Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors:

Certain Terminology:

What are prior period errors?

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

a. was available when financial statements for those periods were approved for issue; and
b. could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

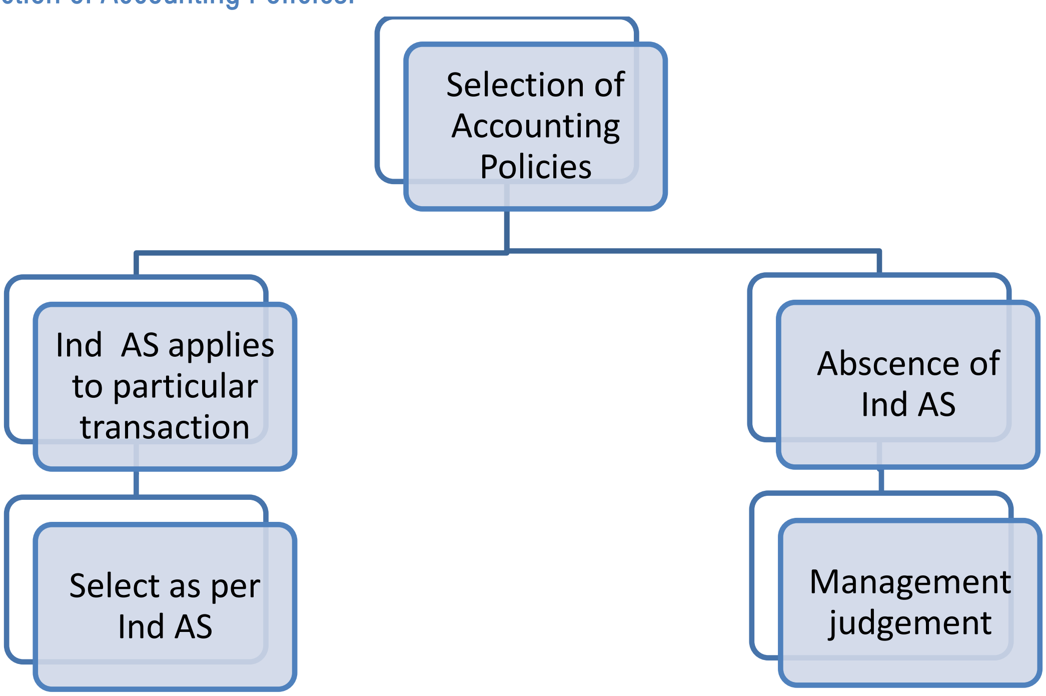
What is retrospective application?

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

What is retrospective restatement?

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.

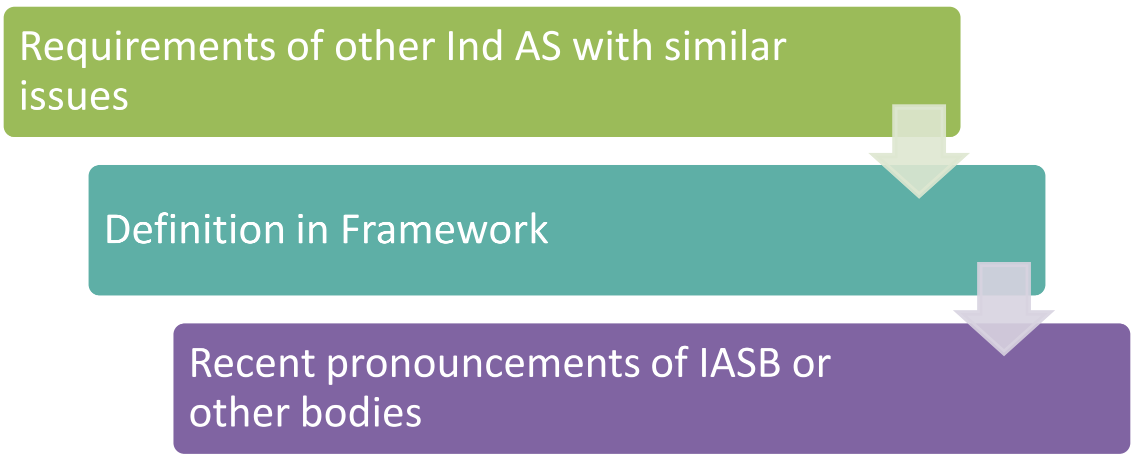
Selection of Accounting Policies:



The selected accounting policy with management judgment should be:

(a) relevant to the economic decision-making needs of users; and
(b) reliable, in that the financial statements:
  (i) represent faithfully the financial position, financial performance and cash flows of the entity;
  (ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
  (iii) are neutral, i.e. free from bias;
  (iv) are prudent; and
  (v) are complete in all material respects.

