




# *Accounting Policies*

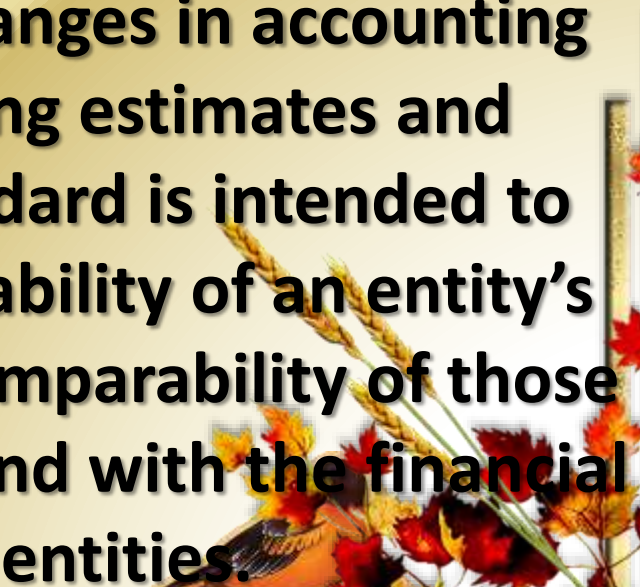
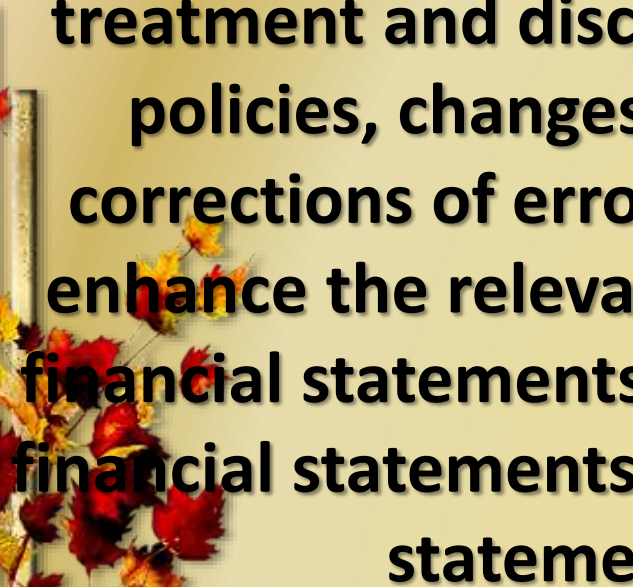





# **International Accounting Standard 8**

## ***Accounting Policies, Changes in Accounting Estimates and Errors***

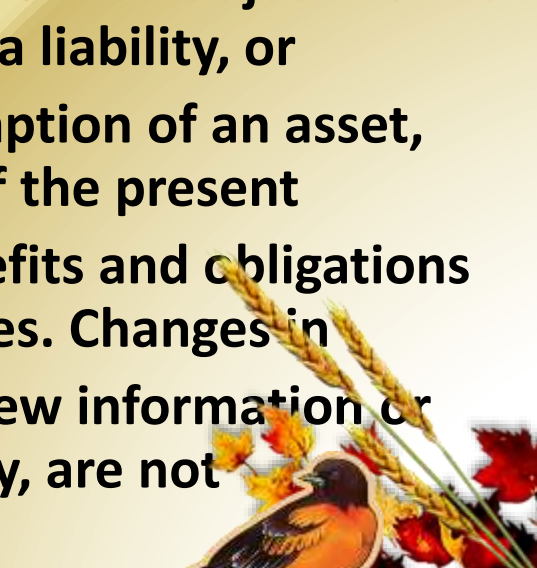
**is to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements, and the comparability of those financial statements over time and with the financial statements of other entities.**





