

Talking points for podcast 103

Going concern: disclosures



Although there has been no change to existing accounting or auditing standards, going concern is a topical area in the current economic climate:

- The International Auditing and Assurance Standards (IAASB) recently issued a discussion paper exploring the expectation gap relating to fraud and going concern in an audit and has also commenced a project on each of these two topics.
- The International Accounting Standards Board (IASB) recently published educational guidance with a focus on the disclosure requirements related to going concern.



The IASB educational guidance highlights that IAS 1 requires disclosures about:

- any material uncertainty relating to an entity's ability to continue as a going concern.
- the judgements that have a significant effect on amounts recognised, including judgements about mitigating actions that management judges sufficient to determine that no material uncertainties exist.



Auditing standards require auditors to obtain sufficient appropriate audit evidence to be able to conclude on the appropriateness of management's use of the going concern basis of accounting. In doing so auditors evaluate the adequacy of the disclosures about any events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.



Auditors will be assessing whether events and conditions have been considered up until the date the financial statements are approved and, where appropriate, disclosed in accordance with IAS 10.



Looking further ahead:

- The IAASB will be scrutinising the feedback received on its consultations and will undertake additional outreach exploring the auditor's responsibilities with respect to going concern in the audit.
- The IASB will be considering whether to add a project on going concern as part of its Agenda Consultation

Any changes to requirements from these projects is some way into the future.

Further information about going concern is available in our [InBrief](#) and the COVID [spotlight](#).