LKAS 2 Inventories

This Standard prescribed the accounting treatment for inventories. It described the amount of cost to be recognized as an asset and carried forward until the related revenues are recognized. This Standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

This Standard applies to all inventories, except:

(a) Work in progress arising under construction contracts,
(b) Financial instruments
(c) Biological assets related to agricultural activity

Inventory shall be measured at the lower of cost and net realizable value.
The cost of inventories shall comprise all cost of purchase, costs of conversion and other cost incurred in bringing the inventories to their present location and condition.
The cost of purchase of inventories comprise the purchase price, import duties, other taxes, transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discount, rebates and other similar items are deducted in determining the cost of purchase.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings and equipment, and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

LKAS 7 Statement of Cash Flows

The objective of this Standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

An entity shall prepare a statement of cash flows in accordance with the requirements of this Standard and shall present it as an integral part of its financial statements for each period for which financial statements are presented.

LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The objective of this Standard is to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements and the comparability of those financial statements over time and with the financial statements of other entities.

Accounting Policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of 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 authorized for issue;

(b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

LKAS 10 Events after the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.
Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period);
(b) Those are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

LKAS 11 Construction Contracts

The objective of this Standard is to prescribe the accounting treatment of revenue and costs associated with construction contracts. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. Therefore, the primary issue in accounting for construction contracts is the allocation of contract revenue and contract costs to the accounting periods in which construction work is performed.

This Standard uses the recognition criteria established in the Framework for the Preparation and Presentation of Financial Statements to determine when contract revenue and contract costs should be recognized as revenue and expenses in the statement of comprehensive income.

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

A fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A cost plus contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs, plus a percentage of these costs or a fixed fee.

LKAS 12 Income Taxes

This Standard requires an entity to account for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognized in profit or loss, any related tax effects are also recognized in profit or loss. For transactions and other events recognized outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit or loss (either in other comprehensive income or directly in equity, respectively). Similarly, the recognition of deferred tax assets and liabilities in a business combination affects the amount of goodwill arising in that business combination or the amount of the bargain purchase gain recognized.

This Standard shall be applied in accounting for income taxes. Income taxes include all domestic and foreign taxes which are based on taxable profits. Income taxes also include taxes, such as withholding taxes, which are payable by a subsidiary, associate or joint venture on distributions to the reporting entity.

This Standard deals with the recognition of deferred tax assets arising from unused tax losses or unused tax credits, the presentation of income taxes in the financial statements and the disclosure of information relating to income taxes.

This Standard does not deal with the methods of accounting for government grants or investment tax credits.

However, this Standard does deal with the accounting for temporary differences that may arise from such grants or investment tax credits.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

(a) Deductible temporary differences
(b) The carry forward of unused tax losses
(c) The carry forward of unused tax credits

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Temporary differences may be either:

(a) Taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

(b) Deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

LKAS 16 Property, Plant and Equipment

This Standard prescribes the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognized in relation to them.

This Standard does not apply to:

(a) Property, plant and equipment classified as held for sale in accordance with SLFRS 5 Non-current Assets held for Sale and Discontinued Operations
(b) Biological assets related to agricultural activity
(c) The recognition and measurement of exploration and evaluation Assets
(d) Mineral rights and mineral reserves such as oil, natural gas and similar non - regenerative resources.

LKAS 17 Leases

The objective of this Standard is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases.

This Standard applies to agreements that transfer the right to use assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets. This Standard does not apply to agreements that are contracts for services that do not transfer the right to use assets from one contracting party to the other.

What is lease arrangement and what are the categories?

