INTRODUCTION
Scope of this SA
1. This Standard on Auditing (SA) deals with the auditor’s responsibility in the audit of financial statements with respect to management’s use of the going concern assumption in the preparation and presentation of the financial statements.

Going Concern Assumption
2. Under the going concern assumption, an entity is viewed as continuing in business for the foreseeable future. General purpose financial statements are prepared on a going concern basis, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Special purpose financial statements¹ may or may not be prepared in accordance with a financial reporting framework² for which the going concern basis is relevant. When the use of the going concern assumption is appropriate, assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business. (Ref: Para. A1)

¹ Financial Statements prepared and presented in accordance with a financial reporting framework designed to meet the financial information needs of specific users are referred to as special purpose financial statements. Examples of special purpose financial statements include:
   (i) financial statements which are prepared in addition to general purpose financial statements;
   (ii) financial statements prepared in compliance with requirements of any agreement or statute or regulation; or
   (iii) financial information given in special purpose formats or schedules.

² ISA 200, “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing” defines the term, ‘Applicable financial reporting framework’ as follows:
   “The financial reporting framework adopted by management and, where appropriate, those charged with governance in the preparation and presentation of the financial statements that is acceptable in view of the nature of the entity and the objectives of the financial statements, or that is required by law or regulation.
   The term “fair presentation framework” is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and:
      (i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or
      (ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial statements. Such departures are expected to be necessary only in extremely rare circumstances.
   The term “compliance framework” is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain acknowledgements in (i) or (ii) above.”
Responsibilities of Management

3. Some financial reporting frameworks contain an explicit requirement for management to make a specific assessment of the entity’s ability to continue as a going concern, and standards regarding matters to be considered and disclosures to be made in connection with going concern. The financial reporting framework may require the management to make an assessment of the entity’s ability to continue as a going concern and prepare the financial statements on a going concern basis unless the management intends to liquidate the entity or cease operations, or has no realistic alternative but to do so. In case the financial statements have not been prepared on a going concern basis, the fact would need to be appropriately disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern. The detailed requirements regarding management’s responsibility to assess the entity’s ability to continue as a going concern and related financial statement disclosures may also be set out in law or regulation.

4. In other financial reporting frameworks, there may be no explicit requirement for management to make a specific assessment of the entity’s ability to continue as a going concern. Nevertheless, since the going concern assumption is a fundamental principle in the preparation of financial statements as discussed in paragraph 2, management’s responsibility for the preparation and presentation of the financial statements includes a responsibility to assess the entity’s ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so.

5. Management’s assessment of the entity’s ability to continue as a going concern involves making a judgment, at a particular point in time, about inherently uncertain future outcomes of events or conditions. The following factors are relevant to that judgment:

- The degree of uncertainty associated with the outcome of an event or condition increases significantly the further into the future an event or condition or the outcome occurs. For that reason, financial reporting frameworks normally require an explicit
management assessment specify the period for which management is required to take into account all available information.

- The size and complexity of the entity, the nature and condition of its business and the degree to which it is affected by external factors affect the judgment regarding the outcome of events or conditions.
- Any judgment about the future is based on information available at the time at which the judgment is made. Subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made.

**Responsibilities of the Auditor**

6. The auditor’s responsibility is to obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern. This responsibility exists even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity’s ability to continue as a going concern.

7. However, as described in SA 200, the potential effects of inherent limitations on the auditor’s ability to detect material misstatements are greater for future events or conditions that may cause an entity to cease to continue as a going concern. The auditor cannot predict such future events or conditions. Accordingly, the absence of any reference to going concern uncertainty in an auditor’s report cannot be viewed as a guarantee as to the entity’s ability to continue as a going concern.

**Effective Date**

8. This SA is effective for audits of financial statements for periods beginning on or after April 1, 2009.

**Objectives**

9. The objectives of the auditor are:

(a) To obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements;

(b) To conclude, 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; and

(c) To determine the implications for the auditor’s report.

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4 See footnote no. 2.
Requirements

Risk Assessment Procedures and Related Activities

10. When performing risk assessment procedures as required by SA 315, the auditor shall consider whether there are events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. In so doing, the auditor shall determine whether management has already performed a preliminary assessment of the entity’s ability to continue as a going concern, and: (Ref: Para. A2-A5)

(a) If such an assessment has been performed, the auditor shall discuss the assessment with management and determine whether management has identified events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern and, if so, management’s plans to address them; or

(b) If such an assessment has not yet been performed, the auditor shall discuss with management the basis for the intended use of the going concern assumption, and inquire of management whether events or conditions exist that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern.

11. The auditor shall remain alert throughout the audit for audit evidence of events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. (Ref: Para. A6)

Evaluating Management’s Assessment

12. The auditor shall evaluate management’s assessment of the entity’s ability to continue as a going concern. (Ref: Para. A7-A9; A11-A12)

13. In evaluating management’s assessment of the entity’s ability to continue as a going concern, the auditor shall cover the same period as that used by management to make its assessment as required by the applicable financial reporting framework, or by law or regulation if it specifies a longer period. If management’s assessment of the entity’s ability to continue as a going concern covers less than twelve months from the date of the financial statements as defined in SA 560, the auditor shall request management to extend its assessment period to at least twelve months from that date. (Ref: Para. A10-A12)

14. In evaluating management’s assessment, the auditor shall consider whether management’s assessment includes all relevant information of which the auditor is aware as a result of the audit.

Period Beyond Management’s Assessment

15. The auditor shall inquire of management as to its knowledge of events or conditions

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Beyond the period of management’s assessment that may cast significant doubt on the entity’s ability to continue as a going concern. (Ref: Para. A13-A14)

**Additional Audit Procedures When Events or Conditions Are Identified**

16. When events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not a material uncertainty exists through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include: (Ref: Para. A15)

   (a) When management has not yet performed an assessment of the entity’s ability to continue as a going concern, requesting management to make its assessment.

