does not have a choice of financial reporting frameworks.**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X).**

…

- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Opinion

…

Basis for Opinion

…

Going Concern

We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Emphasis of Matter~~s~~ – Basis of Accounting and Restriction on Distribution

We draw attention to Note X to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the partners of the Partnership in preparing their individual income tax returns. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Partnership and its partners and should not be distributed to parties other than the Partnership or its partners. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements[98]

…

[98] Or other terms that are appropriate in the context of the legal framework in the particular jurisdiction

Illustration 3: An auditor's report on a complete set of financial statements of a listed entity prepared in accordance with the financial reporting provisions established by a regulator (for purposes of this illustration, a fair presentation framework).

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of a listed entity that have been prepared by management of the entity in accordance with the financial reporting provisions established by a regulator (that is, a special purpose framework) to meet the requirements of that regulator. Management does not have a choice of financial reporting frameworks.**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty exists ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X). The disclosure of the material uncertainty in the financial statements is adequate.**

…

- **The auditor is required by the regulator to communicate key audit matters in accordance with ISA 701.**

…

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Opinion

…

Basis for Opinion

…

Material Uncertainty Related to Going Concern

We have concluded that managements' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. However, ~~W~~we draw attention to Note ~~6~~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 YYY. As stated in Note ~~6~~X, these events or conditions, along with other matters as set forth in Note ~~6~~X, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

[Description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern in accordance with ISA 570 (Revised 202X).]

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of Accounting

We draw attention to Note Y~~X~~ to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company to meet the requirements of Regulator DEF. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section above, we have determined the matters described below to be key audit matters to be communicated in our report.

[Description of each key audit matter in accordance with ISA 701 as applied to this audit.]

Other Matter

…

ISA 805 (REVISED), SPECIAL CONSIDERATIONS—AUDITS OF SINGLE FINANCIAL STATEMENTS AND SPECIFIC ELEMENTS, ACCOUNTS OR ITEMS OF A FINANCIAL STATEMENT

…

Requirements

…

Forming an Opinion and Reporting Considerations

…

Reporting on the Entity's Complete Set of Financial Statements and on a Single Financial Statement or on a Specific Element of Those Financial Statements

…

14. If the auditor's report on an entity's complete set of financial statements includes:

    (a) A modified opinion in accordance with ISA 705 (Revised); [99]

    (b) An Emphasis of Matter paragraph or an Other Matter paragraph in accordance with ISA 706 (Revised); [100]

[99] ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

[100] ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

(c) A Material Uncertainty Related to Going Concern section in accordance with ISA 570 (Revised 202X); [101]

(d) Communication of key audit matters in accordance with ISA 701; [102] or

(e) A statement that describes an uncorrected material misstatement of the other information in accordance with ISA 720 (Revised); [103]

the auditor shall consider the implications, if any, that these matters have for the audit of the single financial statement or of the specific element of a financial statement and for the auditor's report thereon. (Ref: Para. A23–A27)

…

Application and Other Explanatory Material

…

Considerations When Accepting the Engagement

Application of ISAs (Ref: Para. 7)

…

A6. Compliance with the requirements of ISAs relevant to the audit of a single financial statement or of a specific element of a financial statement may not be practicable when the auditor is not also engaged to audit the entity's complete set of financial statements. In such cases, the auditor often does not have the same understanding of the entity and its environment, including its internal control, as an auditor who also audits the entity's complete set of financial statements. The auditor also does not have the audit evidence about the general quality of the accounting records or other accounting information that would be acquired in an audit of the entity's complete set of financial statements. Accordingly, the auditor may need further evidence to corroborate audit evidence acquired from the accounting records. In the case of an audit of a specific element of a financial statement, certain ISAs require audit work that may be disproportionate to the element being audited. For example, although the requirements of ISA 570 (Revised 202X) are likely to be relevant in the circumstances of an audit of a schedule of accounts receivable, complying with those requirements may not be practicable because of the audit effort required. If the auditor concludes that an audit of a single financial statement or of a specific element of a financial statement in accordance with ISAs may not be practicable, the auditor may discuss with management whether another type of engagement might be more practicable.

