

ENFORCEABLE UNDERTAKING

MBK Auditing

This Enforceable Undertaking ("EU") is entered into pursuant to section 34(1)(d) of Companies Regulations (Auditors) Rules 2025 ("Auditors Rules 2025").

The terms in this EU are offered to the ADGM Registration Authority (the "Registration Authority") by MBK Auditing with ADGM Auditors Registration No. 000000021 ("MBK").

Defined terms are identified in the EU in parentheses, using the capitalisation of the initial letter of a word or of each word in a phrase, and are either defined in the regulations administered by the Registration Authority, or in the body of this EU at the first instance the term is used. Unless the context otherwise requires, where capitalisation of the initial word is not used, an expression has its natural meaning.

Complete copies of the regulations and rules administered by the Registration Authority are accessible on the ADGM website at www.adgm.com/legal-framework/rules-and-regulations.

A. BACKGROUND

1. MBK is an ADGM Registered Auditor, which was registered in ADGM on 30 June 2019. MBK is licenced to carry out the following activities:
 - a. 6918 Auditing Activities
 - b. 6919 Tax consulting Activities
 - c. 6920 Accountancy Services
2. Mr. Rajeev Vishnupant Kulkarni ("Mr. Kulkarni") is the sole authorised signatory, director and Registered Audit Principal ("RAP") of MBK.
3. MBK is licenced to provide audit services to ADGM registered entities. MBK does not hold Additional Permits (i.e. Financial Institutions Audit Permit or Public Audit Permit).
4. Entity A¹ is an ADGM registered entity and is a group with 3 components and consolidates at an ADGM group level. Entity A [REDACTED] has significant components in different jurisdictions.

¹ Anonymised term is used throughout the EU

5. MBK was the external auditor for Entity A for the fiscal period ended 31 December 2021.
6. From 7 to 9 August 2023, the Registration Authority carried out an audit monitoring inspection of MBK ("RA Inspection"). During the RA Inspection, the audit file of Entity A for the fiscal period ended 2021 was reviewed and significant gaps in audit quality were identified including:
 - a. significant gaps in overall group audit approach;
 - b. significant deficiencies in audit work;
 - c. minimal to no involvement of the RAP in the audit process;
 - d. it appears that MBK should either have not accepted this audit engagement or withdrawn itself; and
 - e. MBK treated the group audit as an accounts preparation engagement as opposed to a statutory audit.

B. RELEVANT REGISTRATION AUTHORITY REQUIREMENTS

7. Rule 17 of Part 6 of the Auditors Rules 2025 sets out the principles that Registered Auditors and Registered Audit Principals must comply with including, but not limited to, exercising due skill, care and diligence to:
 - a. be objective in all professional and business judgments reached when carrying out any audit work;
 - b. only undertake work that they are competent and qualified to perform;
 - c. ensure that all work carried out by them is performed diligently, competently and in accordance with all relevant technical and professional standards; and
 - d. ensure that they behave and act in a way that is fully compliant with all applicable or relevant laws and regulations professionally.
8. Rule 23(2) of Part 7 of the Auditors Rules 2025² states –
 - (2) *If a Registered Auditor:*
 - (a) *provides Audit Services to a company which is part of a Group; and*
 - (b) *in providing these Audit Services, relies on Working Papers relating to the Group or to another member of the Group, including Working Papers prepared by another auditor,*

it is not required to maintain a copy of the Working Papers referred to in Rule 23(2)(b) but must ensure that a copy of those Working Papers is readily accessible to it.

(3) A Registered Auditor must, upon request by the Registrar, provide to the Registrar promptly copies of Working Papers referred to in Rule 23(1) and 23(2).

