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Evolution and Diversification of the Going Concern Uncertainties Disclosed in the Auditor's Report

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Abstract

The going concern of an entity's activity is a fundamental accounting principle. The practical application of this principle has accounting, legal and financial implications. From an accounting point of view, the management of the entities shall be responsible for drawing up the financial statements in accordance with this principle. From a legal perspective, entities that go into liquidation are no longer obliged to respect the going concern principle. When auditing financial statements, auditors shall be responsible for assessing the adequacy of compliance with the principle of going concern and for including the appropriate references in their report. The objective of the paper is to analyse the reasons for including in the auditors' report the paragraph on going concern uncertainties, in the light of their evolution over time, their frequency and diversification. The sample included 120 companies listed on European stock exchanges, included in the main stock indexes for the period 2010-2020. The data was gathered from reports published by auditors that were included in the Audit Analytics database. The results showed that there was an average trend of 20 reported situations per year, but with a significant increase over the last two years analysed mainly due to the situations arising from the impact of the Covid-19 pandemic. The most common reasons were liquidity risk, substantial liabilities and the refinancing of activities. In recent years there has been a diversification of reasons, but with a reduced frequency, such as the working capital, the decrease in stockholder equity and competitor threat. Reporting on going concern issues is of particular importance so that increasing transparency in the publication of this information can contribute to a higher degree of investor confidence in the entities' financial statements.

Key words: *financial audit; auditor's report; going concern; uncertainties; financial statements;*

JEL Classification: *M42, M48, M41*

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Introduction

The ability of a company to carry out a continuous activity is presumed to last as long as possible. Since its functioning depends on both internal and external factors, continuity of business can be significantly affected. Thus, the presentation of companies' information in the financial statements is carried out by management in accordance with the principle of going concern. It is also the responsibility of the auditors to assess management's assessments of the information submitted and to intervene by additional references if they consider that the information is not complete and correct.

The auditor's report is the result of the work and is the most important link between auditors and stakeholders, being the only direct communication with shareholders about the audit process and its outcome (DeFond and Zhang, 2014). Numerous studies have been published in the literature to investigate the link between auditors and stakeholders. Most studies have concerned the consequences of going concern uncertainty (Carson et al., 2013), and other research has studied investor response to the publication of reports issued by auditors containing the going concern paragraph (Myers et al., 2018).

Thus, the *International Auditing and Assurance Standards Board* (IAASB) review of International Audit standards (ISAs) and the introduction of the ISA 701 "Communicating Key Audit Matters in the Independent Auditor's Report" have helped to improve reporting. However, there is still a need to increase the transparency of financial information published by companies to help increase stakeholder confidence.

The objective of the paper is to identify the reasons which led to the inclusion in the auditors' report of the paragraph on the going concern uncertainties, in the light of their evolution over time, their frequency and diversification. The sample included 120 companies listed on European stock exchanges, included in the main stock indexes for the period 2010-2020. The data was gathered from reports published by auditors that were included in the Audit Analytics database.

The paper contains an analysis of available data on the reporting of going concern uncertainties by companies from a perspective oriented towards the need to properly assess the adequacy of management statements. The paper can be a bibliographic source for researchers in the field of accounting and financial audit, for representatives of company management to understand the need and importance of reporting on going concern, especially in crisis conditions.

The paper is organized as follows: after the revision of the literature and the review of the regulations on the going concern, the methodology used to carry out the research is presented. The results are presented and discussed in section four. The final section summarizes the main conclusions of the study with a brief discussion on its implications for future research as well as the limitations of this study.

1. Literature review and regulatory framework

1.1. Literature review

The going concern of the companies' activity has been extensively researched by both academics and professional bodies, as well as financial consulting companies. Previous research over time has shown that the credibility and value of auditors' reports have been questioned, as audit reports of a large number of companies in insolvency proceedings did not contain any assessment of the issues relating to the requirements of the going concern principle (Asare, S., & Wright; 2012; Carson et al., 2013).

Caserio et al. (2014) developed statistical models to identify relevant financial indicators for auditors in assessing going concern and found that auditors' views were useful in alerting the risk of bankruptcy.

For investors, the auditors' report is a source of information about their investment, so any altered auditor's opinion can be a negative signal. In their study of US companies, Geiger and Kumas (2018) found that institutional investors were better informed about going concern than other market investors.