…

Considerations When Planning and Performing the Audit (Ref: Para. 10)

A10. The relevance of each of the ISAs requires careful consideration. Even when only a specific element

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101 ISA 570 (Revised 202X), *Going Concern*, paragraphs 36-3722

102 ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, paragraph 13

103 ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information,* paragraph 22(e)(ii)

of a financial statement is the subject of the audit, ISAs such as ISA 240,[104] ISA 550[105] and ISA 570 (Revised 202X) are, in principle, relevant. This is because the element could be misstated as a result of fraud, the effect of related party transactions, or the incorrect application of the going concern basis of accounting under the applicable financial reporting framework.

…

Forming an Opinion and Reporting Considerations (Ref: Para. 11)

…

A17. Appendix 2 contains illustrations of independent auditor's reports on a single financial statement and on a specific element of a financial statement. Other illustrations of auditor's reports may be relevant to reporting on a single financial statement or on a specific element of a financial statement (see, for example, the Appendices to ISA 700 (Revised), ISA 705 (Revised), ISA 570 (Revised 202X), ISA 720 (Revised), and ISA 706 (Revised)).

Application of ISA 700 (Revised) When Reporting on a Single Financial Statement or on a Specific Element of a Financial Statement

…

Going Concern

A19. Depending on the applicable financial reporting framework used in the preparation of the single financial statement or the specific element of a financial statement, the description in the auditor's report of management's responsibilities[106] relating to going concern may need to be adapted as necessary. The description in the auditor's report of the auditor's responsibilities[107] may also need to be adapted as necessary depending on how ISA 570 (Revised 202X) applies in the circumstances of the engagement.

…

Appendix 2

(Ref: Para. A17)

Illustrations of Independent Auditor's Reports on a Single Financial Statement and on a Specific Element of a Financial Statement

…

Illustration 1: An auditor's report on a single financial statement of an entity other than a listed entity prepared in accordance with a general purpose framework (for purposes of this illustration, a fair presentation framework).

[104] ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

[105] ISA 550, *Related Parties*

[106] See ISA 700 (Revised), paragraphs 34(b) and A48.

[107] See ISA 700 (Revised), paragraphs 39(b)(iv).

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a balance sheet (that is, a single financial statement) of an entity other than a listed entity.**

…

- **The applicable financial reporting framework is a fair presentation framework designed to meet the common financial information needs of a wide range of users.**

…

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty exists ~~related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern~~ in accordance with ISA 570 (Revised 202X). The disclosure of the material uncertainty in the single financial statement is adequate.**
- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701 in the context of the audit of the balance sheet.**

…

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Opinion

…

Basis for Opinion

…

Material Uncertainty Related to Going Concern

We have concluded that managements' use of the going concern basis of accounting in the preparation of the financial statement~~s~~ is appropriate. However, ~~W~~we draw attention to Note ~~6~~X in the financial statement, 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 YYY. As stated in Note ~~6~~X, these events or conditions, along with other matters as set forth in Note ~~6~~X, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statement[108]

…

[108] Throughout these illustrative auditor's reports, the terms management and those charged with governance may need to be replaced by another term that is appropriate in the context of the legal framework in the particular jurisdiction.

Illustration 2: An auditor's report on a single financial statement of an entity other than a listed entity prepared in accordance with a general ~~receipts~~ purpose framework.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a statement of cash and disbursements (that is, a single financial statement) of an entity other than a listed entity.**

…

- **The applicable financial reporting framework is a fair presentation framework designed to meet the financial information needs of specific users.** [109]

…

- **The going concern basis of accounting is not relevant in the preparation of the statement of cash and disbursements.** ~~**Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ISA 570 (Revised 202X).**~~
- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701 in the context of the audit of the statement of cash receipts and disbursements.**

…

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Opinion

…

Basis for Opinion

…

~~**Going Concern**~~

~~We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.~~

Emphasis of Matter – Basis of Accounting

We draw attention to Note X to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company to meet the requirements of Regulator DEF. As a

[109] ISA 800 (Revised) contains requirements and guidance on the form and content of financial statements prepared in accordance with a special purpose framework.

result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statement[110]

Management is responsible for preparation and fair presentation of the financial statement in accordance with the cash receipts and disbursements basis of accounting described in Note X; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

~~In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.~~

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 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 this financial statement.

