ISA 540 (Revised) Post-Implementation Survey

Response ID:382 Data

3. Section II: About the Respondent

1. Please provide the following information about your organization (if applicable) and other contact information:

Organization (or leave blank if you are completing the survey in your personal capacity) : Lendo
Name(s) of contact(s) for this submission : Safiullah Samiullah
Job title or role : Senior Financial Accountant
E-mail address(es) of contact(s) : safi.ullah@lendo.sa

2. Please select from the following options the stakeholder group to which you or your organization belongs:

Preparer or Issuer of Financial Statements (Including Public Sector Organizations), or Those Charged with Governance (TCWG)

3. Please select from the following options the geographical region that best matches you or your organization:

Middle East

4. Did you undertake outreach activities with other stakeholders outside your organization to inform your responses to this survey?

No

5. You are welcome to provide any additional information you believe may be relevant to clarify the context in which you are completing the survey, or the circumstances or experiences that have informed your views or perspectives (or you can choose to leave this question blank).

Lendo Saudi Arabia for Financing Company is a SAMA regulated fintech company operating in the Kingdom of Saudi Arabia, specializing in SME financing through a crowdfunding platform. As a preparer of financial statements, our responses are informed by our practical experience in applying IFRS standards, including IFRS 9 (Expected Credit Losses), IFRS 16 (Leases), and IFRS 15 (Revenue Recognition), within a regulated financial services environment.
Our operations involve complex financial instruments, related party transactions, and multi-entity group reporting across jurisdictions, which provides us with a grounded perspective on the challenges and implications of financial reporting standards in the context of an emerging fintech business in the Middle East region.
We are subject to oversight by SAMA and comply with ZATCA regulations, which adds a layer of regulatory reporting requirements alongside IFRS compliance. Our responses reflect the practical challenges faced by a growing financial institution operating in a rapidly evolving regulatory and business environment.

4. Section III: Overall Questions

6. Please provide overall views about whether ISA 540 (Revised) has achieved its intended purpose and the objectives of the IAASB in developing the revised standard.

Overall, ISA 540 (Revised) has meaningfully achieved its intended purpose. From our experience as a preparer of financial statements in the regulated financial services sector in Saudi Arabia, the revised standard has led to a more structured and rigorous audit approach when it comes to accounting estimates, particularly in areas such as Expected Credit Loss (ECL) provisioning under IFRS 9, which represents our most significant area of estimation uncertainty.

7. Are you aware of the non-authoritative guidance and support tools developed to support the implementation of ISA 540 (Revised)?

Yes

7A. Do you agree that the non-authoritative guidance and support tools developed to support the implementation of ISA

540 (Revised) are useful?

3 – Agree

Comments: The non-authoritative guidance and support tools developed by the IAASB to support the implementation of ISA 540 (Revised) are useful and have contributed positively to the audit process. The flowcharts, illustrative examples, and presentations provide practical clarity on how the revised standard should be applied, particularly for complex areas such as ECL provisioning, fair value measurements, and other estimation uncertainties.

5. Section IV: Perceived Benefits from ISA 540 (Revised)

8. For each perceived benefit, indicate the extent to which you agree that ISA 540 (Revised) has led to benefits or improvements.

	4 – Strongly Agree	3 – Agree	2 – Disagree	1 – Strongly Disagree	0 – No Response
(a) Greater attention to understanding management's process for making estimates, including the selection of methods, assumptions and data (and the consistency of selection between periods).	X				
(b) More focus on understanding and testing controls related to accounting estimates.		X			
(c) Increased auditor attention to disclosures related to accounting estimates, including disclosures about estimation uncertainty.	X				
(d) Enhanced interactions and communications between the auditor and management and those charged with governance related to the audit of accounting estimates.	X				
(e) Enhanced quality of financial reporting related to accounting estimates.		X			

9. Are there any additional benefits or positive outcomes arising from the implementation of ISA 540 (Revised) that you would like to highlight?

