







Effective Date
Periods beginning on or after 1 January 2005

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

ACCOUNTING POLICIES Definition: Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. Selection and application of accounting policies: Only change a policy if: If a standard or interpretation deals with a Standard/interpretation requires it, or transaction, use that standard or interpretation ▶ Change will provide more relevant and reliable information. If no standard or interpretation deals with a transaction, judgment should be applied. The following sources should be referred to, to make the judgement: Requirements and guidance in other Principle standards/interpretations dealing with If change is due to new standard / interpretation, apply similar issues transitional provisions. Definitions, recognition criteria in the If no transitional provisions, apply retrospectively. framework - May use other GAAP that use a similar conceptual framework and/or may consult other industry practice / accounting literature that is not in conflict with If impractical to determine period-specific effects or cumulative standards / interpretations. effects of the change, then retrospectively apply to the earliest period that is practicable. Consistency of accounting policies: Disclosure Policies should be consistent for similar ▶ The title of the standard / interpretation that caused the change transactions, events or conditions. Nature of the change in policy Description of the transitional provisions For the current period and each prior period presented, the amount of the adjustment to: - Each line item affected Earnings per share. Amount of the adjustment relating to prior periods not presented If retrospective application is impracticable, explain and

describe how the change in policy was applied

Subsequent periods need not repeat these disclosures.

CHANGES IN ACCOUNTING ESTIMATES

Definition

Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty (R)

Change in accounting estimate

An entity may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate was based or as a result of

- new information.
- ▶ new developments or
- ▶ more experience

Principle

Recognise the change $\ensuremath{\text{prospectively}}$ in profit or loss in:

- ▶ Period of change, if it only affects that period; or
- Period of change and future periods (if applicable).

Disclosure

- Nature and amount of change that has an effect in the current period (or expected to have in future)
- ► Fact that the effect of future periods is not disclosed because of impracticality

ERRORS

Definition

Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from failure to use/misuse of reliable information that:

- Was available when the financial statements for that period were issued
- Could have been reasonably expected to be taken into account in those financial statements.

Frrors include:

- Mathematical mistakes
- Mistakes in applying accounting policies
- Oversights and misinterpretation of facts
- Fraud.

Principle

- Correct all errors retrospectively
- Restate the comparative amounts for prior periods in which error occurred or if the error occurred before that date - restate opening balance of assets, liabilities and equity for earliest period presented.

If impractical to determine period-specific effects of the error (or cumulative effects of the error), restate opening balances (restate comparative information) for earliest period practicable.

Disclosure

- Nature of the prior period error
- For each prior period presented, if practicable, disclose the correction to:
- Each line item affected
- Earnings per share (EPS).
- Amount of the correction at the beginning of earliest period presented
- If retrospective application is impracticable, explain and describe how the error was corrected
- Subsequent periods need not to repeat these disclosures.

(R) AMENDMENTS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

This IFRS Accounting Standard includes amendments that were issued as at 31 December 2022, but were not yet mandatorily effective. These are identified with an '(R)' suffix. For details of these amendments, please refer to BDO's IFRB 2021/07.



Contact

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