Paragraph 41(b) of ISA 700 (Revised) explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) of ISA 700 (Revised) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 Company's internal control.[111]

[110] Or other terms that are appropriate in the context of the legal framework in the particular jurisdiction.

[111] This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the schedule.

- ~~Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.~~
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

…

Illustration 3: An auditor's report on a specific element of a financial statement of a listed entity prepared in accordance with a special purpose framework.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of an accounts receivable schedule (that is, element, account or item of a financial statement).**

…

- **The applicable financial reporting framework is a compliance framework designed to meet the financial information needs of specific users.** [112]

…

- **The going concern basis of accounting is not relevant in the preparation of the accounts receivable schedule.** ~~**Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ISA 570 (Revised 202X)**~~**.**
- **The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701 in the context of the audit of the statement of cash receipts and disbursements.**

…

[112] ISA 800 (Revised) contains requirements and guidance on the form and content of financial statements prepared in accordance with a special purpose framework.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Opinion

…

Basis for Opinion

…

~~**Going Concern**~~

~~We have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.~~

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note x to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Company to meet the requirements of Regulator DEF. As a result, the schedule may not be suitable for another purpose. Our report is intended solely for the Company and Regulator DEF and should not be distributed to parties other than the Company or Regulator DEF. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule[113]

Management is responsible for the preparation of the schedule in accordance with [describe the financial reporting provisions established by the regulator], and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

~~In preparing the schedule, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.~~

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule is 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 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 this schedule.

[113] Or other terms that are appropriate in the context of the legal framework in the particular jurisdiction.

Paragraph 41(b) of ISA 700 (Revised) explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) of ISA 700 (Revised) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedule, 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 Company's internal control. [114]
- ~~Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.~~
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

…

ISA 810 (REVISED), ENGAGEMENTS TO REPORT ON SUMMARY FINANCIAL STATEMENTS

…

[114] This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the schedule.

Requirements

…

Auditor's Report on Summary Financial Statements

…

Reference to the Auditor's Report on the Audited Financial Statements (Ref: Para. A23)

19. When the auditor's report on the audited financial statements includes:

    (a) A qualified opinion in accordance with ISA 705 (Revised); [115]

    (b) An Emphasis of Matter paragraph or an Other Matter paragraph in accordance with ISA 706 (Revised); [116]

    (c) A Material Uncertainty Related to Going Concern section in accordance with ISA 570 (Revised 202X); [117]

    (d) A Going Concern section in accordance with ISA 570 (Revised 202X) if events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern but, based on the audit evidence obtained, the auditor concludes that no material uncertainty exists;[118]

    (e) Communication of key audit matters in accordance with ISA 701;[119] or

    (f) A statement that describes an uncorrected material misstatement of the other information in accordance with ISA 720 (Revised); [120]

    and the auditor is satisfied that the summary financial statements are consistent, in all material respects, with or are a fair summary of the audited financial statements, in accordance with the applied criteria, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 16:

    (i) State that the auditor's report on the audited financial statements includes a qualified opinion, an Emphasis of Matter paragraph, an Other Matter paragraph, a *Going Concern* section or a *Material Uncertainty Related to Going Concern* section, communication of key audit matters, or a statement that describes an uncorrected material misstatement of the other information; and (Ref: Para. A21)

    (ii) Describe: (Ref: Para. A22)

        a. The basis for the qualified opinion on the audited financial statements and the effect thereof, if any, on the summary financial statements;

