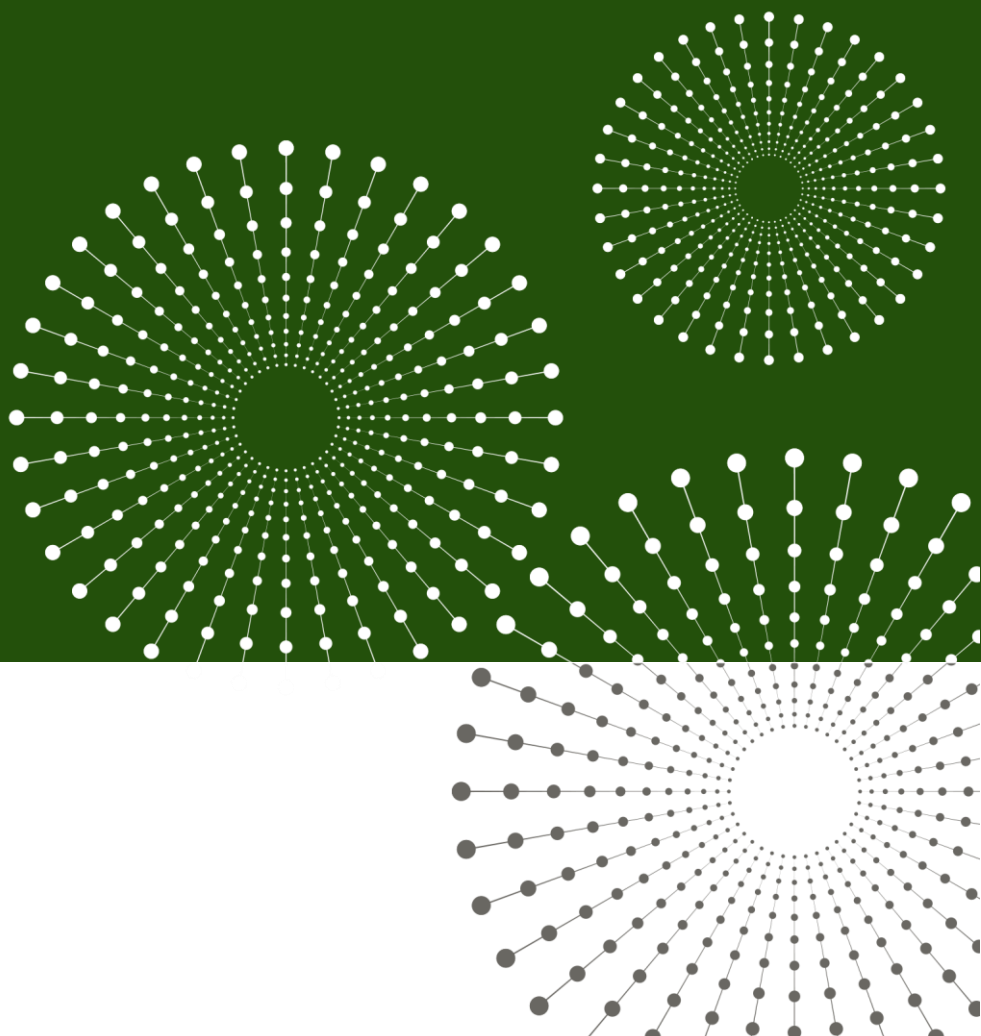


Reissued ISAs (NZ)

Explanation for decisions made



February 2026



This document relates to, but does not form part of, the reissued International Standards on Auditing (New Zealand) (ISAs (NZ)) which were approved in December 2025.

It explains the decision made by the New Zealand Auditing and Assurance Standards Board (NZAuASB) not to use the term publicly traded entity in the ISAs (NZ).

It also explains our approach to reissue the ISAs (NZ) rather than to issue multiple amending standards.