   (b) Evaluating management’s plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management’s plans are feasible in the circumstances. (Ref: Para. A16)

   (c) When the entity has prepared a cash flow forecast, and analysis of the forecast is a significant factor in considering the future outcome of events or conditions in the evaluation of management’s plans for future action: (Ref: Para. A17-A18)

      (i) Evaluating the reliability of the underlying data generated to prepare the forecast; and

      (ii) Determining whether there is adequate support for the assumptions underlying the forecast.

   (d) Considering whether any additional facts or information have become available since the date on which management made its assessment.

   (e) Requesting written representations from management and, where appropriate, those charged with governance, regarding their plans for future action and the feasibility of these plans. 7

**Audit Conclusions and Reporting**

17. Based on the audit evidence obtained, the auditor shall conclude whether, in the auditor’s judgment, a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern. A material uncertainty exists when the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor’s judgment, appropriate disclosure of the nature and implications of the uncertainty is necessary for:

   (a) In the case of a fair presentation financial reporting framework, the fair presentation of the financial statements, or

   (b) In the case of a compliance framework, the financial statements not to be misleading. (Ref: Para. A19)

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7 These changes have been made pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), "Agreeing the Terms of Audit Engagements", which is effective for all audits of financial statements for periods beginning on or after April 1, 2010.
Use of Going Concern Assumption Appropriate but a Material Uncertainty Exists

18. When the auditor concludes that the use of the going concern assumption is appropriate in the circumstances but a material uncertainty exists, the auditor shall determine whether the financial statements:
   (a) Adequately describe the principal events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and management’s plans to deal with these events or conditions; and
   (b) Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. \(\text{(Ref: Para. A20)}\)

19. If adequate disclosure is made in the financial statements, the auditor shall express an unmodified opinion and include an Emphasis of Matter paragraph in the auditor’s report to:
   (a) Highlight the existence of a material uncertainty relating to the event or condition that may cast significant doubt on the entity’s ability to continue as a going concern; and to
   (b) Draw attention to the note in the financial statements that discloses the matters set out in paragraph 18. \(\text{(See SA 706)}\) \(\text{(Ref: Para. A21-A22)}\)

20. If adequate disclosure is not made in the financial statements, the auditor shall express a qualified or adverse opinion, as appropriate \(\text{(See SA 705)}\). The auditor shall state in the auditor’s report that there is a material uncertainty that may cast significant doubt about the entity’s ability to continue as a going concern. \(\text{(Ref: Para. A23-A24)}\)

Use of Going Concern Assumption Inappropriate

21. If the financial statements have been prepared on a going concern basis but, in the auditor’s judgment, management’s use of the going concern assumption in the financial statements is inappropriate, the auditor shall express an adverse opinion. \(\text{(Ref: Para. A25-A26)}\)

Management Unwilling to Make or Extend Its Assessment

22. If management is unwilling to make or extend its assessment when requested to do so by the auditor, the auditor shall consider the implications for the auditor’s report. \(\text{(Ref: Para. A27)}\)

Communication with Those Charged with Governance

23. Unless all those charged with governance are involved in managing the entity, the auditor shall communicate with those charged with governance events or conditions identified

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\(9\) See footnote no. 10.
that may cast significant doubt on the entity’s ability to continue as a going concern. Such
communication with those charged with governance shall include the following:

(a) Whether the events or conditions constitute a material uncertainty;
(b) Whether the use of the going concern assumption is appropriate in the preparation and
presentation of the financial statements; and
(c) The adequacy of related disclosures in the financial statements.

**Significant Delay in the Approval of Financial Statements**

24. When there is significant delay in the approval of the financial statements by
management or those charged with governance after the date of the financial statements, the
auditor shall inquire as to the reasons for the delay. When the auditor believes that the delay
could be related to events or conditions relating to the going concern assessment, the auditor
shall perform those additional audit procedures necessary, as described in paragraph 16, as
well as consider the effect on the auditor’s conclusion regarding the existence of a material
uncertainty, as described in paragraph 17.

**Application and Other Explanatory Material**

**Introduction**

**Going Concern Assumption** (Ref: Para. 2)

A1. In some enterprises, for example, those where the funding arrangements are guaranteed
by the Central Government, going concern risks may arise, but are not limited to, situations
where such type of entities operate on a for-profit basis, where government support may be
reduced or withdrawn, or in the case of privatisation. Events or conditions that may cast
significant doubt on an entity’s ability to continue as a going concern may include situations
where such type of entity lacks funding for its continued existence or when policy decisions
are made that affect the services provided by such an entity.

**Risk Assessment Procedures and Related Activities**

**Events or Conditions That May Cast Doubt about Going Concern Assumption** (Ref: Para.
10)

A2. The following are examples of events or conditions that, individually or collectively, may
cast significant doubt about the going concern assumption. This listing is not all-inclusive nor
does the existence of one or more of the items always signify that a material uncertainty
exists.

**Financial**

- Net liability or net current liability position.
- Fixed-term borrowings approaching maturity without realistic prospects of renewal or
  repayment; or excessive reliance on short-term borrowings to finance long-term assets.
- Indications of withdrawal of financial support by creditors.
- Negative operating cash flows indicated by historical or prospective financial statements.
Adverse key financial ratios.
Substantial operating losses or significant deterioration in the value of assets used to generate cash flows.
Arrears or discontinuance of dividends.
Inability to pay creditors on due dates.
Inability to comply with the terms of loan agreements.
Change from credit to cash-on-delivery transactions with suppliers.
Inability to obtain financing for essential new product development or other essential investments.

**Operating**
- Management intentions to liquidate the entity or to cease operations.
- Loss of key management without replacement.
- Loss of a major market, key customer(s), franchise, license, or principal supplier(s).
- Labour difficulties.
- Shortages of important supplies.
- Emergence of a highly successful competitor.

