

ASA 2012-1
(July 2012)

Explanatory Statement

ASA 2012-1 Amending Standard to ASA 570 Going Concern

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



Australian Government

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

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Reasons for Issuing Auditing Standard ASA 2012-1

The Auditing and Assurance Standards Board (AUASB) issues Auditing Standard ASA 2012-1 *Amending Standard to ASA 570 Going Concern* 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.

Operative Date

ASA 2012-1 *Amending Standard to ASA 570 Going Concern* is operative for financial reporting periods commencing on or after 1 July 2012.

Purpose of Auditing Standard ASA 2012-1 Amending Standard to ASA 570 Going Concern

The purpose of the Auditing Standard is to make amendments to ASA 570 *Going Concern*.

Main Features

The Auditing Standard makes amendments to the diagram contained in [Aus] Appendix 1 of ASA 570 *Going Concern* titled “*Linking Going Concern Considerations and Types of Audit Opinions*”, in order to improve the content and layout of the diagram. The diagram forms part of the application and other explanatory material in ASA 570 *Going Concern*.

The amendments are editorial improvements in nature and do not have an impact on the requirements of ASA 570 *Going Concern*.

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 not consulted publicly through the exposure process in developing the Amending Auditing Standard, as the AUASB considered the nature of the amendments, which affect only the application and other explanatory material in [Aus] Appendix 1 of ASA 570 *Going Concern*, to be minor and therefore do not warrant public exposure.

Regulatory Impact Statement

A Regulation Impact Assessment (RIA) has been prepared in connection with the amendments to [Aus] Appendix 1 of ASA 570 *Going Concern*. The RIA has been approved by the Office of Best Practice Regulation (OPBR).

The RIA has considered both the expected benefits and expected costs of the amendment to [Aus] Appendix 1 of ASA 570 *Going Concern*. It concluded that expected costs to providers of audit services would be insignificant and that, on balance, the improvement in quality to the Auditing Standard would likely outweigh expected costs.

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.