Sources to be considered in management judgment:



Consistency of accounting policies:

An entity shall select and apply its accounting policies consistently for similar transactions, other events and conditions, unless an Ind AS specifically requires or permits categorisation of items for which different policies may be appropriate.

Changes in accounting policies:

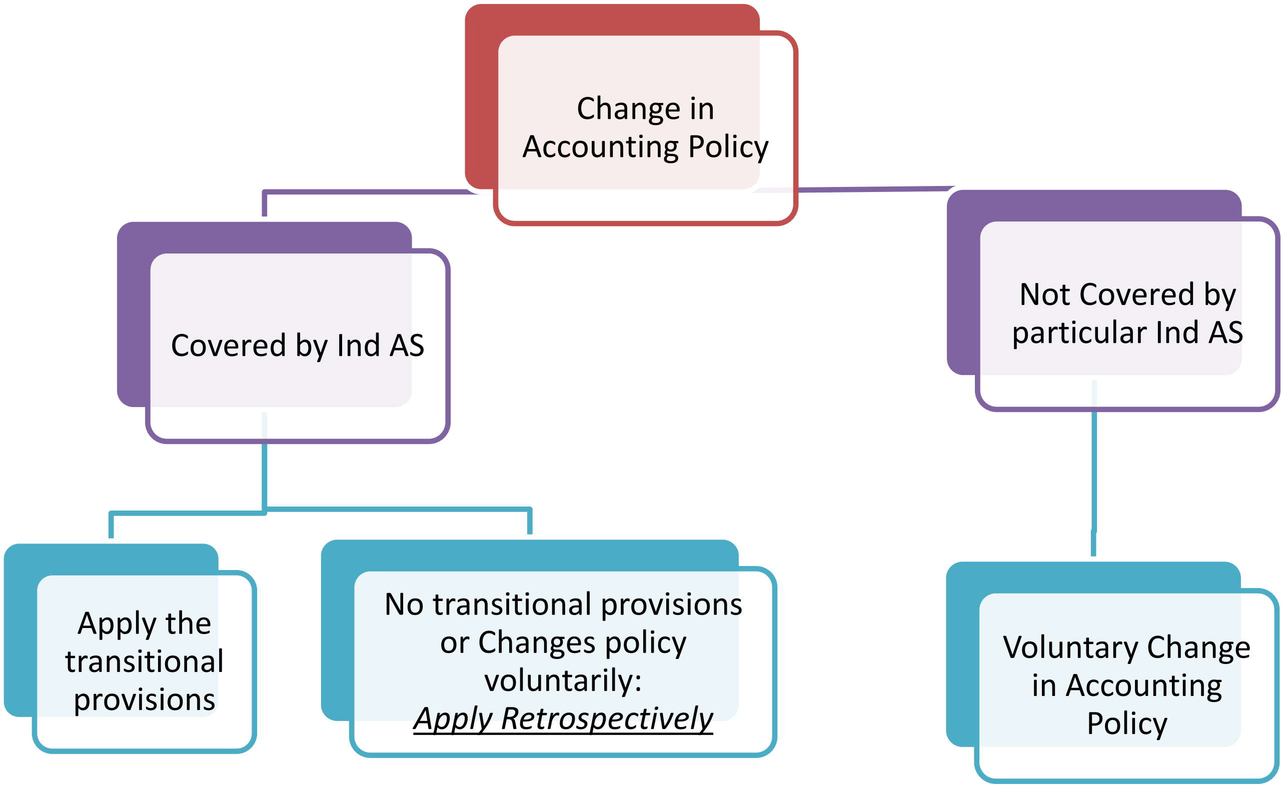
An entity shall change an accounting policy only if the change:

a. is required by an Ind AS; 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.

Not changes in accounting policies:

a. the application of an accounting policy for transactions,other events or conditions that differ in substance from those previously occurring
b. the application of a new accounting policy for transactions, other events or conditions that did not occur previously or were immaterial.