***Accounting policies*** are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

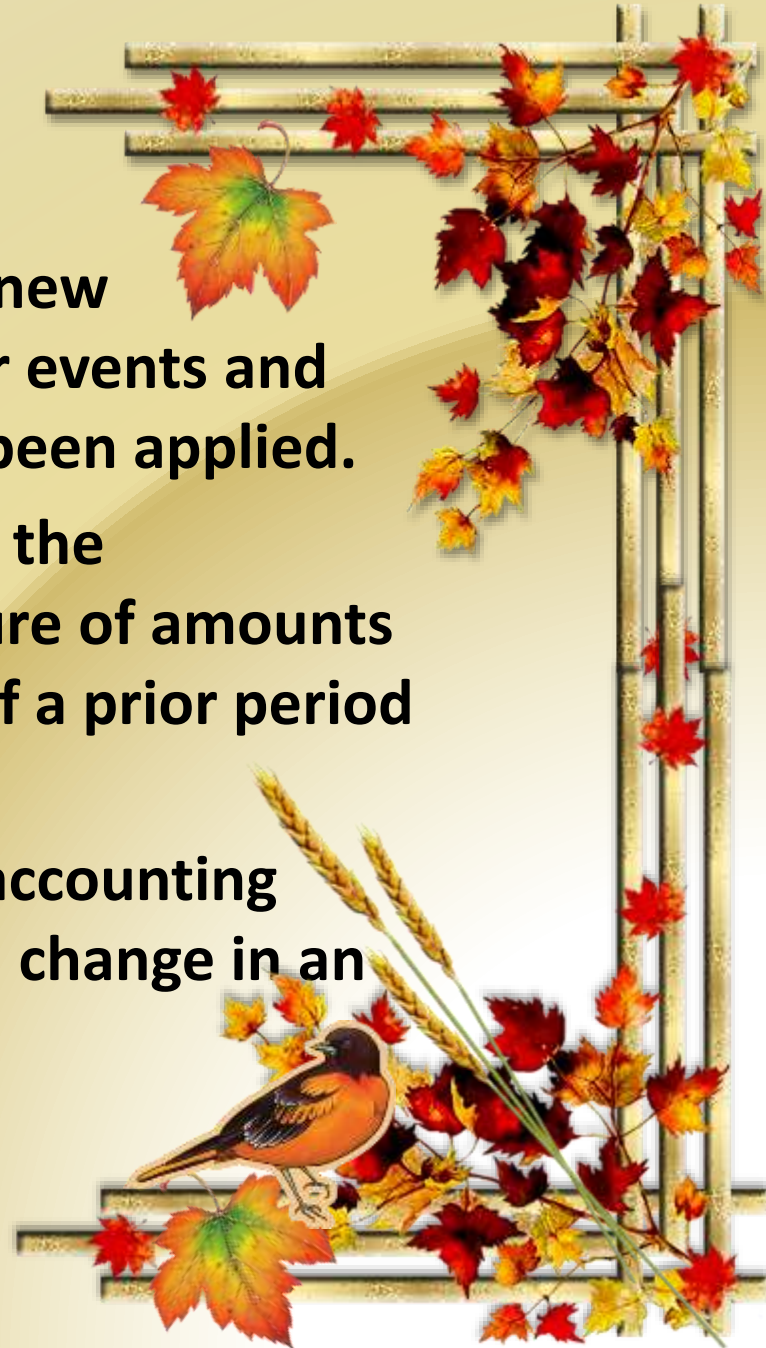
***A change in accounting estimate*** is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.



