

FREQUENTLY ASKED QUESTIONS

Reporting Going Concern Matters in the Auditor's Report

This publication has been developed by the Going Concern Task Force of the International Auditing and Assurance Standards Board (IAASB) to address questions in relation to reporting going concern matters in the auditor's report prepared in accordance with International Standards on Auditing (ISAs).

This publication does not amend or override the International Standards on Auditing (ISAs), the texts of which alone are authoritative. The frequently asked questions are not meant to be exhaustive¹ and reading this publication is not a substitute for reading the ISAs.

The frequently asked questions addressed in this publication are relevant to ISA 570 (Revised 2024), Going Concern that becomes effective for audits of financial statements for periods beginning on or after December 15, 2026. For audits of financial statements where ISA 570 (Revised), Going Concern, applies, refer to the [Frequently Asked Questions](#) published by the IAASB in August 2022 that addresses the reporting of going concern matters under that standard.

ABBREVIATED TERMS USED IN THIS PUBLICATION:

**MURGC – Material Uncertainty
Related to Going Concern**

KAM – Key Audit Matters

EOM – Emphasis of Matter

QUESTION 1:

What are the sections of the auditor's report where entity specific going concern matters are reported?

ISA 570 (Revised 2024) requires the use of a separate section in the auditor's report to address certain entity specific going concern matters. Depending on the circumstances, such reporting is provided either in a section with a heading of 'Going Concern' or in a section with a heading of 'Material Uncertainty Related to Going Concern',² unless:

- The auditor disclaims an opinion on the financial statements;³ or
- The going concern basis of accounting in the preparation of the financial statements is inappropriate.⁴

¹ While certain ISA requirements and application material are highlighted, this publication does not cover all of the ISA provisions that are relevant to the auditor's responsibility to report in accordance with the ISAs.

² See ISA 570 (Revised 2024), paragraphs 34–36.

³ See ISA 570 (Revised 2024), paragraph 37.

⁴ See ISA 570 (Revised 2024), paragraph 38(b).

The respective requirements of the standard, including the use of a separate Going Concern or MURGC section, apply to audits of financial statements of all entities, irrespective of their size or complexity.⁵

ISA 570 (Revised 2024) requires the auditor to provide specific statements either in the section on Going Concern or in the section on MURGC to address the auditor's conclusion that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate 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. When the auditor concludes that a material uncertainty exists, the auditor is required to use the section on MURGC. In this circumstance, irrespective of whether a material uncertainty has been adequately disclosed in the financial statements, the reference to the fact that a material uncertainty exists is intended to give additional prominence to this information and alert users to this circumstance.⁶

ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, requires that going concern matters are reported in accordance with ISA 570 (Revised 2024). With the exception of the Opinion and Basis for Opinion sections, ISA 700 (Revised) does not establish requirements for ordering the elements of the auditor's report. However, it does require the use of specific headings for the various sections of the auditor's report to assist making auditor's reports that refer to audits conducted in accordance with ISAs more recognizable.⁷



While sub-titles are not prescribed by the requirements of the ISAs, providing an additional sub-title to the Going Concern section (such as '*No Material Uncertainty Related to Going Concern*') may be useful to enhance intended users' understanding about the nature of the matters addressed in this section of the auditor's report. This is illustrated in the illustrative auditor's reports included in the ISAs.

QUESTION 2:

What are the implications for the auditor's report when a Going Concern or MURGC section apply?

ISA 570 (Revised 2024) introduces a new section with a heading 'Going Concern' when the auditor concludes that no material uncertainty exists. This includes circumstances when significant judgments are made by management in concluding that there is no material uncertainty.

The table below shows the implications for the auditor's report when a Going Concern or a MURGC section is included, along with the information required to be provided:

⁵ The applicability of ISA 570 (Revised 2024) is described in paragraph 1 which is the scope section of the standard.

⁶ See ISA 570 (Revised 2024), paragraph A90.