Mentioning the uncertainty of going concern as a special paragraph in the case of the new audit report became an important aspect, confirmed by the survey conducted by Cordoş and Füllöp (2015) addressed to auditors in Romania, in which half of the respondents considered it to be a good solution.

Reporting on the uncertainty of going concern can be formulated as an additional paragraph in the report or as a key audit issue. Thus, if presented as a key audit issue, the impact of companies' viability risks can be hidden (Perez et al., 2021). Zenzerovic & Valic-Vale (2016) tested whether the going concern paragraph included in the audit report is an indicator of financial difficulties for a company and found that it is the appropriate criterion for differentiating companies experiencing these difficulties.

Berglund et al. (2018) considered that the inclusion in the report of the paragraph on uncertainties regarding the going concern is a form of expression of the independence of auditors. The inclusion of this paragraph also contributes to the making of predictions on the viability of companies. From the study conducted by Hategan and Imbrescu (2018) on the case of companies listed on the Bucharest Stock Exchange (BVB) it emerged that uncertainties regarding the going concern reported by the auditors subsequently led to the insolvency of the companies, and the main basic factors were reported losses, negative capital and business history. Gallizo Larraz & Sadrigues Solé (2016) analyzed at the relationship between the audit opinion on going concern and certain characteristics of the company and the auditor, including the financial decline. Zdolšek, Jagrič & Kolar (2021) developed a model of predicting the auditor's assessment of going concern using various combinations of economic predictors of a company. Muñoz-Izquierdo et al. (2019) analysed the going concern information presented in auditors' reports for bankruptcy prevention purposes through the use of artificial intelligence.

Audit Analytics (2021) conducted a study on the evolution of the number of reports on the audited financial statements of companies being monitored in the United States by the Supervisory Authority - *Securities and Exchange Commission* (SEC) that contained the going concern paragraph, for the period 2000-2019. Results showed that the highest number of reports was 21% in 2008, after which it decreased each year, in 2019 the percentage being 15% of auditors' opinions. The most common reasons reported were net/operational losses, negative working capital, negative cash flow from operations, accumulated earning deficits and liquidity concerns.

Another study by *Accountancy Europe* (2021) based on data provided by *Audit Analytics* for companies listed on the exchanges of 30 countries in Europe showed that 9% of auditors' reports on the 2019 financial statements contained the paragraph highlighting the uncertainty of going concern. From the comparison of the two studies, it is noted that European companies had a lower risk of uncertainty as a possible effect of statutory audit regulations (EU Directive/56/2014).

1.2. Regulatory framework of going concern

Going concern is regulated from both the accounting point of view and the audit of financial statements.

The Romanian accounting regulation issued by the Minister of Public Finance by Order No. 1802/2014 for the approval of the Accounting Regulations on individual annual financial statements and consolidated annual financial statements (OMFP 1802) in section 2.4. *General principles of financial reporting*, section 49, state that the principle of going concern 'assumes that the entity normally continues its operation without going into liquidation or significant reduction of activity'. At international level IAS 1 'Presentation of Financial Statements' by the *International Accounting Standards Board* - IASB contains the provision that financial statements are prepared on the basis of the principle of going concern for a period of at least 12 months from the reporting date. It also mentions management's responsibility for drawing up financial statements in accordance with the principle of going concern.

Regarding the audit of financial statements, the IAASB (2015) revised the International Audit Standards (ISAs), including ISA 570 (revised) "Going concern" which apply for the reporting period after 15 December 2016 and which auditors take into account when assessing the ability of companies to continue their business activity. Thus, if the assessment is appropriate then the auditors must include a separate section with the heading "Material Uncertainty Related to Going Concern", and if it is inadequate then they must express a contrary opinion.

Therefore, the auditor's responsibility is to include in the report assessments of going concern as required by ISA 700 "Forming an opinion and reporting on financial statements" by including a specific paragraph or reporting a key audit issue under ISA 701.

In order to highlight the going concern regulations in **Table no. 1**, the main accounting and auditing requirements are presented in parallel.

