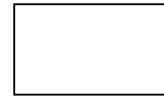


CHECKLIST: CONSIDERATION OF THE GOING CONCERN ASSUMPTION



Client:	MMASA EXAMPLE [©]
Year-end:	
Prepared by:	
Reviewed by:	

Under the going concern assumption the entity is viewed as continuing in business for the foreseeable future, with neither the intention nor the necessity to liquidate or curtail materially the scale of its operations. Furthermore, it is assumed that the entity will be able to realise its assets and discharge its liabilities in the normal course of business. A period of at least 12 months from the balance sheet date is considered.

Regular considerations and procedures relating to the going concern assumption			
1	Identification of risk factors relating to the going concern assumption as part of understanding the entity and its environment (part of overall planning)		
2	Outcome of management's preliminary consideration, use and/or assessment of the going concern assumption (part of inquiries and discussions during planning)		
3	Going concern matters identified as a result of audit procedures performed in respect of individual financial statement items (refer to individual file sections and audit programs)		
4	Going concern matters identified as a result of the consideration of subsequent events.		
5	If the inappropriate use of the going concern assumption is assessed as a <i>significant risks</i> :		
5.1	Comment on management's awareness of, and response to the risk.		
5.2	Describe the relevant internal controls and other procedures/actions that have been implemented to address the risk.		
5.3	Document specific audit procedures applied to address the risk.		
Management's assessment of the appropriateness of the going concern assumption and the evaluation of the assessment			
6	What is management's final assessment regarding the appropriateness of the going concern assumption? ▼	Appropriate <u>and</u> no material uncertainty exists	Appropriate, <u>but</u> a material uncertainty exists
			<u>Not</u> appropriate
<i>Indicate management's conclusion</i>			
<i>Working paper reference and/or comments</i>			

	<i>Yes or No</i>	<i>Reference / Comments</i>
7 Does the entity have a clear history of profitability and ready access to financial resources?		
8 Are the following adverse conditions present in the circumstances of the auditee?		
8.1 Net liability position		
8.2 Net current liability position		
8.3 Fixed-term borrowings approaching maturity without realistic prospects of renewal/repayment		
8.4 Excessive reliance on short-term borrowings to finance long-term assets		
8.5 Indications of withdrawal of financial support by debtors and other creditors		
8.6 Negative operating cash flows indicated by historical or prospective financial statements		
8.7 Adverse key financial ratios		
8.8 Substantial operating losses or significant deterioration in the value of assets used to generate cash flows		
8.9 Arrears or discontinuance of dividends		
8.10 Inability to pay creditors on due dates		
8.11 Inability to comply with the terms of loan agreements		
8.12 Change from credit to cash-on-delivery transactions with suppliers		
8.13 Inability to obtain financing for essential new product development or other essential investments		
8.14 Loss of key management without replacement		
8.15 Loss of a major market, franchise, license, or principal supplier		
8.16 Labour difficulties or shortages of important supplies		
8.17 Non-compliance with capital or other statutory requirements		
8.18 Pending legal or regulatory proceedings against the entity that may, if successful, result in claims that are unlikely to be satisfied		
8.19 Changes in legislation or government policy expected to adversely affect the entity.		
8.20 The possible effect of any securities or guarantees provided to other entities		
8.21 Any other factor(s) ... <i>specify</i>		
9 Inquire of management regarding their knowledge of any going concern matters beyond the original period of their assessment (ordinarily, beyond 12 months from the balance sheet date).		
Further audit procedures when events or conditions have been identified which may cast significant doubt on the entity's ability to continue as a going concern		
10 Obtain information and details regarding specific circumstances or events or actions or plans that serve to mitigate the adverse going concern factors.		

11	Review management's plans for future actions, including the feasibility of such plans (expected outcomes, possible effects of outcomes).			
12	Perform relevant procedures related to specific matters/items/events/plans, as appropriate in the circumstances, to confirm or dispel whether or not a material going concern uncertainty exists, <i>including</i> confirming the validity, accuracy and completeness of specific information and/or assumptions.			
13	Obtain management representations regarding its plans for future action.			
Audit conclusion in respect of the whether or not a material going concern uncertainty exists				
14	What is our conclusion in respect of the appropriateness of the going concern assumption? ▼	Appropriate <u>and</u> no material uncertainty exists	Appropriate, <u>but</u> a material uncertainty exists	<u>Not</u> appropriate
		14.1	14.2	14.3
	<i>Indicate audit conclusion</i>			
15	Consideration of the effect on the auditor's report: <i>Indicate which of the following effects of the audit conclusion in #14, above must be considered in finalising the audit opinion and auditor's report (together with the effect of any other differences or uncertainties) –</i>	Carry forward to:		
15.1	Unmodified auditor's report [14.1]			
15.2	Unqualified opinion, and including an emphasis of matter paragraph drawing attention to the disclosure in the financial statements regarding going concern [14.2]			
15.3	Qualified opinion: Adequate disclosure is not made, but the uncertainty is not so material and pervasive as to require an adverse opinion [14.2]			
15.4	Adverse opinion: Adequate disclosure is not made and the uncertainty is so material and pervasive that a qualified opinion would not be appropriate [14.2]			
15.5	Disclaimer of opinion as a result of multiple uncertainties that are so material an pervasive that the auditor cannot form an opinion [14.2]			
15.6	Adverse opinion: The going concern assumption is not appropriate, yet the financial statements have been prepared on a going concern basis [14.3]			

15.7 Adverse opinion: The financial statements are prepared on an alternative authoritative basis, which is not considered to be appropriate in the circumstances [14.3]	
15.8 Qualified opinion: The financial statements are prepared on an appropriate alternative authoritative basis, but adequate disclosure of such is not provided [14.3]	
15.9 Unqualified opinion, and including an emphasis of matter paragraph: The financial statements are prepared on an appropriate alternative authoritative basis and adequate disclosure of such is made [14.3]	
<p>16 Has there been a significant delay in the signing and approving of the financial statements? ▼ If “Yes”, inquire as to the reasons for the delay and if related to the going concern assessment, perform appropriate additional procedures and consider the effect on the audit conclusion regarding the going concern assumption</p>	
ADDITIONAL CONSIDERATIONS AND/OR DISCUSSION POINTS	
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