



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **13(a)**
Meeting Date: 4 June 2012
Subject: ASA 570 *Going Concern* [Aus] Appendix 1 Diagram
Date Prepared: 28 May 2012

Action Required

For Information Purposes Only

Agenda Item Objectives

To consider and approve amendments to the *Clarity ASA 570 Going Concern* [Aus] Appendix 1 Diagram "Linking Going Concern Considerations and Types of Audit Opinions" (the diagram).

Background

The AUASB has previously been advised that some practitioners found the diagram to be confusing. Refer Agenda Item 13(a).2 for a copy. On review, the AUASB Technical Group considered the diagram to be technically correct and consistent with the requirements and related application and other explanatory material in ASA 570. The AUASB Technical Group did identify improvements that could be made to simplify the diagram. These improvements were previously presented to the AUASB Board for consideration, however they were not approved.

The AUASB Technical Group now presents an alternative version of the diagram (refer Agenda Item 13(a).1). In contrast to the existing version, this alternative simplifies and summarises the key considerations that auditors should follow in evaluating management's assessment of the entity's going concern. Additionally, each key step in the auditor's consideration is now cross-referenced to the applicable ASA 570 paragraph as "authority" for the step, as well as for ease of reference.

Matters to Consider

The AUASB Technical Group presents the alternative version of the diagram for board consideration and approval. If the AUASB Board is supportive of this, the AUASB Technical

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Group proposes to incorporate it into an Amending Standard to present to the 23 July 2012 AUASB meeting for approval to issue.

The AUASB Technical Group does not consider that the nature of the amendments contained in the alternative version necessitate it being included in an Exposure Draft for public comment. This is on the basis that the proposed amendments do not change existing requirements or guidance in ASA 570.

AUASB Technical Group Recommendations

1. The AUASB Technical Group recommends the AUASB Board approve the proposed amendments to the ASA 570 [Aus] Appendix 1 diagram.
2. The AUASB Technical Group also recommends that no exposure process be required for the amendments.

Material Presented

Agenda Item 13(a)	AUASB Board Meeting Summary Paper
Agenda Item 13(a).1	Proposed ASA 570 [Aus] Appendix 1 Diagram
Agenda Item 13(a).2	Extant ASA 570 [Aus] Appendix 1 Diagram

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	AUASB to consider and approve proposed amendment to ASA 570 [Aus] Appendix 1	AUASB feedback and decision	AUASB	4 June 2012	o/s

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