

**Association of Accounting
Technicians response to the
IESBA Exposure Draft on
Proposed Application
Material Relating to:
(a) Professional Skepticism
(b) Professional Judgement**

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- (a) Professional Skepticism
 - (b) Professional Judgement
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1. Introduction

- 1.1. The Association of Accounting Technicians (AAT) is pleased to have the opportunity to respond to the IESBA Exposure Draft on Proposed Application Material Relating to (a) Professional Skepticism and (b) Professional Judgement, published 2017.
- 1.2. AAT is submitting this response on behalf of our membership and for the wider public benefit.
- 1.3. AAT has added comment in order to add value or highlight aspects that need to be considered further.
- 1.4. AAT has focussed on the operational elements of the proposals and has provided opinion on the practicalities of implementing the measures outlined.
- 1.5. Furthermore, the comments reflect the potential impact that the proposed changes would have on SMEs and micro-entities, many of which employ AAT members or would be represented by AAT's 4,250 licensed accountants.

2. Executive summary

While much of the content of the exposure draft relates to audit, which is not usually applicable to AAT members, the principles relating to professional judgement in general are important and recognised professional principles and AAT welcomes any improvements in guidance and applicability.

3. AAT response to the consultation paper

- 3.1. The following paragraphs outline AAT's response to the questions posed in the consultation paper.

Question 1

Do respondents agree that the proposed application material enhances the understandability of the conceptual framework of the proposed restructured Code?

- 3.2. AAT agrees that the proposed application material assists in understanding the independence framework, the applicability of professional scepticism in specific circumstances, as well as clarifying the relationship with the principles of integrity, objectivity and professional competence.

Question 2

Do the examples in the proposed application material clearly describe how compliance with fundamental principles of integrity, objectivity, and professional competence and due care support the exercise of professional scepticism in the context of an audit of financial statements? If not, why not?

- 3.3. Please see response to Question 1.

Question 3

Do respondents agree that the proposed application material enhances the understandability of the conceptual framework in Section 120 of the proposed restructured Code?

- 3.4. AAT agrees that the proposed application material enhances the understandability of the conceptual framework in Section 120 of the proposed restructured Code.

Question 4

Do respondents agree that the proposed application material appropriately emphasises the importance of professional accountants obtaining a sufficient understanding of the facts and circumstances known to them when exercising professional judgement in applying the conceptual framework? If not, why not?

- 3.5. AAT takes the view that the emphasis could be stronger and move from words such as 'important' and 'might' to 'vital' and 'must' or similar. Professional judgement should be used on every occasion and in every scenario where a professional accountant is undertaking professional activities.

4. About AAT

- 4.1. AAT is a professional accountancy body with approximately 50,000 full and fellow members and over 90,000 student and affiliate members worldwide. Of the full and fellow members, there are over 4,250 licensed accountants who provide accountancy and taxation services to individuals, not-for-profit organisations and the full range of business types.
- 4.2. AAT is a registered charity whose objectives are to advance public education and promote the study of the practice, theory and techniques of accountancy and the prevention of crime and promotion of the sound administration of the law.

5. Further information

If you have any questions or would like to discuss any of the points in more detail then please contact Aleem Islan, AAT Technical Consultation Manager, at:

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