



ISA 540 – Accounting Estimates

Rich Sharko, Task Force Chair

Marc Pickeur, Task Force Co-Chair

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**International Auditing
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Objectives of the Session

- Update the Board on the Task Force's discussions this week in response to the Board's comments
 - Key changes to risk assessment and work effort content
 - Location of content on external information sources (ISA 500 v ISA 540)
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Key changes to the risk assessment and work effort content

- Risk assessment (para 10): Other relevant factors
- Testing controls: additional language, based on Option 1 as presented, now included in paragraph 13
- Paragraph 13 restructured into three parts to:
 - Better distinguish the different circumstances envisaged
 - Improve clarity
- Paragraphs 13A-13C – Further enhancements made to:
 - Improve link back to the requirements in paragraph 13
 - Develop and refine description of applicable matters

Key changes to the risk assessment and work effort content

- Changes made to application material to align with changes to requirements
- Further application material to be developed as indicated
- Still to look at ordering of application material, subheadings, and references to the requirements

External Information Sources (EIS)

- Board asked the Task Force to further consider implications of addressing EIS in ISA 500 rather than ISA 540
- Task Force debated and concluded no obvious unintended consequences of adding to ISA 500
- Additional examples other than pricing services will be given
- Question to be added to Exposure Draft on this point

Chairs' Considerations

- Timeline: Approval in March 2017 is essential
 - Consideration of critical matters for ISA 540 vs matters that may be better progressed on a different timeline/project
- Clarity and understandability of proposals
- Balance between prescription and principles



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