Table no. 1. Accounting and auditing requirements for going concern		
Items	**Accounting requirements – IAS 1**	**Audit requirements – ISA 570**
Time period for going concern assessment	The financial statements shall be drawn up on the basis of the principle of going concern for a period of at least **12 months from the reporting date.**	The auditor shall cover **the same period** as that used by management to make the assessment as necessary by the applicable financial reporting framework.
Responsibilities for reporting of going concern uncertainties	Where **management** is aware of significant uncertainties related to events or conditions that could call into question the entity's ability to continue its business, the entity shall disclose such uncertainties.	It is necessary for the **auditor** to report the nature and implications of uncertainties on financial statements that should not mislead the user.

Source: Own processing

The IAASB is concerned about updating the going concern ISAs to contribute to a better and more useful financial reporting system for stakeholders. Following the impact of the Covid-19 pandemic, the IAASB (2021) launched a discussion on the expectations of all stakeholders on this subject, and preliminary results showed that there are differences between public perceptions of the auditor's role and the auditor's responsibilities in an audit of the financial situation. It is therefore necessary to amend the standards on the interpretation of the concept of going concern in order to ensure that auditors issue a more detailed report containing the specific procedures carried out to address the risks of the adequacy of management's presentation of going concern under the applicable financial reporting framework.

In view of the above, it has been found that the principle of going concern is a principle which may affect financial statements to the greatest extent, so that financial reporting should contain as much information as possible for interested parties.

Accountancy Europe (2021) has proposed 10 recommendations to improve financial reporting regarding going concern of public interest entities (PIEs) in the European Union. The summary of those recommendations is set out in **Table no. 2**.

Table no. 2. Summary of recommendations for improving financial reporting on the going concern		
No.	**Recommendation**	**Explanation**
1	Extension of evaluation procedures	The need for companies to implement integrated systems and adequate procedures for developing cash flow forecasts based on realistic assumptions taking into account economic trends and prospects
2	Mandate disclosure of risk management systems on going concern	Modification of regulations and introduction of the obligation to disclose the risk management systems
3	Obligation to disclose going concern even if there are no uncertainties	Increase transparency by disclosing aspects of significant risk-mitigating, i.e., the introduction of the obligation to disclose the entity's ability to continue as a going concern.
4	Change of mentality, transparency and communication	Disclosure of additional information would demonstrate to users that they have the knowledge and skills to assess the going concern
5	Existence of an audit committee in each public interest entity	Modification of regulations and introduction of the obligation to have an audit committee at PIEs.
6	Clarification and harmonisation of the period for going concern assessment	Obligation of presentation, in notes to the financial statements, specifying the period covered by the continuous management evaluation. Legislators should ensure that the start date and duration of the going concern assessment period are harmonised.
7	Extension of the scope of the auditors' work	Audit legislation and/or audit standards should proactively support the broader role of auditors in assessing going concern.
8	Achieving the mechanisms of the auditors warning supervisors	The alert procedure used by auditors would help prevent corporate failures and allow timely restructuring when insolvency approaches.
9	Assessing the long-term viability and resilience of companies	The need for a longer-term evaluation of 12 months, the preparation of long-term viability declarations.
10	Interconnection of financial and non-financial information	Understanding the viability of a company requires examining both financial and non-financial information.

Source: Own processing, based on data published by Accountancy Europe, 2021

The recommendations set out in **Table no. 2** and the debate on going concern of the European Parliament and of the Council, requires clear rules on financial reporting leading to increased investor confidence in companies and the accounting profession.

2. Research methodology

The methodology of the research is qualitative and consists of the descriptive study of the reasons that have raised concerns about the going concern, with a focus on their evolution and types, as well as their connection with the characteristics of the companies. The sample analysed was chosen from the companies listed on the European stock exchanges included in the main indices, existing in the *Audit Analytics* database. This database includes information on the audit of companies listed on stock exchanges in the European Economic Area and Switzerland, included in the composition of 53 stock indexes.

Thus, at the time of the consultation of the database, i.e., March, 31, 2021, information was centralised for 1981 companies. Of the total number of companies, in 120 companies the paragraph on going concern for the period 2010-2020 was presented in the auditor's report.

The geographical structure of the sampled companies and the number of observations is shown in **Table no. 3**.

