

## Mgt. Responsibility → G.C. Assessment

• mgt responsibility → Assess entity's ability to continue as a going concern  
(even if FRF doesn't require it)

• mgt judgment → Inherent uncertain future  
outcome of events/conditions.

Eg legal case pending court (event) → uncertain outcome (future)

Following are factors considered → Judgement

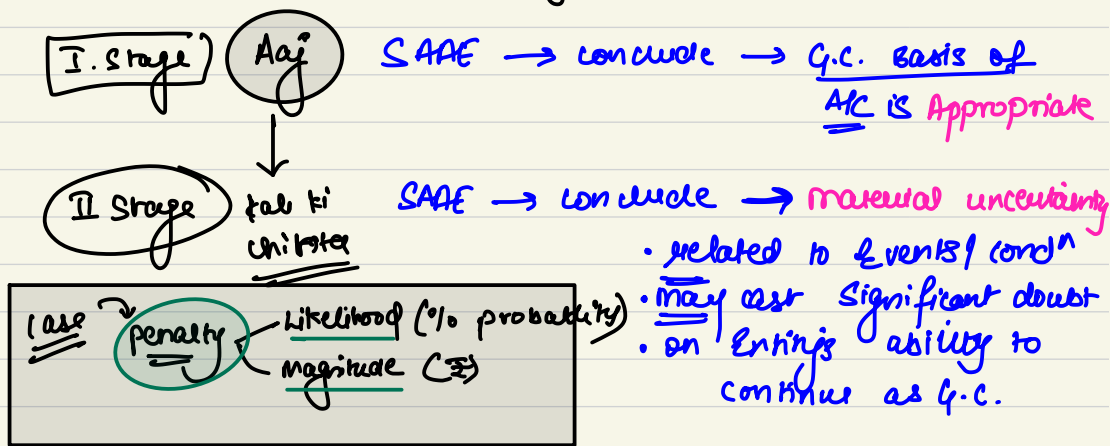
① Size Complexity Co. Entity + Degree to which its affected by external factors

Eg 1) Private startup 100% privately funded.  
2) listed Entity → 50% on Borrowings (BEM) Int Rate fluctuating

② Degree of uncertainty about outcome of event/cond<sup>n</sup>  
Eg pending court case (Event/Cond<sup>n</sup>) → outcome (Penalty)

③ Any judgment based on info. available at that point of time. Subsequent events "may" result in different outcomes.

## Auditor's Responsibility (2 Stages)

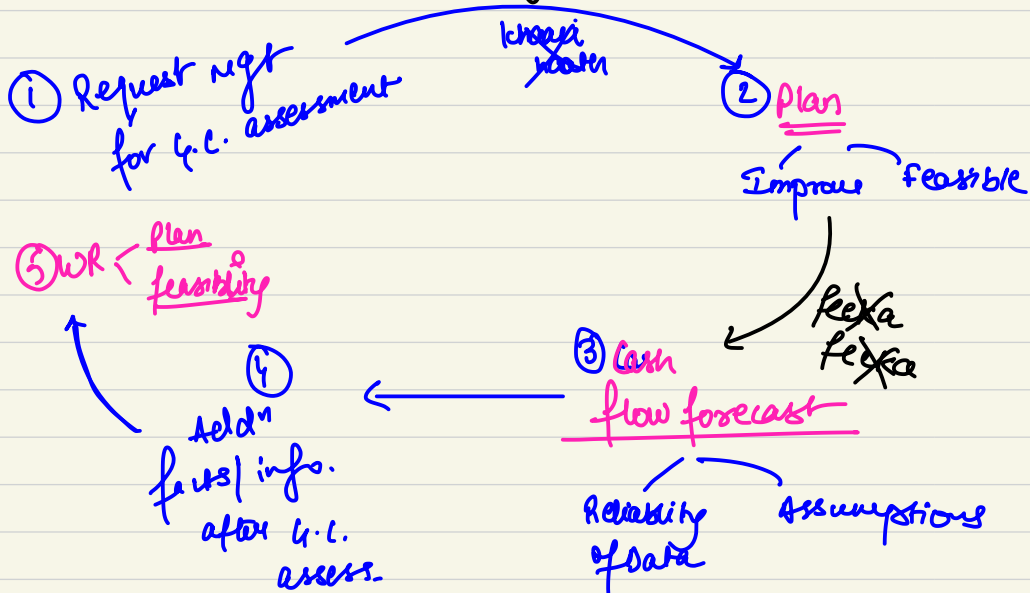


SAA200 → GLA → Difficult for Auditor to detect material misstatement resulting from future E/C<sup>n</sup> → affect entity's ability to continue as G.C.

