

Agenda Item 2-E (Supplemental)

Comparison of Proposed ISA 570 (Revised 202X) with Extant ISA 570 (Revised), Going Concern

This Agenda Item includes a comparison of the Introduction, Definitions, Objectives and Requirements of the text for proposed ISA 570 (Revised 202X) and the existing ISA 570 (Revised) text. The column on the left is extracted from extant ISA 570 (Revised) while the column on the right shows the text of proposed ISA 570 (Revised 202X) as presented in **Agenda Item 2-C**.

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>Introduction</p> <p>Scope of this ISA</p> <p>1. This International Standard on Auditing (ISA) deals with the auditor's responsibilities in the audit of financial statements relating to going concern and the implications for the auditor's report. (Ref: Para. A1)</p>	<p>Introduction</p> <p>Scope of this ISA</p> <p>1. This International Standard on Auditing (ISA) deals with the auditor's responsibilities in the audit of financial statements relating to going concern and the implications for the auditor's report. Although this ISA applies irrespective of the entity's size or complexity, particular considerations apply only for audits of financial statements of listed entities. (Ref: Para. A1)</p>
<p>Going Concern Basis of Accounting</p> <p>2. Under the going concern basis of accounting, the financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. General purpose financial statements are prepared using the going concern basis of accounting, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Special purpose financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis of accounting is relevant (e.g., the going concern basis of accounting is not relevant for some financial statements prepared on a tax basis in particular jurisdictions). When the use of the going concern basis of accounting is appropriate, assets and liabilities are recorded on the basis</p>	<p>Going Concern Basis of Accounting</p> <p>2. Under the going concern basis of accounting, the financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. General purpose financial statements are prepared using the going concern basis of accounting, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Special purpose financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis of accounting is relevant (e.g., the going concern basis of accounting is not relevant for some financial statements prepared on a tax basis in particular jurisdictions). When the use of the going concern basis of accounting is appropriate, assets and liabilities are recorded on the basis</p>

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>that the entity will be able to realize its assets and discharge its liabilities in the normal course of business. (Ref: Para. A2)</p>	<p>that the entity will be able to realize its assets and discharge its liabilities in the normal course of business. (Ref: Para. A2)</p>
<p>Responsibility for Assessment of the Entity’s Ability to Continue as a Going Concern</p> <p>3. Some financial reporting frameworks contain an explicit requirement for management to make a specific assessment of the entity’s ability to continue as a going concern, and standards regarding matters to be considered and disclosures to be made in connection with going concern. For example, International Accounting Standard (IAS) 1 requires management to make an assessment of an entity’s ability to continue as a going concern.¹ The detailed requirements regarding management’s responsibility to assess the entity’s ability to continue as a going concern and related financial statement disclosures may also be set out in law or regulation.</p>	<p>Responsibility for Assessment of the Entity’s Ability to Continue as a Going Concern</p> <p>3. Some financial reporting frameworks contain an explicit requirement for management to make a specific assessment of the entity’s ability to continue as a going concern, and standards regarding matters to be considered and disclosures to be made in connection with going concern. For example, International Accounting Standard (IAS) 1 requires management to make an assessment of an entity’s ability to continue as a going concern.² The detailed requirements regarding management’s responsibility to assess the entity’s ability to continue as a going concern and related financial statement disclosures may also be set out in law or regulation. (Ref: Para. A3)</p>
<p>4. In other financial reporting frameworks, there may be no explicit requirement for management to make a specific assessment of the entity’s ability to continue as a going concern. Nevertheless, where the going concern basis of accounting is a fundamental principle in the preparation of financial statements as discussed in paragraph 2, the preparation of the financial statements requires management to assess the entity’s ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so.</p>	<p>4. In other financial reporting frameworks, there may be no explicit requirement for management to make a specific assessment of the entity’s ability to continue as a going concern. Nevertheless, where the going concern basis of accounting is a fundamental principle in the preparation of financial statements as discussed in paragraph 2, the preparation of the financial statements requires management to assess the entity’s ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so.</p>
<p>5. Management’s assessment of the entity’s ability to continue as a going concern involves making a judgment, at a particular point in</p>	<p>5. Management’s assessment of the entity’s ability to continue as a going concern involves making a judgment, at a particular point in</p>