Table no. 3. Sample structure

Countries/ Residences	Total number of companies	Number of companies	Number of reports
Austria	57	2	4
Bulgaria	14	1	1
Croatia	10	1	6
Cyprus	21	1	1
France	277	26	51
Germany	153	3	4
Guernsey	41	7	12
Hungary	21	1	2
Ireland	30	2	2
Italy	94	3	3
Lithuania	12	1	1
Netherlands	72	2	5
Poland	57	4	8
Romania	17	1	1
Spain	86	13	38
Switzerland	63	1	1
United Kingdom	602	51	62
Other countries	354	0	0
Total	**1,981**	**120**	**202**

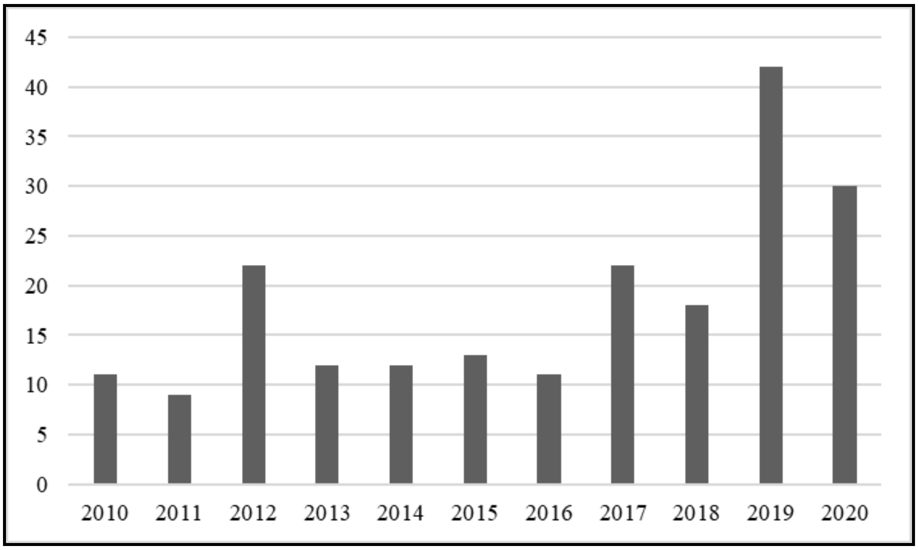
Source: Own processing

3. Results

From **Table no. 2** it follows that for 6% of the companies the auditors included in the report a paragraph on drawing attention to the going concern. Thus, most companies were those in Guernsey (17%), Spain (15%), Croatia (10%), France (9%) and the United Kingdom (8%). At companies in Switzerland, Germany and the Netherlands, auditors expressed the least concerns. Of the total reports issued by auditors, only 4 reports contained a qualified opinion, in the case of a company in France for a single year, and a company in Spain for 3 consecutive years issued by the same auditor.

Events influencing the going concern evolved differently during the period under review, their evolution is shown in ***Figure no. 1***.

Figure no. 1. Year-by-year evolution of going concern uncertainties



Source: Own processing

In *Figure no. 1* it follows that the number of uncertainties has evolved differently from year to year, but with an average trend of 20 reported situations per year. The increase in the number of reports issued by auditors regarding the uncertainty of going concern over the last two years analysed is mainly due to the situations arising from the impact of the Covid-19 pandemic.

From the study of the 202 cases of uncertainties identified by the auditors in the report, the paragraph on going concern uncertainty was found to have been generated by 33 reasons. The categorization method was achieved by interpreting the information published in company reports. The reasons were grouped into three categories, i.e., financial aspects, operational aspects and other aspects, and their codification was carried out in descending order of frequency. The centralised information is set out in **Table no. 4**.

Table no. 4. Reasons that have led to uncertainties about the going concern

Code	Aspects	Frequency	2010-2015	2016-2020
	Financial aspects	**120**	**56**	**64**
2	Insufficient/limited cash, capital or liquidity concerns	16	6	10
3	Substantial liabilities	14	7	7
4	Liabilities exceed assets	13	6	7
5	Refinancing contingencies	12	6	6
7	Need for additional financing to sustain operations	11	5	6
8	Need for additional financing for growth or to meet business objectives	9	5	4
10	Notes Payable/ Debt - Default, Due, delinquency	8	4	4
11	Decline in revenue	8	3	5
12	Credit line reduced, unavailable or due	8	3	5
13	Net/Operating loss	7	3	4
14	Negative cash flow from operations	6	3	3
19	Deterioration of the financial situation	3	2	1
21	Working capital deficit	2	0	2