- \* Can't predict future E/C<sup>n</sup>
- \* Absence of reference to M.U can't be viewed as guarantee of G.C.

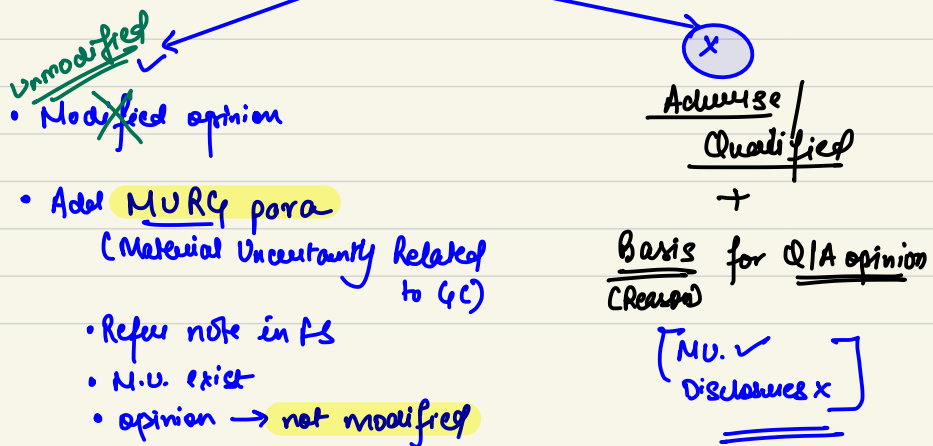
# Add<sup>n</sup> Audit Procedures 5\*

identify ELC<sup>n</sup>



G.C. Basis Appropriate  
But. N.U. exists

f.s. Disclosure



Q what if right is

unwilling to going concern  
assessment?

~~SAME~~  
DAU

Good News! :-

## SA 580 : <sup>“EAYS”</sup> Written Representations

Written Statement

→ by mgt to Auditor

To **Confirm** certain matters **OR** To **Support** other audit evidence

SA 210 Resp.  
• PPFs → A.P.F.  
• MCA → DIM of IC  
• Auditor → AAU

eg SA 450/500/  
501(LIC)/560/  
570)

Q Is W.R. necessary audit evidence?

YES

Q Is W.R. on its own → SAAG?

No

SK Masala

WR is like **Sambhor** with idli,

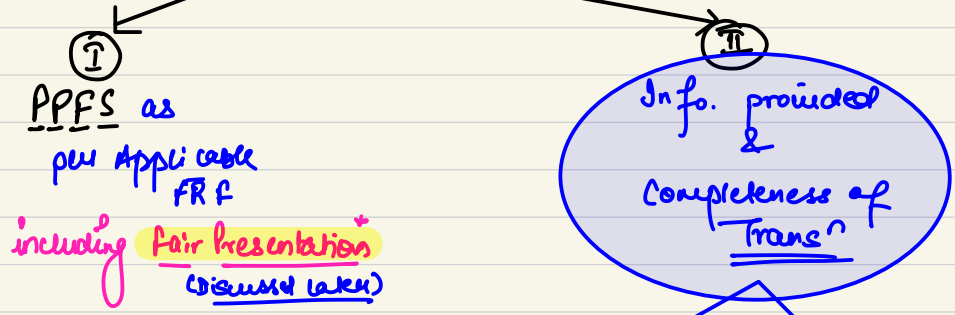
it is **necessary** BUT **not sufficient** & **Appropriate**

Q If mgt provides WR, do I still need other audit evidence

Yes, you still need other audit evidence.

mgt Responsibility  
Specific Assertion of Complex

W.R.(s) about mgt Responsibility



Some cases, mgt may make inquiries from individuals Sp. knowledge.

eg ① <sup>the Auditor</sup> Staff Engineer → (provision for decommissioning, restoration & other liab. As to PFE (+))

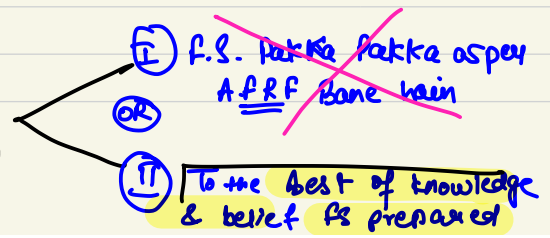
Environmental liability measurement

SAI

② Actuary → Act measurements (eg credibility history)

③ In-house legal council → Info. on legal claims

Doubt (nikka) likhne ka lenza?  
[What should be language?]



as per App.LRF.

qualifying  
language

Q Can we accept such Qualifying language  
yes. as mgt has Responsibility & knowledge  
of these matters.