

ASA 2021-2
(September 2021)

Explanatory Statement

ASA 2021-2 Amendments to Australian Auditing Standard ASA 560 Subsequent Events

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 2021-2

The AUASB issues Auditing Standard ASA 2021-2 *Amendments to Australian Auditing Standard ASA 560 Subsequent Events* 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.

Purpose of Auditing Standard ASA 2021-2 Amendments to Australian Auditing Standard ASA 560 Subsequent Events

The purpose of the Auditing Standard is to make amendments to the requirements and application and other explanatory material of the following Auditing Standard:

ASA 560 *Subsequent Events* (Issued October 2009 and amended to December 2015)

Main Features

This Auditing Standard is being amended to achieve harmonisation with ISA (NZ) 560 *Subsequent Events* which was amended in February 2020. This Auditing Standard makes amendments to Australian Auditing Standard ASA 560 *Subsequent Events* made under Section 336 of the *Corporations Act 2001* to clarify the timing of communications and possible actions the auditor may take when facts become known to the auditor after the financial report has been issued that, had it been known to the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report.

Operative Date

ASA 2021-2 *Amendments to Australian Auditing Standard ASA 560 Subsequent Events* is operative for financial reporting periods commencing on or after 15 December 2021.

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 03/21 Proposed Auditing Standard ASA 2021-2 *Amendments to Australian*

Auditing Standard ASA 560 Subsequent Events was issued on 30 June 2021 with a 30-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 Regulatory Impact Statement (RIA) has been prepared in connection with the preparation of ASA 2021-2 *Amendments to Australian Auditing Standard ASA 560 Subsequent Events*. The RIA has been cleared by the Office of Best Practice Regulation (OBPR).

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 2021-2 Amendments to Australian Auditing Standard ASA 560 Subsequent Events**

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

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Human Rights Implications

Australian 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.