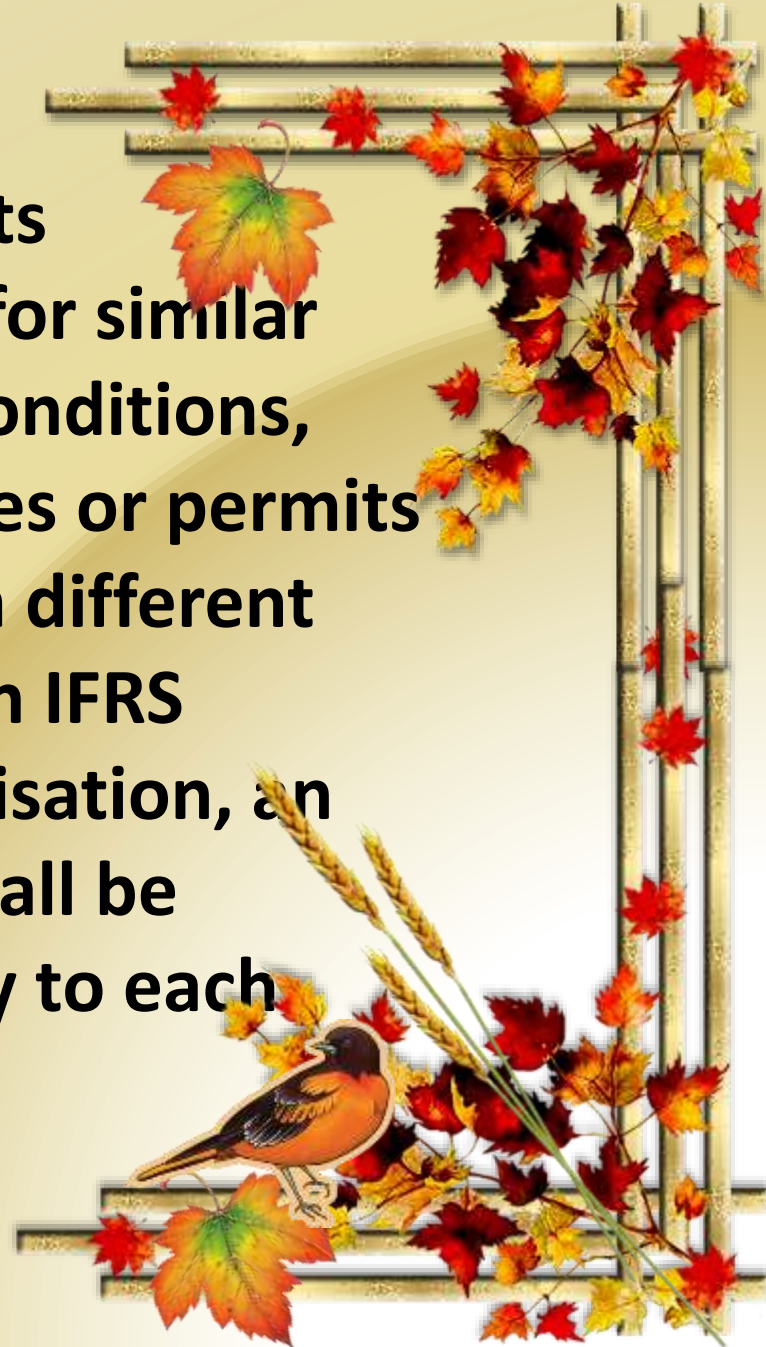
***Retrospective application*** is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

***Retrospective restatement*** is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

***Prospective application*** of a change in accounting policy and of recognising the effect of a change in an accounting estimate, respectively.



An entity shall select and apply its **accounting policies** consistently for similar transactions, other events and conditions, unless an IFRS specifically requires or permits categorisation of items for which different policies may be appropriate. If an IFRS requires or permits such categorisation, an appropriate accounting policy shall be selected and applied consistently to each category.