**Other**
- Non-compliance with capital or other statutory requirements.
- Pending legal or regulatory proceedings against the entity that may, if successful, result in claims that the entity is unlikely to be able to satisfy.
- Changes in law or regulation or government policy expected to adversely affect the entity.
- Uninsured or underinsured catastrophes when they occur.

The significance of such events or conditions often can be mitigated by other factors. For example, the effect of an entity being unable to make its normal debt repayments may be counter-balanced by management’s plans to maintain adequate cash flows by alternative means, such as by disposing of assets, rescheduling loan repayments, or obtaining additional capital. Similarly, the loss of a principal supplier may be mitigated by the availability of a suitable alternative source of supply.

A3. The risk assessment procedures required by paragraph 10 help the auditor to determine whether management’s use of the going concern assumption is likely to be an important issue and its impact on planning the audit. These procedures also allow for more timely discussions with management, including a discussion of management’s plans and resolution of any identified going concern issues.

**Considerations Specific to Smaller Entities**

A4. The size of an entity may affect its ability to withstand adverse conditions. Small entities may be able to respond quickly to exploit opportunities, but may lack reserves to sustain operations.

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A5. Conditions of particular relevance to small entities include the risk that banks and other lenders may cease to support the entity, as well as the possible loss of a principal supplier, major customer, key employee, or the right to operate under a license, franchise or other legal agreement.

**Remaining Alert throughout the Audit for Audit Evidence about Events or Conditions** (Ref: Para. 11)

A6. SA 315 requires the auditor to revise the auditor’s risk assessment and modify the further planned audit procedures accordingly when additional audit evidence is obtained during the course of the audit that affects the auditor’s assessment of risk.\(^{10}\) If events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern are identified after the auditor’s risk assessments are made, in addition to performing the procedures in paragraph 16, the auditor’s assessment of the risks of material misstatement may need to be revised. The existence of such events or conditions may also affect the nature, timing and extent of the auditor’s further procedures in response to the assessed risks. SA 330\(^ {11} \) establishes requirements and provides guidance on this issue.

**Evaluating Management’s Assessment**

**Management’s Assessment and Supporting Analysis and the Auditor’s Evaluation** (Ref: Para. 12)

A7. Management’s assessment of the entity’s ability to continue as a going concern is a key part of the auditor’s consideration of management’s use of the going concern assumption.

A8. It is not the auditor’s responsibility to rectify the lack of analysis by management. In some circumstances, however, the lack of detailed analysis by management to support its assessment may not prevent the auditor from concluding whether management’s use of the going concern assumption is appropriate in the circumstances. For example, when there is a history of profitable operations and a ready access to financial resources, management may make its assessment without detailed analysis. In this case, the auditor's evaluation of the appropriateness of management’s assessment may be made without performing detailed evaluation procedures if the auditor's other audit procedures are sufficient to enable the auditor to conclude whether management's use of the going concern assumption in the preparation of the financial statements is appropriate in the circumstances.

A9. In other circumstances, evaluating management’s assessment of the entity’s ability to continue as a going concern, as required by paragraph 12, may include an evaluation of the process management followed to make its assessment, the assumptions on which the assessment is based and management’s plans for future action and whether management’s plans are feasible in the circumstances.


\(^{11}\) SA 330, “The Auditor’s Responses to Assessed Risks”.
The Period of Management’s Assessment (Ref: Para. 13)

A10. Most financial reporting frameworks requiring an explicit management assessment specify the period for which management is required to take into account all available information.

Considerations Specific to Smaller Entities (Ref: Para. 12-13)

A11. In many cases, the management of smaller entities may not have prepared a detailed assessment of the entity’s ability to continue as a going concern, but instead may rely on in-depth knowledge of the business and anticipated future prospects. Nevertheless, in accordance with the requirements of this SA, the auditor needs to evaluate management’s assessment of the entity’s ability to continue as a going concern. For smaller entities, it may be appropriate to discuss the medium and long-term financing of the entity with management, provided that management’s contentions can be corroborated by sufficient documentary evidence and are not inconsistent with the auditor’s understanding of the entity. Therefore, the requirement in paragraph 13 for the auditor to request management to extend its assessment may, for example, be satisfied by discussion, inquiry and inspection of supporting documentation, for example, orders received for future supply, evaluated as to their feasibility or otherwise substantiated.

A12. Continued support by owner-managers is often important to smaller entities’ ability to continue as a going concern. Where a small entity is largely financed by a loan from the owner-manager, it may be important that these funds are not withdrawn. For example, the continuance of a small entity in financial difficulty may be dependent on the owner-manager subordinating a loan to the entity in favour of banks or other creditors, or the owner-manager supporting a loan for the entity by providing a guarantee with his or her personal assets as collateral. In such circumstances the auditor may obtain appropriate documentary evidence of the subordination of the owner-manager’s loan or of the guarantee. Where an entity is dependent on additional support from the owner-manager, the auditor may evaluate the owner-manager’s ability to meet the obligation under the support arrangement. In addition, the auditor may request written confirmation of the terms and conditions attaching to such support and the owner-manager’s intention or understanding.

Period Beyond Management’s Assessment (Ref: Para. 15)

A13. As required by paragraph 11, the auditor remains alert to the possibility that there may be known events, scheduled or otherwise, or conditions that will occur beyond the period of assessment used by management that may bring into question the appropriateness of management’s use of the going concern assumption in preparing the financial statements. Since the degree of uncertainty associated with the outcome of an event or condition increases as the event or condition is further into the future, in considering events or conditions further in the future, the indications of going concern issues need to be significant before the auditor needs to consider taking further action. If such events or conditions are identified, the auditor may need to request management to evaluate the potential significance of the event or condition on its assessment of the entity’s ability to continue as a going concern. In these circumstances the procedures in paragraph 16 apply.
A14. Other than inquiry of management, the auditor does not have a responsibility to perform any other audit procedures to identify events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern beyond the period assessed by management, which, as discussed in paragraph 13, would be at least twelve months from the date of the financial statements.

