

KOZHIKODE BRANCH OF SIRC OF ICAI

Reply to
Exposure Draft on
Definition of Accounting Estimates
(Amendments to Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors)

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Comments Submitted By: **Kozhikode Branch of SIRC of ICAI** **Region** **Southern Region**
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Para Ref	Para Description	Comments	Rationale	Suggestion
5	Definition of Accounting Estimates	The Usage of " Measurement Uncertainty " towards end of the Definition of Accounting Estimate in para 5 is not in Consonance with the New para 32A.	New PARA 32A defines what constitutes an Estimate, an Input and Measurement Techniques. While Defining the Accounting Estimate, the Uncertainty linked to the Measurement alone is being highlighted, which will have monetary impact, but there are lot Estimates " As defined in New PARA 32B" which are Inputs and which also determines or values an Estimate.	Can be Redrafted as : Accounting estimates are monetary amounts in financial statements that are subject to uncertainty in the Measurement Techniques and Inputs used for estimation.
5	Definition of Accounting Estimates	The Usage of " monetary amounts " emphasis that all the estimates which is having monetary impact alone is dealt with Standard.		Possible a statement can be added to clarify the same, that Non monetary transactions are not dealt with this standard.
32	What is Accounting Estimates	Para 32 Says " An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts "that cannot be observed directly" and must instead be estimated". Bold Portion.	The usage of " that Cannot be observed Directly " brings in lot of ambiguity to the reader as to what defines the term of measured in a way that involves measurement of uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts which does not have final underlying documents and must instead be estimated". In those scenario, this wording bring lots of Confusion.	Can be Redrafted as : " An accounting policy may require items in financial statements to be measured in a way that involves measurement of uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts which does not have final underlying documents and must instead be estimated".
34	Change in accounting estimate	An entity may need to change an accounting estimate may need revision 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.	Any Change in the accounting estimate is certainly due to New Information & Development or more experience and the Change will approved only based on detailed discussion and verification of underlying documents by the Management and Those charged with Governance. The change an accounting estimate may need revision if changes occur in the circumstances also does not add any relevance or separate explanation.	Can be Redrafted as : An entity may need to change an accounting estimate may need revision if changes occur in the circumstances on which the accounting estimate was based.