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Basis for Conclusions

AUASB 2025-9 Amendments to AUASB Standards

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



Australian Government

Auditing and Assurance Standards Board

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Basis for Conclusions AUASB 2025-9 *Amendments to AUASB Standards* has been developed by the Auditing and Assurance Standards Board (AUASB) to provide a background to, and rationale for the development and approval of the standards by the AUASB. The Basis for Conclusions relates to, but does not form part of, AUASB 2025-9.

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CONTENTS

| | <i>Page</i> |
|---|-------------|
| Background | 5 |
| Substantive Comments raised by Australian Respondents on Exposure | 6 |
| Conclusion..... | 6 |

BASIS FOR CONCLUSIONS

AUASB 2025-9 Amendments to AUASB Standards

Background

1. In accordance with its mandate under section 227 of the *Australian Securities and Investments Commission Act 2001* and the Financial Reporting Council's Strategic Direction, the AUASB's policy is to adopt the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB), unless there is a compelling reason not to do so. In addition, the AUASB is required to make such amendments to the ISAs to ensure the Australian Auditing Standards both exhibit and conform to the Australian regulatory environment and statutory requirements. Further amendments are made where there are compelling reasons to do so and are made with a public interest focus.
2. The AUASB issued AUASB 2025-9 to amend Australian Standards on Quality Management (ASQMs) and Auditing Standards (ASAs), as a result of the revisions to the definitions of listed entity and public interest entity in the Accounting Professional & Ethical Standards Board Limited to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). The Code is based on the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code).
3. In January 2024, the International Auditing and Assurance Standards Board (IAASB) issued an exposure draft proposing to amend the International Standards on Quality Management (ISQMs) and International Standards on Auditing (ISAs) as a result of the revisions to the definitions of listed entity and public interest entity in the IESBA Code (PIE Track 2). The purpose of these amendments is to:
 - Align to the greatest extent possible the definitions and key concepts underlying the definitions in the ISQMs and ISAs related to listed entities and PIEs to the IESBA's definitions and key concepts in the revisions to the IESBA Code.
 - Establish an objective and guidelines to support the IAASB's judgments regarding specific matters for which differential requirements for certain entities are appropriate.
 - Extend the applicability of existing differential requirements for listed entities in the ISQMs and ISAs to meet heightened expectations of stakeholders regarding the performance of audit engagements for public interest entities.
4. The AUASB issued a 'wrap-around' [Consultation Paper](#) on the IAASB's then proposed amendments to the ISQMs and ISAs on 5 February 2024.
5. The comment period closed on 25 March 2024. The AUASB received written comment letters from:
 - [Pitcher Partners](#)
 - [CPA Australia](#)
6. The AUASB considered all submissions received and provided a [written submission to the IAASB](#) in April 2024.
7. In December 2024, the IAASB decided to proceed with the other narrow scope amendments to the ISQMs and ISAs proposed for PIE Track 2 (not part of the Consultation Paper) by:
 - Replacing "listed entity" with "Publicly Traded Entity" (PTE) as defined in the IESBA Code for the purposes of applying differential requirements in the ISQMs and ISAs.
 - Amending the objective and purpose for differential requirements, including when it may be appropriate to apply a differential requirement to entities other than PTEs.

8. The [IAASB Consultation Paper Invitation to Comment on Public Interest Entity \(PIE\) Track 2](#) was issued for a 45-day comment period. The AUASB decided at its February 2025 meeting not to make a submission to the IAASB on the IAASB Consultation Paper.
9. Further details regarding the development of PIE Track 2 and how the IAASB addressed feedback on their exposure draft can be found in the [Basis for Conclusions](#) on the IAASB's website.

Substantive Comments raised by Australian Respondents on Exposure

10. The AUASB received feedback from Pitcher Partners and CPA Australia. Having regard to feedback received, the AUASB's [written submission](#) to the IAASB supported the adoption of the definitions of PIE and "publicly traded entity" and extending the extant differential requirements for engagement quality reviews from listed to PIEs but did not support extending the extant differential requirements for communicating key audit matters.

Compelling reasons assessment

11. The adoption of international standards and any changes to adopted standards are governed by the [AUASB Policy and Process for International Conformance and Harmonisation of Standards](#) (Harmonisation Policy). The policies and procedures incorporate "compelling reasons" tests which must be met to support changes to the international standards. Changes are made only when the AUASB is satisfied that there are persuasive reasons to do so. Further to paragraph 1 of this Basis of Conclusions document, compelling reasons fall broadly into two categories: legal and regulatory; and principles and practices considered appropriate having regard to the public interest in Australia.
12. The AUASB has adopted the categories of public interest entity identified in the Code and consistent with the modifications to ASA 700¹ the term "publicly traded entity" has been incorporated in the example modified auditor's review report on a half-year financial report in ASRE 2410². The AUASB has not amended the term "listed entity" in paragraph 13 of Appendix 3 in ASRE 2410 to "publicly traded entity" as the lodgement of half-year financial report to the ASX is not intended to expand beyond listed entities.

Early Adoption

13. Because of the potential confusion for users if auditors' reports for the same or similar periods within the marketplace lack consistency, the AUASB believes that if early adoption is contemplated the collective changes arising from the Going Concern, Fraud and Listed Entity and PIE projects should preferably be early adopted as a package, rather than on a piecemeal basis.

Conclusion

14. The AUASB voted to approve and issue AUASB 2025-9 on 12 November 2025 and it is operative for financial reporting periods commencing on or after 15 December 2026.
15. In reaching its conclusions the AUASB considered:
 - (a) all stakeholder feedback;
 - (b) the IAASB's due process and consideration as to whether PIE Track 2 should be re-exposed; and
 - (c) whether the amendments made by the IAASB since exposure:
 - (i) were in response to submissions from stakeholders on the exposure draft,

¹ See ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

² See ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*.

- (ii) have not changed the fundamental approach and principles on which the standard is based, and
- (iii) did not require the re-exposure of the standard.

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