This Standard shall be applied in accounting for all leases other than:

(a) Leases to explore for or use minerals, oil, natural gas and similar non regenerative resources
(b) Licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

This Standard shall not be applied as the basis of measurement for
(a) Property held by lessees that are accounted for as investment property
(b) Investment property provided by lessors under operating leases
(c) Biological assets held by lessees under finance leases
(d) Biological assets provided by lessors under operating leases

LKAS 18 Revenue

This Standard shall be applied in accounting for revenue arising from the following transactions and events:

I. Sale of goods
II. Rendering of services
III. The use by others of entity assets yielding interest, royalties and dividends

Goods include goods produced by the entity for the purpose of sale and goods purchased for resale.

The rendering of services typically involves the performance by the entity of a contractually agreed task over an agreed period of time.

The use by others of entity assets gives rise to revenue in the form of Interest, royalties, dividends.

This Standard does not deal with revenue arising from

(a) Lease agreements
(b) Dividends arising from investments which are accounted for under the equity method
(c) Insurance contracts within the scope of SLFRS 4 Insurance Contracts;
(d) Changes in the fair value of financial assets and financial liabilities or their disposal
(e) Changes in the value of other current asset
(f) Initial recognition and from changes in the fair value of biological assets related to agricultural activity
(g) Initial recognition of agricultural produce
(h) The extraction of mineral ores

LKAS 19 Employee Benefits

The Standard requires an entity to recognize:

(a) A liability when an employee has provided service in exchange for employee benefits to be paid in the future; and

(b) An expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

This Standard shall be applied by an employer in accounting for all employee benefits, except those to which SLFRS 2 Share - based Payment applies.

This Standard does not deal with reporting by employee benefit plans. (LKAS -26, Retirement Benefit Plans)

The employee benefits to which this Standard applies include those provided

(a) Under formal plans or other formal agreements between an entity and individual employees, groups of employees or their representatives
(b) Under legislative requirements, or through industry arrangements, whereby entities are required to contribute to national, state, industry or other multi-employer plans.
(c) Informer practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

Employee benefits include benefits provided either to employees or to their dependents or beneficiaries and may be settled by payments made either to directly to employees to their spouses, children or other dependents or to others.

An employee may provide services to an entity on a full time, part time, permanent, casual or temporally basis. This standard, employees include directors and other management personal.

LKAS 20 Accounting for Government Grants and Disclosure of Government Assistance

Government grants, including non-monetary grants at fair value, shall not be recognized until there is reasonable assurance that:

(a) the entity will comply with the conditions attaching to them

(b) the grants will be received.

A government grant is not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

The manner in which a grant is received does not affect the accounting method to be adopted in regard to the grant. Thus a grant is accounted for in the same manner whether it is received in cash or as a reduction of a liability to the government.

A forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan.

Once a government grant is recognized, any related contingent liability or contingent asset is treated in accordance with LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.
Government grants shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

There are two broad approaches to the accounting for government grants:

1. Capital approach, under which a grant is recognized outside profit or loss,
2. Income approach, under which a grant is recognized in profit or loss over one or more periods.

LKAS 21 The Effects of Changes in Foreign Exchange Rates

This standard shall be applied;

(a) In accounting for transactions and balances in foreign currencies, except those derivative transactions and balances.
(b) In translating the results and financial position of foreign operations that are included in the financial statement of the entity by consolidation, proportionate consolidation or the equity method.
(c) In translating an entity's result and financial position into a presentation currency.

This standard does not apply to hedge accounting for foreign currency items.

This standard applies to the presentation of an entities financial statement in a foreign currency and sets out requirement for the resulting financial statement to be described as complying with Sri Lanka Accounting Standards. This standard does not apply to the presentation in a statement of cash flows of the cash flows arising from transactions in a foreign currency, or to the translation of cash flows of a foreign operation.

LKAS 23 Borrowing Costs

An entity shall apply this standard in accounting for borrowing costs.

The standard does not deal with the actual or imputed cost of equity, including preferred capital not classified as a liability.

An entity is not required to apply the standard to borrowing costs directly attributable to the acquisition, construction or production of:

(a) A qualifying asset measured at fair value (biological asset)
(b) Inventories that are manufactured or produced in large quantities on a repetitive basis.