Code	Aspects	Frequency	2010-2015	2016-2020
22	Assets – inadequate, limited, immaterial or impaired	2	2	0
28	Liquidation of assets	1	1	0
	Operational aspects	**48**	**24**	**24**
6	Vendor-supplier disputes or disruptions	12	9	3
9	Restructuring contingencies	9	2	7
15	Development stage	4	1	3
16	Additional tax and tax risks	4	3	1
17	Product demand or pricing - decline or limited	3	1	2
18	High administrative and production costs	3	3	0
20	Decrease in investment	3	3	0
23	Shareholder equity - deficit or decrease	2	0	2
24	Bankruptcy	2	1	1
25	Regulatory capital - decline or deficiency	2	0	2
26	Stock/share Option Exercise Risk(s)	2	1	1
27	Seeking or needs to combine with existing company	1	0	1
29	Competitor – threats	1	0	1
	Other aspects	**34**	**2**	**32**
1	Impact of COVID-19	30	0	30
30	Regulatory requirements	1	0	1
31	Litigation contingencies	1	0	1
32	Bankruptcy –subsidiary in the group	1	1	0
33	Monetary depreciation	1	1	0
	Total	**202**	**80**	**122**
	Number of companies	120	45	85
	Average uncertainty/company	**1.68**	**1.78**	**1.44**

Source: Own processing

Table no. 4 shows that the average frequency of reasons was 1.68 per company, most of the reasons were due to the impact of the Covid-19 pandemic on the activity (15%), followed by liquidity risk (8%), substantial liabilities (7%) and refinancing of activities (6%). The reasons with the lowest frequency related to the liquidation of assets, competitor threat, litigation contingencies and the bankruptcy of a subsidiary in the group.

In order to identify the evolution over time of the reasons for uncertainty, their frequency was grouped over two periods delimited by the application of the new auditor's report under ISA 701 amended from 2016, i.e., the period covering 2010-2015 and 2016-2020. Thus, it was found that the average frequency of uncertainties reported by auditors was 1.78 in the period 2010-2015, higher than in 2016-2020 when it was 1.44. Thus, there was an average decrease of 20%, although the total number of companies has almost doubled in recent times. It should be noted that 10 companies showed uncertainties during both periods studied. It is also noted that the reasons for uncertainty framed as financial aspects had the highest share of around 60%, the proportion being almost equal in the two periods analysed.

The results obtained show that in the period 2016-2020 there was a diversification of the reasons, but they had a reduced frequency, such as the working capital, the decrease in stockholder equity and competitor, as well as the requirements of the regulations on the functioning of companies.

Comparing the results obtained with those of the *Audit Analytics* study on US companies, it is found that the frequency of the most common reasons for uncertainty is not the same, so European companies have predominantly more liquidity risk issues and less those that related to net/operational loss.

The impact of Covid-19 was identified at 30 companies, 19 of which were UK companies, 3 companies from France, 2 companies from Poland and one company each from Switzerland, Germany, Guernsey, Lithuania, Romania and Spain. The main consequences of the pandemic, grouped by types of motifs, as previously codified, are set out in **Table no. 5**.

Table no. 5. Impact of Covid-19 on going concern			
Code	**Issues**	**Frequency**	**Field of activity**
2	Insufficient/limited cash, capital or liquidity concerns	14	Tourism, Manufacturing, IT Services, Retail
11	Decline in revenue	11	Hospitality, Transport, Manufacturing, Entertainment Industry
9	Restructuring contingencies	2	Financial services, Alcoholic beverage industry
7	Need for additional financing to sustain operations	1	Social services
31	Litigation contingencies	1	Financial services
17	Product demand or pricing - decline or limited	1	Financial services
	Total	**30**	

Source: Own processing

From **Table no. 5** it follows that the impact of Covid-19 was on the liquidity concerns, mainly due to the decline in revenue. The areas most affected were those that provided population services, as a result of the restrictions imposed on physical distance between persons. The findings made are in line with those presented in the study by Crucean and Hategan (2021) which showed that the impact of Covid-19 on the going concern of 60 companies listed on BVB was more pronounced on those in the extractive, tourism, transport and manufacturing industries. The auditors included in their report the paragraph of uncertainty regarding going concern for 15% of the companies analysed, most of which the auditors assessed the uncertainties with a low degree of concern.

To describe the link between the uncertainty of going concern expressed by auditors and the characteristics of companies, several indicators reflecting auditors' work and company information were studied.

