

ASA 570
(May 2025)

Explanatory Statement

ASA 570 Going Concern and ASA 2025-4 Amendments to Australian Auditing Standards

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 570 and ASA 2025-4

The AUASB issues Auditing Standard ASA 570 *Going Concern* and ASA 2025-4 *Amendments to Australian Auditing Standards* (ASA 570) pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is a non-corporate Commonwealth entity 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 *Legislation 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.

The Auditing Standard conforms with ISA 570 (*Revised 2024*), *Going Concern* issued by the International Auditing and Assurance Standards Board (IAASB) and the IAASB's 'Conforming and Consequential Amendments Arising from ISA 570 (Revised 2024)'.

Purpose of Auditing Standard ASA 570 *Going Concern* and ASA 2025-4 *Amendments to Australian Auditing Standards*

The purpose of ASA 570 is to specify the responsibilities of the auditor of a financial report relating to going concern and the implications for the auditor's report on that financial report. ASA 570 replaces the current ASA 570 *Going Concern* issued by the AUASB in December 2015 (as amended to March 2023). ASA 2025-4 *Amendments to Australian Auditing Standards* includes the conforming and consequential amendments to other Auditing Standards as a result of changes made in the revised ASA 570.

Main Features

ASA 570 contains minor changes from ISA 570 (Revised 2024), which have been made in the Application and Other Explanatory Material and Appendices to reflect Australian regulatory requirements.

Operative Date

ASA 570 *Going Concern* is operative for financial reporting periods beginning on or after 15 December 2026.

Process of making Australian Auditing Standards

The FRC's Strategic Direction to the AUASB, *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 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 ASA 570

The AUASB has consulted publicly as part of its due process in developing ASA 570, by exposing the IAASB's exposure draft of the proposed revised ISA 570 in Australia, along with an associated Australian Explanatory Memorandum. The exposure period was 100 days.

Submissions were received by the AUASB and these were considered as part of the development and finalisation of the revised ASA 570.

Impact Analysis

A Preliminary Assessment form has been prepared in connection with the preparation of ASA 570 *Going Concern* and ASA 2025-4 *Amendments to Australian Auditing Standards* and lodged with the Office of Impact Analysis (OIA). The OIA advised that an Impact Analysis is not required in relation to these standards.

Exemption from Sunsetting

Auditing Standards promulgated by the AUASB that are legislative instruments are exempt from the sunset provisions of the *Legislation Act 2003* through section 12 of the *Legislation (Exemption and Other Matters) Regulation 2015* (Item 18(a)).

The AUASB's Standards incorporate Standards set by the IAASB. The AUASB's Standards are exempt from sunset because a more stringent review process than sunset applies to the Standards. This review process ensures Australia's Auditing Standards regime remains consistent with international standards. Typically, the AUASB Standards are revised at least once within a ten-year period, with most of the Standards subject to revisions much more frequently than that. Each revision follows the stringent review process (which includes the opportunity for public comment) in order to remain consistent with international Standards. It is very unlikely that any AUASB Standard would not have been amended (or else considered for amendment) within a ten-year period through these review processes. Therefore, if it applied, a ten-year sunset regime would have very limited practical application to AUASB Standards. Parliamentary oversight is retained whenever a Standard is replaced or amended since the Standards are disallowable instruments and subject to the normal tabling and scrutiny process as required by the *Legislation Act 2003*.

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Legislative Instrument: **Auditing Standard ASA 570 *Going Concern* and ASA 2025-4 *Amendments to Australian Auditing Standards***

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

Background

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*.

Purpose of Auditing Standard ASA 570

The purpose of the Auditing Standard represents the Australian equivalent of ISA 570 (Revised 2024), *Going Concern* and will replace the current ASA 570 issued by the AUASB in December 2015 (as amended to March 2023). ASA 2025-4 *Amendments to Australian Auditing Standards* includes the conforming and consequential amendments to other Auditing Standards as a result of changes to ASA 570.

Main Features

This Auditing Standard contains differences from the ISA 570 (Revised 2024), which have been made in the Application and Other Explanatory Material and Appendices to reflect Australian regulatory requirements.

Human Rights Implications

These Auditing Standards are issued by the AUASB in furtherance of the objective of facilitating the Australian economy. The standards do not diminish or limit any of the applicable human rights or freedoms, and thus do not raise any human rights issues.

Conclusion

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