SLFRS 1 First – time Adoption of Sri Lanka Accounting Standards

The objective of this SLFRS is to ensure that an entity's first SLFRS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:

(a) is transparent for users and comparable over all periods presented
(b) provides a suitable starting point for accounting in accordance with Sri Lanka Accounting Standards
(c) can be generated at a cost that does not exceed the benefits

SLFRS 2 Share-based Payment

The objective of this SLFRS is to specify the financial reporting by an entity when it undertakes a share-based payment transaction. In particular, it requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which *share options* are granted to employees.

An entity shall apply this SLFRS in accounting for all share-based payment transactions, whether or not the entity can identify specifically some or all of the goods or services received, including:

(a) Equity-settled share-based payment transactions
(b) Cash-settled share-based payment transactions
(c) Transactions in which the entity receives or acquires goods or services and the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the entity settles the transaction in cash or by issuing equity instrument.

A share-based payment transaction may be settled by another group entity on behalf of the entity receiving or acquiring the goods or services.

For the purposes of this SLFRS, a transaction with an employee in his/her capacity as a holder of equity instruments of the entity is not a share-based payment transaction.

This SLFRS applies to share-based payment transactions in which an entity acquires or receives goods or services. Goods include inventories, consumables, property, plant and equipment, intangible assets and other non-financial assets.

SLFRS 4 Insurance Contracts

The objective of this SLFRS is to specify the financial reporting for insurance contracts by any entity that issues such contracts until the second phase of the project on insurance contracts is completed.

This SLFRS requires:

(a) Limited improvements to accounting by insurers for insurance contracts.
(b) Disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts.

An entity shall apply this SLFRS to:

(a) Insurance contracts that it issues and reinsurance contracts that it holds.
(b) Financial instruments that it issues with a discretionary participation feature. SLFRS 7 Financial Instruments: Disclosures requires disclosure about financial instruments, including financial instruments that contain such features.

An entity shall not apply this SLFRS to:

(a) product warranties issued directly by a manufacturer, dealer or retailer
(b) employers' assets and liabilities under employee benefit plans
(c) and retirement benefit obligations reported by defined benefit retirement plans
(d) contractual rights or contractual obligations that are contingent on the future use of, or right to use, a non-financial item as well as a lessee's residual value guarantee embedded in a finance lease
(e) financial guarantee contracts unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts
(f) contingent consideration payable or receivable in a business combination
(g) direct insurance contracts that the entity holds.

SLFRS 5 Non - current Assets Held for Sale and Discontinued Operations

The classification and presentation requirement of this SLFRS apply to all recognized non-current assets and to all disposal groups of an entity. The measurement requirement of this SLFRS applies to all recognized non-current assets and disposal groups.

Assets classified as non-current in accordance with LKAS 1 shall not be reclassified as current assets until they meet the criteria to be classified as held for sale in accordance with this SLFRS.

The measurement provisions of this SLFRS do not apply to the following assets, which are covered by the SLFRSs listed, either as individual assets or as part of a disposal group:

(a) Deferred tax assets
(b) Assets arising from employee benefits
(c) Financial from employee benefits
(d) Non-current assets that are accounted for in accordance with the fair value model in LKAS Investment Property.
(e) Non-current assets that are measured at fair value less costs to sell in accordance with LKAS 41 Agriculture.
(f) Contractual rights under insurance contracts as defined in SLFRS 4 Insurance Contracts.

The classification, presentation and measurement requirements in this SLFRS applicable to a non-current asset that is classified as held for sale apply also to a non-current asset that is classified as held for distribution to owners acting in their capacity as owners.

SLFRS 6 Explorations for and Evaluation of Mineral Resources

An entity shall apply the SLFRS to exploration and evaluation expenditures that it incurs. The SLFRS does not address other aspects of accounting by entities engaged in the exploration for and evaluation of mineral resources.

An entity shall not apply the SLFRS to expenditures incurred:

(a) Before the exploration for and evaluation of mineral resources, such as expenditures incurred before the entity has obtained the legal rights to explore a specific area.
(b) After the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

SLFRS 7 Financial Instruments Disclosures

The objective of this SLFRS is to require entities to provide disclosures in their financial statements that enable users to evaluate:

(a) the significance of financial instruments for the entity's financial position and performance

(b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

The principles in this SLFRS complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in LKAS 32 Financial Instruments: Presentation and LKAS 39 Financial Instruments: Recognition and Measurement
.

SLFRS 8 Operating Segments

An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

This SLFRS shall apply to:

(a) the separate or individual financial statements of an entity:

- (i) whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over the- counter market, including local and regional markets),
- (ii) (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 any class of instruments in a public market

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

- (i) whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over the- counter market, including local and regional markets)
- (ii) The consolidated financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market.

If an entity that is not required to apply this SLFRS choose to disclose information about segments that does not complied with this SLFRS. If a financial report contains both the consolidated financial statements of a parent that is within the scope of this SLFRS as well as the parents separate financial statements, segment information is required only in the consolidated financial statement.

SLFRS 10 Consolidated Financial Statements

The objective of this SLFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

An entity that is a parent shall present consolidated financial statements.

This SLFRS applies to all entities, except as follows:

(a) a parent need not present consolidated financial statements if it meets all the following conditions

(i) it is a wholly - owned subsidiary or is a partially - owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
(ii) Its debt or equity instruments are not traded in a public market
(iii) It did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market
(iv) Its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with SLFRSs.

LFRS 11 Joint Arrangements

The objective of this SLFRS is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.

Joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

SLFRS 12 Disclosure of Interests in Other Entities

This SLFRS shall be applied by an entity that has an interest in subsidiaries, joint arrangements, associates, unconsolidated structured entities.

This SLFRS does not apply to:

(a) Post-employment benefits plans or other long-term employee benefit plans to which LKAS 19 Employee Benefits applies.

(b) an entity's separate financial statements to which LKAS 27 Separate Financial Statements applies.
(c) an interest held by an entity that participates in, but does not have joint control of, a joint arrangement unless that interest results in significant influence over the arrangement or is an interest in a structured entity.
(d) an interest in another entity that is accounted for in accordance with SLFRS 9 Financial Instruments.

An entity shall apply this SLFRS:

(i) when that interest is an interest in an associate or a joint venture that, in accordance with LKAS 28 Investments in Associates and Joint Ventures, is measured at fair value through profit or loss.
(ii) When that interest is an interest in an unconsolidated structured entity.

SLFRS 13 Fair Value Measurement

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

This SLFRS applies when another SLFRS requires or permits fair value measurements or disclosures about fair value measurements. The measurement and disclosure requirements of this SLFRS do not apply to the following:

(a) share-based payment transactions within the scope of SLFRS 2 Share-based Payment;
(b) leasing transactions within the scope of LKAS 17 Leases; and
(c) Measurements that have some similarities to fair value but are not fair value, such as net realizable value in LKAS 2 Inventories or value in use in LKAS 36 Impairment of Assets.