Management's Responsibilities

Requirement

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;

    ~~(b)~~ Assessing the entity's ability to continue as a going concern ~~in the context of the applicable financial reporting framework,[1] including~~ and whether the use of the going concern basis of accounting is appropriate, as well as disclosing matters related 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~~; and~~. (Ref: Para. 48)

    ~~(c) Disclosing [in the financial statements] a material uncertainty of which management becomes aware, relating to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. (Ref: Para. A48)~~

A48. The Appendix to this ISA provides illustrations of how the requirement in paragraphs 34(b)~~–(c)~~ would be applied when IFRSs is the applicable financial reporting framework. If an applicable financial reporting framework other than IFRSs is used, the illustrative statements featured in the Appendix to this ISA may need to be adapted to reflect the application of the other financial reporting framework in the circumstances.

~~[1] Proposed ISA 570 (Revised), paragraph 2~~

Responsibilities of Management and Those Charged with Governance for the Financial Statements[2]

Management is responsible for~~:~~

~~T~~ the~~ir~~ preparation and fair presentation of the financial statements in accordance with IFRSs,[3] and for

~~S~~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.

As part of the preparation of the financial statements, management is responsible for ~~A~~assessing~~ing~~ the Company's ability to continue as a going concern, and whether the use of the going concern basis of accounting is appropriate, as well as disclosing matters related to going concern.~~, including whether the use of the going concern basis of accounting is appropriate.~~ The use of the going concern basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

2 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. ~~For example, those charged with governance, rather than management, may have these responsibilities.~~

3 Where management's responsibility is to prepare financial statements that give a true and fair view, this may read: "~~Management is responsible for t~~The preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards~~, and for such …~~."

Auditor's Responsibilities

Requirement

Auditor's Responsibilities for the Audit of the Financial Statements

39. The "Auditor's Responsibilities for the Audit of the Financial Statements" section of the auditor's report shall further:

…

(a) Describe an audit by stating that the auditor's responsibilities are:

…

(iv) To conclude on the appropriateness of [management's] use of the going concern basis of accounting in the preparation of the financial statements~~financial reporting~~. The auditor also concludes, based on the audit evidence obtained, 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. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on information available to us at the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

…

Conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events ~~and~~ or conditions that may cast significant doubt on the ~~entity's~~ Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in ~~the~~ our auditor's report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on information available to us at the date of the auditor's report. However, future events or conditions may cause ~~an entity~~the Company to cease to continue as a going concern.

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. A68–A69)

……

(f) Where applicable, a section that addresses, and is not inconsistent with, ~~includes information~~the reporting requirements~~d~~ ~~by~~ in paragraph 22 of proposed ISA 570 (Revised).~~, or additional information about a material uncertainty that is required by law and regulation and that is not inconsistent with the reporting requirements in that paragraph.~~