Principles and Practice

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Auditor's Guide to Going Concern in the Independent Auditor's Report

ISA 570 (Revised 2024)

Effective for audits of financial statements for periods beginning on or after **15 December 2026**

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Fundamental Principle

Management assesses the entity's ability to continue as a going concern and determines whether the going concern basis of accounting is appropriate under the applicable financial reporting framework. (For entities applying IFRS 18, the going concern requirements are set out in IAS 8, retitled "*Basis of Preparation of Financial Statements*" by IFRS 18, at paragraphs 6K–6L*). Until IFRS 18 is applied, the requirements remain in IAS 1, paragraphs 25–26.

The auditor evaluates management's assessment, obtains sufficient appropriate audit evidence (SAAE) as to the appropriateness of management's use of the going concern basis of accounting, concludes whether a material uncertainty related to going concern (MURGC) exists, and reports accordingly under ISA 570 (Revised 2024) and, where applicable, ISA 705 (Revised).

The reporting decision turns on three questions:

1. **Is the going concern basis of accounting appropriate?**
2. **Does a MURGC exist?**
3. **Are the related disclosures adequate?**

*** IFRS 18:** Effective for annual reporting periods beginning on or after 1 January 2027. IAS 8 paras. 6A–6N apply only when the entity applies IFRS 18; until then, IAS 1 paras. 25–26 continue to govern going concern.

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Auditor Decision Matrix

Auditor's Assessment	Material Uncertainty / Evidence	Auditor's Conclusion/ Opinion	Going Concern Reporting	ISA 570 Paras.
GC basis of accounting is **appropriate**	No material uncertainty exists	Unmodified opinion	Standard "**Going Concern**" section. *Listed entities:* Where management made significant judgments in concluding that no material uncertainty exists, the auditor describes how management's assessment was evaluated and refers to the related disclosures.	34; 34(b)
	MURGC exists and disclosures are adequate	Unmodified opinion	**MURGC** section. *Listed entities*: Describe how the auditor evaluated management's assessment	35; 35(b)
	MURGC exists but disclosures are omitted or inadequate	Qualified or Adverse Opinion (ISA 705)	A **MURGC** section is still required, drawing attention to the Basis for Qualified/Adverse Opinion section	36; 36(c)
GC basis of accounting is **inappropriate**	N/A	Adverse Opinion (ISA 705)	No separate GC / MURGC section, unless law or regulation requires	38; 38(b)
Unable to obtain SAAE regarding GC	Inability to obtain evidence	Qualified or Disclaimer of Opinion (ISA 705)	**Disclaimer:** no GC / MURGC section, unless law or regulation requires. **Qualified:** ISA 570 does not prohibit a separate GC or MURGC section	ISA 570: 37 ISA 705-7(b), 9, 19(d)*, 29*

** Paragraphs introduced or amended by the conforming and consequential amendments accompanying ISA 570 (Revised 2024).*

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Unable to Obtain SAAE Regarding GC – ISA 705

Once the auditor is unable to obtain **SAAE** regarding GC, the reporting implications are determined in accordance with **ISA 705.**

- **Para. 7(b) – Qualified Opinion**, *"The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive".*
- **Para. 9 – Disclaimer of Opinion**, *"The auditor shall disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive".*
- **Para. 19(d)(new)- Disclaimer of Opinion** *"State in the Basis for Disclaimer of Opinion section that the auditor is unable to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements and 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"*
- **Para.29 (new) - Disclaimer of Opinion**: *"Unless required by law or regulation, when the auditor disclaims an opinion on the financial statements, the auditor's report shall not include a section on:*
  - *Going Concern in accordance with ISA 570 (Revised 2024)*
  - *Material Uncertainty Related to Going Concern in accordance with ISA 570 (Revised 2024) […]"*

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Special Circumstances

Circumstance	Auditor's Action	ISA 570
Events or conditions identified after management's assessment	Request management to evaluate their significance and, where necessary, revise its assessment	20–25
Management unwilling to perform or extend its assessment	Discuss with management and, where appropriate, Those Charged with Governance (TCWG), then determine the implications for the audit including whether SAAE can be obtained	16; 22–23
Period covered by management's assessment – two different anchor dates	**IAS 8:** at least 12 months from the end of the reporting period. **ISA 570:** If management's assessment covers less than 12 months from the date of approval of the financial statements, request management to extend it to at least that period.	21 IAS 8: 6L
Communication with TCWG	Communicate significant GC matters to TCWG	41–42

Core Facts to Remember

- ✓ GC basis appropriate + no MURGC → **Unmodified opinion** and a separate section headed **"Going Concern"** – **ISA 570.34**
- ✓ MURGC + adequate disclosure → **Unmodified opinion** and a separate **MURGC** section – **ISA 570.35**
- ✓ MURGC + inadequate disclosure → **Qualified or Adverse opinion** and a separate **MURGC section** – **ISA 570.36**
- ✓ GC basis inappropriate → **Adverse opinion** and **no separate Going Concern/MURGC section**, unless required by law or regulation – **ISA 570.38(b)**
- ✓ Unable to obtain SAAE regarding going concern, resulting in a **Disclaimer of Opinion** → **No separate Going Concern/MURGC section**, unless required by law or regulation – **ISA 570.37**
- ✓ **Listed entities:** The auditor describes how the auditor evaluated management's assessment of going concern, as required by **ISA 570.34(b) and 35(b)**, in the circumstances specified in those paragraphs.

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