Going Concern

Josephine Jackson
Going Concern Task Force (GC TF) Chair

IAASB Meeting
June 13-17, 2022
Agenda: Selected Topics on Going Concern

Timeline Over Which the Going Concern Assessment is Made

Communication with Those Charged with Governance (TCWG)

Communication with Appropriate External Parties

Transparency About Going Concern in the Auditor’s Report

Non-Authoritative Guidance - FAQs
Update on Developments: Liaison and Engagement with Others

**IASB**
IASB decided not to add a project on going concern in its future workplan.

IAASB Chair sent a written response acknowledging the decision and expressing the desire to continue the dialogue on this topic.

**IPSASB**
Intends to approve a project proposal to revise IPSAS 1, *Presentation of Financial Statements* in early 2023.
Question 1

The Board is asked for its views on the GC TF initial proposals for the timeline over which the going concern assessment is made discussed in paragraphs 12-25 above and as reflected in paragraphs 13A, 14A–14B and A11, A13A–A13C of Agenda Item 5-A.
Question 2
The Board is asked for its views on the GC TF initial proposals for communication with TCWG discussed in paragraphs 31-33 above and as reflected in paragraphs 25, A36A–A36C of *Agenda Item 5-A*.
Question 3

The Board is asked for its views on the GC TF initial proposals for communication with appropriate external parties discussed in paragraphs 38-39 above and as reflected in paragraphs 25A and A37A–A37D of Agenda Item 5-A.
Overarching Considerations: Transparency in the Auditor’s Report

Focus on enhancements that are most relevant for intended users of audited financial statements

Develop proposals that consider the requirements in the applicable financial reporting framework for management’s disclosures

Consider the relative impact that the proposals may have on different users

Promote global consistency and comparability across auditor’s reports

Qualitative Standard-Setting Characteristics

Proportionality
- Relevant to audits of all entities, regardless of size or complexity
- However, certain aspects to apply only for audits of listed entities

Comparability and Consistency
Any commentary about going concern in a:
- Going Concern Section or
- MURGC Section
## Overview of GC TF Proposals:
Transparency in the Auditor’s Report

### Basis of Accounting is Appropriate

<table>
<thead>
<tr>
<th>Applicability</th>
<th>Going Concern Section (No Material Uncertainty Exists)</th>
<th>MURGC Section (Material Uncertainty Exists)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All entities</strong></td>
<td>Explicit statements:</td>
<td>In addition to the extant requirements, an explicit statement:</td>
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<tr>
<td></td>
<td>► That management’s use of the going concern basis of accounting is appropriate</td>
<td>► That management’s use of the going concern basis of accounting is appropriate</td>
</tr>
<tr>
<td></td>
<td>► No material uncertainties related to events or conditions have been identified</td>
<td>► Description of how the auditor addressed the events or conditions</td>
</tr>
<tr>
<td><strong>Listed entities</strong></td>
<td>► Description of how the auditor addressed the events or conditions</td>
<td>► Description of how the auditor addressed the events or conditions</td>
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</tbody>
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Question 4

The Board is asked for its views on the GC TF initial proposals for providing explicit statements on Going Concern in the auditor’s report discussed in paragraphs 51-54 above and as reflected in paragraphs 21A and A27A of Agenda Item 5-A.
Question 5

The Board is asked for its views on the GC TF initial proposals for enhancing transparency in the auditor’s report when events or conditions have been identified (no material uncertainty exists) discussed in paragraphs 55-66 above and as reflected in paragraphs 1, 21B and A1, A27B – A27E of Agenda Item 5-A.
Question 6
The Board is asked for its views on the GC TF initial proposals for enhancing the informational content for MURGC paragraphs in the auditor’s report as discussed in paragraphs 67-74 above and as reflected in paragraphs 22 and A27D – A27E of Agenda Item 5-A.
The Board is asked for their views on whether the FAQs as set out in Agenda Item 5-B adequately respond to the key issues raised by respondents from the feedback?
Way Forward

Monitoring jurisdictional developments, ongoing dialogue and engagement with others in the financial reporting ecosystem

Q3 – Q4 2022:
• Development of exposure draft: IAASB deliberation of issues and proposals
• Coordination with other IAASB task forces and Consultation Groups

Q1 2023:
• IAASB approval of exposure draft (March 2023)