



International Federation of Accountants

545 Fifth Avenue, 14th Floor, New York, NY 10017 USA

Tel +1 (212) 286-9344 Fax +1 (212) 286-9570 www.ifac.org

Agenda Item 11

Committee: IAASB

Meeting Location: New York

Meeting Date: March 10-14, 2008

Materiality and Misstatements

Objective of Agenda Item

1. To review and approve as final standards ISA 320 (Revised and Redrafted)¹ and ISA 450 (Revised and Redrafted).²

Task Force Composition

2. The members of the task force are:
 - Denise Esdon – Chair, IAASB Deputy Chair
 - Jon Grant – IAASB Member
 - Diana Hillier – IAASB Member

Activities since Last IAASB discussions

3. An exposure draft of proposed ISA 320 (Revised and Redrafted) and proposed ISA 450 (Revised and Redrafted) was approved for publication in October 2006. The comment date for the exposure draft was February 15, 2007. Forty-six comment letters were received from a variety of respondents.
4. The task force discussed the responses to the exposure draft via telephone conference and email correspondence.

Task Force Proposals with regard to Significant Comments

5. The significant comments, and how the task force proposes they be addressed, are set out in Agenda Item 11-A.

Consideration of the Need to Re-Expose

6. The task force believes that the changes proposed to the exposure draft of proposed ISA 320 (Revised and Redrafted) and proposed ISA 450 (Revised and Redrafted) (see marked text in

¹ ISA 320 (Revised and Redrafted), “Materiality in Planning and Performing an Audit.”

² ISA 450 (Revised and Redrafted), “Evaluation of Misstatements Identified during the Audit.”

Agenda Items 11-B and 11-C) are responsive to the significant comments received on exposure, and do not introduce new or substantively different principles. Accordingly, the task force is of the view that re-exposure is not necessary.

Material Presented

Agenda Item 11-A (Pages 419 – 432)	Summary of Significant Comments and Task Force Recommendations
Agenda Item 11-B (Pages 433 – 442)	ISA 320 (Revised and Redrafted) – MARK-UP
Agenda Item 11-C (Pages 443 – 456)	ISA 450 (Revised and Redrafted) – MARK UP
Agenda Item 11-D (Pages 457 – 464)	ISA 320 (Revised and Redrafted) – CLEAN
Agenda Item 11-E (Pages 465 – 474)	ISA 450 (Revised and Redrafted) – CLEAN

Action Requested

7. The IAASB is asked to review ISA 320 (Revised and Redrafted) and ISA 450 (Revised and Redrafted) and approve them as final standards.