August 24, 2023

Comments on Proposed ISA570 Going Concern

My name is Kazuhiro Yoshii, and I was a member of the IAASB CAG as a representative of the Japan Securities Dealers Association until the IAASB CAG MTG in September 2022. My comments are about Q13 and Q14 in Specific Questions of Section3,Page36 . These are not the opinions of the company to which I belong or the Japan Securities Dealers Association, but my personal comments as a user of corporate information.

Question 13

I Agree. In particular, I support amendments to paragraphs 33, 34 and A69-A79 of the Exposure Draft.
I understand that paragraph 33(b) requires disclosure equivalent to KAM in the category of "going concern " in the auditor's report, even if it is not KAM. If there are events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, for example, if there is a conflict with financial covenants, for users of financial statements, such as equity or bond investors and creditors, such situation can directly affect the recoverability of their investments and loans. Therefore, they cannot help but take great interest in such information, even if it is not KAM.
When the auditor concludes that the management's use of the going concern basis of accounting in the preparation of financial statements is appropriate, the evaluation process by the auditor that reaches that conclusion is extremely important for users of financial statements to understand the validity of the conclusions.

In the case of Paragraph 34, the current ISA 570 does not require the description of "how the auditor considered management's assessment" in the auditor's report. It is unbalanced not to be obligated to report when there is material uncertainty, even though the situation is more serious. Therefore, Therefore, I am in favor of requiring this description in auditor's report.

Question 14

Not only listed entities but also entities with many fund contributors, such as unlisted financial institutions, should be covered. For example, it is conceivable to target PIE.

Best Regards

By Kazurhio yoshii