⁷ ISA 700 (Revised), paragraph A19

Heading	Applicability ⁸	Implication for the Auditor's Report	Reference ⁹
Going Concern	<i>All Entities</i>	<p><i>When the auditor's opinion is not modified in relation to Going Concern, the auditor states that:</i></p> <ul style="list-style-type: none"> ▶ In the context of the audit and in forming the auditor's opinion, the auditor concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. ▶ A material uncertainty has not been identified. ▶ The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern. 	Paragraph 34(a)
	<i>Listed Entities</i>	<p><i>When significant judgments are made by management in concluding that there is no material uncertainty (i.e., a so called 'close call' situation), this section of the auditor's report also:</i></p> <ul style="list-style-type: none"> ▶ Includes a reference to the related disclosure(s) in the financial statements, if any. ▶ Describes how the auditor evaluated management's assessment of going concern. 	Paragraph 34(b)
Material Uncertainty Related to Going Concern <i>[Adequate disclosure of a MURGC is made in the financial statements]</i>	<i>All Entities</i>	<p><i>When the auditor's opinion is not modified in relation to Going Concern and the existence of a material uncertainty is adequately disclosed, this section of the auditor's report:</i></p> <ul style="list-style-type: none"> ▶ Includes a reference to the related disclosure(s) in the financial statements. ▶ States that: <ul style="list-style-type: none"> ▪ 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. ▪ The auditor's opinion is not modified in respect of the matter. ▪ In the context of the audit and in forming the auditor's opinion, the auditor concluded that 	Paragraph 35(a), (c)–(d)

⁸ While a section on Going Concern or MURGC apply to audits of financial statements of all entities, there are incremental reporting requirements that apply only for audits of financial statements of listed entities.

⁹ References relate to relevant paragraphs in ISA 570 (Revised 2024).

Heading	Applicability ⁸	Implication for the Auditor's Report	Reference ⁹
		<p>management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p> <ul style="list-style-type: none"> The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern. 	
	Listed Entities	<p><i>This section also:</i></p> <ul style="list-style-type: none"> Describes how the auditor evaluated management's assessment of going concern. 	Paragraph 35(b)
<p>Material Uncertainty Related to Going Concern</p> <p><i>[Adequate disclosure of a MURGC is not made in the financial statements]</i></p>	All Entities	<p><i>When a material uncertainty is not adequately disclosed and therefore a qualified or adverse opinion is provided on the financial statements,¹⁰ this section of the auditor's report:</i></p> <ul style="list-style-type: none"> Draws attention to the Basis for Qualified or 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. States that: <ul style="list-style-type: none"> In the context of the audit and in forming the auditor's opinion, the auditor concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern. 	Paragraph 36(c)



Going Concern and MURGC sections, included in the auditor's report, do not represent separate audit opinions on the matters described in those sections. The auditor's conclusions provided in those sections are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern.

¹⁰ If adequate disclosure of a MURGC is not made in the financial statements, paragraphs 36(a)–(b) of ISA 570 (Revised 2024) apply and the auditor expresses a qualified or adverse opinion in accordance with ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*. In the Basis for Qualified/Adverse Opinion section of the auditor's report, the auditor states that a MURGC exists and that the financial statements do not adequately disclose this matter.

QUESTION 3:

What is an example of a circumstance when significant judgments are made by management in concluding that there is no material uncertainty?

Paragraph A73 of ISA 570 (Revised 2024) explains that some financial reporting frameworks may address disclosures about significant judgments made by management as part of its assessment of the entity's ability to continue as a going concern. In addition, it provides an example of such a circumstance where management, having considered all relevant information about identified events or conditions, including the feasibility and effectiveness of any remedial actions to mitigate the effects of those events or conditions, has concluded that there is no material uncertainty. In the example, management has started executing a turnaround strategy in response to declining customer demand and uncertainties faced in the broader economic environment that is demonstrating some evidence of success (e.g., reducing costs, optimizing cash flows and preserving liquidity, to support the entity's ability to realize its assets and discharge its liabilities in the normal course of business and continue its operations for the foreseeable future). In reaching the conclusion that there is no material uncertainty, this involved significant judgments by management in estimating the impact and the timing of the future cash flows.

