

**ASA 2013-1**  
(March 2013)

# **Explanatory Statement**

## ***ASA 2013-1 Amending Standard to ASRE 2415 Review of a Financial Report – Company Limited by Guarantee***

Issued by the **Auditing and Assurance Standards Board**



**Australian Government**

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**Auditing and Assurance Standards Board**

## **Obtaining a Copy of this Explanatory Statement**

This Explanatory Statement is available on the Auditing and Assurance Standards Board (AUASB) website: [www.auasb.gov.au](http://www.auasb.gov.au)

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## **Reasons for Issuing Auditing Standard ASA 2013-1**

The Auditing and Assurance Standards Board (AUASB) issues Auditing Standard ASA 2013-1 *Amending Standard to ASRE 2415 Review of a Financial Report – Company Limited by Guarantee* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is an independent statutory committee of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required, inter alia, to develop auditing standards that have a clear public interest focus and are of the highest quality.

## **Auditing Standard Amended by ASA 2013-1**

This Auditing Standard makes amendments to the following Auditing Standard:

ASRE 2415 *Review of a Financial Report – Company Limited by Guarantee*

The amendments are consequential and arise from:

- The issuance, in December 2012, of the *Australian Charities and Not-for-Profit Commission Act 2012 (Cth)* (the ACNC Act) by the Australian Government.

Under its mandate, the AUASB is required to maintain the quality and relevance of the Auditing Standards. Accordingly, amendments to existing Auditing Standards are made whenever necessary to recognise any applicable new or revised legislation or regulation.

- Changes made by the International Auditing and Assurance Standards Board (IAASB) to ISRE 2400 *Engagements to Review Financial Statements*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required to have regard to any programme initiated by the IAASB for the revision and enhancement of its standards and to make appropriate consequential amendments to the Australian Auditing Standards.

## **Operative Date**

ASA 2013-1 *Amending Standard to ASRE 2415 Review of a Financial Report – Company Limited by Guarantee* is operative for financial reporting periods commencing on or after 1 July 2013 with early adoption permitted.

## **Purpose of Auditing Standard ASA 2013-1 Amending Standard to ASRE 2415 Review of a Financial Report – Company Limited by Guarantee**

The purpose of the Auditing Standard is to make amendments to the Auditing Standard listed above.

## **Main Features**

The Auditing Standard makes amendments that comprise:

- Expansion of the scope of ASRE 2415 to incorporate entities reporting under the ACNC Act and other applicable legislation or regulation . As the purpose of ASRE 2415 is to direct auditors and assurance practitioners to the appropriate operational review standard (ASRE 2400 and ASRE 2410), it is the appropriate vehicle to direct reviews under the ACNC Act and other applicable legislation or regulation.

As the requirements of ARE 2415 are administrative in nature, the amendments are editorial and do not impact on the practical application requirements of performing reviews under the operational review standards (ASRE 2400 and ASRE 2410).

- Changes to references arising from the issuance of revised Standard on Review Engagements, *ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*, together with other minor editorial amendments.

## **Process of making Australian Auditing Standards**

The AUASB's Strategic Direction, *inter alia*, provides that the AUASB develop Australian Auditing Standards that:

- have a clear public interest focus and are of the highest quality;
- use the International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB) as the underlying standards;
- conform with the Australian regulatory environment; and
- are capable of enforcement.

## **Consultation Process prior to issuing the Auditing Standard**

The AUASB has consulted publicly as part of its due process in developing the Auditing Standard. Exposure Draft ED 03/12 *Review of a Financial Report – Company Limited by Guarantee* was issued on 12 December 2012 with a 59 day comment period.

Submissions were received by the AUASB and these were considered as part of the development and finalisation of the Auditing Standard.

## **Regulatory Impact Statement**

A Regulation Impact Assessment (RIA) has been prepared in connection with the amendments to ASRE 2415 *Review of a Financial Report – Company Limited by Guarantee*. The RIA has been approved by the Office of Best Practice Regulation (OPBR).

### **Human rights implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

### **Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.