² Same rule existed in Auditors Rules 2023

9. Rule 32(1)(a) of Part 8 of the Auditors Rules 2025³ requires ADGM Registered Auditors to conduct audits and prepare the contents of any relevant audit report relating to a non-exempt company in accordance with International Standards on Auditing ("ISA") and Part 15 of Companies Regulations 2020 ("CR 2020").
10. Section 467(5) of CR 2020 states:
The auditor's report–
(a) must be either unqualified or qualified, and
(b) must include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the report.
11. The relevant ISAs referred to in this EU are the following:
- a. **ISA 200** – Overall Objectives of the Independent Auditor
 - b. **ISA 210** - Agreeing the terms of audit engagements
 - c. **ISA 220** - Quality Control for an Audit of Financial Statements
 - d. **ISA 230** - Audit Documentation
 - e. **ISA 240** - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
 - f. **ISA 260** – Communication with those charged with governance
 - g. **ISA 315** – Identifying and assessing the risks of material misstatement through understanding the entity and its environment
 - h. **ISA 500** - Audit Evidence
 - i. **ISA 550** – Related Parties
 - j. **ISA 560** – Subsequent Events
 - k. **ISA 570** – Going Concern
 - l. **ISA 600** – Special Considerations
12. The extracts of the ISAs which are of particular relevance to the Adverse Findings sections under this Memo are set out in **Annexure A**.

³ The applicable version is Auditors Rules 2023. Rule 31 of Part 8 of the Auditors Rules 2023 requires ADGM Registered Auditors to conduct audits and prepare audit reports in accordance with ISA and Part 15 of CR 2020.

C. ADVERSE FINDINGS

13. Review of the Entity A audit file identified that the conduct of an audit of Entity A by MBK and the contents of the related audit report of A was not in accordance with the standards that a Registered Auditor is required to follow in accordance with Rule 32(1)(a) of the Auditors Rules 2025, namely the relevant standards and report contents were not in accordance with the ISA or relevant sections of Part 15 of CR 2020, as described further in this following section.
14. Entity A Financial Statements disclosed group revenue of USD 618 million.
15. The auditor's report included within the Entity A Financial Statements was signed by Mr Kulkarni on 24 January 2023 ("Entity A Auditor's Report"). In accordance with Rule 32(2)⁴ of Auditors Rules 2025, the Entity A Auditor's Report included the RAP's name, indicating that the RAP had the primary responsibility for the audit service provided to Entity A in respect of producing the Entity A Auditor's Report.

I. Adverse Finding 1 – Significant gaps in overall group audit approach

16. MBK signed the audit engagement letter with Entity A on 22 February 2023, approximately 14 months after the fiscal period end date of 31 December 2021, and after the two subsidiaries of Entity A, one of which is a parent of a sub-group, had been audited at a local jurisdiction statutory level.
17. MBK relied on the audited financial statements of the two subsidiaries of Entity A as audit evidence to provide an unmodified group audit opinion on 28 April 2023. This approach does not meet the requirements of ISA, and in particular the requirements of ISA 600 (Special Considerations) which constitutes a contravention of Rule 32(1)(a) of Part 8 of the Auditors Rules 2025.
18. During its' review, the Registration Authority found no evidence on the audit file to show how the firm complied with ISA 600, including the following:
 - a. Understanding of the group and the significant components;
 - b. Group scoping exercise and risk assessment over the components;
 - c. Setting of the group and its component materiality;
 - d. Review of component auditor working papers; and
 - e. Ensuring regulator can access to component auditor working papers.
19. Review of the audit file indicates that MBK should have potentially not accepted this limited group audit engagement in the first instance for the following reasons:

⁴ Rule 31(2) under the previous version Auditors Rules 2023



- a. the reluctance of Entity A to provide any information other than the audited accounts of the two subsidiaries to MBK;
 - b. the component auditors had completed their audit before MBK assumed the role of group auditor which meant MBK did not direct the work of component auditors; and
 - c. no arrangements were in place for the regulator (i.e. RA) to access component audit working papers on the audit file.
20. Further, this constitutes breaches of Rule 23(2) of the Auditors Rules 2025 being that MBK failed to maintain a copy of the Working Papers⁵ or ensure that the Working Papers is readily accessible.

