



**INTERNATIONAL FEDERATION
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Agenda Item

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Committee: IAASB
Meeting Location: New York
Meeting Date: May 11-13, 2003

Estimates Involving Measurement Uncertainty (Revising ISA 540, *The Audit of Accounting Estimates*)

Objective of Agenda Item

To consider the brief status report set out as overheads in Agenda Paper 2-A.

Background

At its June 2002 meeting the IAASB approved a review of ISA 540 by a Task Force chaired by Philip Ashton. The Task Force comprises members of both the IAASB and the Auditing Practices Board of the United Kingdom and Ireland. At its meeting in December 2002 the IAASB considered an Issues Paper prepared by the Task Force and provided feedback to the Task Force on various questions explored in the Issues Paper.

Activities Since Last IAASB Discussions

Since December 2002, the Task Force has met in London twice. A day of the second meeting was a joint meeting with the Audit Materiality Task Force. Professor W R Kinney of the University of Texas at Austin, at the invitation of the Task Force, attended the second meeting. Professor Kinney is an acknowledged expert in this field and the Task Force benefited greatly from his input. The Task Force has reached broad agreement on the framework for a revised ISA 540 and the staff has now commenced detailed drafting. A presentation of the overheads set out in Agenda Paper 2-A will be made to the IAASB Consultative Advisory Group at a meeting held immediately prior to the IAASB meeting.

Material Presented

Agenda Paper 2-A Estimates Involving Measurement Uncertainty (Presentation)
(PowerPoint presentation -
no page numbers)

Action Requested

IAASB is asked to provide feedback to the Task Force on the five issues raised in the presentation.

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