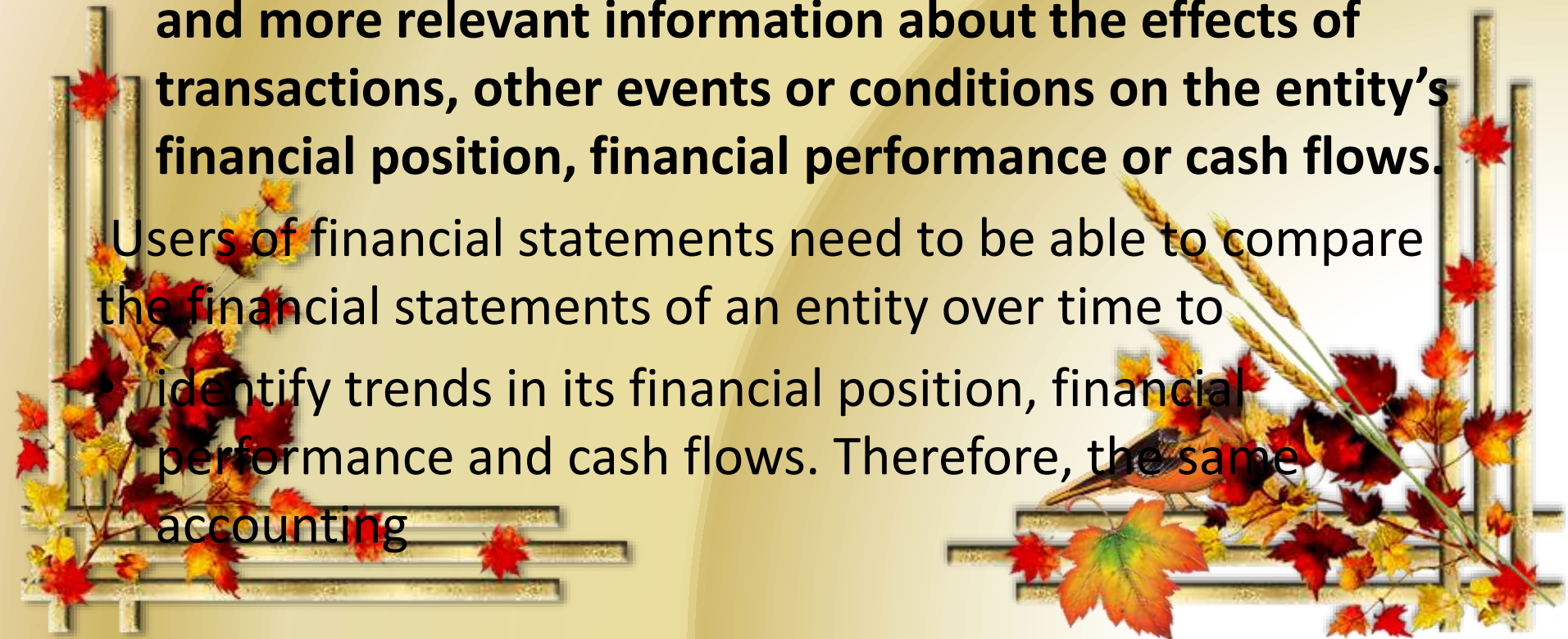


# **An entity shall change an accounting policy only if the change:**

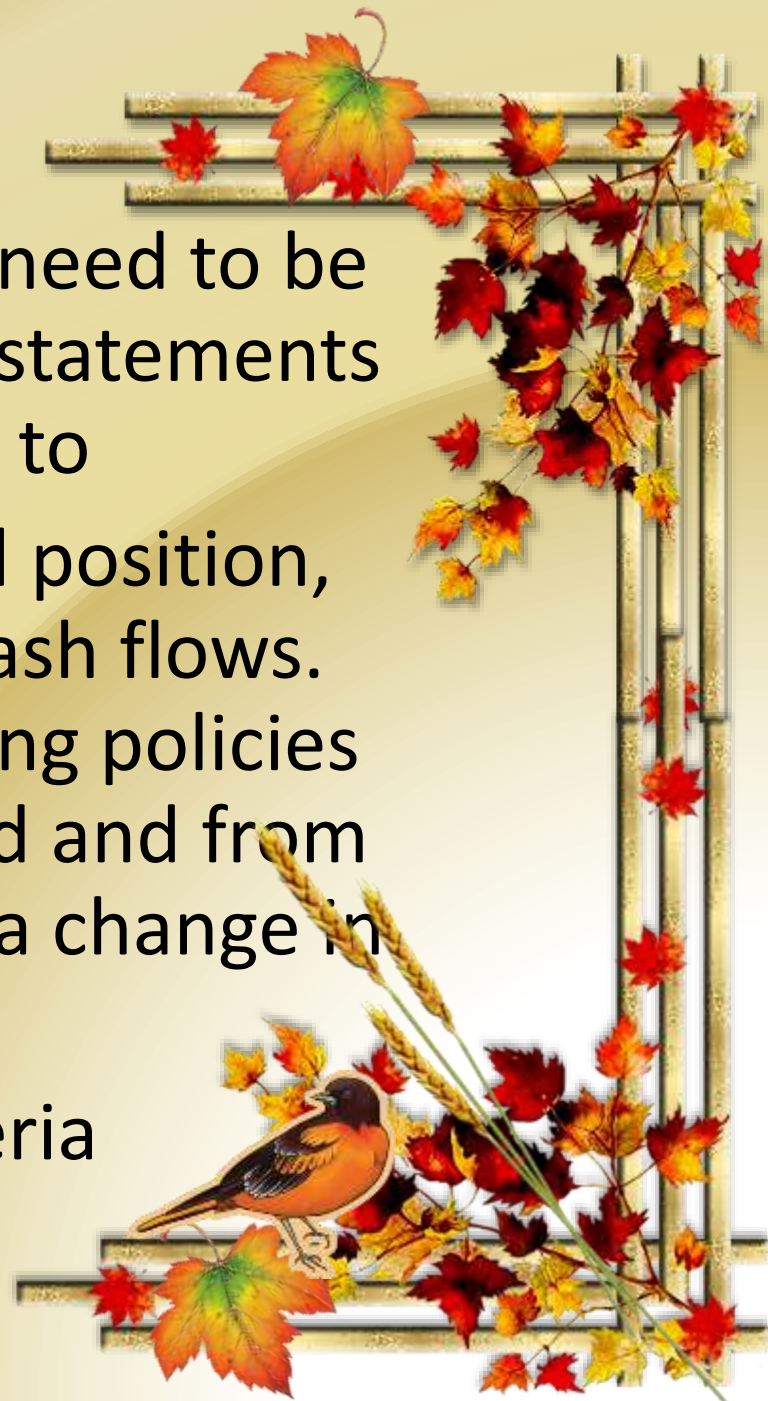
- **(a) is required by an IFRS; or**
- **(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.**