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

An entity shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognize other borrowing costs as an expense in the period in which it incurs them.

LKAS 24 Related Party Disclosures

This Standard shall be applied in:

(a) Identifying related party relationships and transactions
(b) Identifying outstanding balances, including commitments, between an entity and its related parties
(c) Identifying the circumstances in which disclosure of items in a & b is required
(d) Determining the disclosures to be made about those items

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of a parent; venture or investor presented in accordance with LKAS 27 consolidated and separate financial statements.

Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial statements. Intergroup related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the group.

LKAS 26 Accounting and Reporting by Retirement Benefit Plans

This Standard shall be applied in the financial statements of retirement benefit plans where such financial statements are prepared.

This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. All other Standards apply to the financial statements of retirement benefit plans to the extent that they are not superseded by this Standard. This Standard deals with accounting and reporting by the plan to all participants as a group. It does not deal with reports to individual participants about their retirement benefit rights.

Retirement benefit plans with assets invested with insurance companies are subject to the same accounting and funding requirements as privately invested arrangements. Accordingly, they are within the scope of this Standard unless the contract with the insurance company is in the name of a specified participant or a group of participants and the retirement benefit obligation is solely the responsibility of the insurance company.

This Standard does not deal with other forms of employment benefits such as employment termination indemnities, deferred compensation arrangements, long-service leave benefits, special early retirement or redundancy plans, health and welfare plans or bonus plans. Government social security type arrangements are also excluded from the scope of this Standard.

LKAS 27 Consolidated and Separate Financial Statements

This Standard shall be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent.

This Standard does not deal with methods of accounting for business combinations and their effects on consolidation, including goodwill arising on a business combination.

This Standard shall also be applied in accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or is required by local regulations, to present separate financial statements.

LKAS 28 Investments in Associates

This Standard shall be applied in accounting for investments in associates. it does not apply to investments in associates held by:

(a) venture capital organizations
(b) mutual funds, unit trusts and similar entities including investment- linked insurance funds

That upon initial recognition are designated as at fair value through profit or loss or are classified as held for trading and accounted for in accordance with LKAS 39 Financial Instruments: Recognition and Measurement. Such investments shall be measured at fair value in accordance with LKAS 39, with changes in fair value recognized in profit or loss in the period of the change.

LKAS 29 Financial Reporting in Hyperinflationary Economies

This Standard shall be applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

In a hyperinflationary economy, reporting of operating results and financial position in the local currency without restatement is not useful. Money loses purchasing power at such a rate that comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, is misleading.

This Standard does not establish an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgments when restatement of financial statements in accordance with this Standard becomes necessary. It is preferable that all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Nevertheless, this Standard applies to the financial statements of any entity from the beginning of the reporting period in which it identifies the existence of hyperinflation in the country in whose currency it reports.

LKAS 31 Interests in Joint Ventures

This standard shall be applied in accounting for interests in joint ventures and the reporting of joint ventures assets, liabilities, income and expenses in the financial statements of ventures and investors, regardless of the structures or forms under which the joint venture activities take place. However, it does not apply to venture' interests in jointly controlled entities held by:

(a) Venture capital organizations, or
(b) Mutual funds, unit trusts and similar entities including investment-linked insurance funds

A venturer with an interest in a jointly controlled entity is exempted from proportionate consolidation and equity method. When it meets following conditions,

(a) The interest is classified as held for sale
(b) Consolidated and separate financial statements allowing a parent that also has an interest in a jointly controlled entity
(c) All of the following apply
    (i) The venturer is a wholly owned subsidiary, or is a partially owned subsidiary of another entity.

(ii) The venture's debt or equity instruments are not traded in a public market.

(iii) The venturer did not file, nor is it in the process of filling, its financial statement with a securities commission or other regulatory organization, for the purpose of issuing any class of instruments in a public market.

(iv) The ultimate of any intermediate parent of the venturer produces consolidated financial statements available for public used that comply with Sri Lanka Accounting Standards.