¹ IAS 1, *Presentation of Financial Statements*, paragraphs 25–26

² IAS 1, *Presentation of Financial Statements*, paragraphs 25–26

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>time, about inherently uncertain future outcomes of events or conditions. The following factors are relevant to that judgment:</p> <ul style="list-style-type: none"> • The degree of uncertainty associated with the outcome of an event or condition increases significantly the further into the future an event or condition or the outcome occurs. For that reason, most financial reporting frameworks that require an explicit management assessment specify the period for which management is required to take into account all available information. • The size and complexity of the entity, the nature and condition of its business and the degree to which it is affected by external factors affect the judgment regarding the outcome of events or conditions. • Any judgment about the future is based on information available at the time at which the judgment is made. Subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made. 	<p>time, about inherently uncertain future outcomes of events or conditions. The following factors are relevant to that judgment:</p> <ul style="list-style-type: none"> • The degree of uncertainty associated with the outcome of an event or condition increases significantly the further into the future an event or condition or the outcome occurs. For that reason, most financial reporting frameworks that require an explicit management assessment specify the minimum period for which management is required to take into account all available information. • The size and complexity of the entity, the nature and condition of its business and the degree to which it is affected by external factors affect the judgment regarding the outcome of events or conditions. • Any judgment about the future is based on information available at the time at which the judgment is made. Subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made.
<p><i>Responsibilities of the Auditor</i></p> <p>6. The auditor’s responsibilities are to obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists about the entity’s ability to continue as a going concern. These responsibilities exist even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a</p>	<p><i>Responsibilities of the Auditor</i></p> <p>6. The auditor’s responsibilities are to obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, 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. These responsibilities exist even if the financial reporting framework used in the preparation of the financial statements does</p>

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>specific assessment of the entity’s ability to continue as a going concern.</p>	<p>not include an explicit requirement for management to make a specific assessment of the entity’s ability to continue as a going concern.</p>
<p>7. However, as described in ISA 200,³ the potential effects of inherent limitations on the auditor’s ability to detect material misstatements are greater for future events or conditions that may cause an entity to cease to continue as a going concern. The auditor cannot predict such future events or conditions. Accordingly, the absence of any reference to a material uncertainty about the entity’s ability to continue as a going concern in an auditor’s report cannot be viewed as a guarantee as to the entity’s ability to continue as a going concern.</p>	<p>7. However, as described in ISA 200,⁴ the potential effects of inherent limitations on the auditor’s ability to detect material misstatements are greater for future events or conditions that may cause an entity to cease to continue as a going concern. The auditor cannot predict such future events or conditions. Accordingly, the absence of a material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in an auditor’s report cannot be viewed as a guarantee as to the entity’s ability to continue as a going concern.</p>
<p>Effective Date</p> <p>8. This ISA is effective for audits of financial statements for periods ending on or after December 15, 2016.</p>	<p>Effective Date</p> <p>8. This ISA is effective for audits of financial statements for periods beginning on or after [DATE].</p>
<p>Objectives</p> <p>9. The objectives of the auditor are:</p> <p>(a) To obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements;</p> <p>(b) To conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s</p>	<p>Objectives</p> <p>9. The objectives of the auditor are:</p> <p>(a) To obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements;</p> <p>(b) To conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s</p>

³ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraphs A53–A54

⁴ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraphs A53–A54

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>ability to continue as a going concern; and (c) To report in accordance with this ISA.</p>	<p>ability to continue as a going concern; and (c) To report in accordance with this ISA.</p>
<p>Requirements</p> <p>Auditor Conclusions</p> <p>...</p> <p>18. Based on the audit evidence obtained, the auditor shall conclude whether, in the auditor’s judgment, a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern. A material uncertainty exists when the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor’s judgment, appropriate disclosure of the nature and implications of the uncertainty is necessary for: (Ref: Para. A21–A22)</p> <p>(a) In the case of a fair presentation financial reporting framework, the fair presentation of the financial statements, or</p> <p>(b) In the case of a compliance framework, the financial statements not to be misleading.</p>	<p>Definition</p> <p>10. For purposes of the ISAs, the following term has the meaning attributed below:</p> <p>Material Uncertainty (Related to Going Concern)—An uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern where the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor’s professional judgment, appropriate disclosure of the nature and implications of the uncertainty is necessary for: (Ref: Para. A4–A5)</p> <p>(a) In the case of a fair presentation financial reporting framework, the fair presentation of the financial statements, or</p> <p>(b) In the case of a compliance framework, the financial statements not to be misleading.</p>
<p>Requirements</p> <p>Risk Assessment Procedures and Related Activities</p> <p>10. When performing risk assessment procedures as required by ISA 315 (Revised),⁵ the auditor shall consider whether events or conditions exist that may cast significant doubt on the entity’s ability to continue as a going concern. In so doing, the auditor shall determine whether management has already performed a preliminary assessment of the entity’s ability to</p>	<p>Requirements</p> <p>Risk Assessment Procedures and Related Activities</p> <p>11. In applying ISA 315 (Revised 2019),⁶ the auditor shall design and perform risk assessment procedures to obtain audit evidence that provides an appropriate basis for the identification of events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. (Ref: Para. A6–A14)</p>

⁵ ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, paragraph 5

⁶ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*, paragraphs 13-14

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>continue as a going concern, and: (Ref: Para. A3–A6)</p> <p>(a) If such an assessment has been performed, the auditor shall discuss the assessment with management and determine whether management has identified events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern and, if so, management’s plans to address them; or</p> <p>(b) If such an assessment has not yet been performed, the auditor shall discuss with management the basis for the intended use of the going concern basis of accounting, and inquire of management whether events or conditions exist that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern.</p>	
	<p><i>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity’s System of Internal Control</i></p> <p>12. In applying ISA 315 (Revised 2019),⁷ the auditor shall perform risk assessment procedures to obtain an understanding of: (Ref: Para. A8–A14)</p> <p>The Entity and Its Environment</p> <p>(a) The entity’s business model, objectives, strategies and related business risks relevant to identifying events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. (Ref: Para. A15)</p> <p>(b) Industry conditions, including the competitive environment, technological</p>

⁷ ISA 315 (Revised 2019), paragraphs 19-27

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
	<p>developments, and other external factors affecting the entity's financing.</p> <p>(c) The measures used, internally and externally, to assess the entity's financial performance, including forecasts, future cash flows, and management's budgeting processes. (Ref: Para. A16)</p> <p>The Applicable Financial Reporting Framework</p> <p>(d) The requirements of the applicable financial reporting framework relating to going concern, and the related disclosures that are required to be included in the entity's financial statements. (Ref: Para. A17)</p> <p>(e) The basis for management's intended use of the going concern basis of accounting. (Ref: Para. A18)</p> <p>The Entity's System of Internal Control</p> <p>(f) Unless all of those charged with governance are involved in managing the entity,⁸ how those charged with governance exercise oversight over management's assessment of the entity's ability to continue as a going concern. (Ref: Para. A19–A20)</p> <p>(g) The entity's risk assessment process to identify, assess and address business risks relating to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.</p> <p>(h) How management identifies the relevant method, assumptions and data that are appropriate in assessing the entity's ability to continue as a going concern. (Ref: Para. A21)</p> <p>(i) How the entity's financial reporting process addresses disclosures related to the</p>

⁸ ISA 260 (Revised), *Communication with Those Charged with Governance*, paragraph 13

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
	entity's ability to continue as a going concern. (Ref: Para. A22).
11. The auditor shall remain alert throughout the audit for audit evidence of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. (Ref: Para. A7)	<p><i>Remaining Alert Throughout the Audit for Information about Events or Conditions</i></p> <p>13. The auditor shall remain alert throughout the audit for information about events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. (Ref: Para. A23–A25)</p>
	<p><i>Identification and Assessment of the Risks of Material Misstatement Associated with Going Concern</i></p> <p>14. In applying ISA 315 (Revised 2019),⁹ the auditor shall determine whether the audit evidence obtained from risk assessment procedures and related activities indicates the existence of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern that management has not previously identified or disclosed to the auditor. (Ref: Para: A26–A27)</p>
	<p><i>Control Deficiencies Within the Entity's System of Internal Control</i></p> <p>15. In applying ISA 315 (Revised 2019),¹⁰ based on the auditor's evaluation of each of the components of the entity's system of internal control, the auditor shall determine whether one or more control deficiencies in respect of management's assessment of going concern have been identified. (Ref: Para. A28)</p>
<p>Evaluating Management's Assessment</p> <p>12. The auditor shall evaluate management's assessment of the entity's ability to continue as a going concern. (Ref: Para. A8–A10, A12–</p>	<p>Evaluating Management's Assessment</p> <p>16. The auditor shall design and perform audit procedures to evaluate management's assessment of the entity's ability to continue as</p>

