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ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS
ABSENCE OF STANDARD OR INTERPRETATION THAT SPECIFICALLY APPLIES TO A TRANSACTION
Indian GAAP

No specific Guidance.

Ind AS

In the absence of an Ind AS that specifically applies to a transaction, other event or condition, the management, while using judgment in developing and applying an accounting policy, should first consider the most recent pronouncements of the IASB and in absence thereof those of the other standard setting bodies that use a similar conceptual framework to develop accounting standards.
CHANGES IN ACCOUNTING POLICIES
How to Apply the Changes?

In accordance with the transitional provisions therein.

If no Transitional Provision OR if accounting policy is changed voluntarily.

Changes shall be applied retrospectively.
Indian GAAP

Changes in accounting policies should be made only if it is required by statute, for compliance with an Accounting Standard or for a more appropriate presentation of the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material.

If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.

However, change in depreciation method, though considered a change in accounting policy, is given retrospective effect. (See discussion on Property, Plant and Equipment below)

Ind AS

Requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
ERRORS
Indian GAAP

Prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.

Ind AS

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.
NEW ACCOUNTING PRONOUNCEMENTS
**Indian GAAP**

Not required to be disclosed

**Ind AS**

Non-application of new accounting pronouncements that have been issued but are not yet effective as at the end of the reporting period is disclosed. In such a case, known or reasonably estimable information relevant to assessing the possible impact that application of the new accounting pronouncements will have on the financial statements on initial application is also disclosed.
Summary

Rectification of Error
- Always retrospective – unless impracticable

Change of Accounting Policy
- Retrospective if voluntary – else depends on the transitional provisions

Change of estimate
- Always Prospective
THANK YOU