

# How to develop appropriate accounting policies and what information to disclose

March 2025



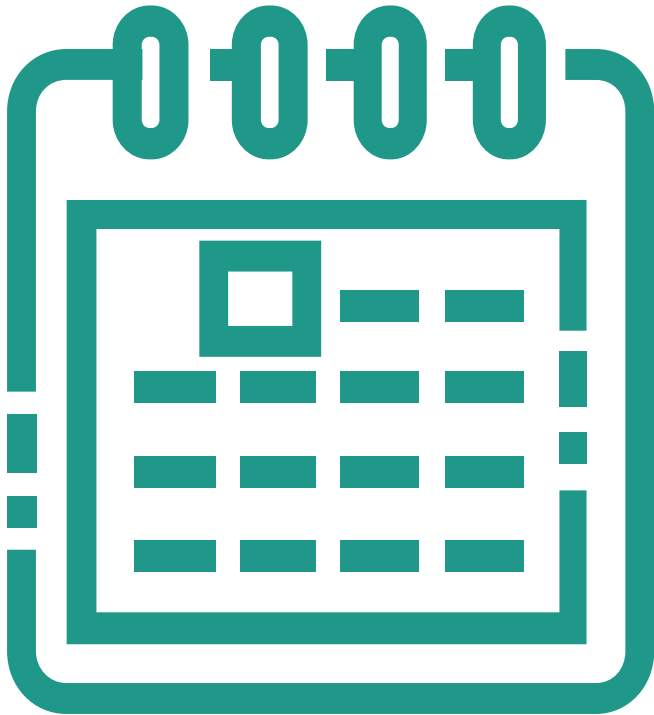


# Disclaimer

***The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.***



# When does an entity develop accounting policies?



Entities develop or amend accounting policies when:

- implementing **new or revised Standards** of GRAP.
- encountering **new transactions or events** not covered by existing policies.
- when **changes in the entity's operations** or environment necessitate a review of existing policies.

Entities develop an accounting policy when a new or revised Standard *applies to the entity*. If a new or revised Standard does not apply to the transactions and events of the entity, it is not necessary to develop an accounting policy.





# How does an entity develop accounting policies?

Entities refer to the *Directive on Determining the GRAP Reporting Framework* and consider their specific circumstances and transactions (Directive 5).

Refer to FAQ 2.4 for guidance on the framework of a particular year.

Entities are not required to apply the requirements of the Standards of GRAP if the effect of applying them is immaterial. (*IGRAP 21 Effect of past decisions on materiality*).

May develop alternative accounting treatments for immaterial items.

Consider both qualitative and quantitative materiality to ensure that the policies provide useful and relevant information to users.



# What is included in accounting policies?



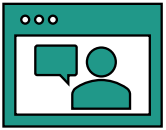
- The initial and subsequent measurement basis (or bases) used in preparing the financial statements.
- Judgements made by management in applying the Standards of GRAP, includes decisions on whether certain transactions or events meet the definitions set out in the Standards.
- Key decisions made by management in applying the Standards, such as the recognition of items and the determination of the unit of account
- Information regarding material transactions and events and the entity's decision on the accounting treatment of these transactions and events.



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