⁹ ISA 315 (Revised 2019), paragraph 35

¹⁰ ISA 315 (Revised 2019), paragraph 27

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
A13)	a going concern. (Ref: Para. A29–A31)
	17. In designing and performing the audit procedures required by paragraph 16, the auditor shall do so in a manner that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that may be contradictory. (Ref: Para. A32)
<p><i>Additional Audit Procedures When Events or Conditions Are Identified</i></p> <p>16. If events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not 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 (hereinafter referred to as “material uncertainty”) through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include: (Ref: Para. A16)</p> <p>(a) ...</p> <p>(b) ...</p> <p>(c) Where the entity has prepared a cash flow forecast, and analysis of the forecast is a significant factor in considering the future outcome of events or conditions in the evaluation of management’s plans for future actions: (Ref: Para. A18–A19)</p> <p>(i) Evaluating the reliability of the underlying data generated to prepare the forecast; and</p> <p>(ii) Determining whether there is adequate support for the assumptions underlying the forecast.</p> <p>(d) ...</p>	<p><i>Method, Assumptions and Data Used in Management’s Assessment</i></p> <p>18. The audit procedures required by paragraph 16 shall include evaluating: (Ref: Para. A33, A38)</p> <p>(a) The method used by management to assess the entity’s ability to continue as a going concern, including whether the:</p> <p>(i) Method selected is appropriate in the context of the applicable financial reporting framework, and, if applicable, changes from the method used in prior periods are appropriate; and (Ref: Para. A34)</p> <p>(ii) Calculations are applied in accordance with the method and are mathematically accurate. (Ref: Para. A35)</p> <p>(b) Whether the assumptions on which management’s assessment is based are: (Ref: Para. A36).</p> <p>(i) Appropriate in the context of the applicable financial reporting framework, and, if applicable, changes from prior periods are appropriate; and</p> <p>(ii) Consistent with each other and with related assumptions used in other areas of the entity’s business activities, based on the auditor’s knowledge obtained in the audit.</p> <p>(c) Whether the data is appropriate in the</p>

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
	context of the applicable financial reporting framework, and, if applicable, changes from prior periods are appropriate. (Ref: Para. A37)
<p><i>Period beyond Management’s Assessment</i></p> <p>15. The auditor shall inquire of management as to its knowledge of events or conditions beyond the period of management’s assessment that may cast significant doubt on the entity’s ability to continue as a going concern. (Ref: Para. A14–A15)</p>	<p><i>Period Beyond Management’s Assessment</i></p> <p>19. The auditor shall inquire of management as to its knowledge of events or conditions beyond the period of management’s assessment that may cast significant doubt on the entity’s ability to continue as a going concern. (Ref: Para. A39–A41)</p>
<p><i>Additional Audit Procedures When Events or Conditions Are Identified</i></p> <p>16. If events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not 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 (hereinafter referred to as “material uncertainty”) through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include: (Ref: Para. A16)</p> <p>(a) Where management has not yet performed an assessment of the entity’s ability to continue as a going concern, requesting management to make its assessment.</p> <p>(b) ...</p>	<p><i>Requesting Management to Make or Extend Its Assessment</i></p> <p>20. Where management has not yet performed an assessment of the entity’s ability to continue as a going concern, the auditor shall request management to make its assessment.</p>
<p>13. In evaluating management’s assessment of the entity’s ability to continue as a going concern, the auditor shall cover the same period as that used by management to make its assessment as required by the applicable financial reporting framework, or by law or regulation if it specifies a longer period. If management’s assessment</p>	<p>21. If management’s assessment of the entity’s ability to continue as a going concern covers less than twelve months from the date of approval of the financial statements as defined in ISA 560,¹² the auditor shall request management to extend its assessment period</p>

¹² ISA 560, *Subsequent Events*, paragraph 5(b)