II. Adverse Finding 2 – Audit deficiencies in all areas of the audit process and insufficient audit evidence

21. Deficiencies were identified in the following audit areas:

- a. Planning stage: lack of comprehensive risk assessment, including fraud risk assessment. The risk assessment did not document the audit engagement team's understanding of the entity, its control environment, its systems, and walkthroughs to confirm the design and implementation of key controls in breach of ISA 240.
- b. Communication with those charged with governance: Insufficient evidence and documentation were noted to demonstrate communication of relevant matters with those charged with governance in breach of ISA 260.
- c. Cash flow statement audit: insufficient audit work to show how the firm gained comfort over the workings of the cash flow statement in the accounts, a primary statement in the group accounts. Auditors must obtain sufficient and appropriate audit evidence to assess whether cash and cash equivalents are accurately recognised in the financial statements. This includes ensuring that the cash flow statement is accurately presented. This constitutes a breach of ISA 500.
- d. Related parties: insufficient understanding and audit evidence on related parties, including gaining comfort over the completeness of related parties and related party transactions. This constitutes a breach of ISA 550.
- e. Insufficient audit evidence in breach of ISA 500:
 - a) on the completeness and occurrence of **revenue of USD 618 million**;
 - b) to support the accounting treatment for **'other income' (gain on a bargain purchase) of USD 19 million**;

⁵ Working Papers under the Auditors Rules 2025 is defined as "all material (whether in the form of data stored on paper, film electronic media, or other media or otherwise) prepared by or for, or obtained by a Registered Auditor in connection with, the performance of the audit concerned and includes: (a) the record of audit procedures performed; (b) relevant audit evidence obtained; and (c) conclusions reached"

- c) to support the existence of **cash and cash equivalent of USD 29 million**. MBK did not obtain external third-party bank confirmation letters or perform alternative audit procedures to support existence of bank balances;
 - d) to gain comfort over the existence and recoverability of **trade receivables of USD 39 million**; and
 - e) to gain comfort over the completeness and valuation of **trade payables of USD 62 million**.
22. Post period end events and transactions requiring disclosure in the accounts were not considered up to the date of the Entity A Audit Report and going concern audit procedures did not cover a minimum of 12 months from the period end. This constitutes a breach of ISA 560 and ISA 570.

III. Adverse Finding 3 – Limited to no involvement of the Registered Audit Principal

23. RA Inspection identified very limited to no evidence of the RAP's involvement in the audit of Entity A. None of the working papers on the audit file are noted to have been reviewed by the RAP.
24. Further, RA Inspection identified that another individual at MBK who is not considered a fully qualified professional accountant ("HK"). HK has one year of local (i.e. UAE) audit experience and seven years of audit experience in India. The audit file showed no review of HK's work by the RAP nor any other senior and qualified audit staff member at MBK.
25. Limited to no involvement of the RAP constitutes a breach of ISA 220 and Rule 17(1)(b)(iii) – Due skill, care and diligence of the Auditors Rules 2025.

D. OFFER AND ACCEPTANCE OF THIS ENFORCEABLE UNDERTAKING

26. MBK acknowledges the contraventions set out in this EU and offers the undertakings set out below to address the Registration Authority's concerns.
27. The Registration Authority acknowledges MBK's cooperation and accepts the undertakings given by MBK in this EU.

E. TERMS AND CONDITIONS OF ENFORCEABLE UNDERTAKING

Remediation Plan

28. MBK undertakes to prepare a remediation plan to remedy the deficiencies identified in Section C above, (the "**Remediation Plan**"). The Remediation Plan is subject to approval by the Registration Authority and must, as a minimum set out in the proper detail:
- a. The audit gaps to be remediated including but not limited to the following gaps:

- a) Audit staff awareness and knowledge of ISA and continuous professional development;
 - b) Audit methodology and procedures;
 - c) Audit file security and retention; and
 - d) Ensuring the Registration Authority can access all audit files, including the working papers of component auditors.
 - b. Action plan necessary to remediate each audit gap and implementation timelines.
 - c. Individual(s) responsible for completing each action plan.
29. MBK undertakes to submit the draft Remediation Plan to the Registration Authority for approval no later than 30 days from the effective date of this EU.
30. MBK undertakes to implement all of the action plan tasks in the Remediation Plan within the timetable approved by the Registration Authority in the Remediation Plan.
31. MBK undertakes to report to the Registration Authority no later than 6 months from the date that the Remediation Plan is approved by the Registration Authority with an assessment and written confirmation as to whether MBK has appropriately implemented the Remediation Plan.

