

Audit & Assurance Alert

CANADIAN AUDITING STANDARDS (CAS)

MARCH 2019

STANDARD DISCUSSED

Revised CAS 540, *Auditing Accounting Estimates and Related Disclosures*

What You Need to Know

This *Audit and Assurance Alert (Alert)* is being issued to raise practitioners' awareness of matters related to revised CAS 540, *Auditing Accounting Estimates and Related Disclosures*.

When is this standard effective?

This revised CAS is effective for audits of financial statements for periods beginning on or after December 15, 2019. It contains significant changes from extant CAS 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*.

Does the revised CAS 540 standard impact you?

Virtually all financial statements contain accounting estimates. CAS 540 applies to all financial statement audits. Therefore, all auditors will be affected by the changes in revised CAS 540 regardless of the size or type of entity whose financial statements are being audited.



What are the key differences in revised CAS 540?

The IAASB has prepared an *At A Glance* which provides an overview of changes made to ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures* and related conforming and consequential amendments. Since there are no Canadian amendments, revised CAS 540 mirrors ISA 540 (Revised). The IAASB *At A Glance* is available in both English and French at the following links:

English: www.ifac.org/system/files/publications/files/ISA-540-At-a-Glance.pdf

French: www.ifac.org/publications-resources/glance-isa-540

What additional resources are available to help you?

- [Basis for Conclusions \(March 2018\)](#)
- [CAS 540, Auditing Accounting Estimates and Related Disclosures \(FRAS Canada\)](#)

CPA Canada also plans to publish an *Implementation Tool for Auditors* and a *Client Briefing* to help you implement the revised standard and to inform your clients on changes they can expect to see.

Feedback

Comments on this *Audit & Assurance Alert*, or suggestions for future *Alerts* should be sent to:

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