Based on previous research, indicators reflecting auditors' work, such as auditor size (Levanti, 2019), Big Four membership audit companies (PricewaterhouseCoopers, KPMG, Ernst & Young and Deloitte Touche Tohmatsu) and auditors' rotation were identified.

The auditor's rotation is an indicator that can influence the opinion issued (Knechel & Vanstraelen, 2007), i.e., when the auditor changes, the new auditor tends to be more rigorous than the previous one, since he is not yet familiar with the company's activity.

The structure of the auditor's new report which came into force with 2016 may also influence the disclosure of more information on going concern.

In some sampled companies, auditors included the paragraph on going concern uncertainty for several years, even though the auditor has been changed over time, so the persistence of uncertainties over time is an important factor in the auditor's assessment.

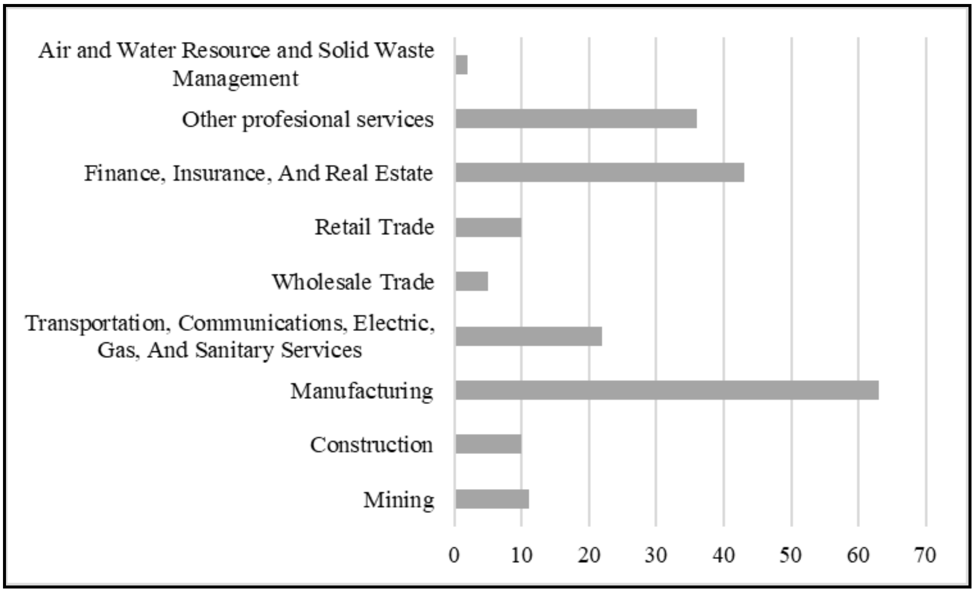
The description of the indicators is shown in **Table no. 6**.

Table no. 6. Description of indicators		
Indicator	**Cod**	**Description**
Type of reason	M	Encoded from 1 to 33 according to Table no. 4
Auditor's size	A	1 – Big4 category auditor 0 – Auditor not in The Big4 category
Auditor's rotation	R	1 – New Auditor 0 – Same auditor
Report Format	N	1 – New format 2016-2020 0 – Old format period 2010-2015
Persistence over time of uncertainties	P	1 to 10, expressed in number of years
Industry	I	According to Standard Industrial Classification (SIC), 4-digit codes

Source: Own processing

The M indicator mentioned in **Table no. 6** cannot be described statistically as regards average, error and standard deviation, as it represents only encodings of reasons. Information on indicator I is also useful only for data control. The industry in which a company operates is important from the point of view of business continuity, because in times of crisis some areas of activity are more affected than others, as confirmed in the crisis generated by the Covid-19 pandemic. The grouping of company reports by industry is shown in ***Figure no. 2***.

Figure no. 2. Grouping company reports by industries



Source: Own processing

Figure no. 2 shows that uncertainties have been reported in companies of all industries, but most situations have occurred in manufacturing companies (31%), which is explicable because companies in this industry have a significant share of the total companies. Analyzing downwards, financial services companies (21%) and other types of services (18%) significant share in the total reported uncertainties.

Given the above, in **Table no. 7** are presented only the indicators that can be statistically described.