Yes

Please specify:

The heightened expectations under ISA 540 (Revised) have encouraged Lendo KSA to establish clearer ownership of the estimation process at management level, with more formal sign-off procedures, documented rationale for key judgements, and periodic reassessment of assumptions between reporting periods. This internal governance improvement extends beyond the audit itself and has strengthened our overall financial reporting culture.

11. Section V: Impacts of ISA 540 (Revised)

10. Since the effective date of ISA 540 (Revised), indicate the extent to which you agree with the following statements about specific impacts relating to the auditing of accounting estimates as part of the audit engagement.

	4 – Strongly Agree	3 – Agree	2 – Disagree	1 – Strongly Disagree	0 – No Response
(a) There has been an increase in dialogue with the auditor and requests for additional documentation and evidence to support how we develop accounting estimates and related disclosures.	X				
(b) The interactions with the auditor about our process for making accounting estimates has led us to further challenge our approach to the selection of the method, assumptions and data used.	X				
(c) The interactions with the auditor about our process for making accounting estimates has led to further consideration about the disclosures related to accounting estimates, including disclosures about estimation uncertainty.		X			
(d) The interactions with the auditor related to accounting estimates has influenced our decisions about the need to involve a management's expert.		X			

11. Describe your views about these or any other impacts you have observed or become aware of, related to the application of ISA 540 (Revised) by auditors.

Positive impacts:

The revised standard has elevated the overall standard of audit evidence required for estimates, which has had a beneficial knock-on effect on the quality of our internal processes, model governance, and management review procedures.
Early engagement between auditors and management on key estimates has become the norm, reducing surprises at the final audit stage and leading to a more collaborative and efficient audit process.
The standard has encouraged more consistent treatment of estimation uncertainty across reporting periods, improving the comparability of our financial statements.

Challenges observed:

The increased documentation and evidence requirements have placed considerable additional workload on finance teams, particularly during year-end and interim reporting periods. For smaller or growing organizations, this can strain internal resources.
There is some inconsistency in how different audit teams interpret and apply the revised standard in practice, particularly around the level of evidence required for forward-looking assumptions. Greater consistency in auditor application would be welcomed.
In emerging market contexts, the availability of historical data and benchmarking information to support certain estimates remains a practical limitation that the standard does not fully address.

12. What specific suggestions do you have for how the IAASB can best address any issues or challenges related to auditing accounting estimates (e.g., standard-setting, non-authoritative guidance, or other actions)?

We offer the following specific suggestions:
1. Sector-specific non-authoritative guidance
Develop additional illustrative examples and guidance tailored to the financial services sector, particularly around IFRS 9 ECL estimation, including PD/LGD methodology, macroeconomic scenario selection, and staging criteria. This would benefit both preparers and auditors in achieving consistent and proportionate application of the standard.
2. Proportionality guidance for smaller and emerging market entities
Issue specific guidance on the proportionate application of ISA 540 (Revised) for smaller entities and those operating in emerging markets where historical data availability, model sophistication, and expert resource access may differ significantly from larger institutions. A tiered or scalable approach to certain requirements would be helpful.
3. Consistency in auditor application
The IAASB should consider developing more prescriptive benchmarks or illustrative examples to promote greater consistency in how auditors interpret and apply the revised standard across different engagement teams and jurisdictions. This would reduce

variability in auditor expectations and ease the burden on preparers.
4. Continued expansion of support tools
We encourage the IAASB to continue expanding the non-authoritative support materials on the ISA 540 Implementation Webpage, with a focus on practical, real-world examples that reflect the complexity of modern financial instruments and estimation techniques used across different industries and geographies.
5. Ongoing post-implementation review
We support the IAASB's post-implementation review process and encourage continued engagement with preparers not just auditors and standard setters — to ensure the standard continues to evolve in a way that is practical, proportionate, and effective in driving genuine improvements in audit and financial reporting quality.