



ISA 570 (Revised 2024): Going Concern: Audit Transparency as Investor Confidence

Auditing standards rarely make headlines, but history has shown why they matter. Time and again, high profile corporate failures have taken markets by surprise - with investors left wondering why auditors hadn't flagged concerns about going concern in their reports. These gaps eroded trust and underscored the need for stronger, more transparent standards.

That's why the IAASB has refreshed the going concern standard. ISA 570 (Revised 2024) is one of those pivotal moments. Effective for audits of financial statements for periods beginning on or after 15 December 2026, this update is not just about compliance - it's about transforming the audit report into a strategic lens that helps protect investors and strengthen confidence in capital markets.

From Compliance to Confidence

Traditionally, the going concern assessment was a quiet checkpoint in the audit process. Investors often saw little more than silence, which they interpreted as stability. But silence is not always golden. ISA 570 (Revised 2024) changes the narrative by requiring auditors to provide:

- Explicit conclusions on
 - whether management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
 - Based on the audit evidence obtained, the auditor has not identified a material uncertainty.
- Material uncertainty disclosures when significant doubt exists.
- Close-call explanations even when no material uncertainty is found, offering transparency in borderline cases.

- Bias evaluation to test whether management’s assumptions lean too heavily on optimism.
- Extended horizon of at least 12 months from the date of approval of the financial statements.

This is not just more detail - it’s a recalibration of trust.

Why Investors Should Pay Attention

Think of ISA 570 (Revised 2024) as a new dashboard for investors. Instead of vague signals, investors now get sharper indicators of resilience and risk.

Feature	Benefits for Investors	Key Changes in Auditor’s Report
Explicit conclusions	Clear visibility into survival assumptions	<p><i>Two new required conclusions in the auditor’s report</i> - Explicit auditor conclusions, in a new <u>“Going Concern”</u> section of the auditor’s report, addressing:</p> <ul style="list-style-type: none"> • Whether management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and • Whether the auditor has identified any material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. <p><i>Further enhanced transparency in the auditor’s report for audits of listed entities</i> - When the auditor concludes there is a material uncertainty, or if events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern but the auditor concludes there is no material uncertainty (sometimes referred to as “close call” situations), the auditor is now required to describe how they evaluated management’s assessment of the entity’s ability to continue as a going concern.</p> <p>Listed entity - “Close call” situations (no material uncertainty exists)</p> <p>The extant ISA 570 (Revised) did not address cases where management made significant judgments to conclude that no material uncertainty exists, even though events or conditions could raise</p>
Material uncertainty	Early warning of distress	
Close-call explanations	Insight into borderline stability	
Bias evaluation	Balanced view of management’s outlook	
Extended horizon	Longer foresight for risk planning	
<p>New Requirements for Auditors: Strengthening Investor Confidence in Going Concern</p> <p><i>Management’s assessment:</i> Auditors must evaluate the methods, significant assumptions, and data used by management underpinning management’s going concern assessment, even if no obvious risks are present. This ensures management’s outlook is tested against evidence.</p> <p><i>Risk assessment procedures:</i> Expanded procedures require auditors to identify events or conditions that may cast doubt on going concern on a gross basis, before considering management’s mitigating plans. Investors gain a clearer, undiluted view of risks.</p> <p><i>Management’s future plans:</i> Auditors must assess <u>not only feasibility but also management’s intent and ability to act</u>, and whether those actions are sufficient to address risks. This adds credibility to survival strategies.</p> <p><i>Third/related party support:</i> Where financial support is expected from owners or related parties, auditors must evaluate both intent and ability of those parties to deliver. Investors gain assurance that promised support is real, not assumed.</p>		

Feature	Benefits for Investors	Key Changes in Auditor's Report
		<p>doubt about going concern. In such “close call” situations, auditors previously communicated the matter as a Key Audit Matter (KAM) under ISA 701.</p> <p>Recognizing calls for greater transparency, the IAASB has clarified that these “close calls” must now be reported in the Going Concern section of the auditor’s report, rather than in the KAM section. This ensures consistency, comparability, and that all going concern matters are addressed in a single, dedicated section. The KAM introduction is modified to reference the matter described in the Going Concern section, noting it is also a KAM.</p>

Challenges for Auditors Under ISA 570 (Revised 2024)

Evaluating management’s assessment

Auditors must rigorously test the methods, significant assumptions, and data used by management, even when no obvious risks are present. This requires deeper technical expertise and skepticism to challenge optimistic forecasts.

Expanded risk assessment procedures

Identifying events or conditions on a gross basis - before considering mitigating factors - increases the workload and demands stronger understanding of the entity’s environment and internal controls.

Assessing management’s future plans

Beyond feasibility, auditors must judge management’s intent and ability to act, and whether those actions are sufficient. This introduces subjectivity and requires careful documentation to support conclusions.

Verifying third/related party support

Auditors must evaluate both the intent and ability of external parties to provide financial support. This can be complex when evidence is limited or when support is informal, requiring sensitive communication and corroboration.

Close-call disclosures

Determining when a borderline situation qualifies as a “close call” and ensuring it is reported transparently in the Going Concern section demands nuanced professional judgment and consistency across audits.

Transparency that Builds Trust

The revised ISA 570 sets a higher bar for auditors, requiring deeper evaluation of management's judgments, expanded risk assessment procedures, stronger scrutiny of future plans, and verification of external support. These changes undoubtedly present challenges for auditors - from exercising greater professional skepticism to documenting complex judgments - but they also deliver a powerful outcome: enhanced transparency, consistency, and credibility in audit reports.

For investors, this means sharper insights, clearer early warning signals, and greater confidence in the resilience of the companies they back. In short, ISA 570 (Revised 2024) transforms the going concern assessment from a compliance exercise into a strategic safeguard for capital and trust in global markets.

If you have any questions about the information in this newsletter, please speak to your usual BDO contact or get in touch with BDO in Thailand's IFRS team at ifrsthailand@bdo.th.

This newsletter has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations, and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Neither BDO Audit Company Limited nor its respective partners, employees and/or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.