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>of the entity’s ability to continue as a going concern covers less than twelve months from the date of the financial statements as defined in ISA 560,¹¹ the auditor shall request management to extend its assessment period to at least twelve months from that date. (Ref: Para. A11–A13)</p>	<p>to at least twelve months from that date. (Ref: Para. A42)</p>
	<p>22. If management is unwilling to make or extend its assessment when requested to do so by the auditor, the auditor shall discuss the matter with management and, where appropriate, those charged with governance. (Ref: Para. A43–A44)</p>
<p><i>Management Unwilling to Make or Extend Its Assessment</i></p> <p>24. If management is unwilling to make or extend its assessment when requested to do so by the auditor, the auditor shall consider the implications for the auditor’s report. (Ref: Para. A35)</p>	<p>23. In circumstances where the auditor believes it is necessary for management to make or extend its assessment and management is unwilling to do so, the auditor shall determine the implications for the audit. (Ref: Para. A45)</p>
<p>14. In evaluating management’s assessment, the auditor shall consider whether management’s assessment includes all relevant information of which the auditor is aware as a result of the audit.</p>	<p><i>Information Used in Management’s Assessment</i></p> <p>24. In evaluating management’s assessment of the entity’s ability to continue as a going concern, the auditor shall consider whether management’s assessment includes all relevant information of which the auditor is aware as a result of the audit.</p>
	<p>25. If the auditor identifies events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern that management has not previously identified or disclosed to the auditor, the auditor shall:</p> <p>(a) Discuss the matter with management to understand the effects of those events or conditions on management’s assessment</p>

¹¹ ISA 560, *Subsequent Events*, paragraph 5(a)

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
	<p>of the entity’s ability to continue as a going concern;</p> <p>(b) Determine whether it is necessary to request management to revise its going concern assessment to address the effect of those events or conditions; and (Ref: Para. A46)</p> <p>(c) If applicable, design and perform additional audit procedures to evaluate management’s revised assessment of the entity’s ability to continue as a going concern in accordance with paragraphs 16-18.</p>
<p><i>Additional Audit Procedures When Events or Conditions Are Identified</i></p> <p>16. If events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not 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 (hereinafter referred to as “material uncertainty”) through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include: (Ref: Para. A16)</p> <p>(a) ...</p> <p>(b) Evaluating management’s plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management’s plans are feasible in the circumstances. (Ref: Para. A17)</p> <p>(c) ...</p>	<p>Evaluating Management’s Plans for Future Actions</p> <p>26. If events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern, the auditor shall evaluate management’s plans for future actions in relation to its going concern assessment, including whether: (Ref: Para. A47–A50)</p> <p>(a) The outcome of these plans is likely to improve the situation;</p> <p>(b) Management’s plans are feasible in the circumstances; and</p> <p>(c) Management has both the intent and ability to carry out specific courses of action.</p>
	<p><i>Financial Support by Third Parties or Related Parties, Including the Entity’s Owner-Manager</i></p> <p>27. If management’s plans for future actions</p>

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
	<p>include financial support by third parties or related parties, including the entity’s owner-manager, the auditor shall evaluate the intent and ability of those parties to maintain or provide the necessary financial support. (Ref: Para. A51–A53)</p>
<p><i>Additional Audit Procedures When Events or Conditions Are Identified</i></p> <p>16. If events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not 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 (hereinafter referred to as “material uncertainty”) through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include: (Ref: Para. A16)</p> <p>(a) ...</p> <p>(b) ...</p> <p>(c) ...</p> <p>(d) Considering whether any additional facts or information have become available since the date on which management made its assessment.</p> <p>(e) ...</p>	<p>Information Becomes Available After Management Made Its Assessment</p> <p>28. The auditor shall consider whether any additional information has become available to the auditor after the date on which management made its assessment and before the date the financial statements are issued. In doing so, the auditor shall determine whether or not such information is related to management’s assessment of the entity’s ability to continue as a going concern.</p>
<p>Significant Delay in the Approval of Financial Statements</p> <p>26. If there is significant delay in the approval of the financial statements by management or those charged with governance after the date of the financial statements, the auditor shall inquire as to the reasons for the delay. If the auditor believes that the delay could be related to events or conditions relating to the going concern assessment, the auditor shall perform</p>	<p>29. If the auditor determines that the additional information is related to management’s assessment of the entity’s ability to continue as a going concern in accordance with paragraph 28, the auditor shall perform the audit procedures required by paragraph 25. (Ref: Para. A54–A55)</p>

