Office of the Auditor General of Ontario

March 2019

Accounting and Assurance Standards Update

Helping You to Keep Up with Changing Accounting and Assurance Standards

The Office of the Auditor General of Ontario is pleased to provide this newsletter to make it easier for you to stay informed about changes to the CPA Canada Handbook that might affect your organization.

We focused on the most relevant accounting and assurance standard changes prepared in an easy-to-read reference format.

We track four key areas of interest: Public Sector Accounting Standards (PSAS); PSAS for Government Not-for-Profit Organizations; International Financial Reporting Standards (IFRS); and Assurance Standards. This edition contains updates to PSAS, IFRS and Assurance Standards. We encourage Government Not-for-Profit Organizations to review PSAS updates as these may also apply.

We hope you will find this newsletter useful. Please share your thoughts about it with Rebecca Yosipovich, Director, Professional Practices, and David Catarino, Manager, Accounting Centre of Excellence, so we can make future editions even better.

In This Edition

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This Edition at a Glance

Standards Digest

The following future accounting and assurance standards are detailed in this edition:

Page	Standard	Key Takeaways and Guidance	Effective Date*
7	PS 3400 - Revenue	• New standard issued in June 2018. • Recognition, measurement and presentation of revenues in the public sector that are not government transfers or taxes. • Two categories of public sector revenues: exchange transactions and unilateral (non-exchange) transactions with different recognition criteria.	April 1, 2022
7	PS 3280 - Asset Retirement Obligations	• New standard issued in August 2018. • Recognition and measurement of obligations that arise from permanent removal of tangible capital assets from service.	April 1, 2021
8	PS 3430 - Restructuring Transactions	• New guidance on restructurings (i.e., the transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities).	April 1, 2018
8	PS 3450 - Financial Instruments	• Part of a new suite of standards (PS 3450, PS 2601, PS 1201). • Recognition, measurement, presentation and disclosure of financial instruments, including derivatives. • All financial instruments to be measured in one of two categories: (i) fair value; or (ii) cost or amortized cost.	April 1, 2021
9	PS 2601 - Foreign Currency	• Part of a new suite of standards (PS 3450, PS 2601, PS 1201). • Replaces the guidance in section PS 2600, *Foreign Currency Translation*. • Exchange gains/losses on monetary assets and liabilities prior to settlement are recorded in the statement of remeasurement gains and losses. • Upon settlement, cumulative unrealized foreign exchange gains/losses are reclassified to the statement of operations. • Eliminates hedge accounting for foreign currencies.	April 1, 2021

*The effective date is for financial years beginning on or after the date shown.

Page	Standard	Key Takeaways and Guidance	Effective Date*
9	PS 1201 - Financial Statement Presentation	• Part of a new suite of standards (PS 3450, PS 2601, PS 1201). • Replaces PS 1200, *Financial Statement Presentation*. • Introduces statement of remeasurement gains and losses. • Remeasurement gains and losses arise from (i) foreign exchange gains and losses on items in the amortized cost category; (ii) unrealized gains and losses on financial instruments measured at fair value. • Accumulated remeasurement gains or losses at the end of the period are reported as a separate component of accumulated surplus or deficit.	April 1, 2021
10	PS 3041 - Portfolio Investments	• New standard replacing PS 3040, *Temporary Investments*. • Adopt with new suite of standards (PS 3450, PS 2601, PS 1201). • Portfolio investments measured in accordance with PS 3450, *Financial Instruments* unless they have concessionary terms. • Losses in the value of a portfolio investment that are not a temporary decline should be recognized and recorded in the statement of operations.	April 1, 2021
11	IFRS 15 - Revenue from Contracts with Customers	• Replaces IAS 18, *Revenue* and related standards, IAS 11; IFRIC 13; IFRIC 15; IFRIC 18 and SIC-31. • Nature, timing and amount of revenue recognized is based on the performance obligation(s) in the contract. • A performance obligation is a promise by the entity to transfer good(s) or service(s) to the customer. • Revenue recognition under IFRS 15 has five steps. • Depending on the contract, performance obligations are fulfilled at a certain point in time or over a period of time.	January 1, 2018
11	IFRS 16 - Leases	• Replaces IAS 17, *Leases* and related standards, IFRIC 14; SIC-15 and SIC-27. • Requires a lessee to recognize a lease obligation and a corresponding right-of-use asset at the inception of most leases (two exception conditions). • Lease obligations are measured at the present value of future lease payments at lease inception. • Right-of-use asset is recognized at the value of the lease obligation at inception and amortized in a rational matter over its useful life.	January 1, 2019

*The effective date is for financial years beginning on or after the date shown.

