



International Federation of Accountants

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Agenda Item

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Committee: IAASB

Meeting Location: New York

Meeting Date: October 19–21, 2005

Accounting Estimates

Objectives of Agenda Item

- To consider significant issues raised by respondents to the Exposure Draft (ED), Proposed ISA 540 (Revised), “Auditing Accounting Estimates and Related Disclosures (Other than Those Involving Fair Value Measurements and Disclosures),” issued in September 2004, and the Task Force’s recommendations.
- To review the proposed revised ISA 540 (Revised).

Task Force Members

The members of the Task Force are:

Philip Ashton (Chair)	IAASB member
Jon Grant	APB member and IAASB technical advisor
Edmund R. Noonan	Former IAASB member
Andrew Palmer	Former APB member
David Thomas	APB Member
Gérard Trémolière	IAASB Member

Professor William R. Kinney Jr., of the University of Texas at Austin, attends meetings of the Task Force at the invitation of the IAASB.

Activities Since Last IAASB Discussions

The Task Force met twice to consider the comments received in response to the ED.

Material Presented

Agenda Paper 2-A Issues Paper
(Pages 1969-1986)

Agenda Paper 2-B Proposed revised ISA 540 (Revised) – (Clean)
(Pages 1987-2006)

Agenda Paper 2-C Proposed revised ISA 540 (Revised) – (Mark-up showing changes
(Pages 2007-2034) from the ED)

The Task Force will be using Agenda Item 2-B, Proposed revised ISA 540 (Revised) – (Clean), for the purposes of discussion at the meeting.

Action Requested

The IAASB is asked to note that the proposed revised ISA provides standards and guidance on auditing accounting estimates up to the point of determining misstatements and indicators of possible management bias. The categorization of misstatements and the evaluation of misstatements and indicators of possible management bias are addressed by the project dealing with the revision of ISA 320, “Audit Materiality.” These matters are scheduled for discussion in connection with that project.

The IAASB is asked to review the accompanying Issues Paper and the proposed revised ISA.

APPENDIX

List of Respondents¹**Exposure Draft, Proposed International Standard on Auditing 540 (Revised), *Auditing Accounting Estimates and Related Disclosures (Other than Those Involving Fair Value Measurements and Disclosures)***

Comment Period ended April 30, 2005

No.	Respondent		
1	AICPA	American Institute of Certified Public Accountants	IFAC Member Body
2	ACCA	The Association of Chartered Certified Accountants	IFAC Member Body
3	APB	Auditing Practices Board	Other
4	ACAG	Australasian Council of Auditors-General	Government Organization
5	Au AASB	Australian Government, Auditing and Assurance Standards Board	Government Organization
6	Basel	Basel Committee on Banking Supervision	Regulator
7	CICA	The Canadian Institute of Chartered Accountants	IFAC Member Body
8	CPA	CPA Australia	IFAC Member Body
9	CEBS	Committee of European Banking Supervisors	Regulator
10	CNCC-CSOEC	Compagnie Nationale des Commissaires aux Comptes & Conseil Supérieur de l'Ordre des Experts-Comptables	IFAC Member Body
11	DTT	Deloitte Touche Tohmatsu	Firm
12	DnR	Den Norske Revisorforening	IFAC Member Body
13	DFCG	Association Nationale des Directeurs Financiers et de Contrôle de Gestion	Other
14	EY	Ernst & Young	Firm
15	FEE	Federation des Experts Comptables Europeens	Other
16	FEI	Financial Executives International	Other
17	FICPA	Florida Institute of Certified Public Accountants	Other
18	FAR	Foreningen Auktoriserade Revisorer	IFAC Member Body
19	FSR	Foreningen af Statsautoriserede Revisorer	IFAC Member Body
20	GAO	United States Government Accountability Office	Government Organization
21	GT	Grant Thornton International	Firm
22	HKICPA	Hong Kong Institute of Certified Public Accountants	IFAC Member Body
23	IDW	Institut der Wirtschaftsprüfer	IFAC Member Body
24	IBR-IRE	Institut des Réviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren	IFAC Member Body

¹ Respondents' letters are available at: <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0039>

No.	Respondent		
25	ICPAK	Institute of Certified Public Accountants of Kenya	IFAC Member Body
26	ICPAS	Institute of Certified Public Accountants of Singapore	IFAC Member Body
27	ICAEW	Institute of Chartered Accountants in England and Wales	IFAC Member Body
28	ICAI	Institute of Chartered Accountants in Ireland	IFAC Member Body
29	ICANZ	Institute of Chartered Accountants of New Zealand	IFAC Member Body
30	ICAS	The Institute of Chartered Accountants of Scotland	IFAC Member Body
31	ICAZ	The Institute of Chartered Accountants of Zimbabwe	IFAC Member Body
32	IAA	International Actuarial Association	Other
33	IOSCO	International Organization of Securities Commissions	Regulator
34	INTOSAI	International Organization of Supreme Audit Institutions	Regulator
35	JICPA	The Japanese Institute of Certified Public Accountants	IFAC Member Body
36	KPMG	KPMG	Firm
37	NIVRA	Koninklijk Nederlands Instituut van Registeraccountants	IFAC Member Body
38	PKF	PKF Accountants & Business Advisors	Firm
39	PwC	PricewaterhouseCoopers	Firm
40	PAAB	Public Accountants' and Auditors' Board	Other