

Memorandum

To: 201X Audit Files

CC: [Auditor]

From: [Author]

Date: [Date]

Re: Going Concern

GOING CONCERN PRINCIPAL

Under IAS 1 Presentation of Financial Statements, management is required to make an assessment of an entity's ability to continue operating as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. When management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.

OVERVIEW

This memo outlines Management's assessment of [Company] ability to operate on a going concern basis.