Timeline Over Which the Going Concern Assessment is Made

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IAASB Going Concern Video Series
What key changes are proposed relating to the period to be covered by management’s going concern assessment?
What’s New

• Change in the **commencement date** of the period of management’s assessment, which is used as the basis for the auditor’s evaluation

• The auditor is required to request management to extend its assessment to at least twelve months from the **date of approval of the financial statements**
Why is the IAASB proposing changing the commencement date of the period of management’s assessment?
Period of Management’s Assessment

Enables greater comparability and consistency among jurisdictions globally – some jurisdictions have already adopted a similar commencement date.
Aligns with evolving practice – a different commencement date is often applied in practice, although not required
Period of Management’s Assessment

Reinforces the benefit to users of a management’s assessment of going concern that includes more current information.
Do these proposals remain aligned with the requirements of recognized financial reporting frameworks?
Consistent with the requirements of IAS 1:

- Specify a minimum period for which management is required to take into account all available information.
- IAS 1 does not set a cap, so a longer time frame than the minimum period can be considered.
- Visit the IFRS Foundation website at ifrs.org for additional educational materials.
What are the implications if management is unwilling to extend its assessment?
Management Unwilling to Extend Its Assessment

New requirement to discuss with management, or those charged with governance, when appropriate.

Management may be able to provide additional information to support the appropriateness of their use of the going concern basis of accounting which the auditor can confirm

(e.g., the entity has profitable operations and no liquidity concerns)

Auditor documents significant judgments related to the appropriateness of the period used by management in its going concern assessment.
Public Consultation Now Open!

• Please share your views by August 24, 2023.

• Visit the IAASB website to read the proposed changes and submit a comment letter:

iaasb.org/consultations-projects