Users of financial statements need to be able to compare the financial statements of an entity over time to

- identify trends in its financial position, financial performance and cash flows. Therefore, the same accounting



Users of financial statements need to be able to compare the financial statements of an entity over time to identify trends in its financial position, financial performance and cash flows. Therefore, the same accounting policies are applied within each period and from one period to the next unless a change in accounting policy meets one of the criteria





an entity shall account for a change in accounting policy resulting from the initial application

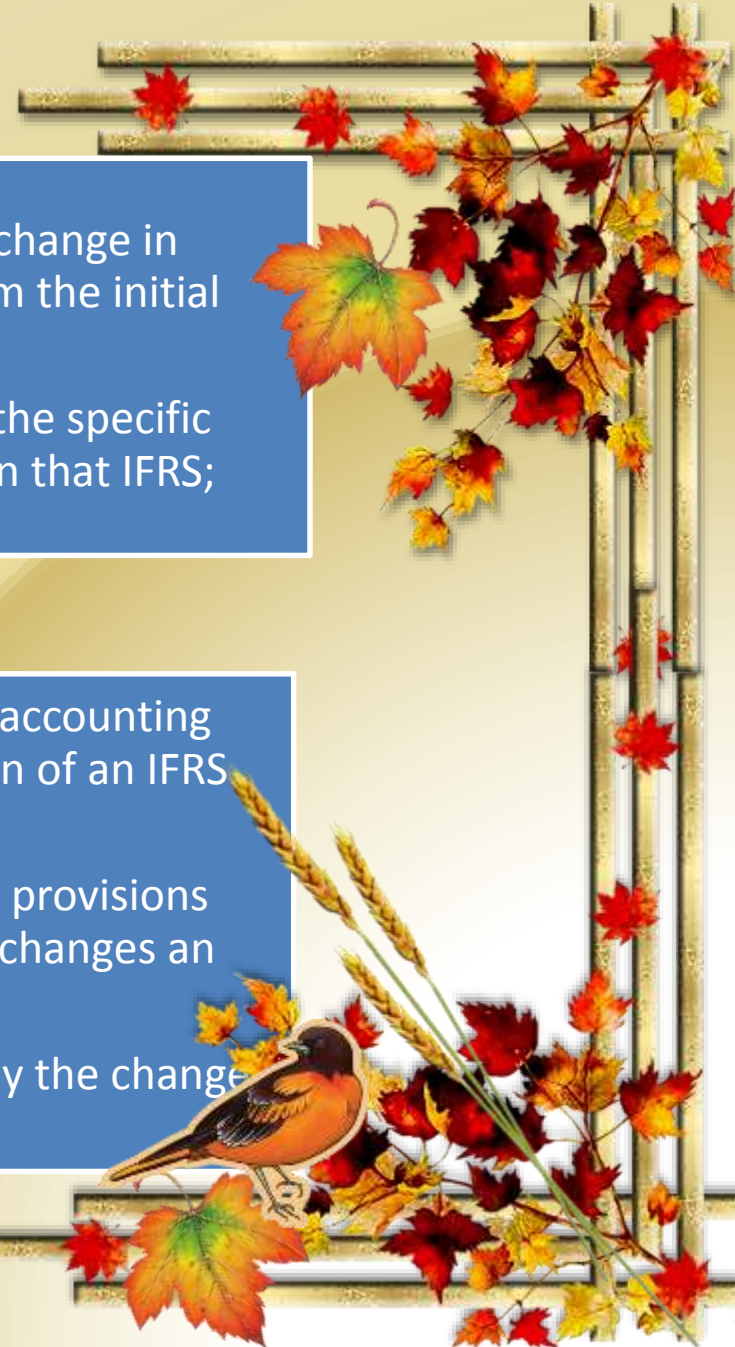
of an IFRS in accordance with the specific transitional provisions, if any, in that IFRS;



when an entity changes an accounting policy upon initial application of an IFRS that does not

include specific transitional provisions applying to that change, or changes an accounting

policy voluntarily, it shall apply the change retrospectively.