Applying changes in accounting policies:



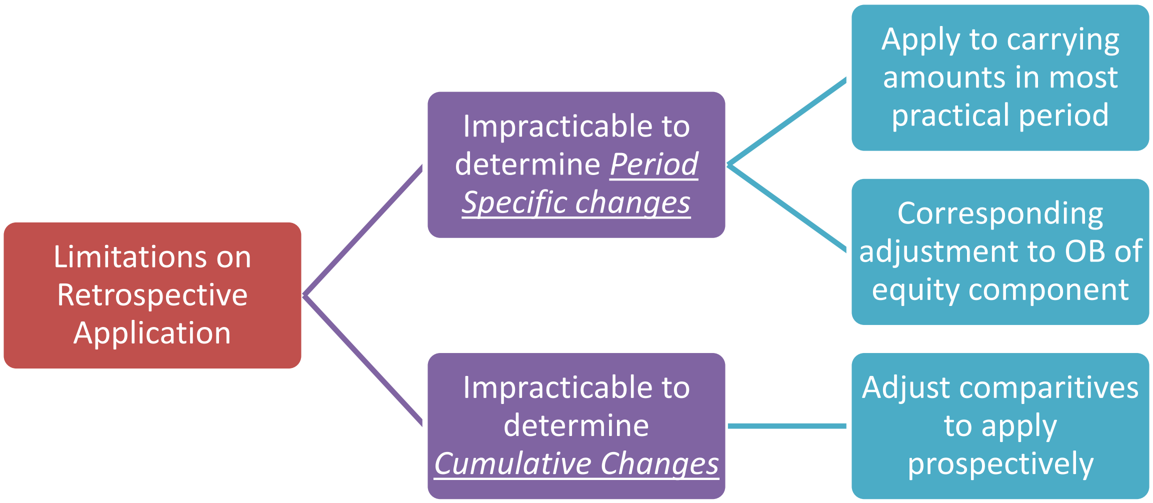
- Early adoption of Ind AS is not voluntary change of accounting policy.

What is retrospective application?

- Adjust the opening balance of each affected component of equity for the earliest prior period presented
- The other comparative amounts disclosed for each prior period presented

as if the new accounting policy had always been applied.

Limitations on Retrospective application:



Disclosure Requirements: Initial adoption of Ind AS:

- the title of the Ind AS;
- 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:
    - for each financial statement line item affected;and
    - if Ind AS 33 Earnings per Share applies to theentity, for basic and diluted earnings per share;
- the amount of the adjustment relating to periods before those presented, to the extent practicable; and
- if retrospective application required by paragraph 19(a) or (b) 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.

Voluntary Change in accounting policy:-Initial period disclosures

- the nature of the change in accounting policy;
- the reasons why applying the new accounting policy provides reliable and more relevant information;
- for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
    - (i) for each financial statement line item affected; and
    - (ii) if Ind AS 33 applies to the entity, for basic and diluted earnings per share;
- the amount of the adjustment relating to periods before those presented, to the extent practicable; and

- if retrospective application is impracticable for 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.

Changes in Accounting Estimates:

The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. Estimates may be subject to revision.

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

Treatment: Recognize prospectively in P & L which it affects

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: Change in accounting estimate:

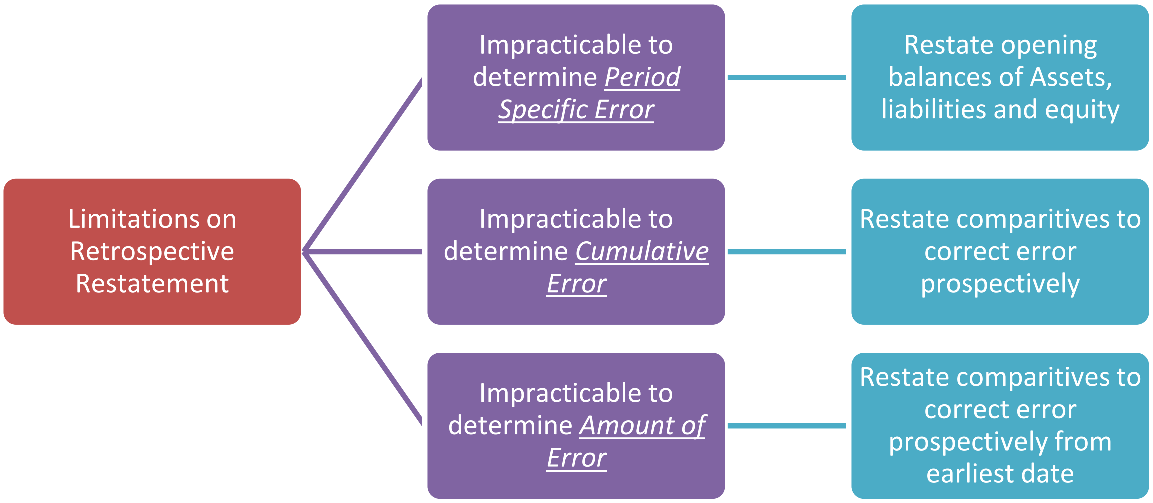
Shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.

Errors:

Entity should correct material prior period errors (retrospective restatement) by

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- 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.

Limitations on retrospective restatement:



Disclosure: Prior period Errors

- 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 Ind AS 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.