

SUBSEQUENT EVENTS – (S.L.Au.S – 560)

A) Introduction

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The events occurring after the reporting date and prior to the auditor's report date and facts that become known to the auditor after the auditor's report might have an impact to the financial statements which has been audited by the auditor.

B) Definitions

Subsequent Events.

Events occurring between the date of the financial statements and the date of the auditor's report, and facts that become known to the auditor after the date of the auditor's report.

Date of the Financial Statements

The Date of the end of the latest period covered by the Financial Statements.

Date of the Auditor's Report

The date the auditor dates the report on the financial statements in accordance with S.L.Au.S 700.

Date of Approval of the Financial Statements

The date on which financial statements, including the related notes, have been prepared and those with the recognized authority have asserted that they have taken the responsibility of those financial statements

Date of the Financial Statements are issued

The date that the Auditor's report and the audited financial statements are made available to third parties

C) Events occurring after the reporting date and prior to the Auditor's Report

The auditor shall perform audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements have been identified. The auditor is having a "Proactive Responsibility" in this regard.

Depending on the auditor's risk assessment, the audit procedures required may include procedures, necessary to obtain sufficient appropriate audit evidence, involving the review or testing of accounting records or transactions occurring between the date of the financial statements and the date of the auditor's report. The auditor shall take into account the auditor's risk assessment in determining the nature and extent of such audit procedures.

Following procedures will be performed by the Auditor.

- Inquiring of management and, those charged with governance as to whether any subsequent events have occurred which might affect the financial statements.
- Obtaining an understanding of any procedures, management has established to ensure that subsequent events are identified.
- Reading minutes of the meetings of the entity's owners, management and those charged with governance that have been held after the date of the financial statements to ascertain whether there are any discussion with regard to material subsequent events and inquiring about matters discussed at any such meetings for which minutes are not yet available.
- Read the entity's latest available budgets, cash flow forecasts and other related management reports for periods after the date of the financial statements.
- Reading the entity's latest subsequent interim financial statements.
- Inquiring from lawyers to identify whether there are any legal cases, after the reporting period and prior to the date of the auditor's report.

Upon obtaining sufficient and appropriate audit evidences based on the above procedures performed, the auditor needs to decide, whether it is an adjusting event or a non-adjusting event.

D) Events after the Date of the Auditor's Report but before the Date the Financial Statements are Issued

The auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor's report.

However, if, after the date of the auditor's report but before the date the financial statements are issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report, the auditor should perform followings;

- Discuss the matter with management and, where appropriate, those charged with governance.
- Determine whether the financial statements need amendment and inquire how management intends to address the matter in the financial statements.

If management amends the financial statements, the auditor shall carry out the audit procedures necessary in the circumstances on the amendment. Provide a new auditor's report on the amended financial statements. The new auditor's report shall not be dated earlier than the date of approval of the amended financial statements.

If management does not amend the financial statements in circumstances where the auditor believes they need to be amended,

- a) If the auditor's report has not yet been provided to the entity, the auditor shall modify the opinion as required by standards and then provide the auditor's report; or
- b) If the auditor's report has already been provided to the entity, the auditor shall notify management not to issue the financial statements to third parties before the necessary amendments have been made. If the financial statements are nevertheless subsequently issued without the necessary amendments, the auditor shall take appropriate action to seek to prevent reliance on the auditor's report

E) Events after the Financial Statements have been issued

After the financial statements have been issued, the auditor has no obligation to perform any audit procedures regarding such financial statements.

However, if, after the financial statements have been issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report, the auditor shall; discuss the matter with management and, where appropriate, those charged with governance. Determine whether the financial statements need amendment and inquire how management intends to address the matter in the financial statements.

If management amends the financial statements, the auditor shall:

- a) Carry out the audit procedures necessary in the circumstances on the amendment.
- b) Review the steps taken by management to ensure that anyone in receipt of the previously issued financial statements together with the auditor's report thereon is informed of the situation.

The auditor shall include in the new or amended auditor's report an Emphasis of Matter paragraph or Other Matter paragraph referring to a note to the financial statements that more extensively discusses the reason for the amendment of the previously issued financial statements and to the earlier report provided by the auditor.

If management does not take the necessary steps to ensure that anyone in receipt of the previously issued financial statements is informed of the situation and does not amend the financial statements in circumstances where the auditor believes they need to be amended, the auditor shall notify management, that the auditor will seek to prevent future reliance on the auditor's report.