

Deliberation on IFRS

**IAS-1,2,,7, 8,10, 12,16,17,18,19,20, 23,
24,27,28,31,32,36,37,38,39,40**

IFRS -5,6,7, 8

by

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**International
Accounting Standards
Board®**

IAS-8

Accounting Policies, Changes in Accounting Estimates and Errors

Accounting Policies

The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

Change in Accounting Estimate

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.

Prior period errors

Omissions from, and misstatements in, the entity's financial statements for one or more periods arising from a failure to use, or misuse of, reliable information.

Changes in Accounting Policies

- is required by an IFRS; or
- 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

Applying Changes in Accounting Policies

- 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; and
- 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

Retrospective application

A change in accounting policy is applied retrospectively, the entity shall adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

Limitations on Retrospective application

When it is impracticable to determine the period-specific effects of changing an accounting policy for one or more period presented. The entity shall adjust the opening balance of each affected component of equity for the earliest prior period for which retrospective application is practicable, which may be the current period,

Disclosure

- the nature of the change in accounting policy;
- for the current period and each prior period presented, the amount of the adjustment for each financial statement line affected;
- the amount of the adjustment relating to periods before those presented.
- an explanation if it is impracticable to determine the amounts.

Changes in Accounting Estimates

Estimates may be required of :

- bad debts;
- Inventory obsolescence ;
- The fair value of FA and FL
- The useful lives of depreciable assets
- Warranty obligations

Changes in Accounting Estimates

Shall be recognised prospectively by including it in profit or loss in –

- the period of change
- the period of the change and future periods, if the change affects both.

Disclosure

- nature and amount of change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods.
- if the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose the fact.

Errors

Correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their:

- Restating the comparative amounts for the prior periods
- if the error occurred before the earliest prior presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Limitations on retrospective restatement

- Except to the extent that it is impracticable to determine either the period-specific effects or cumulative effect of the error.
- restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Disclosure

- the nature of the prior period error
- each prior period presented, to the extent practicable, the amount of correction.
- the amount of the correction at the beginning of the earliest prior period presented
- if retrospective restatement is impracticable for a particular prior period, explanation thereof.

THANK

YOU

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