In 2014, the IFRS Interpretations Committee published an [Agenda Decision](#) highlighting the requirements in IAS 1 *Presentation of Financial Statements* relating to disclosures when significant judgments are made by management in concluding that there is no material uncertainty. In addition, in May 2025, the IFRS Foundation republished [educational material](#) that highlights management's disclosures about going concern in a range of scenarios, including 'close call' situations.

ISA 570 (Revised 2024) also explains that when significant judgments are made by management in concluding that there is no material uncertainty, the auditor may determine, depending on the facts and circumstances, that additional disclosures are necessary for the financial statements to achieve fair presentation (for fair presentation frameworks) or for the financial statements not to be misleading (for compliance frameworks), as appropriate. Such additional disclosures may be necessary when no disclosures are explicitly required by the applicable financial reporting framework regarding these circumstances.¹¹

QUESTION 4:

What is included in the description in the auditor's report of how the auditor evaluated management's assessment of going concern?

One or more of the following elements may be addressed in the description of how the auditor evaluated management's assessment of going concern:¹²

- A brief overview of procedures performed;
- An indication of the outcome of the auditor's procedures;
- Aspects of the auditor's response or approach that were most relevant to the events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, including the evaluation of management's plans for future actions; or
- Key observations with respect to the events or conditions that may cast significant doubt on the entity's

¹¹ See ISA 570 (Revised 2024), paragraphs 32 and A75.

¹² See ISA 570 (Revised 2024), paragraph A84.

ability to continue as a going concern.

The auditor applies professional judgment in determining the amount of detail to be provided in the description. Factors such as the nature and extent of the audit procedures performed to evaluate management's assessment, or the level of subjectivity, complexity and estimation uncertainty involved in assessing the entity's ability to continue as a going concern, may be relevant to such professional judgment.¹³

The standard also explains that for intended users to be able to understand the significance of the description provided in the context of the audit of the financial statements as a whole, care may be necessary so that language used:¹⁴

- Relates the description directly to the specific circumstances of the entity, while avoiding generic or standardized language.
- Takes into account how the events or conditions that may cast significant doubt on the entity's ability to continue as a going concern are addressed in the related disclosure(s) in the financial statements.
- Does not contain or imply discrete opinions on separate elements of the financial statements.
- When applicable, does not obscure the fact that a material uncertainty exists.

An illustrative example is included at the end of this publication.

QUESTION 5:

Can the Going Concern or MURGC sections in the auditor's report be supplemented with additional information?



The required statements represent the minimum information that is required to be presented in the Going Concern or MURGC section for each of the circumstances described.

The auditor may provide supplemental information to what is required. For example:

- Provide a reference to where the respective responsibilities of those with responsibility for the financial statements and of the auditor in relation to going concern are described.¹⁵
- Provide a reference to the relevant accounting policies or the notes in the financial statements.¹⁶

In addition, ISA 570 (Revised 2024) does not preclude the auditor of an entity other than a listed entity to apply the incremental requirements for listed entities and provide the description of how the auditor evaluated management's assessment of going concern in the applicable section. For example, this may be the case

¹³ See ISA 570 (Revised 2024), paragraph A85.

¹⁴ See ISA 570 (Revised 2024), paragraph A86.

¹⁵ See ISA 570 (Revised 2024), paragraph A79 and Illustration 2 in the Appendix. Paragraphs 34 and 39 of ISA 700 (Revised) also require wording to be included in the auditor's report for all entities in relation to going concern to describe the respective responsibilities of those responsible for the financial statements and the auditor in relation to going concern.