**When initial application of an IFRS has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:**

- the title of the IFRS;
- when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
  - the nature of the change in accounting policy;
  - when applicable, a description of the transitional provisions;
- when applicable, the transitional provisions that might have an effect on future periods;
- for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
- the amount of the adjustment relating to periods before those presented, to the extent practicable;
- if retrospective application required is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

**As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information. For example, estimates may be required of:**

bad debts;

inventory obsolescence;

the fair value of financial assets or financial liabilities;

the useful lives of, or expected pattern of consumption of the future economic benefits embodied in,

depreciable assets;

warranty obligations.


A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate. When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

The effect of a change in an accounting estimate, other than a change shall be recognised prospectively by including it in profit or loss in:

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

# Disclosure



An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.

If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact.



# Errors

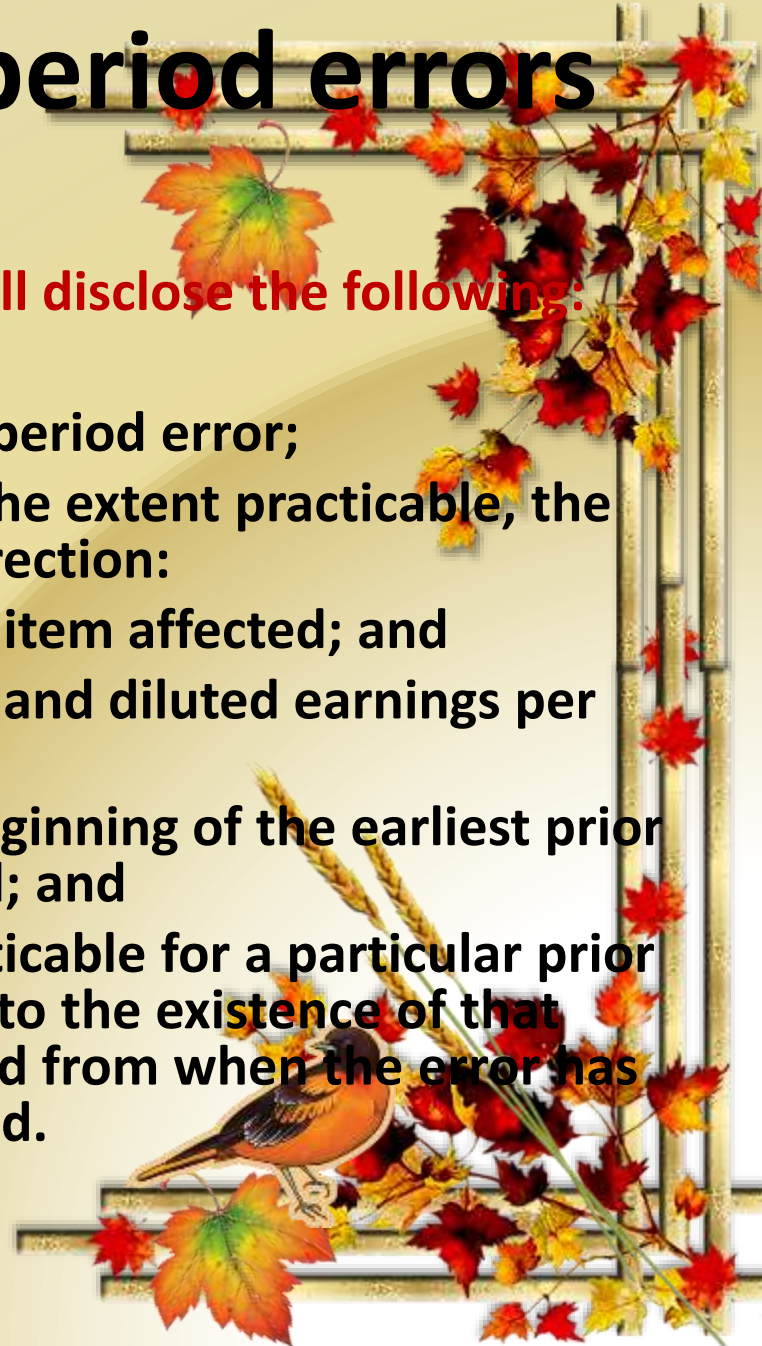
an entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred;
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

# Disclosure of prior period errors

**In applying paragraph 42, an entity shall disclose the following:**

- the nature of the prior period error;
- for each prior period presented, to the extent practicable, the amount of the correction:
  - for each financial statement line item affected; and
  - if IAS 33 applies to the entity, for basic and diluted earnings per share;
- the amount of the correction at the beginning of the earliest prior period presented; and
- if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.





Thank you for  
your attention)))