---

115 ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

116 ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

117 ISA 570 (Revised 202X), ~~*Going Concern,*~~ paragraphs 36-37~~22~~

118 ISA 570 (Revised 202X), paragraph 35(b)

119 ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

120 ISA 720 (Revised), *The Auditor's Responsibilities Related to Other Information*

b. The matter referred to in the Emphasis of Matter paragraph, the Other Matter paragraph, the *Going Concern* section or the *Material Uncertainty Related to Going Concern* section in the auditor's report on the audited financial statements and the effect(s) thereof, if any, on the summary financial statements;

c. The uncorrected material misstatement of the other information and the effect(s) thereof, if any, on the information included in a document containing the summary financial statements and the auditor's report thereon. (Ref: Para. A15)

…

Appendix

(Ref: Para. A23)

Illustrations of Independent Auditor's Reports on Summary Financial Statements

- Illustration 1: An auditor's report on summary financial statements prepared in accordance with established criteria. An unmodified opinion is expressed on the audited financial statements. The auditor's report on the summary financial statements is dated later than the date of the auditor's report on the financial statements from which summary financial statements are derived. The auditor's report on the audited financial statements includes *a Material Uncertainty Related to Going Concern* section and communication of other key audit matters.

…

Illustration 1:

Circumstances include the following:

- **An unmodified opinion is expressed on the audited financial statements of a listed entity.**
- **…**
- **The auditor's report on the audited financial statements includes a *Material Uncertainty Related to Going Concern* section.**
- **The auditor's report on the audited financial statements includes communication of other key audit matters.**[121]

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

Opinion

…

[121] As explained in paragraph 15 of ISA 701, a material uncertainty related to going concern is, by its nature, a key audit matter but is required to be reported in a separate section of the auditor's report in accordance with paragraphs 36-37~~22~~ of ISA 570 (Revised 202X).

Summary Financial Statements

…

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated February 15, 20X2. That report also includes:

- A *Material Uncertainty Related to Going Concern* section that:
  - States that we have concluded that managements' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. However, we draw~~s~~ attention to Note ~~6~~X in the audited financial statements. Note ~~6~~X of the audited financial statements indicates that ABC Company incurred a net loss of ZZZ during the year ended December 31, 20X1 and, as of that date, ABC Company's current liabilities exceeded its total assets by YYY. These events or conditions, along with other matters as set forth in Note ~~6~~X of the audited financial statements, indicate that a material uncertainty exists that may cast significant doubt on ABC Company's ability to continue as a going concern. These matters are addressed in Note ~~5~~Y of the summary financial statements.[~~122~~]
- The communication of other [123] key audit matters. [Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.] [124]

…

IAPN 1000, SPECIAL CONSIDERATIONS IN AUDITING FINANCIAL INSTRUMENTS

…

Appendix

(Ref: Para. A14)

Examples of Controls Relating to Financial Instruments

…

17. Financial instruments may have the associated risk that a loss might exceed the amount, if any, of the value of the financial instrument recognized on the balance sheet. For example, a sudden fall in the market price of a commodity may force an entity to realize losses to close a forward position in that commodity due to collateral, or margin, requirements. In some cases, the potential losses may ~~be enough to~~ indicate an event or condition that may cast significant doubt on the entity's ability to continue as a going concern. The entity may perform sensitivity analyses or value-at-risk analyses to

[122] The auditor may include additional description about how the auditor evaluated management's assessment of the entity's ability to continue as a going concern, in accordance with paragraph 36(d) of ISA 570 (Revised 202X)

[123] In the circumstances where there is no material uncertainty related to going concern, inclusion of the word "other" in the statement for the communication of key audit matters would not be necessary.

[124] The auditor may include additional explanation about key audit matters considered helpful to users of the auditor's report on the summary financial statements.

assess the future hypothetical effects on financial instruments subject to market risks. However, value-at-risk analysis does not fully reflect the extent of the risks that may affect the entity; sensitivity and scenario analyses also may be subject to limitations.