



International Federation of Accountants

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Agenda Item

6

Committee: IAASB

Meeting Location: New York

Meeting Date: May 22-26, 2006

IAASB October 2005 Clarity Exposure Drafts

Objective of Agenda Item

1. To obtain the views of the IAASB on certain of the significant issues raised by respondents to the October 2005 IAASB Clarity Exposure Drafts (EDs).
2. To report on implementation plans.

Background

3. Forty-six comment letters were received in response to the Clarity EDs issued in October 2005. The comment period ended February 28, 2006. Appendix I contains a list of respondents. Respondents' letters are located on the IAASB website at www.ifac.org/IAASB/ExposureDrafts.php. Input was also received from the IFAC Small and Medium Practices (SMP) and Developing Nations Committees.

Clarity Task Force Members

4. The members of the Clarity Task Force are as follows:

John Kellas (Chairman)

Paul Chan (IFAC SMP Committee)

Denise Esdon

John Fogarty

Jon Grant

Bodo Richardt

Jim Sylph (ex-officio)

G rard Tr moli re

Activities Since the October 2005 IAASB Meeting

5. In March 2006, IAASB staff provided participants at the IAASB-National Auditing Standard Setters (NSS) meeting with a broad overview of the responses received. Staff also tabled for discussion issues around the completeness and coherence of objectives, to obtain input for the Task Force's consideration. Some of these matters will also be discussed with the IAASB CAG in May.
6. The Clarity Task Force met in April to discuss the significant issues raised by respondents.

Scope of Issues Addressed

7. Because of the breadth of topics that need to be addressed, and the depth in which they need to be covered, the focus of this Agenda Item is to address issues of principle in relation to:

- (i) Objectives;
- (ii) Requirements; and
- (iii) The overall structure and drafting of the ISAs under the new drafting conventions.

Highlights of respondents' comments on the intended implementation approach, together with an update on staff's planning activities to date, are also provided.

- 8. Input on these matters will assist the Task Force in completing its work in developing draft ISA objectives, and in revising the EDs issued in October. These will be presented for consideration by the IAASB at its July meeting. At that meeting, the Task Force also intends to address other significant issues arising from the consultation.
- 9. The IAASB is asked to note that the views expressed in the accompanying Issues Paper are those of the majority of the Task Force.

Material Presented

Agenda Item 6-A Issues Paper – Clarity of IAASB Standards
(Pages 853 – 878)

Action Requested

The IAASB is asked to consider the matters addressed in the accompanying Issues Paper

Appendix I**List of Respondents**

1. American Institute of Certified Public Accountants (AICPA)
2. Association of Chartered Certified Accountants (ACCA)
3. Auditing Practices Board (APB UK)
4. Australasian Council of Auditors-General (ACAG)
5. Australian Auditing and Assurance Standards Board (AU AASB)
6. Basel Committee on Banking Supervision (Basel)
7. BDO
8. Canadian Institute of Chartered Accountants Auditing & Assurance Standards Board (AASB)
9. The Chartered Institute of Public Finance and Accountancy (CIPFA)
10. Committee of European Banking Supervisors (CEBS)
11. Conseil National de la Compagnie nationale des commissaires aux comptes (CNCC) & Conseil Supérieur de l'Ordre des experts-comptables (CSOEC)
12. CPA Australia (CPA Aus)
13. Deloitte & Touche (DTT)
14. Der Norske Revisorforening (DnR)
15. Association Nationale des Directeurs Financiers et de Contrôle de Gestion (DFCG)
16. European Commission (EC)
17. European Federation of Accountants and Auditors for SMES (EFAA)
18. Ernst & Young Global (EY)
19. Foreningen Auktoriserade Revisorer (FAR)
20. Fédération des Experts Comptables Européens (FEE)
21. Florida Institute of Certified Public Accountants (FICPA)
22. Grant Thornton (GT)
23. Hermes Management Pensions Ltd (Hermes)
24. Hong Kong Institute of Certified Professional Accountants (HKICPA)
25. Institut der Wirtschaftsprüfer (IDW)
26. Institut des Réviseurs d'Entreprises (IRE)
27. Institute of Certified Public Accountants in Ireland (ICPAI)
28. Institute of Certified Public Accountants of Singapore (ICPAS)
29. Institute of Chartered Accountants in England & Wales (ICAEW)
30. Institute of Chartered Accountants in Ireland (ICAI)
31. Institute of Chartered Accountants of New Zealand (ICANZ)

32. Institute of Chartered Accountants of Scotland (ICAS)
33. International Organisation of Securities Commissions (IOSCO)
34. International Organization of Supreme Audit Institutions (INTOSAI)
35. Japanese Institute of Certified Public Accountants (JICPA)
36. Korean Institute of Certified Public Accountants (KICPA)
37. KPMG
38. London Society of Chartered Accountants Technical Committee (LSCA)
39. Michael Rogowsky (MR)
40. National Audit Office (NAO)
41. PricewaterhouseCoopers (PwC)
42. Public Accountants' and Auditors' Board (PAAB)
43. REA
44. Royal NIVRA (NIVRA)
45. Swedish Association of Auditors SRS (SAA)
46. Union of Industrial and Employers' Confederations of Europe (UNICE)