

CANADIAN AUDITING STANDARDS

CAS 560

subsequent events

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving CAS 570, *Going Concern*.

- A9. In inquiring of management and, where appropriate, those charged with governance, as to whether any subsequent events have occurred that might affect the financial statements, the auditor may inquire as to the current status of items that were accounted for on the basis of preliminary or inconclusive data and may make specific inquiries about the following matters:
- Whether new commitments, borrowings or guarantees have been entered into.
 - Whether sales or acquisitions of assets have occurred or are planned.
 - Whether there have been increases in capital or issuance of debt instruments, such as the issue of new shares or debentures, or an agreement to merge or liquidate has been made or is planned.
 - Whether any assets have been appropriated by government or destroyed, for example, by fire or flood.
 - Whether there have been any developments regarding contingencies.
 - Whether any unusual accounting adjustments have been made or are contemplated.
 - Whether any events have occurred or are likely to occur that will bring into question the appropriateness of accounting policies used in the financial statements, as would be the case, for example, if such events call into question the validity of the going concern assumption.
 - Whether any events have occurred that are relevant to the measurement of estimates or provisions made in the financial statements.
 - Whether any events have occurred that are relevant to the recoverability of assets.

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving narrow-scope amendments to CAS 700, Forming an Opinion and Reporting on Financial Statements, and CAS 260, Communication with Those Charged with Governance.

2. Financial statements may be affected by certain events that occur after the date of the financial statements. Many financial reporting frameworks specifically refer to such events.² Such financial reporting frameworks ordinarily identify two types of events:
- (a) Those that provide evidence of conditions that existed at the date of the financial statements; and
 - (b) Those that provide evidence of conditions that arose after the date of the financial statements.

CAS 700 explains that the date of the auditor's report informs the reader that the auditor has considered the effect of events and transactions of which the auditor becomes aware and that occurred up to that date.³

Footnotes

2. For example, International Accounting Standard (IAS) 10, *Events After the Reporting Period*, deals with the treatment in financial statements of events, both favourable and unfavourable, that occur between the date of the financial statements (referred to as the "end of the reporting period" in the IAS) and the date when the financial statements are authorized for issue.

3. CAS 700, *Forming an Opinion and Reporting on Financial Statements*, paragraph A66

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