

FOREWORD

It is with great pride and pleasure that I release this Foreword to the latest edition of Sri Lanka Accounting Standards.

The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 empowers the Institute of Chartered Accountants of Sri Lanka, from time to time, to adopt and publish in the Gazette, Accounting Standards as may be necessary for the purpose of maintaining uniformity and high quality in financial reporting of business enterprises.

To assist the Council in promulgation of Standards, the Act provides for formation of the Accounting Standards Committee which was first set up in June 1996. The Committee over the years has undertaken the task of reviewing the International Accounting Standards and International Financial Reporting Standards, as and when they are issued by the International Accounting Standards Board (IASB) and recommending them for adoption by the Council of ICASL.

In late 2009 the Accounting Standards Committee together with the Council of ICASL made a vital decision to converge fully with International Financial Reporting Standards and thereafter to adapt all pronouncements issued by the IASB. Accordingly the Sri Lanka Accounting Standards in this edition which are effective from 1st January 2012 are based on the corresponding International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs) formulated by the International Accounting Standards Board (IASB) and its predecessor International Accounting Standards Board (IASB) respectively.

This latest edition includes all IFRS and IAS, of which the following are new to the Sri Lankan financial reporting framework.

- IFRS 1 – First-time Adoption of International Financial Reporting Standards
- IFRS 4 – Insurance Contracts
- IFRS 6 – Exploration for and Evaluation of Mineral Resources

- IFRS 29 – Financial Reporting in Hyperinflationary Economies and
- IAS 41 - Agriculture

The edition carries an updated version of the Glossary of Terms which could be used as a ready reckoner, to obtain the meaning of terms, which are commonly used.

As an integral part of this edition an Application Guidance has been published separately, which includes pronouncements of International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretations Committee (SICs) and Bases of Conclusion in respect of all Standards.

I believe this Volume would be of great value to all those who prepare, present, audit and use financial statements.

I wish to place on record my sincere appreciation of the contributions made by members and invitees of the Accounting Standards Committee and the support extended by the President and the Council of the ICASL in this effort of converging Sri Lanka Accounting Standards with IFRS. This would not have been possible if not for the untiring efforts of the staff members of the Technical Division of the ICASL in meticulous preparation of this publication. On behalf of the Accounting Standards Committee, I wish to express my sincere gratitude to them.



Nishan Fernando
Chairman
Statutory Accounting Standards Committee
19 November 2010