Additional Audit Procedures When Events or Conditions Are Identified (Ref: Para. 16)
A15. Audit procedures that are relevant to the requirement in paragraph 16 may include the following:

- Analysing and discussing cash flow, profit and other relevant forecasts with management.
- Analysing and discussing the entity’s latest available interim financial statements.
- Reading the terms of debentures and loan agreements and determining whether any have been breached.
- Reading minutes of the meetings of shareholders, those charged with governance and relevant committees for reference to financing difficulties.
- Inquiring of the entity’s legal counsel regarding the existence of litigation and claims and the reasonableness of management’s assessments of their outcome and the estimate of their financial implications.
- Confirming the existence, legality and enforceability of arrangements to provide or maintain financial support with related and third parties and assessing the financial ability of such parties to provide additional funds.
- Evaluating the entity’s plans to deal with unfilled customer orders.
- Performing audit procedures regarding subsequent events to identify those that either mitigate or otherwise affect the entity’s ability to continue as a going concern.
- Confirming the existence, terms and adequacy of borrowing facilities.
- Obtaining and reviewing reports of regulatory actions.
- Determining the adequacy of support for any planned disposals of assets.

Evaluating Management’s Plans for Future Actions (Ref: Para. 16(b))
A16. Evaluating management’s plans for future actions may include inquiries of management as to its plans for future action, including, for example, its plans to liquidate assets, borrow money or restructure debt, reduce or delay expenditures, or increase capital.

The Period of Management’s Assessment (Ref: Para. 16(c))
A17. In addition to the procedures required in paragraph 16(c), the auditor may compare:

- The prospective financial information for recent prior periods with historical results; and
- The prospective financial information for the current period with results achieved to date.

A18. Where management’s assumptions include continued support by third parties, whether through the subordination of loans, commitments to maintain or provide additional funding, or
guarantees, and such support is important to an entity’s ability to continue as a going concern, the auditor may need to consider requesting written confirmation (including of terms and conditions) from those third parties and to obtain evidence of their ability to provide such support.

Audit Conclusions and Reporting (Ref: Para. 17)

A19. The phrase “material uncertainty” means the uncertainties related to events or conditions which may cast significant doubt on the entity’s ability to continue as a going concern that should be disclosed in the financial statements. In some other financial reporting frameworks the phrase “significant uncertainty” is used in similar circumstances.

Use of Going Concern Assumption Appropriate but a Material Uncertainty Exists

Adequacy of Disclosure of Material Uncertainty (Ref: Para. 18)

A20. The determination of the adequacy of the financial statement disclosure may involve determining whether the information explicitly draws the reader’s attention to the possibility that the entity may be unable to continue realising its assets and discharging its liabilities in the normal course of business.

Audit Reporting When Disclosure of Material Uncertainty Is Adequate (Ref: Para. 19)

A21. The following is an illustration of an Emphasis of Matter paragraph when the auditor is satisfied as to the adequacy of the note disclosure:

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note X in the financial statements which indicates that the Company incurred a net loss of ZZZ during the year ended March 31, 20X1 and, as of that date, the Company’s current liabilities exceeded its total assets by YYY. These conditions, along with other matters as set forth in Note X, indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

A22. In situations involving multiple material uncertainties that are significant to the financial statements as a whole, the auditor may consider it appropriate in extremely rare cases to express a disclaimer of opinion instead of adding an Emphasis of Matter paragraph. SA 70512 provides guidance on this issue.

Audit Reporting When Disclosure of Material Uncertainty Is Inadequate (Ref: Para. 20)

A23. The following is an illustration of the relevant paragraphs when a qualified opinion is to be expressed:

**Basis for Qualified Opinion**

The Company’s financing arrangements expire and amounts outstanding are payable on May 19, 20X1. The Company has been unable to re-negotiate or obtain replacement financing.

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12 See footnote 10.
This situation indicates the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not fully disclose this fact.

Qualified Opinion

In our opinion, except for the incomplete disclosure of the information referred to in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 20X1;
(b) in the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and
(c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

A24. The following is an illustration of the relevant paragraphs when an adverse opinion is to be expressed:

Basis for Adverse Opinion

The Company’s financing arrangements expired and the amount outstanding was payable on March 31, 20X0. The Company has been unable to re-negotiate or obtain replacement financing and is considering filing for bankruptcy. These events indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact.

Adverse Opinion

In our opinion, because of the omission of the information mentioned in the Basis for Adverse Opinion paragraph, the financial statements do not give the information required by the Companies Act, 1956, in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 20X0; and
(b) in the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and
(c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Use of Going Concern Assumption Inappropriate

A25. If the financial statements have been prepared on a going concern basis but, in the auditor’s judgment, management’s use of the going concern assumption in the financial statements is inappropriate, the requirement of paragraph 21 for the auditor to express an adverse opinion applies regardless of whether or not the financial statements include disclosure of the inappropriateness of management’s use of the going concern assumption.
A26. If the entity’s management is required, or elects, to prepare financial statements when the use of the going concern assumption is not appropriate in the circumstances, the financial statements are prepared on an alternative basis (e.g., liquidation basis). The auditor may be able to perform an audit of those financial statements provided that the auditor determines that the alternative basis is an acceptable financial reporting framework in the circumstances. The auditor may be able to express an unmodified opinion on those financial statements, provided there is adequate disclosure therein but may consider it appropriate or necessary to include an Emphasis of Matter paragraph in the auditor’s report to draw the user’s attention to that alternative basis and the reasons for its use.

Management Unwilling to Make or Extend Its Assessment (Ref: Para. 22)

A27. In certain circumstances, the auditor may believe it necessary to request management to make or extend its assessment. If management is unwilling to do so, a qualified opinion or a disclaimer of opinion in the auditor’s report may be appropriate, because it may not be possible for the auditor to obtain sufficient appropriate audit evidence regarding the use of the going concern assumption in the preparation of the financial statements, such as audit evidence regarding the existence of plans management has put in place or the existence of other mitigating factors.