LKAS 32 Financial Instruments: Presentation

This Standard shall be applied by all entities to all types of financial instruments except:

(a) Those interests in subsidiaries, associates or joint ventures
(b) Employers' rights and obligations under employee benefit plans,
(d) Insurance contracts
(e) Financial instruments that are within the scope of SLFRS 4 because they contain a discretionary participation feature
(f) Financial instruments, contracts and obligations under share based payment transactions

This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

A written option to buy or sell a non-financial item that can be settled net in cash or another financial instrument or by exchanging financial instruments.

LKAS 33 Earnings Per Share

This Standard shall apply to

(a) The separate or individual financial statements of an entity

(i) Whose ordinary shares or potential ordinary shares are traded in a public market
(ii) That files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing ordinary shares in a public market

(b) The consolidated financial statements of a group with a parent

(i) Whose ordinary shares or potential ordinary shares are traded in a public market
(ii) That files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing ordinary shares in a public market.

An entity that discloses earnings per share shall calculate and disclose earnings per share in accordance with this Standard.

When an entity presents both consolidated financial statements and separate financial statements prepared in accordance with LKAS 27 Consolidated and Separate Financial Statements, the disclosures required by this Standard need be presented only on the basis of the consolidated information.

An entity that chooses to disclose earnings per share based on its separate financial statements shall present such earnings per share information only in its statement of comprehensive income. An entity shall not present such earnings per share information in the consolidated financial statements. If an entity presents the components of profit or loss in a separate income statement as described in paragraph 81 of LKAS 1 Presentation of Financial Statements, it presents earnings per share only in that separate statement.

LKAS 34 Interim Financial Reporting

This standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period.

This standard applies if an entity is required or elects to publish interim financial reports in accordance with Sri Lanka accounting standard committee encourages publicly traded entities to provide interim financial reports that conform to the recognition, measurement and disclosure principle set out in this standard. Specifically, publicly traded entities are encouraged,

(a) To provide interim financial reports at least as of the end of the first half of their financial year
(b) To make their interim financial reports available not later than 60 days after the end of the interim period

Each financial report, annual or interim, is evaluated on its own for conformity to SLFRSs. The fact that an entity may not have provided interim financial reports during a particular financial year or may have provided interim financial reports that do not comply with this Standard does not prevent the entity's annual financial statements from conforming to SLFRSs if they otherwise do so. If an entity's interim financial report is described as complying with SLFRSs, it must comply with all of the requirements of this Standard.

LKAS 36 Impairment of Assets

This Standard shall be applied in accounting for the impairment of all assets other than;

(a) Inventories
(b) Assets arising from construction contract
(c) Deferred Tax Assets
(d) Assets arising from employee benefits
(e) Financial Assets that are within the scope of LKAS 39
(f) Investment property that is measured at fair value
(g) Biological assets related to agricultural activity
(h) Deferred acquisition cost, and intangible assets, arising from an insurer's contractual rights under insurance contract.
(i) Non-current assets classified as held for sale.

This standard does not apply to inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, or assets classified as held for sale. Because existing SLFRSs applicable to these assets contain requirements for recognizing and measuring these assets.

LKAS 37 Provisions, Contingent Liabilities and Contingent Assets

This standard shall be applied by all entities in accounting for provisions, contingent liabilities and contingent assets except

(a) Those resulting from executory contracts
(b) Those covered by another standard

This standard does not apply to financial instrument.

Executory contracts are contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent. This standard does not apply to executory contracts unless they are onerous.

When another standard deals with a specific type of provision, contingent liability or contingent asset, an entity applies that standard instead of this standard.

This standard defines provisions as liabilities of uncertain timing or amount. The term "Provision" is also used in the context of items such as depreciation, impairment of assets and doubtful debt. These are adjustments to the carrying amount of assets and are not addressed in this standard.
Other standards specify whether expenditures are treated as assets or as expenses. These issues are not addressed in this standard. This standard applies to provisions for restructurings. When a restructuring meets the definition of a discontinue operation, additional disclosures may be required by SLFRS 5.

