



**INTERNATIONAL FEDERATION  
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## Agenda Item

# 2

**Committee:** IAASB

**Meeting Location:** Miami

**Meeting Date:** December 8-13, 2002

### Small Entity Update and IAPS 1005

#### Objectives of Agenda Item

1. To consider the impact of ISAs issued subsequent to the publication of IAPS 1005 "The Special Considerations in the Audit of Small Entities" in March 1999 on IAPS 1005.
2. To review a proposed revision of IAPS 1005, based on the above.

#### Background

At the September 2002 IAASB meeting it was agreed that IAPS 1005 should be updated to take account of all ISAs issued subsequent to its publication in March 1999. The Board also agreed that for all new ISAs, whenever necessary, SMP considerations should be included in the body of those ISAs, and that IAPS 1005 should be eliminated over time.

Richard Regal has prepared a "Small Entity Update", indicating how ISAs issued subsequent to March 1999 to date impact IAPS 1005. Based on this Update, he has also prepared a proposed revised IAPS 1005.

#### Material Presented

Agenda Paper 2-A      Small Entity Update  
(Pages 597–600)

Agenda Paper 2-B      Proposed revised IAPS 1005 (Mark-up)  
(Pages 601–618)

#### Action Requested

1. IAASB is asked to consider the "Small Entity Update" and review the proposed revised IAPS 1005.
2. The proposed revised Preface notes that "(t)he IAASB will ordinarily expose a Practice Statement for comment unless it decides that there are particular circumstances justifying non-exposure." The IAASB is asked to consider whether or not the proposed amendments to IAPS 1005 should be exposed and, if so, whether the exposure draft should reflect only the amended paragraphs.

The IAASB's conclusion will be communicated to the IFAC SMP Task Force. The SMP Task Force will be requested to review the "Small Entity Update" and the proposed revised IAPS 1005 before its publication in exposure draft or final format.