

**Meeting:** IAASB  
**Meeting Location:** New York, United States  
**Meeting Dates:** June 21–24, 2016

## Agenda Item 5

### ISA 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures

#### Objective of Agenda Item

1. The objectives of the IAASB discussion at its June 2016 meeting is to receive input on the ISA 540 Task Force's (the Task Force) analysis of issues identified and the Task Force's proposed responses and proposed drafting based on the discussions by the Task Force to date.

#### ISA 540 Task Force

2. The Task Force comprises the following members:
  - Rich Sharko (Task Force Chair, IAASB Member) (supported by Jamie Shannon, IAASB Technical Advisor)
  - Marc Pickeur (Task Force Co-Chair, IAASB Member)
  - Abhijit Bandyopadhyay (IAASB Member)
  - Jean Blascos (IAASB Member)
  - Marek Grabowski (IAASB Member) (supported by Keith Billing)
  - Ron Salole (IAASB Member)
  - Dora Burzenski, (IAASB Technical Advisor)
  - Jean-Jacques Dussutour (Insurance Regulator)
  - Emilio Pera (Practitioner)
  - Claire Stone (Banking Regulator)<sup>1</sup>

Barbara Vanich, who is representing the United States Public Company Accounting Oversight Board, is an official observer to the Task Force.

#### Activities since March 2016 IAASB Meeting

3. Since the March 2016 Board meeting, the Task Force met four times by teleconference and twice physically to develop the material contained in these agenda papers. The Task Force and IAASB leadership also engaged in several outreach activities, including:

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<sup>1</sup> Claire Stone joined the Task Force in June 2016 and is representing the Basel Committee on Banking Supervision's Accounting Experts Group on the Task Force.

- Meeting with representatives from the Dubai Financial Services Authority – Dubai, United Arab Emirates (Sharko, James)
- Meeting by teleconference with International Federation of Accountants' Small and Medium Practices Committee (Pickeur, Sharko, James, van den Hout)
- Participation in the International Association of Insurance Supervisors Accounting and Auditing Working Group meeting by teleconference (Dohrer, Pickeur, James, Williams)
- Meeting with the Basel Committee on Banking Supervision's Accounting Experts Group – Madrid , Spain (Sharko, van den Hout)
- Meeting with International Accounting Standards Board Leadership – London, United Kingdom (Schilder, Blascos, Grabowski, Sharko)
- Meeting with the International Forum of Independent Audit Regulators' Standards Coordination Working Group – Amsterdam, Netherlands (Schilder, Köhler, Sharko, Zietsman, Gunn, Healy, Williams)
- Participation in the Institute of International Finance's Three-way Dialogue Meeting – London, United Kingdom (Sharko, van den Hout)
- Meeting with representatives from the Confederation of Netherlands Industry and Employers (VNO-NCW) – The Hague, Netherlands (Sharko)
- Meeting by teleconference with the audit team for a Swiss pharmaceutical company (Sharko, Shannon)
- Meeting by teleconference with an audit team that audits a Canadian mining company (Pickeur, Sharko, James, van den Hout)

#### **Action Requested**

4. The IAASB is asked to provide views on the proposals presented in **Agenda Item 5-A**.
5. The Task Force notes that obtaining the IAASB's direction and views on the proposals and discussions contained in Agenda Item 5-A is critical to the planned approval of an Exposure Draft in December, 2016. Accordingly, the Task Force will be seeking clear direction from the IAASB to enable a significant draft of proposed revised ISA 540 to be presented for a first read at the September 2016 IAASB meeting.

#### **Material Presented**

Agenda Item 5-A                      Issues Paper