



# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**        **4**

**Meeting Date:**            31 July 2018

**Subject:**                    ED 03/18 Proposed Auditing Standard ASA 540 *Auditing Accounting Estimates and Related Disclosures*  
ED 04/18 Proposed Auditing Standard 2018-2 *Amendments to Australian Auditing Standards*

**Date Prepared:**            25 July 2018

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

To consider and approve for issue:

1. ED 03/18 Proposed Auditing Standard ASA 540 *Auditing Accounting Estimates and Related Disclosures* (ED 03/18);
2. ED 04/18 Proposed Auditing Standard 2018-2 *Amendments to Australian Auditing Standards* (ED 04/18); and
3. Explanatory Memorandum ED 03/18 and ED 04/18 (including agreement on the questions on exposure).

## Background

On 22 June 2018, the IAASB approved ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures* and related conforming amendments to other ISAs. This is subject to approval by the Public Interest Oversight Board (PIOB) in September 2018 to confirm that due process has been followed with proper regard to the public interest.

In accordance with its mandates under section 227 of the *ASIC Act 2001* and the Financial Reporting Council's (FRC) Strategic Direction, the AUASB's policy is to adopt the IAASB's auditing standards (ISAs), unless there are compelling reasons not to do so; and to amend the ISAs only when there are compelling reasons to do so.

At the June 2018 AUASB meeting, the AUASB raised 3 primary concerns in relation to the finalisation of ISA 540. The AUASB technical group consider that these areas have been addressed by the IAASB and are outlined in Agenda Item 4(a).

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*This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.*

## **Actions required of the AUASB**

The AUASB is asked to consider and approve for issue:

1. ED 03/18 and 04/18; and
2. Explanatory Memorandum

## **Considerations**

### ***NZAuASB***

The AUASB has liaised with the NZAuASB technical group who have raised no issues of concern on the adoption of ISA 540 and conforming and consequential amendments. The NZAuASB has already exposed ISA 540 in March 2017 in line with the IAASB's exposure draft, and their plan is to approve for issue, ISA 540 and conforming and consequential amendments at the NZAuASB September 2018 meeting, subject to PIOB approval.

### ***“Compelling Reasons” Assessment***

The AUASB technical group have not identified any compelling reasons, in accordance with the [Principles of Convergence to International Standards of the International Auditing and Assurance Standards Board \(IAASB\) and Harmonisation with the Standards of the New Zealand Auditing and Assurance Standards Board \(NZAuASB\) \(August 2014\)](#), to be made to modify IAASB standards. This document is included as agenda item 4(e).

*The technical group propose the timetable reflected below:*

<b>Timetable for AUASB – Australian Release of Standard Date</b>	<b>Action</b>
20 July	IAASB releases ISA 540 and conforming and consequential amendments (pre PIOB approval)
27 July	AUASB technical group circulates Australian EDs to AUASB
31 July	Teleconference: AUASB approves EDs for issue for 70 day period.
6 August	ED issued for 70 day period
September/October	Outreach along with ISA 315 (aligns with 315 project)
24 September	PIOB approves for issue ISA 540 and conforming amendments
Early October	IAASB issues final standards after PIOB approval
15 October	End of AUASB 70 day comment period (aligns with 315 project)
Week beginning 29 October	AUASB teleconference - disposition of comments and final comments (aligns with 315 project) (to be confirmed)
December AUASB meeting	AUASB to approve standards
Early – mid December	Release of standards (2 months after the IAASB)

## **AUASB Technical Group Recommendations**

Approval to issue Australian Exposure drafts 03/18 and 04/18 and Explanatory Memorandum.

## **Material Presented**

Agenda Item 4	AUASB Board Meeting Summary Paper
Agenda Item 4(a)	AUASB Board Meeting Summary Paper Attachment
Agenda Item 4(b)	Exposure Draft 03/18 Proposed Auditing Standard ASA 540 <i>Auditing Accounting Estimates and Related Disclosures</i>
Agenda Item 4(c)	Exposure Draft 04/18 Proposed Auditing Standard 2018-2 <i>Amendments to Australian Auditing Standards</i>
Agenda Item 4(d)	Explanatory Memorandum
Agenda Item 4(e)	Principles of Convergence to International Standards of the International Auditing and Assurance Standards Board (IAASB) and Harmonisation with the Standards of the New Zealand Auditing and Assurance Standards Board (NZAuASB)

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## **Action Required**

<b>No.</b>	<b>Action Item</b>	<b>Deliverable</b>	<b>Responsibility</b>	<b>Due Date</b>	<b>Status</b>
1.	Approve the Exposure Drafts 03/18 and 04/18	Approval	AUASB		31 July 2018