Financial Penalty

32. MBK undertakes to pay a financial penalty to the Registration Authority in relation to the contraventions set out in this EU. The penalty payable is a total of **USD 85,000** as follows:
- a. USD 40,000 for a contravention of Rule 32(1)(a)⁶ of the Auditors Rules 2025 – an Auditor must conduct an audit and prepare the audit report in accordance with ISA.
 - b. USD 30,000 for a contravention of Rule 23(2) of the Auditors Rules 2025 – a Registered Auditor must ensure that a copy of Working Papers is readily accessible to it.
 - c. USD 15,000 for a contravention of Rule 17(1)(b) of the Auditors Rules 2025⁷ –Registered Auditor must exercise due skill, care and diligence, for the reasons specified in Section C above.

Further Undertakings

33. MBK undertakes not to make any public statements or issue media releases that in any way conflicts with the intent, purpose and terms of this EU.
34. MBK undertakes to comply with any reasonable and lawful direction given to it by the Registration Authority about compliance with its obligations under this EU, within a reasonable period prescribed at the sole discretion of the Registration Authority.

⁶ Rule 31 of the Auditors Rules 2023

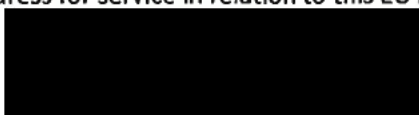
⁷ Same principle existed in Auditors Rules 2023

Remedies for Breach of Enforceable Undertakings

35. MBK acknowledges the right of the Registration Authority, at its sole discretion, to reasonably determine whether MBK has failed to satisfy the terms of this EU.
36. MBK acknowledges the right of the Registration Authority, at its sole discretion, to require MBK to provide evidence of its compliance with the terms under this EU.
37. In the event the Registration Authority determines that MBK is in breach of this EU, it reserves the right to pursue any remedy available to it under the rules and regulations administered by the Registration Authority without further notice.

Address for Service of Documents or Process

38. MBK's address for service in relation to this EU is:



39. Registration Authority address in relation to this EU is:

Level 3, Registration Authority
ADGM Square,
P.O. Box 111999,
Al Maryah Island, Abu Dhabi,
United Arab Emirates

Further Acknowledgements

40. The Registration Authority accepts the undertakings given by MBK in this EU.
41. Subject to the full compliance of MBK with the terms of this EU, the Registration Authority will not take any other enforcement action against MBK in relation to the contraventions and the underlying facts relating to the contraventions included in this EU.
42. For the avoidance of doubt, the Registration Authority reserves its rights to take enforcement action against any person other than MBK in relation to the facts and matters in this EU.
43. A person who is not a party to this EU has no rights to enforce any term of this EU.
44. Subject to paragraph 45 below, the facts and matters contained in this EU are without prejudice to the Registration Authority and MBK in that they may not be used, produced or relied upon in any other proceedings, including without limitation any civil, administrative or criminal actions or proceedings that may be brought by any other person.



45. Paragraph ~~44~~ does not prevent the Registration Authority from seeking any court order in relation to this matter or bringing any action to enforce a term or condition of this EU.
46. This EU does not affect the Registration Authority's power to investigate or take further action against MBK in relation to any other concerns, or arising from future conduct or findings, other than the facts and concerns set out in this EU.
47. The Registration Authority may issue a media release upon execution of this EU referring to its terms and the concerns of the Registration Authority that led to its execution. Further, the Registration Authority may publish this EU or parts thereof pursuant to Rule 34(5)(b) of the Auditors Rules 2025.
48. This EU takes effect on the date on which it is executed by the Registration Authority's authorised delegate.

F. GOVERNING LAW AND JURISDICTION

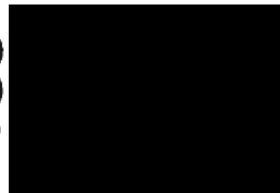
49. This EU and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the legislation of the ADGM.
50. Each Party irrevocably agrees that any dispute, claim or matter of difference arising out of or in connection with this EU, including any question regarding its existence, validity or termination, shall be subject to the exclusive jurisdiction of the ADGM Courts. Each party irrevocably submits to the jurisdiction of the ADGM Courts and waives any objection it may have to disputes arising out of or in connection with this EU being heard in the ADGM Courts on the grounds that it is an inconvenient forum (*forum non conveniens*).

