


**INTERNATIONAL FEDERATION  
OF ACCOUNTANTS**

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**Agenda Item**
**11**

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

## **Accounting Estimates**

**Objective of Agenda Item**

To consider the issues identified in Agenda Paper 11-A, and by addressing the questions raised by the Task Force, confirm the way forward.

**Background**

The IAASB meeting in June 2002 approved a review of ISA 540 by a Task Force comprising members of both the IAASB and the Auditing Practices Board of the United Kingdom and Ireland (APB). They are:

- Philip Ashton                      Chairman, and member of IAASB
- Jon Grant                            Executive Director, APB
- Randy Noonan                      Member of IAASB
- Andrew Palmer                    Member of APB (Group Director (Finance) Legal & General Group plc)
- David Thomas                    Member of APB (Group Controller Invensys plc)
- Gérard Trémolière                Member of IAASB

Staff support to the Task Force is provided by Steven Leonard of the APB staff.

In December 2002 the Task Force presented a preliminary Issues Paper to the IAASB.

**Activities Since Last IAASB Discussions**

Since December 2002, the Task Force has met in London three times and by way of conference call once. One of these meetings included a joint session with the Materiality Task Force. Wayne Upton, Director of Research at the International Accounting Standards Board attended part of one of the meetings to discuss “measurement” in the context of International Accounting Standards. Professor WR Kinney of the University of Texas at Austin, a leading academic in this field, attended one of the Task Force meetings.

The Task Force has developed a preliminary draft of an exposure draft of a revised ISA. Although the draft addresses those issues that Task Force members believe should be addressed the text is not yet fully developed. The draft is included with the agenda papers to provide:

- (a) A context for considering the issues raised in the Issues Paper; and
- (b) An overview of the totality of the ideas of the Task Force.

Consequently, the draft is not presented with a view to being formally “read” by the IAASB and, therefore, the detail of the drafting need not be closely scrutinized by IAASB members. In developing the Preliminary Draft of the Exposure Draft, the Task Force has identified a number of issues on which the views of IAASB are needed to develop the Exposure Draft to a stage where it can be formally read by the IAASB. (The Task Force expects to present an Exposure Draft for a “first read” at the next meeting of the IAASB).

**Material Presented**

Agenda Paper 11-A      Issues Paper  
(Pages 1031–1040)

Agenda Paper 11-B      Preliminary Draft of an Exposure Draft of ISA 540  
(Pages 1041 – 1066)

**Action Requested**

IAASB is asked to review the Issues Paper in the context of the Preliminary Draft Exposure Draft and provide guidance to the Task Force on the matters raised in the Issues Paper.