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AUASB applauds international guidance on fair value auditing for Australian auditors

The Auditing and Assurance Standards Board (AUASB) applauds the International Auditing and Assurance Board (IAASB) for its development of an audit practice alert *Challenges in Auditing Fair Value Accounting Estimates in the Current Market Environment*.

Merran Kelsall, AUASB Chairman, said the practice alert will be useful to Australian auditors when conducting financial report audit engagements.

“The guidance, related to Auditing Standard ASA 545 *Auditing Fair Value Measurements and Disclosures*, will help raise awareness of the particular challenges associated with auditing fair value estimates in times of market ambiguity.

“In these uncertain financial times, Australian auditors need to be alert to the considerations in establishing fair values and to assess whether an entity will be able to continue as a going concern,” Ms Kelsall said.

Further, recognising the importance of appropriate standards on auditing estimates, the AUASB has issued an exposure draft of ASA 540 *Audit of Accounting Estimates including Fair value Estimates and Related Disclosures*, a redraft of the current ASA 540 and ASA 545 in *Clarity* format. Comments are invited and are due to the AUASB by 15 October 2008. The existing ASA 545 will remain operational for reporting periods ending 31 December 2009.

The IAASB practice alert is [downloadable](#) from the AUASB website.

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