

**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

545 Fifth Avenue, 14th Floor
New York, New York 10017
Internet: <http://www.ifac.org>

Tel: +1 (212) 286-9344
Fax: +1 (212) 856-9420

Agenda Item**5**

Committee: IAASB
Meeting Location: New York
Meeting Date: July 21-25, 2003

Proposal for Improving the Clarity of IAASB Standards**Objectives of Agenda Item**

To review Staff's draft proposal for improving the clarity of IAASB Standards and to approve the principle concepts and implementation plan outlined therein.

Background

At its May 2003 meeting, the IAASB discussed the issue of the authority of bold and ordinary type lettering in its Standards. There was general consensus that clarity and understandability of IAASB Standards is essential and a recognition that the suggestion made by some respondents to the ED Preface and Operations Policy No 1 – Bold Type Lettering that the lettering should be given 'equal authority' needed careful consideration.

While no conclusion was reached, it was noted that a move to 'equal authority' would require amendment to the description of the status and distinction between bold and ordinary type lettering. It would also require consideration of whether the language used in the ordinary type lettering is sufficiently clear that potential misinterpretation of the requirements of an ISA is minimized. It was noted that the option followed by IASB when it made its recent statement of 'equal authority' of automatically applying 'equal authority' to all existing standards may be difficult to parallel with ISAs.

Activities Since Last IAASB Discussions

Staff further explored the consequences of moving to 'equal authority' and has prepared a proposal for consideration by the IAASB outlining ways in which the clarity of IAASB Standards could be improved.

At the end of June, IAASB representatives met with IOSCO to clarify IOSCO's request for clear and concise Standards, to explore options to clarify the authority of ISAs and to explain the problems that might arise if the 'equal authority' route were to be adopted. The results of these discussions will be communicated to the IAASB at its July meeting.

Material Presented

Agenda Item 5-A Draft Proposal for Improving the Clarity of IAASB Standards
(Pages 805 – 812)

Agenda Item 5-A ISA 545 “Auditing Fair Value Measurements and Disclosures”
Appendix I
(Pages 813 – 828)

Agenda Item 5-A ISA 570 “Going Concern”
Appendix II
(Pages 829 – 838)

Action Requested

The IAASB is asked to review Staff’s draft proposal to improve the clarity of IAASB Standards and to provide recommendations for changes, if any. If the IAASB is in agreement with the proposal, the IAASB is asked to approve the proposal and the implementation plan outlined therein.