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The Gazette of the Democratic Socialist Republic of Sri Lanka EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

SRI LANKA ACCOUNTING AND AUDITING STANDARDS ACT, NO. 15 OF 1995

Publication under Section 4(2)

BY virtue of the powers vested in the Institute of Chartered Accountants of Sri Lanka (hereinafter referred to as the “Institute”), the Institute has adopted the Annual Improvements to SLFRSs 2016, which comprises; Amendments to SLFRS 1, Amendments to SLFRS 12 and Amendments to LKAS 28 published herewith for the purpose of the Sri Lanka Accounting and Auditing Standards, Act, No. 15 of 1995. This Amendments shall be effective for financial statements covering period commencing on or after the first day of January Two Thousand Seventeen (SLFRS 12) and first day of January Two Thousand Eighteen (SLFRS 1 and LKAS 28). Earlier application is permitted.

By Order of the Council,

ARUNA ALWIS,
Secretary

The Institute of Chartered Accountants of Sri Lanka,
No. 30A,
Malalasekera Mawatha,
Colombo 07,
22nd February, 2017.



ANNUAL IMPROVEMENTS TO SLFRSs 2016

CONTENTS

Amendments to SLFRS 1 First-Time Adoption of Sri Lanka Accounting Standards

Amendments to SLFRS 12 Disclosure of Interests in Other Entities

Amendments to LKAS 28 Investments in Associates and Joint Ventures

The Standards addressed

The following table shows the topics addressed by these amendments.

Standard	Subject of amendment
SLFRS 1 <i>First-time Adoption of Sri Lanka Accounting Standards</i>	Deletion of short-term exemptions for first-time adopters
SLFRS 12 <i>Disclosure of Interests in Other Entities</i>	Clarification of the scope of the Standard.
LKAS 28 <i>Investments in Associates and Joint Ventures</i>	Measuring an associate or joint venture at fair value

Amendments to SLFRS 1 First-time Adoption of Sri Lanka Accounting Standards

Paragraph 39L is amended, paragraph 39AA is deleted and paragraph 39AD is added. Deleted text is struck through and new text is underlined.

Effective date

...
39L LKAS 19 Employee Benefits (as amended in 2013) amended paragraph D1, and deleted paragraphs D10 and D11 and added paragraph E5. An entity shall apply those amendments when it applies LKAS 19 (as amended in 2013).
...

39AA ~~[Deleted] Adoption of IASB’s Annual Improvements 2012–2014 Cycle, issued in September 2014, added paragraph E4A. An entity shall apply that amendment for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.~~
...

39AD Annual Improvements to SLFRSs 2016, issued in January 2017, amended paragraph 39L and deleted paragraphs 39AA and E3–E7. An entity shall apply those amendments for annual periods beginning on or after 1 January 2018.

In Appendix E, paragraphs E3–E7 and related headings are deleted.

Appendix E

Short-term exemptions from SLFRSs

This appendix is an integral part of the SLFRS. ...

Disclosures about financial instruments

E3 ~~[Deleted] A first time adopter may apply the transition provisions in paragraph 44G of SLFRS 7.~~

E4 ~~[Deleted] A first time adopter may apply the transition provisions in paragraph 44M of SLFRS 7.~~

E4A ~~[Deleted] A first time adopter may apply the transition provisions in paragraph 44AA of SLFRS 7.~~

Employee benefits

E5 ~~[Deleted] A first time adopter may apply the transition provisions in paragraph 173(b) of LKAS 19.~~

Investment entities

E6 ~~[Deleted] A first time adopter that is a parent shall assess whether it is an investment entity, as defined in SLFRS 10, on the basis of the facts and circumstances that exist at the date of transition to SLFRSs.~~

E7 ~~[Deleted] A first time adopter that is an investment entity, as defined in SLFRS 10, may apply the transition provisions in paragraphs C3C–C3D of SLFRS 10 and paragraphs 18C–18G of LKAS 27 if its first SLFRS financial statements are for an annual period ending on or before 31 December 2014. The references in those paragraphs to the annual period that immediately precedes the date of initial application shall be read as the earliest annual period presented. Consequently, the references in those paragraphs shall be read as the date of transition to SLFRSs.~~

Amendments to SLFRS 12 *Disclosure of Interests in Other Entities*

Paragraph 5A is added.

Scope

...

5A Except as described in paragraph B17, the requirements in this SLFRS apply to an entity's interests listed in paragraph 5 that are classified (or included in a disposal group that is classified) as held for sale or discontinued operations in accordance with SLFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

In Appendix B, paragraph B17 is amended. Deleted text is struck through and new text is underlined.

Summarised financial information for subsidiaries, joint ventures and associates (paragraphs 12 and 21)

...

B17 When an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with SLFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the entity is not required to disclose summarised financial information for that subsidiary, joint venture or associate in accordance with paragraphs B10–B16.

In Appendix C, paragraph C1D is added.

Effective date and transition

...

C1D Annual Improvements to SLFRSs 2016, issued in January 2017, added paragraph 5A and amended paragraph B17. An entity shall apply those amendments retrospectively in accordance with LKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2017.

Amendments to LKAS 28 Investments in Associates and Joint Ventures

Paragraphs 18 and 36A are amended and paragraph 45E is added. Deleted text is struck through and new text is underlined.

Exemptions from applying the equity method

...

- 18 When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investments ~~in those associates and joint ventures~~ at fair value through profit or loss in accordance with SLFRS 9. An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture.

...

Equity method procedures

...

- 36A Notwithstanding the requirement in paragraph 36, if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

...

Effective date and transition

- 45E Annual Improvements to SLFRSs 2016, issued in January 2017, amended paragraphs 18 and 36A. An entity shall apply those amendments retrospectively in accordance with LKAS 8 for annual periods beginning on or after 1 January 2018. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.