Page	Standard	Key Takeaways and Guidance	Effective Date*
12	IFRS 17 - Insurance Contracts	• Replaces IFRS 4, *Insurance Contracts*. • Profit from insurance contracts is initially recorded as a liability called the contractual service margin. • Contractual service margin is recognized over the insurance contract's coverage period. • Requires entities to update actuarial assumptions and estimates in measuring insurance contracts in subsequent reporting periods. • Accelerates the recognition of losses on insurance contracts that are expected to be onerous.	January 1, 2021 (Tentatively deferred to January 1, 2022)
12	IFRIC 22 - Foreign Currency Transactions and Advance Considerations	• Guidance on transactions involving the advance receipt or payment of consideration denominated in a foreign currency. • Upon recognition of the related asset, expense or income, the entity applies the exchange rate in effect at the date of the initial recognition of the advance receipt or payment.	January 1, 2018
13	IFRS 9 - Financial Instruments	• Replaces IAS 39, *Financial Instruments: Recognition and Measurement*. • Eliminates previous categories of financial instruments and introduces three categories: (i) amortized cost, (ii) fair value through other comprehensive income, and (iii) fair value through profit and loss. • Requires entities to estimate and account for expected credit losses at the time a financial asset is initially recognized, rather than delaying recognition until the time the loss occurs.	January 1, 2018
13	IAS 19 - Employment Benefits	• Narrow-scope amendment. • If there is a curtailment, settlement or amendment of a defined benefit plan, the current service cost and the net interest for the period after the date of remeasurement must be determined using the updated assumptions used for the remeasurement.	January 1, 2019
13	IAS 1 - Presentation of Financial Statements	• Narrow-scope amendment. • Clarifies the concept of materiality in IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.	January 1, 2020

*The effective date is for financial years beginning on or after the date shown.

Page	Standard	Key Takeaways and Guidance	Effective Date*
14	CAS 700 - Forming an Opinion and Reporting on Financial Statements	• Significant changes to the auditor's report, including: ◦ Auditor's opinion now appears at the beginning ◦ Expanded description of the auditor's responsibilities ◦ Explicit statement of auditor's independence and fulfillment of other ethical responsibilities ◦ Identification of Board of Directors (or equivalent) as those charged with governance with a description of their financial reporting oversight responsibilities.	Audits of financial statements for periods ending on or after December 15, 2018
14	CAS 701 - Communicating Key Audit Matters in the Independent Auditor's Report	• Introduces new section in the auditor's report called Key Audit Matters (KAM). • KAM are those matters that, in the auditor's professional judgment, were of most significance to the audit. • Currently applicable at the auditor's discretion or if required by law or regulation.	Various (see details on page 14)
15	CAS 720 - The Auditor's Responsibilities Relating to Other Information	• Other information is information that accompanies or contains the audited financial statements, such as the annual report. Other information can be financial or non-financial. • Auditors required to include a section on the other information in the auditor's report identifying the other information reviewed by the auditor, describing the auditor's responsibility to review the information, and concluding as to whether there was a material misstatement of the other information.	Audits of financial statements for periods ending on or after December 15, 2018
15	CAS 570 - Going Concern	• Auditors are required to include a separate section in the auditor's report if there is a material uncertainty related to an entity's ability to continue as a going concern.	Audits of financial statements for periods ending on or after December 15, 2018

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Accounting and Assurance Standards Adoption Timeline

The following timeline shows the effective dates for the future accounting and assurance standards outlined:

