

Going Concern: A focus on disclosure webinar 28 June 2021

Q&A Summary

No	Name	Question	Answer
1.	Theo Knoesen	GC basis: SME's management has no idea what or how to determine the GC basis and rely on us outside for advise, management is in the "hope" things work out for them to continue ad take business on a day to day basis....	<p>I think we all agree with you!</p> <p>Even though the management of SME are not familiar with the going concern concept or specifics of what they should consider, if you word your question to them appropriately, they will be able to answer whether or not they will still be in operation within the 12 months after year-end.</p> <p>I recommend that you emphasise the fact that the assessment of going concern is the responsibility of management (perhaps by discussing the specific details set out in your engagement letter with the client).</p> <p>Your main objective is to compile and report in accordance with the financial reporting framework. Compilers of financial statements do not have any reporting obligations as a result of going concern, but they should ensure that the circumstances surrounding the uncertainty and resulting plans are properly disclosed. This is usually done in the Directors' Report.</p> <p>If you are acting in your capacity as auditor or independent reviewer, should document your assessment of management assessment of going concern and refer to where management has adequately disclosed the details regarding the basis of going concern.</p>
2.	Theo Knoesen	On the subject of Level 4 lockdown that started today...should we be issueing permits to employees?	<p>I am revising the answer that I gave this morning – where I recommended that you issue your employees with letters confirming that they travel for work purposes – until we have clarity on the issuing of permits.</p> <p>I can now state with confidence that the answer to your question is YES!</p> <p>The new Adjusted Level 4 Lockdown Regulations was gazetted last night on 27 June 2021, and it confirms, among other things, the following:</p> <ul style="list-style-type: none"> • Travel to carry out work responsibilities is only allowed if you have the correct permits • Form 7 (Carrying out work responsibilities issued by an employer) must be completed in this regard
3.	Theo Knoesen	Lettie,are we still allowed to say "technically insolvent"....	Even though the meaning is exactly the same, the correct term to rather is "Factually Insolvent".