¹⁶ See ISA 570 (Revised 2024), paragraph A80.

when it is required by law or regulation, or when the auditor otherwise decides to do so to enhance transparency for intended users of financial statements in the auditor's report.¹⁷

There may also be circumstances when the auditor may wish to draw attention to key aspects of the disclosures of management's conclusions or judgments related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In such circumstances, in addition to including a reference to the disclosure(s) in the financial statements, the auditor may choose to refer to key aspects of them (e.g., substantial operating losses, available borrowing facilities and possible debt refinancing, or non-compliance with loan agreements, and related mitigating factors or to draw attention to aspects of the disclosures of management's judgments).¹⁸

The nature and extent of the information provided by the auditor in the description is intended to be balanced in the context of the responsibilities of the respective parties (i.e., for the auditor to provide useful information in a concise and understandable form, while not inappropriately being the provider of original information about the entity). The description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern is not usually of itself original information about the entity, as it describes the matter in the context of the audit. However, when the auditor considers it necessary to include additional information to enhance users' understanding, the auditor may encourage management or those charged with governance to disclose additional information, rather than the auditor providing original information in the auditor's report.¹⁹

QUESTION 6:

When a disclaimer of opinion is provided, what are the implications for the auditor's report as far as a separate section that addresses going concern?

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, the auditor disclaims an opinion.²⁰ This includes circumstances where the auditor is unable to obtain sufficient appropriate audit evidence on the appropriateness of management's use of the going concern basis of accounting.²¹

Examples of circumstances when the possible effects on the financial statements of the inability to obtain sufficient appropriate audit evidence on the appropriateness of management's use of going concern basis of accounting may be pervasive include:

- When management is unwilling to assess the entity's ability to continue as a going concern, even when the financial reporting framework does not include an explicit requirement to do so.²²
- When in the auditor's professional judgment, it is necessary for management to extend its assessment and after being requested to do so by the auditor, management remains unwilling to do so.²³

¹⁷ See ISA 570 (Revised 2024), paragraph A82.

¹⁸ See ISA 570 (Revised 2024), paragraph A83.

¹⁹ See ISA 570 (Revised 2024), paragraphs A87–A88.

²⁰ See ISA 705 (Revised), paragraph 9.

²¹ See 570 (Revised 2024), paragraph 30.

²² See ISA 570 (Revised 2024), paragraphs 16 and A33.

²³ See ISA 570 (Revised 2024), paragraphs 23 and A57.

The ISAs require that, unless required by law or regulation, separate sections on Going Concern or MURGC are **not** included in the auditor's report when the auditor disclaims an opinion on the financial statements.²⁴ This applies to all circumstances when an auditor disclaims an opinion on the financial statements, including those when the inability to obtain sufficient appropriate audit evidence arises because of matters related to going concern.

The purpose of this prohibition is to prevent suggesting that the matters addressed in the Going Concern or MURGC section are credible, as this would be inconsistent with the disclaimer on the financial statements as a whole.²⁵

When the auditor disclaims an opinion on the financial statements due to an inability to obtain sufficient appropriate audit evidence the auditor is required to state in the Basis for Disclaimer of Opinion section that they are 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.²⁶ Providing such a statement provides useful information to users that may guard against inappropriate reliance on the financial statements.

QUESTION 7:

When the use of the going concern basis of accounting is inappropriate, what are the implications for the auditor's report?

If management's use of the going concern basis of accounting in the preparation of the financial statements is inappropriate, the auditor is required to express an adverse opinion. In such circumstance the auditor does **not** include a separate section on Going Concern or MURGC in the auditor's report, unless required by law or regulation.²⁷

An Emphasis of Matter (EOM) paragraph in the auditor's report may be provided when the going concern basis of accounting is not appropriate and management prepares the financial statements on another basis (e.g., a liquidation basis), and:

- The auditor determines that the other basis of accounting is acceptable in the circumstances; and
- There is adequate disclosure about the basis of accounting on which the financial statements are prepared.

In these circumstances it may be considered appropriate or necessary to include an EOM paragraph in the auditor's report to draw users' attention to the alternative basis of accounting and the reasons for its use.²⁸ However, providing an EOM paragraph in the auditor's report is not a substitute for reporting in accordance with ISA 570 (Revised 2024).²⁹

²⁴ See ISA 570 (Revised 2024), paragraph 37 and ISA 705 (Revised), paragraph 29.

²⁵ See ISA 570 (Revised 2024), paragraph A94.

²⁶ See ISA 705 (Revised), paragraph 19(d).

²⁷ See ISA 570 (Revised 2024), paragraph 38.

²⁸ See ISA 570 (Revised 2024), paragraph A96.