2018	PS 3430	Restructuring Transactions	April 1
	IFRS 9	Financial Instruments	January 1
	IFRS 15	Revenue from Contracts with Customers	January 1
	IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1
	CAS 700	Forming an Opinion and Reporting on Financial Statements (Amendment)	December 15
	CAS 701	Communicating Key Audit Matters in the Independent Auditor's Report	December 15
	CAS 720	The Auditor's Responsibilities Relating to Other Information (Amendment)	December 15
	CAS 570	Going Concern (Amendment)	December 15
2019	IFRS 16	Leases	January 1
	IAS 19	Employment Benefits (Amendment)	January 1
2020	IAS 1	Presentation of Financial Statements (Amendment)	January 1
2021	PS 1201	Financial Statement Presentation	April 1
	PS 2601	Foreign Currency Translation	April 1
	PS 3041	Portfolio Investments	April 1
	PS 3280	Asset Retirement Obligations	April 1
	PS 3450	Financial Instruments	April 1
2022	PS 3400	Revenue	April 1
	IFRS 17	Insurance Contracts (Tentative Deferral)	January 1

Public Sector Accounting Standards (PSAS)

PS 3400 - Revenue

Effective Date:* April 1, 2022
Early Adoption: Permitted

The Public Sector Accounting Board (PSAB) approved Section PS 3400 in June 2018. The new standard provides guidance on the recognition, measurement and presentation of revenues that can arise in the public sector, but are outside the scope of the existing sections that address revenues, PS 3410, *Government Transfers* and PS 3510, *Tax Revenues*.

The new standard separates public sector revenues into two categories: exchange transactions and unilateral (non-exchange) transactions. The distinguishing feature is the existence of a performance obligation, an enforceable promise to provide a good or service to a payor. Exchange transactions have one or more performance obligations. By contrast, unilateral transactions, such as fines and penalties, are not associated with a performance obligation.

Revenues from an exchange transaction are recognized as or when the public sector entity satisfies the performance obligation. This may be at a point in time or over a period of time, depending on which method best depicts the transfer of goods or services to the payor.

Unilateral revenues are recognized when there is the authority and a past event that gives rise to a claim of economic resources.

PS 3280 - Asset Retirement Obligations

Effective Date:* April 1, 2021
Early Adoption: Permitted

Section PS 3280 was issued in August 2018 to provide guidance on the recognition and measurement of obligations that arise from asset retirement activities. Asset retirement is the permanent removal of a tangible capital asset from service.

A retirement obligation is recognized as a liability when:

(i) there is a legal obligation to incur costs to permanently remove a tangible capital asset from service. Legal obligations can arise from legislation, contracts and promissory estoppel;

(ii) the past transaction giving rise to the liability, such as acquisition, construction, development or normal use, has already occurred;

(iii) there is an expectation that future economic benefits will be given up; and

(iv) a reasonable estimate of the liability can be made. The estimate includes costs directly attributable to the retirement activities, including post-retirement operation, maintenance and monitoring.

Upon recognition of the obligation, the carrying amount of the related tangible capital asset is increased by the same amount as the liability. The cost included in the carrying amount of the tangible capital asset is allocated to expense in a rational and systematic manner (e.g., amortization over the remaining useful life of the related tangible capital asset).

If the related asset is no longer in productive use, or if the related asset is not recognized for accounting purposes, the related retirement costs would be recorded as an expense.

PSAB withdrew the guidance on solid waste landfill closure and post-closure liability (Section PS 3270) following the issuance of this standard. Section PS 3270 remains effective until PS 3280 is adopted.

*The effective date is for financial years beginning on or after the date shown.

Public Sector Accounting Standards (PSAS)

PS 3430 - Restructuring Transactions

Effective Date:* Apri1 1, 2018
Early Adoption: Permitted

Section PS 3430 provides guidance on restructurings, the transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities. Unlike acquisitions, restructurings do not involve the payment of consideration that is based on the fair value of the individual assets and liabilities.

The main provisions of the standard are:

(i) The transferring entity should derecognize the assets and liabilities transferred and record the net effect separately as a revenue or an expense item in the statement of operations.

(ii) The recipient entity recognizes the individual assets and liabilities received in a restructuring transaction at the restructuring date and records the one-line net impact of the transfer in the statement of operations.

(iii) The transferor and the recipient should not restate their financial position or results of operations as if the restructuring occurred prior to the restructuring date.

(iv) Both the transferor and recipient disclose the restructuring transaction in the notes to the financial statements. Disclosure includes the identity of the entities involved, the reason for the restructuring and the nature of the assets, liabilities and operations transferred.