EXECUTION PAGE

The Parties have duly executed this Enforcement Undertaking on 12 May 2025 and have affixed their signatures below.

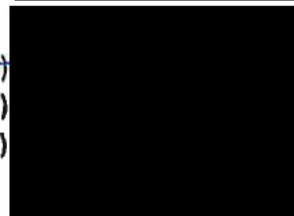
Mr. Rajeev Vishnupant Kulkarni
Registered Audit Principal, MBK Auditing
For and on behalf of **MBK Auditing**

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Hamad Sayah Al Mazrouei
CEO of the Registrar
For and on behalf of the **Registration Authority**

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ANNEXURE A

EXTRACTS OF RELEVANT INTERNATIONAL STANDARDS ON AUDITING (ISA)

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| ISA 200 Overall Objectives of The Independent Auditor And The Conduct of an Audit in Accordance With International Standards on Auditing | <i>Effective for audits of financial statements for periods beginning on or after December 15, 2009</i> |
| Paragraph 14 | The auditor shall comply with relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements. (Ref: Para. A14–A17) |
| Application material – Paragraph A14 | The auditor is subject to relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements. Relevant ethical requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) related to an audit of financial statements together with national requirements that are more restrictive. |
| IESBA Code of Ethics R601.5 | A firm or a network firm shall not provide to an audit client that is not a public interest entity accounting and bookkeeping services including preparing financial statements on which the firm will express an opinion or financial information which forms the basis of such financial statements, unless: (a) The services are of a routine or mechanical nature; and (b) The firm addresses any threats that are created by providing such services that are not at an acceptable level. |
| IESBA Code of Ethics 601.5 A1 | Examples of actions that might be safeguards to address a self-review threat created when providing accounting and bookkeeping services of a routine and mechanical nature to an audit client include: • Using professional who are not audit team members to perform the service. • Having an appropriate reviewer who was not involved in providing the service review the audit work or service performed. |
| ISA 210 – Agreeing the terms of audit engagements | <i>Effective for audits of financial statements for periods ending on or after December 15, 2009</i> |
| Paragraph 7 | If management or those charged with governance impose a limitation on the scope of the auditor's work in the terms of a proposed audit engagement such that the auditor believes the limitation will result in the auditor disclaiming an opinion on the financial statements, the auditor shall not accept such a limited engagement as an audit engagement, unless required by law or regulation to do so. |
| Paragraph 17 | If the auditor is unable to agree to a change of the terms of the audit engagement and is not permitted by management to continue the original audit engagement, the auditor shall: (a) Withdraw from the audit engagement where possible under applicable law or regulation; and (b) Determine whether there is any obligation, either contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners or regulators. |

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| ISA 220 Quality Control for an Audit of Financial Statements | <i>Effective for audits of financial statements for periods beginning on or after December 15, 2009</i> |
| Paragraph 14 | Assignment of Engagement Team The engagement partner shall be satisfied that the engagement team, and any auditor's experts who are not part of the engagement team, collectively have the appropriate competence and capabilities to: <ul style="list-style-type: none"> (a) Perform the audit engagement in accordance with professional standards and applicable legal and regulatory requirements; and (b) Enable an auditor's report that is appropriate in the circumstances to be issued. (Ref: Para. A10-A12) |
| Paragraph 16 | The engagement partner shall take responsibility for reviews being performed in accordance with the firm's review policies and procedures. (Ref: Para. A17–A18, A21) |
| Paragraph 17 | On or before the date of the auditor's report, the engagement partner shall, through a review of the audit documentation and discussion with the engagement team, be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued. (Ref: Para. A19–A21) |
| ISA 230 Audit Documentation | <i>Effective for audits of financial statements for periods beginning on or after December 15, 2009</i> |
| Paragraph 5 | The objective of the auditor is to prepare documentation that provides: <ul style="list-style-type: none"> (a) A sufficient and appropriate record of the basis for the auditor's report; and Evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements. |
| Paragraph 7 | The auditor shall prepare audit documentation on a timely basis. (Ref: Para. A1) |
| Paragraph 8 | The auditor shall prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand: (Ref: Para. A2–A5, A16–A17) <ul style="list-style-type: none"> (a) The nature, timing and extent of the audit procedures performed to comply with the ISAs and applicable legal and regulatory requirements; (Ref: Para. A6–A7) (b) The results of the audit procedures performed, and the audit evidence obtained; and Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions. (Ref: Para. A8–A11) |
| Paragraph 9 | In documenting the nature, timing and extent of audit procedures performed, the auditor shall record: <ul style="list-style-type: none"> (a) The identifying characteristics of the specific items or matters tested; (Ref: Para. A12) (b) Who performed the audit work and the date such work was completed; and Who reviewed the audit work performed and the date and extent of such review. (Ref: Para. A13) |
| Paragraph 10 | The auditor shall document discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place. (Ref: Para. A14) |

