

## Subsequent Events— Draft International Standard on Auditing 560 (Revised)

**MARKED FROM EXTANT ISA**

(Effective for audits of financial statements for periods beginning on or after December 15, 2009)

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International Standard on Auditing (ISA) 560 (Revised), *Subsequent Events* should be read in conjunction with ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*.

## **FOLLOWING ARE EXTRACTS FROM ISA 560:**

### **Requirements**

#### **Facts Which Become Known to the Auditor after the Date of the Auditor's Report but before the Date the Financial Statements Are Issued**

10. The auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor's report. However, if, after the date of the auditor's report but before the date the financial statements are issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report, the auditor shall: (Ref: Para. A11-~~A11a~~)
  - (a) Discuss the matter with management and, where appropriate, those charged with governance;
  - (b) Determine whether the financial statements need amendment and, if so,
  - (c) Inquire how management intends to address the matter in the financial statements.

...

#### **Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued**

14. After the financial statements have been issued, the auditor has no obligation to perform any audit procedures regarding such financial statements. However, if, after the financial statements have been issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report, the auditor shall: (Ref: Para. A16a)
  - (a) Discuss the matter with management and, where appropriate, those charged with governance;
  - (a) Determine whether the financial statements need amendment; and, if so,
  - (b) Inquire how management intends to address the matter in the financial statements.

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### **Application and Other Explanatory Material**

#### **Facts Which Become Known to the Auditor after the Date of the Auditor's Report but before the Date the Financial Statements Are Issued**

*Management Responsibility towards Auditor* (Ref: Para. 10)

- A11. As explained in ISA 210, the terms of the audit engagement include 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.<sup>1</sup>

*The Auditor's Responsibilities Relating to Other Information (Ref: Para. 10)*

A11a. As specified in paragraph 10 of this ISA, the auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor's report. However, as a result of the auditor's procedures under ISA 720 (Revised), the auditor may identify a subsequent event in the circumstances where the auditor obtains other information from the entity after the date of the auditor's report but before the date the financial statements are issued.

**Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued**

*The Auditor's Responsibilities Relating to Other Information (Ref: Para. 14)*

A16a. As specified in paragraph 14 of this ISA, the auditor has no obligation to perform any audit procedures regarding the financial statements after they have been issued. However, as a result of the auditor's procedures under ISA 720 (Revised), the auditor may identify a subsequent event in the rare circumstances where the auditor obtains other information from the entity after the date the financial statements have been issued.

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<sup>1</sup> ISA 210, *Agreeing the Terms of Audit Engagements*, paragraph A23