**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**
- If a standard or interpretation of GRAP deals with a transaction, use the standard or interpretation.
- If no standard or interpretation of GRAP on a transaction, management judgment should be applied in developing and applying an accounting policy resulting in information that is relevant and reliable.

The following sources should be referred to, to make the judgement:
- Requirements and guidance in other standards or interpretations of GRAP dealing with similar issues.
- Definitions, recognition criteria in the Framework for the Preparation and Presentation of Financial Statements.
- Use the most recent pronouncements of other standard setting bodies and accepted public or private sector practices to the extent that these are not in conflict with standards or interpretations of GRAP.

**Consistency of accounting policies**
Policies should be consistent for similar transactions, events or conditions.

**Changes in Accounting Estimates**

**Definition:**
A change in an accounting estimate is an adjustment of the carrying amount of an asset or liability, or the amount of periodic consumption, resulting from re-assessing the present status of, and the expected future benefits and obligations associated with, the asset or liability.

**Principle:**
Applying changes in accounting policies:
- If change is due to new standard or interpretation of GRAP, apply transitional provisions.
- If no transitional provisions, apply retrospectively.

**Disclosure:**
- Nature and amount of change that has an effect in the current period or expected to have in future.
- Disclose the fact that the effect of future periods is not disclosed because it's impractical to do so.

**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, and
- could have been reasonably expected to be taken into account in those financial statements.

Errors 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 net assets for earliest period presented.

**Disclosure:**
- Nature of the prior period error.
- For each prior period presented, if practicable, disclose the correction for each line item affected.
- Amount of the correction at the beginning of earliest period presented.
- If retrospective application is impracticable, explain and describe how and when the error was corrected.

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