LKAS 38 Intangible Assets

This Standard shall be applied in accounting for intangible assets, except:
(a) Intangible assets that are within the scope of another Standard
(b) Financial assets, as defined in LKAS 32 Financial Instruments: Presentation;
(c) The recognition and measurement of exploration and evaluation assets
(d) Expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources.

This Standard does not apply to:

(a) Intangible assets held by an entity for sale in the ordinary course of business
(b) Deferred tax assets
(c) Leases that are within the scope of LKAS 17 *Leases*.
(d) Assets arising from employee benefits
(e) Financial assets as defined in LKAS 32.
(f) Goodwill acquired in a business combination
(g) Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of SLFRS 4 *Insurance Contracts*.
(h) Non-current intangible assets classified as held for sale in accordance with SLFRS 5

Some intangible assets may be contained in or on a physical substance such as a compact disc legal documentation or film. In determining whether an asset that incorporates both intangible and tangible elements should be treated under LKAS 16 *Property, Plant and Equipment* or as an intangible asset under this Standard, an entity uses judgment to assess which element is more significant.

This standard applies to, among other things expenditure on advertising, training, start-up, research & development activities.

In the case of a finance lease, the underlying asset may be either tangible or intangible. After initial recognition, a lessee accounts for an intangible assets held under a finance lease in accordance with this standard.

LKAS 39Financial Instruments: Recognition and Measurement

This standard shall be applied by all the entities to all types of financial instruments except;

(a) Interest in subsidiaries, associates and joint ventures
(b) Rights and obligations under Leases to which LKAS 17 applies
(c) Employer's rights and obligations under employee benefit plans
(d) Financial Instruments issued by the entity that meet the definition of an equity instrument
(e) Rights and obligations arising under insurance contract, as defined in SLFRS 4 Insurance Contract
(f) Any forward contract between an acquirer and a selling share holder to buy your sell and acquiree that will result in a business combination at a future acquisition date.

(g) Loan Commitments
(h) Financial Instruments, contracts and obligations under share-based payment transaction.
(i) Rights to payment to reimburse the entity for expenditure it is required to make to settle a liability that it recognizes as a provision.

This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument.

LKAS 40 Investment Property

This standard shall be applied in the recognition, measurement and disclosure of investment property. This standard does not apply to;

(a) Biological assets related to agricultural activities
(b) Mineral rights and mineral reserves

This standard applies to the measurement in a lessee's financial statement of investment property interest held under a lease accounted for as a finance lease and to the measurement in a lessor's financial statements of investment property provided to a lessee under an operation lease. This standard does not deal with matters covered in LKAS 17 including ;

(a) classification of leases as finance lease or operating lease
(b) recognition of lease income from investment property
(c) measurement in a lessee's financial statement of property interest held under a lease accounted for as an operating lease
(d) measurement in a lessor's financial statement of its net investment in a finance lease
(e) accounting for sale and leaseback transaction
(f) disclosure about finance lease and operation lease

LKAS 41 Agriculture

This Standard shall be applied to account for the following when they relate to agricultural activity:

(a) biological assets;
(b) agricultural produce at the point of harvest
(c) government grants

This Standard does not apply to:

(a) land related to agricultural activity
(b) intangible assets related to agricultural activity

This Standard is applied to agricultural produce, which is the harvested product of the entity's biological assets, only at the point of harvest. Thereafter, LKAS 2 *Inventories* or another applicable Standard is applied. Accordingly, this Standard does not deal with the processing of agricultural produce after harvest; for example, the processing of grapes into wine by a vintner who has grown the grapes. While such processing may be a logical and natural extension of agricultural activity, and the events taking place may bear some similarity to biological transformation, such processing is not included within the definition of agricultural activity in this Standard.