PS 3450 - Financial Instruments

Effective Date:* April 1, 2021
Early Adoption: Permitted
(PS 3450, PS 2601 and PS 1201 are to be adopted together)

For governments and government entities that did not apply the *CPA Canada Handbook – Accounting* prior to adoption of the *CPA Canada Public Sector Accounting Handbook.*

Section PS 3450 provides guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

The new standard introduces the requirement to measure all financial instruments in one of two categories:

(i) fair value; or

(ii) cost or amortized cost.

Under Section PS 3450, investments in equity instruments that are quoted in an active market and derivatives are measured at fair value.

This standard was originally approved by PSAB for fiscal years beginning on or after April 1, 2015. The effective date has since been extended three times (April 1, 2016, April 1, 2019, and the current effective date of April 1, 2021).

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Public Sector Accounting Standards (PSAS)

PS 2601 - Foreign Currency Translation

Effective Date:* April 1, 2021
Early Adoption: Permitted
(PS 3450, PS 2601 and PS 1201 are to be adopted together)

For governments and government entities that did not apply the *CPA Canada Handbook – Accounting* prior to adoption of the *CPA Canada Public Sector Accounting Handbook.*

Section PS 2601 replaces the guidance in Section PS 2600, *Foreign Currency Translation*. Under Section PS 2601, exchange gains and losses arising on monetary assets and liabilities prior to settlement are recorded in the statement of remeasurement gains and losses. Once the foreign currency denominated item is settled, the cumulative amount of unrealized foreign exchange gain or losses previously recognized is reclassified to the statement of operations.

The introduction of PS 2601 eliminates the practice of deferring unrealized gains and losses arising from foreign currency translation and the previous guidance surrounding hedge accounting of foreign currencies.

This standard was originally approved by PSAB for fiscal years beginning on or after April 1, 2015. The effective date has since been extended three times (April 1, 2016, April 1, 2019, and the current effective date of April 1, 2021).

PS 1201 - Financial Statement Presentation

Effective Date:* April 1, 2021
Early Adoption: Permitted
(PS 3450, PS 2601 and PS 1201 are to be adopted together)

For governments and government entities that did not apply the *CPA Canada Handbook – Accounting* prior to adoption of the *CPA Canada Public Sector Accounting Handbook.*

Section PS 1201 replaces PS 1200, *Financial Statement Presentation*.

Section PS 1201 introduces the statement of remeasurement for gains and losses. Remeasurement gains and losses arise from:

(i) exchange gains and losses on items in the amortized cost category denominated in a foreign currency; and

(ii) unrealized gains and losses on financial instruments that are measured at fair value.

The accumulated remeasurement gains or losses at the end of the period are reported in the statement of financial position as a separate component of accumulated surplus or deficit.

This standard was originally approved by PSAB for fiscal years beginning on or after April 1, 2015. The effective date has since been extended three times (April 1, 2016, April 1, 2019, and the current effective date of April 1, 2021).

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Public Sector Accounting Standards (PSAS)

PS 3041 - Portfolio Investments

Effective Date:* April 1, 2021
Early Adoption: Permitted
(Adopted at the same time PS 3450, PS 2601 and PS 1201 are adopted)

For governments and government entities that did not apply the *CPA Canada Handbook – Accounting* prior to adoption of the *CPA Canada Public Sector Accounting Handbook*.

PS 3041 replaces Section PS 3040, *Temporary Investments*. PS 3041 states that portfolio investments are measured in accordance with PS 3450, *Financial Instruments* unless they have concessionary terms such as little or no return on the government investment. Losses in the value of a portfolio investment that are not a temporary decline should be recognized and recorded in the statement of operations.

This standard was originally approved by PSAB for fiscal years beginning on or after April 1, 2015. The effective date has since been extended three times (April 1, 2016, April 1, 2019, and the current effective date of April 1, 2021).

*The effective date is for financial years beginning on or after the date shown.

IFRS 15 - Revenue from Contracts with Customers

Effective Date:* January 1, 2018
Early Adoption: Permitted

The International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) jointly issued a standard in May 2014 addressing recognition of revenue from contracts with customers.