Material Modifications to ISA 570, “Going Concern”

Addition

In Paragraph 3, the responsibilities of management to make an assessment of the entity’s ability to continue as a going concern have been made more country specific.

Deletion

Paragraph A1 of the Application Section of ISA 570 deals with the application of the requirements of ISA 570 to the audits of public sector entities in the context of going concern risks that may arise, but are not limited to, situations where public sector entities operate on a for-profit basis, where government support may be reduced or withdrawn, or in the case of privatisation. Since as mentioned in the “Preface to the Standards on Quality Control, Auditing, Review, Other Assurance and Related Services”, the Standards issued by the Auditing and Assurance Standards Board apply equally to all entities, irrespective of their form, nature and size, a specific reference to applicability of the Standard to public sector entities has been deleted.

Further, it is also possible that such a situation may arise in the case of non-public sector enterprise. Accordingly, the spirit of erstwhile A1, highlighting the appropriateness of the going concern assumption in the preparation of the financial statements where the funding arrangements are guaranteed by the Central Government has been retained.
SA 580 (REVISED)

WRITTEN REPRESENTATIONS

(EFFECTIVE FOR AUDITS OF FINANCIAL STATEMENTS FOR PERIODS BEGINNING ON OR AFTER APRIL 1, 2009)

INTRODUCTION

Scope of this SA

1. This Standard on Auditing (SA) deals with the auditor’s responsibility to obtain written representations from management and, where appropriate, those charged with governance.

Written Representations as Audit Evidence

2. Audit evidence is all the information used by the auditor in arriving at the conclusions on which the audit opinion is based. Written representations are necessary information that the auditor requires in connection with the audit of the entity’s financial statements. Accordingly, similar to responses to inquiries, written representations are audit evidence. (Ref: Para. A1)

3. Although written representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own about any of the matters with which they deal. Furthermore, the fact that management has provided reliable written representations does not affect the nature or extent of other audit evidence that the auditor obtains about the fulfillment of management’s responsibilities, or about specific assertions.

Effective Date

4. This SA is effective for audits of financial statements for periods beginning on or after 1st April, 2009.

Objectives

5. The objectives of the auditor are:

   (a) To obtain written representations from management and, where appropriate, those charged with governance that they believe that they have fulfilled their responsibility for the preparation of the financial statements and for the completeness of the information provided to the auditor;

   (b) To support other audit evidence relevant to the financial statements or specific assertions in the financial statements by means of written representations, if determined necessary by the auditor or required by other SAs; and

   1 Revised SA 500; “Audit Evidence”, paragraph 3.
(c) To respond appropriately to written representations provided by management and, where appropriate, those charged with governance, or if management or, where appropriate, those charged with governance do not provide the written representations requested by the auditor.²

Definition

6. For purposes of the SAs, the following term has the meaning attributed below:

Written representations – A written statement by management provided to the auditor to confirm certain matters or to support other audit evidence. Written representations in this context do not include financial statements, the assertions therein, or supporting books and records.

7. For purposes of this SA, references to “management” should be read as “management and, where appropriate, those charged with governance.” Furthermore, in the case of a fair presentation framework, management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework; or the preparation of financial statements that give a true and fair view in accordance with the applicable financial reporting framework.³

REQUIREMENTS

Management from Whom Written Representations Requested

8. The auditor shall request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned. (Ref: Para. A4-A8)

Written Representations about Management’s Responsibilities

Preparation of the Financial Statements

9. The auditor shall request management to provide a written representation that it has fulfilled its responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation, as set out in the terms of the audit engagement.⁴ (Ref: Para. A9-A11, A16, A24)⁵

² These changes have been made pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), “Agreeing the Terms of Audit Engagements”, which is effective for all audits of financial statements for periods beginning on or after April 1, 2010.

³ These changes have been made pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), “Agreeing the Terms of Audit Engagements”, which is effective for all audits of financial statements for periods beginning on or after April 1, 2010.

⁴ SA 210, “Agreeing the Terms of Audit Engagements,” paragraph 6(b)(i)

⁵ These changes have been made pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), “Agreeing the Terms of Audit Engagements”, which is effective for all audits of financial statements for periods beginning on or after April 1, 2010.
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Information Provided and Completeness of Transactions

10. The auditor shall request management to provide a written representation that:

(a) It has provided the auditor with all relevant information and access as agreed in
the terms of the audit engagement,\(^6\) and
(b) All transactions have been recorded and are reflected in the financial statements.\(^7\)

(Ref: Para. A9-A11, A16, A24)

Description of Management's Responsibilities in the Written Representations

11. Management's responsibilities shall be described in the written representations required
by paragraphs 9 and 10 in the manner in which these responsibilities are described in the
terms of the audit engagement.\(^8\)

Other Written Representations

12. Other SAs require the auditor to request written representations. If, in addition to such
required representations, the auditor determines that it is necessary to obtain one or more
written representations to support other audit evidence relevant to the financial statements or
one or more specific assertions in the financial statements, the auditor shall request such
other written representations. (Ref: Para. A12-A15, A16, A24)

Date of and Period(s) Covered by Written Representations

13. The date of the written representations shall be as near as practicable to, but not after, the
date of the auditor’s report on the financial statements. The written representations shall be for all
financial statements and period(s) referred to in the auditor’s report. (Ref: Para. A17-A20)

Form of Written Representations

14. The written representations shall be in the form of a representation letter addressed to
the auditor. If law or regulation requires management to make written public statements about
its responsibilities, and the auditor determines that such statements provide some or all of the
representations required by paragraphs 9 or 10, the relevant matters covered by such
statements need not be included in the representation letter. (Ref: Para. A21-A23)

Doubt as to the Reliability of Written Representations and Requested Written
Representations Not Provided

Doubt as to the Reliability of Written Representations

15. If the auditor has concerns about the competence, integrity, ethical values or diligence of
management, or about its commitment to or enforcement of these, the auditor shall determine

\(^6\) Refer footnote 6.