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>those additional audit procedures necessary, as described in paragraph 16, as well as consider the effect on the auditor’s conclusion regarding the existence of a material uncertainty, as described in paragraph 18.</p>	
<p>Auditor Conclusions</p> <p>17. The auditor shall evaluate whether sufficient appropriate audit evidence has been obtained regarding, and shall conclude on, the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements.</p>	<p>Evaluating the Audit Evidence Obtained and Concluding</p> <p>30. The auditor shall evaluate whether sufficient appropriate audit evidence has been obtained regarding, and shall conclude on, the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements. In doing so, the auditor shall:</p> <ul style="list-style-type: none"> (a) Evaluate whether the judgments and decisions made by management in making its assessment of the entity’s ability to continue as a going concern, even if they are individually reasonable, are indicators of possible management bias. When indicators of possible management bias are identified, the auditor shall evaluate the implications for the audit. (Ref: Para. A56–A59) (b) Consider all audit evidence obtained, including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate or contradict the assertions in the financial statements.
<p>18. Based on the audit evidence obtained, the auditor shall conclude whether, in the auditor’s judgment, a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern. A material uncertainty exists when the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor’s judgment, appropriate disclosure of the nature</p>	<p>31. Based on the audit evidence obtained, the auditor shall conclude whether, in the auditor’s judgment, 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.</p>

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>and implications of the uncertainty is necessary for: (Ref: Para. A21–A22)</p> <p>(a) In the case of a fair presentation financial reporting framework, the fair presentation of the financial statements, or</p> <p>(b) In the case of a compliance framework, the financial statements not to be misleading.</p>	
	<p>32. If the auditor is unable to obtain sufficient appropriate audit evidence, the auditor shall determine the implications for the audit or the auditor’s opinion on the financial statements in accordance with ISA 705 (Revised).¹³</p>
<p><i>Adequacy of Disclosures When Events or Conditions Have Been Identified but No Material Uncertainty Exists</i></p> <p>20. If events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern but, based on the audit evidence obtained the auditor concludes that no material uncertainty exists, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework, the financial statements provide adequate disclosures about these events or conditions. (Ref: Para. A24–A25)</p>	<p>Adequacy of Disclosures</p> <p><i>Adequacy of Disclosures When Events or Conditions Have Been Identified but No Material Uncertainty Exists</i></p> <p>33. If events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern but, based on the audit evidence obtained the auditor concludes that no material uncertainty exists, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework, the financial statements provide adequate disclosures about these events or conditions. (Ref: Para. A60–A63, A65)</p>
<p><i>Adequacy of Disclosures When Events or Conditions Have Been Identified and a Material Uncertainty Exists</i></p> <p>19. If the auditor concludes that management’s use of the going concern basis of accounting is appropriate in the circumstances but a material uncertainty exists, the auditor shall determine whether the financial statements: (Ref: Para. A22–A23)</p>	<p><i>Adequacy of Disclosures When Events or Conditions Have Been Identified and a Material Uncertainty Exists</i></p> <p>34. If the auditor concludes that management’s use of the going concern basis of accounting is appropriate in the circumstances but a material uncertainty exists, the auditor shall determine whether the financial statements: (Ref: Para. A64–A65)</p>

¹³ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor’s Report*

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>(a) Adequately disclose the principal events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and management’s plans to deal with these events or conditions; and</p> <p>(b) Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.</p>	<p>(a) Adequately disclose the principal events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and management’s plans for future actions to deal with these events or conditions; and</p> <p>(b) Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.</p>
	<p>Implications for the Auditor’s Report</p> <p><i>Use of Going Concern Basis of Accounting Is Appropriate – No Material Uncertainty Exists</i></p> <p>35. If the auditor concludes that the going concern basis of accounting is appropriate and no material uncertainty exists, the auditor shall include a separate section in the auditor's report with the heading “Going Concern”, and: (Ref: Para. A66–A67)</p> <p>(a) State that the auditor: (Ref: Para. A68–A69)</p> <p>(i) Concluded that management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and</p> <p>(ii) Based on the audit evidence obtained, has not identified a material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.</p> <p>(b) For an audit of financial statements of a listed entity, if events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a</p>