IFRS 15 replaces IAS 18, *Revenue*. Under IFRS 15, the nature, timing and amount of revenue recognized is based on the performance obligation(s) in the contract. A performance obligation is a promise by the entity to transfer a good or service (or a bundle of goods or services) to the customer.

Revenue recognition under IFRS 15 has five steps:

(i) Identify the contract with a customer. Contracts can be written, implied or oral in nature.
(ii) Identify all performance obligations within the contract.
(iii) Determine the transaction price.
(iv) Allocate the price to the performance obligations.
(v) Recognize revenue as the performance obligations are fulfilled.

Depending on the nature of the contract, the performance obligations are fulfilled either at a certain point in time or over a period of time.

IFRS 15 also replaces IAS 11, *Construction Contracts*; IFRIC 13, *Customer Loyalty Programs*; IFRIC 15, *Agreements for the Construction of Real Estate*; IFRIC 18, *Transfers of Assets from Customers* and SIC-31, *Revenue – Barter Transactions Involving Advertising Services.*

IFRS 16 - Leases

Effective Date:* January 1, 2019
Early Adoption: Permitted
(with adoption of IFRS 15)

The IASB issued IFRS 16 in January 2016, replacing IAS 17, *Leases*. IFRS 16 requires a lessee to recognize a lease obligation and a corresponding right-of-use asset at the inception of most leases. This approach differs considerably from the previous guidance in IFRS 16 that distinguished between financing and operating leases and required a lease obligation be recorded only for those leases that met the criteria of a financing lease.

There are two circumstances in which lessees may elect to not recognize a lease liability and right-of-use asset: if the lease has a duration of 12 months or less from the initial start date, or if the leased asset is considered low value.

Lease obligations are measured at the present value of future lease payments at the inception of the lease. The right-of-use asset is initially recognized at the value of the lease obligation at inception, adjusted for certain lease-related costs. Subsequently, the right-of-use asset is amortized in a rational matter over its useful life.

IFRS 16 also replaces IFRIC 4, *Determining Whether an Arrangement Contains a Lease*; SIC-15, *Operating Leases – Incentives* and SIC-27, *Evaluating the Substance of Transactions in the Legal Form of a Lease*.

*The effective date is for financial years beginning on or after the date shown.

International Financial Reporting Standards (IFRS)

IFRS 17 - Insurance Contracts

Effective Date:* January 1, 2021[1]
Early Adoption: Permitted
(with adoption of IFRS 15 and IFRS 9)

IFRS 17 was issued in May 2017 to replace IFRS 4, *Insurance Contracts*. Under IFRS 4, entities were permitted to continue to use accounting policies for insurance contracts that were in place prior to the entity's adoption of IFRS. IFRS 17 increases comparability across reporting entities by standardizing accounting for insurance contracts.

Under IFRS 17, profit from insurance contracts is initially recorded as a liability called the contractual service margin. The contractual service margin is recognized over the insurance contract's coverage period.

IFRS 17 also requires entities to update actuarial assumptions and estimates in measuring insurance contracts in subsequent reporting periods. It also accelerates the recognition of losses on insurance contracts that are expected to be onerous.

[1] In November 2018, the IASB tentatively agreed to defer the effective date of IFRS 17 by one year to fiscal years beginning on or after January 1, 2022. The IASB also tentatively agreed to defer the effective date of IFRS 9 for qualified insurers to January 1, 2022.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

Effective Date:* January 1, 2018
Early Adoption: Permitted

IFRIC 22 was issued in December 2016 to provide guidance on transactions involving the advance receipt or payment of consideration denominated in a foreign currency. Upon recognition of the related asset, expense or income, the entity applies the exchange rate that is in effect at the date of the initial recognition of the advance receipt or payment.

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International Financial Reporting Standards (IFRS)

IFRS 9 - Financial Instruments

Effective Date:* January 1, 2018
Early Adoption: Permitted

In July 2014, the IASB issued IFRS 9, *Financial Instruments*, replacing IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 eliminates the previous categories of financial instruments, such as held-to-maturity investments and available-for-sale financial assets, and introduces the following three categories:

(i) amortized cost

(ii) fair value through other comprehensive income

(iii) fair value through profit and loss.

IFRS 9 also requires entities to estimate and account for expected credit losses at the time a financial asset is initially recognized, rather than delaying recognition until the time the loss occurs. This approach involves more timely recognition of losses but involves more professional judgment.