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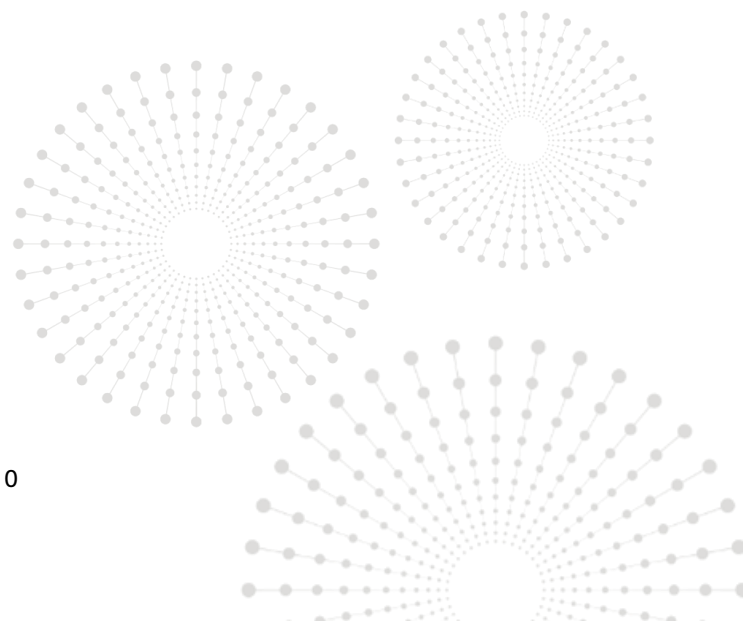
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Introduction

The NZAuASB identified several amendments needed to be made to the ISAs (NZ) including:

- Amendments to ISAs (NZ) resulting from revisions related to publicly traded entities
- Conforming and consequential amendments to ISAs (NZ) as a result of revised ISA (NZ) 240 *The Auditor's Responsibilities Relating to Fraud in Audit of Financial Statements*
- Conforming and consequential amendments to ISAs (NZ) as a result of revised ISA (NZ) 570 *Going Concern*
- Other editorial changes, including change of the name of IFRS Accounting Standards.

The XRB's usual approach is to prepare an amending standard and then compile the amendments into an unofficial published consolidated version of the standard. Given the number of standards impacted by the above projects, we took this opportunity and reissued the ISAs (NZ) to start afresh. We did this by revoking the existing standards, as many of them were issued in 2011 and have had multiple amendments to date and reissuing new principal standards that incorporate all of the amendments. These changes are conforming and consequential in nature. We have published a markup of the standards on our website, so that there is transparency over the changes we have made.

The NZAuASB has also made amendments to ensure the auditing standards align with the minimum components for secondary legislation. These amendments do not add new requirements for auditors.

This explanation for decisions made includes two parts.

Part 1 explains the decision made by the NZAuASB not to use the term publicly traded entity in the ISAs (NZ). It also explains how the NZAuASB decision achieves international alignment with standards issued by the International Auditing and Assurance Standards Board (IAASB).

Part 2 explains how the NZAuASB has chosen to combine the amendments in new standards and as a consequence, revoke and reissue the ISAs (NZ) as listed in the Appendix.

Part 1 Amendments Relating to Publicly Traded Entities

Background

1. In August 2025 the International Auditing and Assurance Standards Board (the IAASB) issued *Narrow Scope Amendments to the ISQMs, ISAs, and ISRE 2400 (Revised) as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA¹ Code* (the IAASB pronouncement).
2. The IAASB Pronouncement explains that some requirements in International Standards on Auditing (ISAs) relate to audits of entities that have significant public interest in the financial condition of these entities due to their potential impact on financial well-being of their stakeholders. It also notes that entities of significant public interest face heightened stakeholder expectations regarding their audits.
3. The IAASB Pronouncement additionally:
 - explains that publicly traded entities are entities of significant public interest
 - includes a definition of publicly traded entity (PTE), and

¹ International Ethics Standards Board for Accountants, *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code)

- recognises local standard setters' role in defining publicly traded entities for the purpose of local jurisdictions, including allowing local terms to be applied, instead of publicly traded entity.
4. The requirements that apply to audits of publicly traded entities include:
 - increased transparency in audit reports through inclusion of key audit matters, other information paragraphs and the name of the signing partner.
 - additional communications with those charged with governance.
 - mandatory engagement quality review.
 5. Internationally, the requirements that previously applied to listed entities will now apply to PTEs. Therefore, the group of entities subject to these requirements has been broadened internationally.