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
	<p>going concern but, based on the audit evidence obtained, the auditor concludes that no material uncertainty exists: (Ref: Para. A70–A71, A76)</p> <ul style="list-style-type: none"> (i) Include a reference to the related disclosure(s), if any, in the financial statements; and (Ref: Para. A60–A63, A65) (ii) Describe how the auditor evaluated management’s assessment of the entity’s ability to continue as a going concern. (Ref: Para. A72–A75)
<p>Implications for the Auditor’s Report</p> <p><i>Use of Going Concern Basis of Accounting Is Appropriate but a Material Uncertainty Exists</i></p> <p>Adequate Disclosure of a Material Uncertainty Is Made in the Financial Statements</p> <p>22. If adequate disclosure about the material uncertainty is made in the financial statements, the auditor shall express an unmodified opinion and the auditor’s report shall include a separate section under the heading “Material Uncertainty Related to Going Concern” to: (Ref: Para. A28–A31, A34)</p> <ul style="list-style-type: none"> (a) Draw attention to the note in the financial statements that discloses the matters set out in paragraph 19; and (b) State that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity’s ability to continue as a going concern and that the auditor’s opinion is not modified in respect of the matter. 	<p><i>Use of Going Concern Basis of Accounting Is Appropriate – A Material Uncertainty Exists</i></p> <p>Adequate Disclosure of a Material Uncertainty Is Made in the Financial Statements</p> <p>36. If adequate disclosure about the material uncertainty is made in the financial statements, the auditor shall express an unmodified opinion and the auditor’s report shall include a separate section under the heading “Material Uncertainty Related to Going Concern” and: (Ref: Para. A66–A67, A77–A78)</p> <ul style="list-style-type: none"> (a) State that the auditor concluded that management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate; (b) Include a reference to the related disclosure(s) in the financial statements; (Ref: Para. A64–A65) (c) State that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity’s ability to continue as a going concern; (d) For an audit of financial statements of a listed entity, describe how the auditor evaluated management’s assessment

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
	<p>of the entity’s ability to continue as a going concern; and (Ref: Para. A72–A75)</p> <p>(e) State that the auditor’s opinion is not modified in respect of the matter.</p>
<p>Adequate Disclosure of a Material Uncertainty Is Not Made in the Financial Statements</p> <p>23. If adequate disclosure about the material uncertainty is not made in the financial statements, the auditor shall: (Ref: Para. A32–A34)</p> <p>(a) Express a qualified opinion or adverse opinion, as appropriate, in accordance with ISA 705 (Revised)¹⁴; and</p> <p>(b) In the Basis for Qualified (Adverse) Opinion section of the auditor’s report, state that a material uncertainty exists that may cast significant doubt on the entity’s ability to continue as a going concern and that the financial statements do not adequately disclose this matter.</p>	<p>Adequate Disclosure of a Material Uncertainty Is Not Made in the Financial Statements</p> <p>37. If adequate disclosure about the material uncertainty is not made in the financial statements, the auditor shall: (Ref: Para. A66–A67, A77, A79)</p> <p>(a) Express a qualified opinion or adverse opinion, as appropriate, in accordance with ISA 705 (Revised);</p> <p>(b) In the Basis for Qualified (Adverse) Opinion section of the auditor’s report, state that a material uncertainty exists and that the financial statements do not adequately disclose this matter;</p> <p>(c) Include in the auditor’s report a separate section under the heading “Material Uncertainty Related to Going Concern” and:</p> <p>(i) State that the auditor concluded that management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and</p> <p>(ii) Draw attention to the Basis for Qualified (Adverse) Opinion section of the auditor’s report that states that a material uncertainty exists that has not been adequately disclosed in the financial statements.</p>

