

CPA Canada handbook – assurance

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Glossary of Terms

A definition of "material uncertainty (related to going concern)" has been added in the Glossary of Terms to align with the definition in Canadian Auditing Standard [\(CAS\) 570, Going Concern](#).

CAS 570, Going Concern

This CAS replaces existing CAS 570. It incorporates changes to establish more robust requirements enhancing auditor's responsibilities regarding the assessment of an entity's ability to continue as a going concern.

Revised [CAS 570](#):

- defines "material uncertainty (related to going concern)" and explains the phrase "may cast significant doubt";
- strengthens the risk assessment process relevant for going concern matters;
- emphasizes the auditor's understanding of the entity, its environment, financial reporting framework and internal controls related to going concern;
- strengthens the communication requirements with those charged with governance, encouraging two-way, ongoing and timely discussions on going concern matters;
- strengthens requirements for evaluating management's assessment of going concern, including assessing management's methods, assumptions and data used;
- reinforces the need for auditors to avoid bias in obtaining audit evidence related to going concern;
- extends the expected timeline of management's assessment period to at least 12 months from the date of approval of the financial statements and strengthens requirements when management is unwilling to make or extend its assessment;
- establishes a requirement for the auditor to evaluate whether management has both the ability and intent to carry out management's plans for future actions, including explicitly requiring the auditor to obtain audit evidence about the intent and ability of third or related parties to maintain or provide necessary financial support;
- increases transparency in the auditor's report by:
 - requiring explicit statements about going concern in a separate section of the auditor's report when the basis of accounting is appropriate, and no material uncertainty exists;
 - for listed entities: enhancing reporting requirements for situations where significant judgment was required to conclude that no material uncertainty related to going concern exists, after having identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (i.e., "close call" situations); and
- introduces a requirement on communicating going concern issues to regulatory authorities.

Revised [CAS 570](#) is effective for audits of financial statements for periods beginning on or after December 15, 2026. [Earlier application is permitted](#).

As a result of issuing revised [CAS 570](#), requirements in the following standards have been amended to align with the auditor's responsibilities regarding the assessment of an entity's ability to continue as a going concern:

- CAS 700, *Forming an Opinion and Reporting on Financial Statements*, paragraphs [29](#) and [50](#);
- CAS 701, *Communicating Key Audit Matters in the Independent Auditor's Report*; paragraph [15](#);
- CAS 705, *Modifications to the Opinion in the Independent Auditor's Report*, paragraphs [19](#) and [29](#); and
- CAS 810, *Engagements to Report on Summary Financial Statements*, paragraph [19](#).

The "Illustrations of Independent Auditor's Reports on Financial Statements" in the following CASs have been updated to reflect the changes made in revised [CAS 570](#):

- CAS 510, *Initial Audit Engagements – Opening Balances*, [Illustrations 1-2](#);
- CAS 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*, [Appendix 1](#);
- CAS 700, [Illustrations 1-4](#);
- CAS 705, [Illustrations 1-5](#);
- CAS 706, *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, [Appendix 3-4](#);

- CAS 710, *Comparative Information – Corresponding Figures and Comparative Financial Statements*, [Illustrations 1-4](#);
- CAS 720, *The Auditor's Responsibilities Relating to Other Information*, [Illustrations 1-7](#);
- CAS 800, *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*, [Illustrations 1-3](#); and
- CAS 805, *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*, [Illustrations 1-3](#).

Editorial changes have been made to other standards and Guidelines as a consequence of issuing [CAS 570](#).

Archived Pronouncements

To give Handbook readers continued access to superseded [CAS 570 and paragraphs in other standards and Sections, supplements in the Archived Pronouncements set out the wording of CAS 570 and paragraphs in other standards and Sections. The archived material will be withdrawn from the Handbook when it is no longer effective.](#)

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