\(^7\) These changes have been made pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), “Agreeing the
Terms of Audit Engagements”, which is effective for all audits of financial statements for periods beginning on or after
April 1, 2010.

\(^8\) Refer footnote 9.
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the effect that such concerns may have on the reliability of representations (oral or written) and audit evidence in general. (Ref: Para. A26-A27)

16. In particular, if written representations are inconsistent with other audit evidence, the auditor shall perform audit procedures to attempt to resolve the matter. If the matter remains unresolved, the auditor shall reconsider the assessment of the competence, integrity, ethical values or diligence of management, or of its commitment to or enforcement of these, and shall determine the effect that this may have on the reliability of representations (oral or written) and audit evidence in general. (Ref: Para. A25)

17. If the auditor concludes that the written representations are not reliable, the auditor shall take appropriate actions, including determining the possible effect on the opinion in the auditor’s report in accordance with (Proposed) SA 705, having regard to the requirement in paragraph 19 of this SA.

Requested Written Representations Not Provided

18. If management does not provide one or more of the requested written representations, the auditor shall:

(a) Discuss the matter with management;
(b) Re-evaluate the integrity of management and evaluate the effect that this may have on the reliability of representations (oral or written) and audit evidence in general; and
(c) Take appropriate actions, including determining the possible effect on the opinion in the auditor’s report in accordance with [Proposed] SA 705, having regard to the requirement in paragraph 19 of this SA.

Written Representations about Management’s Responsibilities

19. The auditor shall disclaim an opinion on the financial statements in accordance with [Proposed] SA 705 if: (Ref: Para. A28-A29)

(a) The auditor concludes that there is sufficient doubt about the integrity of management such that the written representations required by paragraphs 9 and 10 are not reliable; or
(b) Management does not provide the written representations required by paragraphs 9 and 10.

Application and Other Explanatory Material

Written Representations as Audit Evidence (Ref: Para. 2)

A1. Written representations are an important source of audit evidence. If management modifies or does not provide the requested written representations, it may alert the auditor to

the possibility that one or more significant issues may exist. Further, a request for written, rather than oral, representations in many cases may prompt management to consider such matters more rigorously, thereby enhancing the quality of the representations.

Management from Whom Written Representations Requested (Ref: Para. 8)

A4. Written representations are requested from those responsible for the preparation and presentation of the financial statements. Those individuals may vary depending on the governance structure of the entity, and relevant law or regulation; however, management (rather than those charged with governance) is often the responsible party. Written representations may therefore be requested from the entity’s chief executive officer and chief financial officer, or other equivalent persons in entities that do not use such titles. In some circumstances, however, other parties, such as those charged with governance, are also responsible for the preparation and presentation of the financial statements.

A5. Due to its responsibility for the preparation and presentation of the financial statements, and its responsibilities for the conduct of the entity’s business, management would be expected to have sufficient knowledge of the process followed by the entity in preparing and presenting the financial statements and the assertions therein on which to base the written representations.

A6. In some cases, however, management may decide to make inquiries of others who participate in preparing and presenting the financial statements and assertions therein, including individuals who have specialized knowledge relating to the matters about which written representations are requested. Such individuals may include:

- An actuary responsible for actuarially determined accounting measurements.
- Staff engineers who may have responsibility for and specialized knowledge about environmental liability measurements.
- Internal counsel who may provide information essential to provisions for legal claims.

A7. In some cases, management may include in the written representations qualifying language to the effect that representations are made to the best of its knowledge and belief. It is reasonable for the auditor to accept such wording if the auditor is satisfied that the representations are being made by those with appropriate responsibilities and knowledge of the matters included in the representations.

A8. To reinforce the need for management to make informed representations, the auditor may request that management include in the written representations, confirmation that it has made such inquiries as it considered appropriate to place it in the position to be able to make the requested written representations. It is not expected that such inquiries would usually require a formal internal process beyond those already established by the entity.

10 The paragraphs A2 and A3 have been deleted pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), “Agreeing the Terms of Audit Engagements”, which is effective for all audits of financial statements for periods beginning on or after April 1, 2010.
Written Representations about Management’s Responsibilities (Ref: Para. 9-10)

A9. Audit evidence obtained during the audit that management has fulfilled the responsibilities referred to in paragraphs 10 and 11 is not sufficient without obtaining confirmation from management that it believes that it has fulfilled those responsibilities. This is because the auditor is not able to judge solely on other audit evidence whether management has prepared and presented the financial statements and provided information to the auditor on the basis of the agreed acknowledgement and understanding of its responsibilities. For example, the auditor could not conclude that management has provided the auditor with all relevant information agreed in the terms of the audit engagement without asking it whether, and receiving confirmation that, such information has been provided.

A10. The written representations required by paragraphs 9 and 10 draw on the agreed acknowledgement and understanding of management of its responsibilities in the terms of the audit engagement by requesting confirmation that it has fulfilled them. The auditor may also ask management to reconfirm its acknowledgement and understanding of those responsibilities in written representations. This is particularly appropriate when:

- Those who signed the terms of the audit engagement on behalf of the entity no longer have the relevant responsibilities;
- The terms of the audit engagement were prepared in a previous year;
- There is any indication that management misunderstands those responsibilities; or
- Changes in circumstances make it appropriate to do so.

Consistent with the requirement of [proposed] SA 210(Revised), such reconfirmation of management’s acknowledgement and understanding of its responsibilities is not made subject to the best of management’s knowledge and belief (as discussed in paragraph A7 of this SA).

A11. The mandates for audits of the financial statements of certain entities may be broader than those of other entities. As a result, the premise, relating to management’s responsibilities, on which an audit of the financial statements of such an entity is conducted may give rise to additional written representations. These may include written representations confirming that transactions and events have been carried out in accordance with legislation or proper authority.

Other Written Representations (Ref: Para. 12)

Additional Written Representations about the Financial Statements

A12. In addition to the written representation required by paragraph 9, the auditor may consider it necessary to request other written representations about the financial statements.