Application for New Zealand resulting from the IAASB's Pronouncement

6. In New Zealand, the requirements referred to in paragraph 4 above are already applied more broadly. They apply to FMC reporting entities considered to have a higher level of public accountability (FMC HLPAs). FMC HLPAs include listed issuers, registered banks, licensed insurers and other entities in accordance with the Financial Markets Conduct Act 2013².
7. The XRB has a strategic objective to adopt international auditing and assurance standards to apply in New Zealand unless there are compelling reasons not to. The XRB is committed to ensuring that New Zealand standards remain internationally aligned, while also being locally relevant to reflect New Zealand's regulatory environment.
8. The NZAuASB considered how the IAASB Pronouncement impacts New Zealand standards and how the definition of publicly traded entity could be applied in New Zealand circumstances.
9. The IAASB defines publicly traded entity as: *"An entity that issues financial instruments that are transferrable and traded through a publicly accessible market mechanism, including through listing on a stock exchange. A listed entity as defined by relevant securities law or regulation is an example of a publicly traded entity"*.
10. There are recognised trading platforms in New Zealand that cater to small and medium-sized entities. Entities listed on these platforms may meet the IAASB's definition of a publicly traded entity as their financial instruments are traded through a public market mechanism. These markets are subject to lighter regulatory oversight, with the aim of reducing compliance costs and administrative burdens for smaller and medium-sized entities.
11. The NZAuASB considered:
 - The merits of having similar requirements across all publicly accessible trading platforms to ensure a level playing field for all entities, and to prevent entities from exploiting differences between regulatory frameworks.
 - That markets such as Catalyst and Unlisted operate under different oversight compared to FMC reporting entities, primarily to reduce compliance costs. Investors are generally aware of and accept the additional risks associated with investing on these alternative exchanges.

² Financial Markets Conduct Act 2013, section 461K

12. The NZAuASB determined that applying the requirements mentioned in paragraph 4 to FMC HLPAs is fit for purpose in New Zealand. These settings are aligned with the regulatory settings that are in place to identify the entities of significant public interest.
13. The IAASB's Pronouncement acknowledges that jurisdictional standard setters may define a PTE more explicitly for their jurisdiction. The IAASB definition of PTE recognises that terms other than PTE might be used in a specific jurisdiction and clarifies that when other terms are applied to entities of significant public interest, such terms are regarded as equivalent to "publicly traded entity".
14. The NZAuASB considers that international alignment is achieved by retaining the existing settings in the requirements mentioned in paragraph 4 applicable to FMC HLPAs, because:
 - FMC HLPAs definition includes entities listed on the New Zealand Stock Exchange. These are PTEs that are of significant public interest in New Zealand.
 - Some entities trading on platforms for smaller or medium sized entities might meet the regulatory definition of FMC HLPAs for other reasons than being listed on New Zealand Stock Exchange, and they would be recognised as entities of significant public interest by the regulator. In this case the requirements mentioned in paragraph 4 will apply to audits of these entities.
15. The IAASB's Pronouncement also amends PES 3³ and PES 4⁴. Amendments to the professional and ethical standards will be issued separately by the NZAuASB.

Part 2 Revoke and Reissue International Standards on Auditing (New Zealand)

Background

16. During 2025, the NZAuASB approved:
 - revised ISA (NZ) 570 *Going Concern*;
 - revised ISA (NZ) 240 *The Auditor's Responsibilities Relating to Fraud in Audit of Financial Statements*;
 - amendments resulting from the IAASB Pronouncement relating to publicly traded entities (as per Part 1 of this document).
17. Revisions to ISA (NZ) 570 and ISA (NZ) 240 result in conforming and consequential amendments to many ISAs (NZ).
18. Conforming and consequential amendments are changes made to related standards to ensure consistency and alignment following the revision of a primary standard. Conforming and consequential amendments help maintain coherence across the standards, that all standards work together.
19. Revisions to ISA (NZ) 240, ISA (NZ) 570 and amendments resulting from the IAASB Pronouncement necessitate updates to references and terminology in multiple ISAs (NZ) to reflect new concepts introduced or new paragraphs added to the current suite of the standards.

³ PES 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

⁴ PES 4, *Engagement Quality Reviews*

20. The NZAuASB also identified several editorial changes to ISAs (NZ) that include:
- change of accounting standards name issued by the International Accounting Standards Board (IASB) from “International Financial Reporting Standards” to “IFRS Accounting Standards” and
 - change of accounting standards issued by New Zealand Accounting Standards Board from “New Zealand equivalents to International Financial Reporting Standards” to “New Zealand equivalents to IFRS Accounting Standards”
 - change of references to NZ IFRS 18 and NZ IAS 8 instead of current references to NZ IAS 1.
 - Further editorial changes.
21. While the nature of each of these amendments is not significant individually, they are numerous and affect multiple standards.
22. The NZAuASB agreed to simplify the naming convention for the ISAs (NZ), and to remove “revised” from the titles. This was applied to all ISAs (NZ) to avoid inconsistencies, where some standards have been revised multiple times and others only impacted by conforming amendments.

