



**The Institute of  
Chartered Accountants  
of Pakistan**

**CA  
PAKISTAN**

**HEAD OFFICE**

Circular No.13/2017

August 04, 2017

**ALL MEMBERS OF THE INSTITUTE**

Dear Member

**Guide on Auditor's Responsibilities relating to Going Concern Assumption in an Audit of Financial Statements**

The development of a comprehensive guidance on the audit considerations of going concern was considered necessary as it has been highlighted as an area requiring enhanced understanding and better documentation in the Institute's Quality Assurance Report 2016. Further, the enhanced audit reporting requirements relating to going concern emanating from the new and revised auditing standards also require auditor's increased attention and focus on the going concern.

In view of the above, the Council in its 288<sup>th</sup> meeting (held on 7<sup>th</sup> and 8<sup>th</sup> July 2017) approved issuance of the "*Guide on Auditor's Responsibilities Relating to Going Concern Assumption in an Audit of Financial Statements*" (the Guide), on the recommendation of the Auditing Standards Committee of the Institute. Earlier, the draft Guide was issued as an Exposure Draft for members comments, vide Circular No. 5 of 2017.

The Guide provides a comprehensive explanation to the auditor's responsibilities in performing an evaluation of appropriateness of going concern and the audit reporting considerations in relation to the going concern and non-going concern companies. It also explains and illustrates the nature of various audit opinions under different going concern scenarios. The Guide also outlines management responsibilities relating to the assessment and financial reporting of the going concern. Moreover, flowcharts, a detailed checklist, extracts of audit opinions issued on varied going concern matters and Institute's technical opinions on going concern related enquires are also incorporated in the Guide for better understandability and ease of reference.

It is to be noted that the Guide is non-mandatory and is designed to assist auditors in the effective implementation of International Standard on Auditing (ISA) 570 (Revised), *Going Concern* but is not intended to be substitute for reading the ISAs.

The Guide can be downloaded from the Institute's website at:

<http://www.icap.net.pk/wp-content/uploads/2017/08/Guide-on-going-concern-auditor-responsibilities.pdf>

Yours truly

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**(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)**

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