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| ISA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements | <i>Effective for audits of financial statements for periods beginning on or after December 15, 2009</i> |
| Paragraph 16 | ISA 315 (Revised) requires a discussion among the engagement team members and a determination by the engagement partner of which matters are to be communicated to those team members not involved in the discussion. This discussion shall place particular emphasis on how and where the entity's financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur. The discussion shall occur setting aside beliefs that the engagement team members may have that management and those charged with governance are honest and have integrity. (Ref: Para. A11–A12) |
| Paragraph 27 | When identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks. Paragraph 48 specifies the documentation required where the auditor concludes that the presumption is not applicable in the circumstances of the engagement and, accordingly, has not identified revenue recognition as a risk of material misstatement due to fraud. (Ref: Para. A29–A31) |
| Paragraph 31 | Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk. |
| ISA 260 – Communication with those charged with governance | <i>Effective for audits of financial statements for periods beginning on or after December 15, 2016</i> |
| Paragraph 11 | The auditor shall determine the appropriate person(s) within the entity's governance structure with whom to communicate. (Ref: Para. A1–A4) |
| Paragraph 15 | The auditor shall communicate with those charged with governance an overview of the planned scope and timing of the audit, which includes communicating about the significant risks identified by the auditor. (Ref: Para. A11–A16) |
| Paragraph 23 | Where matters required by this ISA to be communicated are communicated orally, the auditor shall include them in the audit documentation, and when and to whom they were communicated. Where matters have been communicated in writing, the auditor shall retain a copy of the communication as part of the audit documentation. ² (Ref: Para. A54) |
| ISA 315 – Identifying and assessing the risks of material misstatement through understanding the entity and its environment | <i>Effective for audits of financial statements for periods beginning on or after December 15, 2013</i> |
| Paragraph 5 | <i>The auditor shall perform risk assessment procedures to provide a basis for the identification and assessment of risks of material misstatement at the financial statement and assertion levels. Risk assessment procedures by themselves, however, do not provide sufficient appropriate audit evidence on which to base the audit opinion. (Ref: Para. A1–A5)</i> |
| Paragraph 6 | <i>The risk assessment procedures shall include the following:</i> |

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| | <p>(a) <i>Inquiries of management, of appropriate individuals within the internal audit function (if the function exists), and of others within the entity who in the auditor's judgment may have information that is likely to assist in identifying risks of material misstatement due to fraud or error. (Ref: Para. A6–A13)</i></p> <p>(b) <i>Analytical procedures.</i></p> <p>(c) <i>Observation and inspection.</i></p> |
| Paragraph 10 | <i>The engagement partner and other key engagement team members shall discuss the susceptibility of the entity's financial statements to material misstatement, and the application of the applicable financial reporting framework to the entity's facts and circumstances. The engagement partner shall determine which matters are to be communicated to engagement team members not involved in the discussion. (Ref: Para. A21–A24)</i> |
| ISA 500 Audit Evidence | <i>Effective for audits of financial statements for periods beginning on or after December 15, 2009</i> |
| Paragraph 6 | The auditor shall design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence. (Ref: Para. A5–A29) |
| Paragraph 9 | <p>When using information produced by the entity, the auditor shall evaluate whether the information is sufficiently reliable for the auditor's purposes, including, as necessary in the circumstances:</p> <ul style="list-style-type: none"> (a) Obtaining audit evidence about the accuracy and completeness of the information; and (Ref: Para. A49–A50) (b) Evaluating whether the information is sufficiently precise and detailed for the auditor's purposes. (Ref: Para. A51) |
| ISA 550 Related Parties | <i>Effective for audits of financial statements for periods beginning on or after December 15, 2009</i> |
| Paragraph 9 | <p>The objectives of the auditor are:</p> <ul style="list-style-type: none"> (a) Irrespective of whether the applicable financial reporting framework establishes related party requirements, to obtain an understanding of related party relationships and transactions sufficient to be able: <ul style="list-style-type: none"> (i) To recognize fraud risk factors, if any, arising from related party relationships and transactions that are relevant to the identification and assessment of the risks of material misstatement due to fraud; and (ii) To conclude, based on the audit evidence obtained, whether the financial statements, insofar as they are affected by those relationships and transactions: <ul style="list-style-type: none"> a. Achieve fair presentation (for fair presentation frameworks); or b. Are not misleading (for compliance frameworks); and <p>In addition, where the applicable financial reporting framework establishes related party requirements, to obtain sufficient appropriate audit evidence about whether related party relationships and transactions have been appropriately identified, accounted for and disclosed in the financial statements in accordance with the framework.</p> |
| ISA 560 – Subsequent Events | <i>Effective for audits of financial statements for periods ending on or after December 15, 2009</i> |