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11 These changes have been made pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), “Agreeing the Terms of Audit Engagements”, which is effective for all audits of financial statements for periods beginning on or after April 1, 2010.

12 Refer footnote 6.
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Such written representations may supplement, but do not form part of, the written representation required by paragraph 9. They may include representations about the following:

- Whether the selection and application of accounting policies are appropriate; and
- Whether matters such as the following, where relevant under the applicable financial reporting framework, have been recognized, measured, presented or disclosed in accordance with that framework:
  - Plans or intentions that may affect the carrying value or classification of assets and liabilities;
  - Liabilities, both actual and contingent;
  - Title to, or control over, assets, the liens or encumbrances on assets, and assets pledged as collateral; and
  - Aspects of laws, regulations and contractual agreements that may affect the financial statements, including non-compliance.

Additional Written Representations about Information Provided to the Auditor

A13. In addition to the written representation required by paragraph 10, the auditor may consider it necessary to request management to provide a written representation that it has communicated to the auditor all deficiencies in internal control of which management is aware.

Written Representations about Specific Assertions

A14. When obtaining evidence about, or evaluating, judgments and intentions, the auditor may consider one or more of the following:

- The entity’s past history in carrying out its stated intentions.
- The entity’s reasons for choosing a particular course of action.
- The entity’s ability to pursue a specific course of action.
- The existence or lack of any other information that might have been obtained during the course of the audit that may be inconsistent with management’s judgment or intent.

A15. In addition, the auditor may consider it necessary to request management to provide written representations about specific assertions in the financial statements; in particular, to support an understanding that the auditor has obtained from other audit evidence of management’s judgment or intent in relation to, or the completeness of, a specific assertion. For example, if the intent of management is important to the valuation basis for investments, it may not be possible to obtain sufficient appropriate audit evidence without a written representation from management about its intentions. Although such written representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own for that assertion.
Communicating a Threshold Amount (Ref: Para. 9-10, 12)
A16. (Proposed) SA 450 (Revised)\(^{13}\) requires the auditor to accumulate misstatements identified during the audit, other than those that are clearly trivial. The auditor may determine a threshold above which misstatements cannot be regarded as clearly trivial. In the same way, the auditor may consider communicating to management a threshold for purposes of the requested written representations.

Date of and Period(s) Covered by Written Representations (Ref: Para. 13)
A17. Because written representations are necessary audit evidence, the auditor’s opinion cannot be expressed, and the auditor’s report cannot be dated, before the date of the written representations. Furthermore, because the auditor is concerned with events occurring up to the date of the auditor’s report that may require adjustment to or disclosure in the financial statements, the written representations are dated as near as practicable to, but not after, the date of the auditor’s report on the financial statements.

A18. In some circumstances it may be appropriate for the auditor to obtain a written representation about a specific assertion in the financial statements during the course of the audit. Where this is the case, it may be necessary to request an updated written representation.

A19. The written representations are for all periods referred to in the auditor’s report because management needs to reaffirm that the written representations it previously made with respect to the prior periods remain appropriate. The auditor and management may agree to a form of written representation that updates written representations relating to the prior periods by addressing whether there are any changes to such written representations and, if so, what they are.

A20. Situations may arise where current management were not present during all periods referred to in the auditor’s report. Such persons may assert that they are not in a position to provide some or all of the written representations because they were not in place during the period. This fact, however, does not diminish such persons’ responsibilities for the financial statements as a whole. Accordingly, the requirement for the auditor to request from them written representations that cover the whole of the relevant period(s) still applies.

Form of Written Representations (Ref: Para. 14)
A21. Written representations are required to be included in a representation letter addressed to the auditor. Some laws or regulations may, however, require management to make a written public statement about its responsibilities. Although such statement is a representation to the users of the financial statements, or to relevant authorities, the auditor may determine that it is an appropriate form of written representation in respect of some or all of the representations required by paragraph 9 or 10. Consequently, the relevant matters covered by such statement

\(^{13}\) SA 450, “Evaluation of Misstatements Identified During the Audit”, paragraph 5.
need not be included in the representation letter. Factors that may affect the auditor’s determination include:

- Whether the statement includes confirmation of the fulfillment of the responsibilities referred to in paragraphs 10 and 11.\(^{14}\)
- Whether the statement has been given or approved by those from whom the auditor requests the relevant written representations.
- Whether a copy of the statement is provided to the auditor as near as practicable to, but not after, the date of the auditor’s report on the financial statements (see paragraph 13).

A22. A formal statement of compliance with law or regulation, or of approval of the financial statements, would not contain sufficient information for the auditor to be satisfied that all necessary representations have been consciously made. The expression of management’s responsibilities in law or regulation is also not a substitute for the requested written representations.

A23. The Appendix to this Standard provides an illustrative example of a representation letter.

**Communication with Those Charged with Governance** (Ref: Para. 9-10, 12)

A24. SA 260 (Revised)\(^{15}\) requires the auditor to communicate with those charged with governance the written representations which the auditor has requested from management.

**Doubt as to the Reliability of Written Representations and Requested Written Representations Not Provided**

**Doubt as to the Reliability of Written Representations** (Ref: Para. 15-16)

A25. In the case of identified inconsistencies between one or more written representations and audit evidence obtained from another source, the auditor may consider whether the risk assessment remains appropriate and, if not, revise the risk assessment and determine the nature, timing and extent of further audit procedures to respond to the assessed risks.

A26. Concerns about the competence, integrity, ethical values or diligence of management, or about its commitment to or enforcement of these, may cause the auditor to conclude that the risk of management misrepresentation in the financial statements is such that an audit cannot be conducted. In such a case, the auditor may consider, where possible, withdrawing from the engagement, unless those charged with governance put in place appropriate corrective measures. Such measures, however, may not be sufficient to enable the auditor to issue an unmodified audit opinion.

