

PREFACE TO SRI LANKA ACCOUNTING STANDARDS (SLFRS/LKAS)

1. The objectives of the ICASL in the Setting of Accounting Standards are,
 - (a) to develop, in the public interest a set of high quality, understandable and enforceable accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help users of the information to make economic decisions;
 - (b) to promote the use and rigorous application of those standards;
 - (c) in fulfilling the objectives associated with (a) and (b), to take account of, as appropriate, the special needs of small and medium-sized entities; and
 - (d) to bring about convergence of Sri Lanka accounting standards and International Financial Reporting Standards (IFRS) to produce high quality solutions.
2. In order to achieve the above objectives ICASL adopts the International Financial Reporting Standards issued by International Accounting Standards Board (IASB). ICASL believes that Standards developed on that basis will help to improve the degree of uniformity of financial reporting throughout the country which will also be comparable globally.

3. The Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 authorises ICASL to issue Sri Lanka Accounting Standards and requires "specified business enterprises" to prepare and present their financial statements in compliance with Sri Lanka Accounting Standards.
4. Sri Lanka Accounting Standards comprise Accounting Standards prefixed both SLFRS and LKAS. SLFRS refers to Sri Lanka Accounting Standards corresponding to IFRS and LKAS are Sri Lanka Accounting Standards corresponding to IAS. Sri Lanka Accounting Standards are commonly referred by the term SLFRSs. In addition, ICASL has adopted all IFRIC and SIC pronouncements, issued by IASB.
5. Application of Sri Lanka Accounting Standards prefixed SLFRS and LKAS for the first time shall be deemed to be an adoption of SLFRSs for the first time for the purposes of SLFRS 1 *First Time Adoption of Sri Lanka Accounting Standards (SLFRS)* notwithstanding the entity's previous financial statements complying with Sri Lanka Accounting Standards, or otherwise containing a statement of compliance with Sri Lanka Accounting Standards, even though SLFRS also means Sri Lanka Accounting Standards.
6. Standards approved by the ICASL include paragraphs in bold type and plain type, which have equal authority. Paragraphs in bold type indicate main principles. An individual standard should be read in the context of objectives stated in that standard and in this preface.
7. The last paragraph of each LKAS and SLFRS states its effective date.