Table no. 7. Descriptive statistics

Indicators	Obs.	Average	Standard error	Standard deviation
A	202	0.8168	0.0273	0.3878
R	202	0.1535	0.0254	0.3613
N	202	0.6040	0.0345	0.4903
P	202	1.9703	0.1223	1.7390

Source: Own processing

As regards the size of the auditor, in **Table no. 7** can be observed that 81.68% of the auditors belonged to the Big4 category. From the study of the reports issued, the size did not have significant influence on the uncertainties expressed regarding going concern.

As regards the rotation of auditors, it was found that in the case of 15.35% of reports were issued by new auditors, so we can appreciate that there was stability from one period to the next. The change of auditor did not influence the inclusion in the report of going concern uncertainties.

Regarding the format of the report, 60.4% of the total reports analysed were prepared in the new format, relating to the period 2016-2020. The increase in the number of business going concern uncertainties is largely due to the impact of Covid-19. If we eliminate the impact of the 30 reports related to this crisis, then the percentage would be 53.49%, i.e., it can be said that the change in the structure of the report was not a decisive factor in the inclusion by the auditors of the paragraph on the uncertainty of going concern.

The persistence of the reasons for uncertainty may be a significant factor in auditors' assessment of the companies' business. Thus, it was found that the average of the cases of uncertainties was 1.97, so on average one company presented two consecutive years uncertainty about going concern. The analysis of the sample showed that in two thirds of the companies the auditors included in the report the paragraph on uncertainties in only one year. In 15% of all companies the situation was highlighted over 2 years, and at other companies representing 15% of the total the situation was encountered over a period of 3 to 6 years. Two companies in the sample have been included in the sample where the situation persists for 10 years, the companies are in operation, a French real estate investment company audited by local auditors and a Spanish textile company audited by The Big4 auditor.

Conclusions

In assessing the adequacy of the going concern presented in the financial statements, the auditor shall rely on his professional reasoning and the requirements of the audit standards and other applicable regulations. The publication by companies of financial statements containing as much information as possible on the risks of the activity carried out has positive implications for stakeholders, who will have greater confidence in the value and relevance of the financial audit.

The objective of the paper was to highlight the main reasons identified by the auditors as going concern uncertainties, how they evolved over time and how they diversified over time. An analysis of their relationship with the characteristics of the auditors and the audited companies was also carried out.

The results of the study showed that there was an average trend of 20 reported situations per year, but with a significant increase over the last two years analysed mainly due to situations arising from the impact of the Covid-19 pandemic. Other significant reasons were generated by liquidity risk, substantial liabilities and the refinancing of activities. In recent years there has been a diversification of reasons, but with a reduced frequency, such as the working capital, the decrease in stockholder equity and competitor threat.

From the analysis carried out, it was not possible to identify a close correlation between the types of reasons that give rise to going concern uncertainty and the characteristics of auditors and companies. Thus, the size of the auditor and the rotation of the auditors did not directly influence the highlighting of uncertainties (Simaora & Hendajatno, 2019). Nor can the structure of the auditor's new report be considered a significant factor influencing reporting on this subject. Situations of going concern uncertainty did not have a high persistence, as only 32% of all companies analysed persisted in uncertainty for more than one year.

The main conclusion from the study is that the uncertainties reported by the auditors depend more on the company's field of activity and the way in which it is managed, as well as external factors, such as the crisis situation generated by the Cofiv-19 pandemic. As is apparent from the recommendations made by *Accountancy Europe*, as well as other research, new aspects of the auditing of going concern assessment are expected to be regulated (Hay, Shires, & Van Dyk, 2021).

The results obtained can be useful for accounting professionals to improve financial reporting, the study conducted can be a guide for auditors in which the reasons leading to going concern uncertainties are centralised. Managers can identify the critical points of companies and take early action in line with recommendations made by *Accountancy Europe*. Regulators can identify what

The paper contributes to the knowledge of the reality of financial reporting, being a source for researchers in the field of accounting and auditing, through information on the importance of comprehensive and relevant financial reporting.

The limits of the research consist in the degree of subjectivity regarding the grouping of uncertainties by types of reasons on the basis of the professional reasoning of the authors. Some of the data was hand-gathered which may distort the results to a small extent, but to reduce the risk of biased information was verified on several database sequences.

The paper is a prerequisite for quantitative research that will include variables in the study leading to the creation of an econometric model of factors influencing the reporting of going concern uncertainties.

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