A27. SA 230 (Revised)\(^{16}\) requires the auditor to document significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in

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\(^{14}\) These changes have been made pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), “Agreeing the Terms of Audit Engagements”, which is effective for all audits of financial statements for periods beginning on or after April 1, 2010.

\(^{15}\) Revised SA 260, “Communication with Those Charged with Governance”, paragraph 12(c)(iii).

\(^{16}\) SA 230 (Revised), “Audit Documentation”, refer paragraph 8 and 10.
reaching those conclusions. The auditor may have identified significant issues relating to the competence, integrity, ethical values or diligence of management, or about its commitment to or enforcement of these, but concluded that the written representations are nevertheless reliable. In such a case, this significant matter is documented in accordance with SA 230 (Revised).

Written Representations about Management’s Responsibilities (Ref: Para. 19)

A28. As explained in paragraph A9, the auditor is not able to judge solely on other audit evidence whether management has fulfilled the responsibilities referred to in paragraphs 10 and 11. Therefore, if, as described in paragraph 19(a), the auditor concludes that the written representations about these matters are unreliable, or if management does not provide those written representations, the auditor is unable to obtain sufficient appropriate audit evidence. The possible effects on the financial statements of such inability are not confined to specific elements, accounts or items of the financial statements and are hence pervasive. [Proposed] SA 705 requires the auditor to disclaim an opinion on the financial statements in such circumstances.

A29. A written representation that has been modified from that requested by the auditor does not necessarily mean that management did not provide the written representation. However, the underlying reason for such modification may affect the opinion in the auditor's report. For example:

- The written representation about management’s fulfillment of its responsibility for the preparation and presentation of the financial statements may state that management believes that, except for material non-compliance with a particular requirement of the applicable financial reporting framework, the financial statements are prepared and presented in accordance with that framework. The requirement in paragraph 19 does not apply because the auditor concluded that management has provided reliable written representations. However, the auditor is required to consider the effect of the non-compliance on the opinion in the auditor’s report in accordance with [Proposed] SA 705.

- The written representation about the responsibility of management to provide the auditor with all relevant information agreed in the terms of the audit engagement may state that management believes that, except for information destroyed in a fire, it has provided the auditor with such information. The requirement in paragraph 19 does not apply because the auditor concluded that management has provided reliable written representations. However, the auditor is required to consider the effects of the pervasiveness of the information destroyed in the fire on the financial statements and the effect thereof on the opinion in the auditor’s report in accordance with [Proposed] SA 705.

MATERIAL MODIFICATIONS TO ISA 580, “WRITTEN REPRESENTATIONS”

Deletions

1. Paragraph A11 of the Application Section of ISA 580 deals with the application of the requirements of ISA 580 to the audits of public sector entities regarding the premise, relating to management’s responsibilities which may give rise to additional written representations. Since as mentioned in the “Preface to the Standards on Quality Control, Auditing, Review,
Other Assurance and Related Services”, the Standards issued by the Auditing and Assurance Standards Board, apply equally to all entities, irrespective of their form, nature and size, a specific reference to applicability of the Standard to public sector entities has been deleted.

Since it is also possible that even in case of non public sector entities, management responsibilities may give rise to additional representations, accordingly, the spirit of erstwhile A11, highlighting the fact that in case of certain entities, the need of additional representations may arise, has been retained.

**Appendix**

(Ref: Para. A23)

**Illustrative Representation Letter**

*The following illustrative letter includes written representations that are required by this and other SAs in effect for audits of financial statements for period beginning on or after as at [date]. It is assumed in this illustration that the applicable financial reporting framework is applicable accounting standards in India; the requirement of SA 570 (Revised)\(^\text{17}\) 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.*

(To Auditor)  
(Date)

(ENTITY LETTERHEAD)

This representation letter is provided in connection with your audit of the financial statements of ABC Company for the year ended March 31, 20XX\(^\text{18}\) for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, (or give a true and fair view) in accordance with the applicable accounting standards in India.

We confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

**Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated [insert date], for the preparation of the financial statements in accordance with Financial Reporting Standards; in particular the financial statements are fairly presented (or give a true and fair view) in accordance therewith the applicable accounting standards in India.\(^\text{19}\)
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. (SA 540 (Revised))

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\(^{17}\) Revised SA 570, “Going Concern”.

\(^{18}\) Where the auditor reports on more than one period, the auditor adjusts the date so that the letter pertains to all periods covered by the auditor’s report.

\(^{19}\) These changes have been made pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), “Agreeing the Terms of Audit Engagements”, which is effective for all audits of financial statements for periods beginning on or after April 1, 2010.
• Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of applicable accounting standards in India. (SA 550 (Revised))

• All events subsequent to the date of the financial statements and for which applicable accounting standards in India require adjustment or disclosure have been adjusted or disclosed. (SA 560 (Revised))

• The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. ([Proposed] SA 450 (Revised))

• [Any other matters that the auditor may consider appropriate (see paragraph A12 of this SA).]

**Information Provided**

• We have provided you with:
  o Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  o Additional information that you have requested from us for the purpose of the audit; and
  o Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. 21

• All transactions have been recorded in the accounting records and are reflected in the financial statements.

• We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. (SA 240 (Revised)).

• We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  o Management;
  o Employees who have significant roles in internal control; or
  o Others where the fraud could have a material effect on the financial statements. (SA 240 (Revised))

• We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others. (SA 240 (Revised))

• We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. (SA 250 (Revised))

• We have disclosed to you the identity of the entity’s related parties and all the related party relationships and transactions of which we are aware. (SA 550 (Revised))

• [Any other matters that the auditor may consider necessary (see paragraph A13 of this SA).]

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20 SA 550 (Revised), “Related Parties”.
21 These changes have been made pursuant to the issuance of Standard on Auditing (SA) 210 (Revised), “Agreeing the Terms of Audit Engagements”, which is effective for all audits of financial statements for periods beginning on or after April 1, 2010.
22 Revised SA 250, “Consideration of Laws and Regulations in an Audit of Financial Statements”.
23 SA 550 (Revised), “Related Parties”.

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