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## Implication of IFRS Implementation for Finance and Leasing Companies

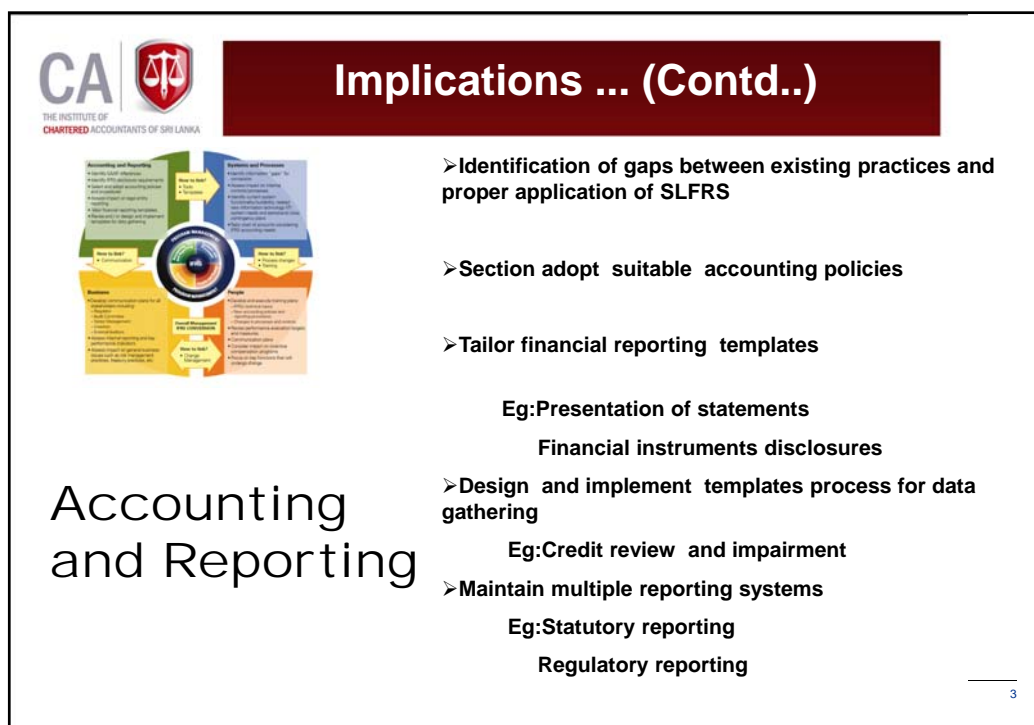
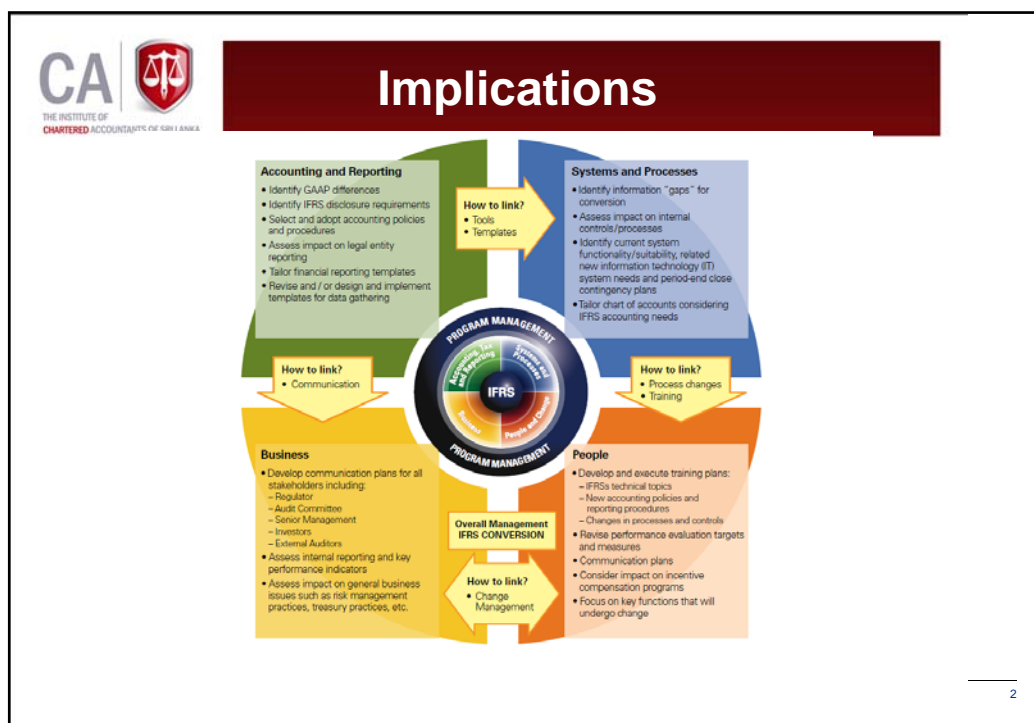



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# Implications


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## Implications ... (Contd..)