¹⁴ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor’s Report*

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
	<p><i>Considerations When the Auditor Disclaims an Opinion on the Financial Statements</i></p> <p>38. When the auditor disclaims an opinion on the financial statements, unless required by law or regulation, the auditor shall not include separate sections on Going Concern or Material Uncertainty Related to Going Concern in the auditor’s report.¹⁵ (Ref: Para. A80–A81)</p>
<p><i>Use of Going Concern Basis of Accounting Is Inappropriate</i></p> <p>21. If the financial statements have been prepared using the going concern basis of accounting but, in the auditor’s judgment, management’s use of the going concern basis of accounting in the preparation of the financial statements is inappropriate, the auditor shall express an adverse opinion. (Ref: Para. A26–A27)</p>	<p><i>Use of Going Concern Basis of Accounting Is Inappropriate</i></p> <p>39. If the financial statements have been prepared using the going concern basis of accounting but, in the auditor’s judgment, management’s use of the going concern basis of accounting in the preparation of the financial statements is inappropriate: (Ref: Para. A82–A83)</p> <p>(a) The auditor shall express an adverse opinion; and</p> <p>(b) Unless required by law or regulation, the auditor shall not include separate sections on Going Concern or Material Uncertainty Related to Going Concern in the auditor’s report.</p>
<p><i>Additional Audit Procedures When Events or Conditions Are Identified</i></p> <p>16. If events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not 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 (hereinafter referred to as “material uncertainty”) through performing additional audit procedures, including</p>	<p>Written Representations</p> <p>40. If events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern the auditor shall request written representations from management¹⁶ and, where appropriate, those charged with governance, regarding: (Ref: Para. A84)</p> <p>(a) Their plans for future actions;</p> <p>(b) The feasibility of these plans; and</p> <p>(c) Whether management has the intent to</p>

¹⁵ ISA 705 (Revised), paragraph 29

¹⁶ ISA 580, *Written Representations*

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
<p>consideration of mitigating factors. These procedures shall include: (Ref: Para. A16)</p> <ul style="list-style-type: none"> (a) ... (b) ... (c) ... (d) ... (e) Requesting written representations from management and, where appropriate, those charged with governance, regarding their plans for future actions and the feasibility of these plans. (Ref: Para. A20) 	<p>carry out specific courses of action and has the ability to do so.</p>
<p>Communication with Those Charged with Governance</p> <p>25. Unless all those charged with governance are involved in managing the entity,¹⁷ the auditor shall communicate with those charged with governance events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern. Such communication with those charged with governance shall include the following:</p> <ul style="list-style-type: none"> (a) Whether the events or conditions constitute a material uncertainty; (b) Whether management's use of the going concern basis of accounting is appropriate in the preparation of the financial statements; (c) The adequacy of related disclosures in the financial statements; and (d) Where applicable, the implications for the auditor's report. 	<p>Communication with Those Charged with Governance</p> <p>41. Unless all those charged with governance are involved in managing the entity,¹⁸ the auditor shall communicate with those charged with governance events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern. Such communication with those charged with governance shall include the following: (Ref: Para. A85–A86)</p> <ul style="list-style-type: none"> (a) Whether the events or conditions constitute a material uncertainty; (b) Whether management's use of the going concern basis of accounting is appropriate in the preparation of the financial statements; (c) An overview of the audit procedures performed and the basis for the auditor's conclusions, including the auditor's evaluation of management's plans for future actions; (d) The adequacy of related disclosures in the

¹⁷ ISA 260 (Revised), *Communication with Those Charged with Governance*, paragraph 13

¹⁸ ISA 260 (Revised), paragraph 13

Extant ISA 570 (Revised)	Proposed ISA 570 (Revised 202X)
	<p>financial statements, including disclosures that describe the significant judgments made by management and the mitigating factors in management’s plans that are of significance to overcoming the adverse effects of the events or conditions;</p> <p>(e) When applicable, management’s unwillingness to make or extend its assessment of the entity’s ability to continue as a going concern when requested; and</p> <p>(f) The implications for the audit or the auditor’s report. (Ref: Para. A87)</p>
	<p>Reporting to an Appropriate Authority Outside of the Entity</p> <p>42. When the auditor considers it necessary to include a separate section under the heading “Material Uncertainty Related to Going Concern” in the auditor’s report, or issue a modified opinion in respect of matters related to going concern, the auditor shall determine whether law, regulation or relevant ethical requirements: (Ref: Para. A88–A91)</p> <p>(a) Require the auditor to report to an appropriate authority outside the entity.</p> <p>(b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.</p>