²⁹ See ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, paragraph A7.

QUESTION 8:	Can going concern matters be reported as a KAM?
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Communicating Key Audit Matters (KAM)³⁰ is not a substitute for reporting in accordance with ISA 570 (Revised 2024).

The ISAs explain that the following are by their nature KAM:³¹

- A material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern; or
- When significant judgments are made by management in concluding that there is no material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

The appendix to ISA 570 (Revised 2024) provides illustrative examples of auditor's reports relating to going concern. Illustrations 2, 4 and 5 provide examples how the auditor references from the KAM section to the Going Concern or MURGC section.

However, when such circumstances exist, they are reported in accordance with ISA 570 (Revised 2024). Paragraphs 34–36 of ISA 570 (Revised 2024) establish the minimum information required to be presented in the Going Concern or MURGC section in relation to each circumstance with the required content described in Question 2.

³⁰ See ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, paragraph 4

³¹ See ISA 570 (Revised), paragraph A1 and ISA 701, paragraph 15.

Example—Reporting Going Concern Matters in the Auditor's Report

The following is an illustrative example of the implications for the auditor's report when a Going Concern section is included. For the purposes of the example, it is assumed that:

- The financial statements are prepared by management of a listed entity in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).
- Based on the audit evidence obtained, the auditor has concluded that an unmodified (i.e., 'clean') opinion is appropriate and that a material uncertainty does not exist.
- Management has disclosed information about significant judgments made in concluding that there is no material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and the disclosures are adequate.

Going Concern

*No Material Uncertainty Related to Going Concern*³²

In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw attention to Note X in the financial statements, which describes the uncertainties faced by the Company, the significant judgments made by management in assessing the entity's ability to continue as a going concern and the range of mitigating actions that have been deployed to address the effects on the Company's business activities.

In undertaking their assessment of going concern for the Company, management reviewed the forecast future performance and anticipated cash flows. In doing so they considered the financing available to the Company and associated debt covenants, including the covenant relaxation that the Company has obtained in relation to its financing facility, and cost saving actions that the Company have taken, including certain Government support schemes. Management have also determined appropriate sensitivities to these forecasts and considered the results in forming their conclusion.

In responding to the identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, we performed, among others, the following audit procedures:

- Obtained an understanding of relevant controls relating to the assessment of going concern models, including the review of the data and significant assumptions used in those models;
- Obtained management's board approved three-year cash flow forecasts and covenant compliance forecasts, including the sensitivity analyses;
- Assessed the appropriateness of forecast assumptions by:
 - Reading analyst reports, industry data and other external information and comparing these with management's forecasts to determine if they provided corroborative or contradictory evidence in relation to management's assumptions;

³² This additional sub-title may be useful to enhance intended users' understanding about the nature of the matters addressed in the Going Concern section of the auditor's report.

- Comparing forecast sales with recent historical financial information to consider accuracy of forecasting;
- Inquiring of management regarding the mitigating actions to reduce costs and manage cash flows and challenging the quantum of those actions with reference to supporting evidence and assessing whether the mitigating actions were within the Company's control;
- Testing the underlying data generated to prepare the forecast scenarios and determined whether there was adequate support for the significant assumptions underlying the forecast;
- Reviewing correspondence confirming Government support;
- Reviewing correspondence relating to the availability of the Company's financing arrangements, including the covenant relaxation obtained by the Company in relation to its financing facility;
- Understanding and challenging the level of further mitigations available to the Company beyond those included within the forecast; and
- Considering the results of the sensitivity analyses performed; and
- Evaluated whether the Company's disclosures about going concern comply with the requirements of IAS 1.³³

Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Company's ability to continue as a going concern.

³³ When the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, the requirements about an entity's assessment of its ability to continue as a going concern and disclosures about management's judgments were moved unchanged from IAS 1 to IAS 8, which was retitled as *Basis of Preparation of Financial Statements* (see, in particular, IAS 8 paragraphs 6K–6L and 27G). IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

This document was prepared by the Staff of the International Auditing and Assurance Standards Board (IAASB).

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