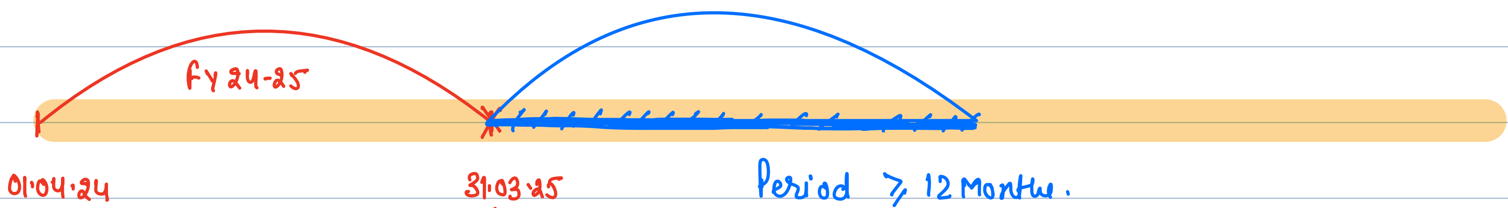
Chapter - 6 "Completion and Review"

(1) SA - 560

(2) SA - 580

(3) SA - 570 - "Going Concern"



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Reporting date.

Period ≥ 12 Months.
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- Judgements - about uncertain future outcomes (financial, operational and other)
- Considerations : Degree of uncertainity
  Size and complexity
  Nature and conditions
  Other Info.

MNGT / TCWG

↓

Identify - Event / condition - Cast significant doubt on entity ability to continue as a G.C.

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Mngt. → Mitigating factors / Plan / Cash flow forecast

(i) Auditor's Procedures for Evaluation of G.C. Basis of Accounting :

(A) Risk Assessment Procedures :

I. Consider whether events or conditions* exist that cast significant doubt on entity ability to continue as G.C.

* Financial / operational / other.

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II. Determine whether Mngt. has already performed preliminary assessment of Entity ability to continue as G.C.

Mngt. already performed preliminary assessment

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- Discuss assessment with Mngt.
- Determine whether Mngt. has identified any Event / condition that may cast significant doubt on Entity ability to continue as G.C.
- Ask for Mngt. plans to address such events / conditions

Preliminary assessment not done by mngt.

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- Discuss with mngt. - basis for intended use of G.C.
- Inquire whether any Event or condition exist that may cast sig. doubt on entity ability to continue as a G.C.

III. Remain alert throughout the audit for evidences of Events / condition that cast sig. doubt on entity ability to continue as a G.C.

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(B) Auditor's Responses in specific cases:

I. Period selected by Management < 12 Months:

- Request management to re-assess G.C. assumption for ≥ 12 Months.
- If Mngt. refuses to re-assess on extended period

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Consider its effect over the audit and audit opinion.

(NTE of Audit Procedures)

Imp.

II. Auditor identify the Event / condition that cast significant doubt on Entity ability to continue as G.C.:

Perform Additional procedures as specified below:

(a) Discuss with Mngt./TCWG, future plans and evaluating the viability of these plans.

(b) Evaluating the Cash flow forecast and

(i) reliability of data used to prepare the forecast;

(ii) determining whether there is adequate support for the assumption underlying the forecast.

(c) Obtain a WR from Mngt/TCWG as to future plans and feasibility of these plans.

(d) Request mngt. to re-assess the G.C. Basis, considering the Events and Condition identified by the auditor.

(e) Review the mitigating factors discussed with management.

(f) Study the minutes of meetings to find out the solutions discussed to overcome the problem of G.C.

(g) Inquire the status of pending litigations in the Court or other authorities

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(C) Conclusion and Reporting:

(i) G.C. Appropriate - No Material uncertainity Exist: Unmodified Opinion

(ii) G.C. Appropriate - Material uncertainity Exist:

Determine whether F.S.

(a) Adequately describe the events that may cast sig. doubts on entity ability to continue as a G.C; and Mngt. plans to deal with these events.

(b) Disclose clearly that there is a material uncertainity related to Going Concern.

Appropriate disclosures given in the f.s. of Events that cast Sig. doubt.

✓ Unmodified opinion

+

✓ Separate Section in audit report is to be included titled as "Material Uncertainity relating to Going Concern" to draw attention to note in the f.s. that discloses the matter; and State that Event Indicate material uncertainity exist and auditor's opinion is not modified in this matter.

Disclosures not given

or

Disclosures given are not complete

Issue Modified opinion (Adverse/ Qualified opinion)

and

In the Basis for Modified opinion State that material uncertainity exist that may cast sig. doubt on entity ability to continue as a G.C. and f.s. do not (adequately) disclose this matter.

(ii) G.C. Inappropriate: Issue Adverse opinion.

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