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| Paragraph 6 | 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 not, however, expected to perform additional audit procedures on matters to which previously applied audit procedures have provided satisfactory conclusions. (Ref: Para. A6) |
| Paragraph 7 | The auditor shall perform the procedures required by paragraph 6 so that they cover the period from the date of the financial statements to the date of the auditor's report, or as near as practicable thereto. The auditor shall take into account the auditor's risk assessment in determining the nature and extent of such audit procedures, which shall include the following: (Ref: Para. A7–A8) |
| ISA 570 Going Concern | Effective for audits of financial statements for periods ending on or after December 15, 2016 |
| Paragraph 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 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. |
| Paragraph 9 | The objectives of the auditor are: <ul style="list-style-type: none"> (a) To obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation 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 report in accordance with this ISA. |
| Paragraph 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 ISA 560,4 the auditor shall request management to extend its assessment period to at least twelve months from that date. (Ref: Para. A11–A13) |
| ISA 600 SPECIAL CONSIDERATIONS— AUDITS OF GROUP FINANCIAL STATEMENTS (INCLUDING THE WORK OF COMPONENT AUDITORS) | <i>Effective for audits of group financial statements for periods beginning on or after December 15, 2009</i> |
| Paragraph 1 | The International Standards on Auditing (ISAs) apply to group audits. This ISA deals with special considerations that apply to group audits, in particular those that involve component auditors. |
| Paragraph 8 | The objectives of the auditor are: |

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| | <p>(a) To determine whether to act as the auditor of the group financial statements; and</p> <p>(b) If acting as the auditor of the group financial statements:</p> <ol style="list-style-type: none"> i. To communicate clearly with component auditors about the scope and timing of their work on financial information related to components and their findings; and ii. To obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. |
| Paragraph 12 | <p>In applying ISA 220, the group engagement partner shall determine whether sufficient appropriate audit evidence can reasonably be expected to be obtained in relation to the consolidation process and the financial information of the components on which to base the group audit opinion. For this purpose, the group engagement team shall obtain an understanding of the group, its components, and their environments that is sufficient to identify components that are likely to be significant components. Where component auditors will perform work on the financial information of such components, the group engagement partner shall evaluate whether the group engagement team will be able to be involved in the work of those component auditors to the extent necessary to obtain sufficient appropriate audit evidence.</p> |
| Paragraph 13 | <p>If the group engagement partner concludes that:</p> <p>(a) it will not be possible for the group engagement team to obtain sufficient appropriate audit evidence due to restrictions imposed by group management; and</p> <p>(b) the possible effect of this inability will result in a disclaimer of opinion on the group financial statements, the group engagement partner shall either:</p> <p>(a) in the case of a new engagement, not accept the engagement, or...</p> |
| Paragraph 15 | <p>The group engagement team shall establish an overall group audit strategy and shall develop a group audit plan in accordance with ISA 300.</p> |
| Paragraph 16 | <p>The group engagement partner shall review the overall group audit strategy and group audit plan. (Ref: Para. A22)</p> |