Amendment to IAS 19 - Employment Benefits

Effective Date:* January 1, 2019
Early Adoption: Permitted

The IASB issued a narrow-scope amendment to IAS 19, *Employment Benefits*, in February 2018. If there is a curtailment, settlement or amendment of a defined benefit plan, the current service cost and the net interest for the period after the remeasurement must be determined using the updated assumptions used for the remeasurement. Any changes to the asset ceiling amount arising from a plan amendment, curtailment or settlement are recognized through other comprehensive income (or loss).

Amendment to IAS 1 - Presentation of Financial Statements

Effective Date:* January 1, 2020
Early Adoption: Permitted

Materiality is an important concept in helping financial statements preparers determine what information should be presented in the financial statements. In October 2018, as part of its *Better Communication in Financial Reporting* project, the IASB issued amendments to IAS 1 and IAS 8 to clarify the concept of materiality.

*The effective date is for financial years beginning on or after the date shown.

Amendment to CAS 700 - Forming an Opinion and Reporting on Financial Statements

Effective Date: Audits of financial statements for periods ending on or after December 15, 2018
Early Adoption: Permitted

In June 2017, the Canadian Auditing and Assurance Standards Board (AASB) issued amendments to CAS 700 as part of the International Auditing and Assurance Standards Board's ongoing project to enhance the usefulness of the auditor's report. The significant changes to the auditor's report introduced by these amendments include:

(i) The auditor's opinion now appears at the beginning of the auditor's report.

(ii) The description of the auditor's responsibilities is expanded to include the auditor's responsibility to communicate with the Board of Directors (or equivalent) and to conclude on the appropriateness of management's use of the going concern basis of accounting.

(iii) The addition of an explicit statement that the auditor is independent of the entity and has fulfilled the auditor's other relevant ethical responsibilities.

(iv) The identification of the Board of Directors (or equivalent) as those charged with governance along with a description of their responsibility for the oversight of the financial reporting process.

CAS 701 - Communicating Key Audit Matters in the Independent Auditor's Report

Effective Date: Various
Early Adoption: Permitted

In June 2017, the AASB issued CAS 701 to provide guidance on the implementation of a new section in the auditor's report called Key Audit Matters. Key Audit Matters (KAM) are those matters that, in the auditor's professional judgment, were of most significance to the audit. The goal of KAM is to provide greater transparency to users about the audit.

At the time CAS 701 was issued, the AASB determined that KAM should be included at the auditor's discretion or if required under law or regulation and is effective for audits of financial statements for periods ending on or after December 15, 2018.

In November 2018, the AASB announced that the inclusion of KAM is mandatory for the audit of financial statements of entities listed on the Toronto Stock Exchange (TSX) (other than entities required to comply with National Instrument 81-106, *Investment Fund Continuous Disclosure*). This will become effective for periods ending on or after December 15, 2020.

In January 2019, the AASB issued an exposure draft titled *Communication of Key Audit Matters in the Auditor's Report*. The exposure draft proposes that Key Audit Matters are required for the audit of all entities listed on exchanges other than the TSX effective for periods ending on or after December 15, 2021.

Assurance Standards

Amendments to CAS 720 - The Auditor's Responsibilities Relating to Other Information

Effective Date: Audits of financial statements for periods ending on or after December 15, 2018
Early Adoption: Permitted

In June 2017, the AASB issued amendments to CAS 720 outlining the changes in the auditor's responsibility relating to "other information." Other information is information that accompanies or contains the audited financial statements, such as the annual report. Other information can be financial or non-financial. The amendments require that auditors include a section on the other information in the auditor's report in the appropriate circumstances. This section identifies the other information reviewed by the auditor, describes the nature of the auditor's responsibility to review the information and provides a conclusion as to whether there was a material misstatement of the other information.

Amendments to CAS 570 - Going Concern

Effective Date: Audits of financial statements for periods ending on or after December 15, 2018
Early Adoption: Permitted

In June 2017, the AASB issued amendments to CAS 570 outlining the changes in the auditor's responsibility for reporting on going concern. Auditors are required to include a separate section in the auditor's report under the heading "material uncertainty related to going concern" if there is a material uncertainty related to an entity's ability to continue as a going concern.