- **Assessment of impact on internal control systems and processors**
  - Establishment of estimates
  - Impairment , fair value
- **Current systems functionality/ suitability and flexibility to adopt changes**
  - EIR computations
  - Impairment calculations
  - Recognition of interest based on original EIR
- **Availability of reliable/ relevant information**
  - Collective impairment
  - Significant accounts impairment
- **Tailor charter of accounts for SLFRS requirements**

## Systems and Processes


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## Implications ... (Contd..)




- **Communication to stakeholders;**
  - Lenders (Banks/ corporate)
  - Shareholders (EPS, gearing, PE)
- **Communication with regulators**
  - CBSL/ IRD
  - External Auditors
  - Audit committee
- **Performance indicators and KPIs**
  - Evaluation of senior management / employee performances
  - Recoveries / bonuses
- **Impact on the general business practices**
  - Financial instrument risk management
  - Treasury practices

## Business


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## Implications ... (Contd..)




- Requirement for continuous development plans
  - SLFRS and new developments
  - Change in process and controls
  
- Communication on revised performance targets and KPIs
  
- Communications on the new/revised rewards schemes
  
- Introduction of new functions and responsibilities

People

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# Financial statements implications

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*Classification*

*Impairment*

*Fair valuation*

*Derecognition*

*Risk management*

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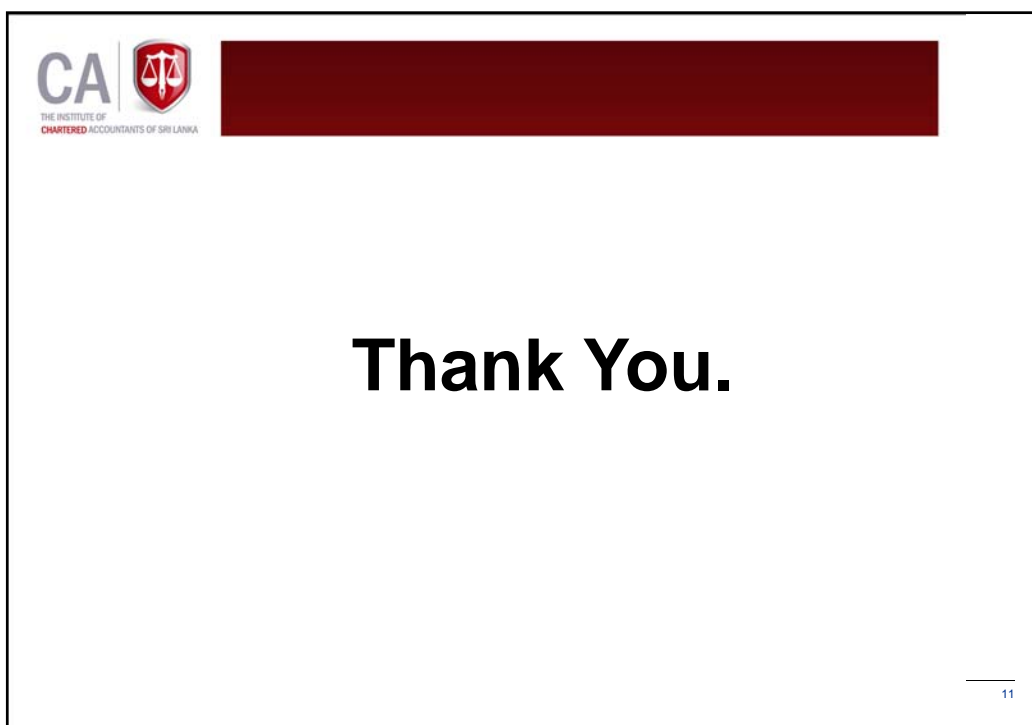
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Future developments

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Standard	Summary of requirement
<b>IFRS 9</b> Financial instruments	Two primary measurement categories for financial assets: amortised cost and fair value.
<b>IFRS 10</b> Consolidated financial statements	A new approach to determining which investees should be consolidated and provides a single model in control assessment
<b>IFRS 11</b> Joint arrangements	IFRS 11 focuses on the rights and obligations of joint arrangements, rather than Arrangements legal form. Always requires the equity method for jointly controlled entities
<b>IFRS 12</b> Disclosures of Interest in other entities	IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.
<b>IFRS 13</b> Fair Value measurements	It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements.

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