Compilation of amendments into ISAs (NZ)

23. Auditing and assurance standards issued by the NZAuASB under delegated authority of the External Reporting Board are secondary legislation under the Legislation Act 2019. They are therefore legally binding and have the force of law.
24. Compiled versions of the standards, which consolidate the principal standard and amendments are not considered to be the secondary legislation. They are provided for ease of use but do not carry legal status unless formally issued as secondary legislation.
25. The ISAs (NZ) were originally issued in 2011 with many having been amended multiple times since then. For example, ISA (NZ) 200⁵ has been amended 15 times to date.
26. To streamline the secondary legislation issued by the XRB, the NZAuASB opted to revoke the affected ISAs (NZ) and to reissue them rather than issue amending standards and then consolidate the current ISAs (NZ) and the amendments. The new versions of ISAs (NZ) incorporate all historical amendments as well as the latest changes resulting from amendments listed above. The new versions of the standards hold the status of secondary legislation.
27. The revocation occurs at the time the reissued ISAs (NZ) are legally effective (28 days after gazetting), however the revoked ISAs (NZ) are still to be used until the commencement date of the reissued ISAs (NZ).
28. The NZAuASB also approved changes made to align with minimum components for secondary legislation. For example, the standards reflect best practice drafting advice for the title, enacting statement, revocation, transitional provisions, name and title of maker and date made, explanatory notes and publication and administration details.
29. The list of affected ISAs (NZ) is included in Appendix 1 (this is a complete list of ISAs (NZ) standards except ISA (NZ) 240 and ISA (NZ) 570, which have been revised and issued separately). Additionally, the NZAuASB has published a marked-up version of the replaced ISAs (NZ) to help users identify the changes resulting from the above-mentioned amendments.

⁵ ISA (NZ) 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand)*

Amendments to other standards

30. Conforming amendments and editorial changes that do not impact ISAs (NZ), for example amendments to PES 3, PES 4, NZ AS 1 (Revised) and assurance standards will be issued separately.

Early adoption not permitted

31. The application date for all the conforming amendments is for accounting periods beginning on or after 15 December 2026. They are intended to be adopted as a package. The revisions resulting from going concern and fraud standards affect the auditor's report and are to be applied together to avoid possible confusion for readers of auditor's reports. Therefore, early adoption is not permitted.

Appendix 1

Revoked and reissued International Standards on Auditing (New Zealand) approved by the NZAuASB:

- ISA (NZ) 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand)*
- ISA (NZ) 210, *Agreeing the Terms of Audit Engagements*
- ISA (NZ) 220, *Quality Management for an Audit of Financial Statements*
- ISA (NZ) 230, *Audit Documentation*
- ISA (NZ) 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*
- ISA (NZ) 260, *Communication with Those Charged with Governance*
- ISA (NZ) 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*
- ISA (NZ) 300, *Planning an Audit of Financial Statements*
- ISA (NZ) 315, *Identifying and Assessing the Risks of Material Misstatement*
- ISA (NZ) 320, *Materiality in Planning and Performing an Audit*
- ISA (NZ) 330, *The Auditor's Responses to Assessed Risks*
- ISA (NZ) 402, *Audit Considerations Relating to an Entity Using a Service Organisation*
- ISA (NZ) 450, *Evaluation of Misstatements Identified during the Audit*
- ISA (NZ) 500, *Audit Evidence*
- ISA (NZ) 501, *Audit Evidence – Specific Considerations for Selected Items*
- ISA (NZ) 505, *External Confirmations*
- ISA (NZ) 510, *Initial Audit Engagements – Opening Balances*
- ISA (NZ) 520, *Analytical Procedures*
- ISA (NZ) 530, *Audit Sampling*
- ISA (NZ) 540, *Auditing Accounting Estimates and Related Disclosures*
- ISA (NZ) 550, *Related Parties*
- ISA (NZ) 560, *Subsequent Events*
- ISA (NZ) 580, *Written Representation*
- ISA (NZ) 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*
- ISA (NZ) 610, *Using the Work of Internal Auditors*
- ISA (NZ) 620, *Using the Work of an Auditor's Expert*
- ISA (NZ) 700, *Forming an Opinion and Reporting on Financial Statements*
- ISA (NZ) 701, *Communicating Key Audit Matters in the Independent Auditor's Report*
- ISA (NZ) 705, *Modifications to the Opinion in the Independent Auditor's Report*
- ISA (NZ) 706, *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

- ISA (NZ) 710, *Comparative Information – Corresponding Figures and Comparative Financial Statements*
- ISA (NZ) 720, *The Auditor's Responsibility Relating to Other Information*
- ISA (NZ) 800, *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*
- ISA (NZ) 805, *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*
- ISA (NZ) 810, *Engagements to Report on Summary Financial Statements*