N. B.- This *Gazette* is printed in Sinhala, Tamil and English Languages Separately.

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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1895/17 - 2014 දෙසැම්බර් මස 31 වැනි බදාදා - 2014.12.31

No. 1895/17 - WEDNESDAY, DECEMBER 31, 2014

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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 changes to Sri Lanka Accounting Standards – (SLFRS & LKAS) with effect from 01st January, 2014, published herewith for the purpose of the Sri Lanka Accounting and Auditing Standards, Act, No. 15 of 1995. These changes shall be effective for financial statements covering period commeccing on or after the First day of January Two Thousand Fourteen.

By Order of the Council,

ARUNA ALWIS,
Secretary.

The Institute of Chartered Accountants of Sri Lanka,
No. 30A,
Malalasekera Mawatha,
Colombo 07.
31st December, 2014.

Sri Lanka Accounting Standards Changes with effect from 01 st January 2014

CONTENTS

Framework for the Preparation and Presentation of Financial Statements

No Changes

SLFRS 1 - First-time Adoption of Sri Lanka Accounting Standards (SLFRSs)

Existing Para Reference	*Replaced /added paragraph*
Para 4A	Notwithstanding the requirements in paragraphs 2 and 3, an entity that has applied SLFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with SLFRSs, must either apply this SLFRS or else apply SLFRSs retrospectively in accordance with LKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* as if the entity had never stopped applying SLFRSs.
Para 4B	When an entity does not elect to apply this SLFRS in accordance with paragraph 4A, the entity shall nevertheless apply the disclosure requirements in paragraphs 23A-23B of SLFRS 1, in addition to the disclosure requirements in LKAS 8.
Para 19	Deleted
Para 21	<u>An</u> entity's first SLFRS financial statements shall include at least three statements of financial position, two statements of <u>profit or loss</u> and other comprehensive income, two separate statements <u>of profit or loss</u> (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information <u>for all statements presented.</u>
Para 23A	<u>An entity that has applied SLFRSs in a previous period, as described in paragraph 4A, shall disclose:</u> <u>(a) the reason it stopped applying SLFRSs; and</u> <u>(b) the reason it is resuming the application of SLFRSs.</u>
Para 23B	<u>When an entity, in accordance with paragraph 4A, does not elect to apply SLFRS 1, the entity shall explain the reasons for electing to apply SLFRSs as if it had never stopped applying SLFRSs.</u>
Para 29A	<u>*[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]*</u>
	Use of deemed cost for investments in subsidiaries, <u>joint ventures</u> and associates
Para 31	Similarly, if an entity uses a deemed cost in its opening SLFRS statement of financial position for an investment in a subsidiary, <u>joint venture</u> or associate in its separate financial statements (see paragraph D15), the entity's first SLFRS separate financial statements shall disclose:
Para 34	An entity shall apply this SLFRS if its first SLFRS financial statements are for a period beginning on or after 1 January <u>2012.</u> Earlier application is permitted. If an entity applies this SLFRS for an earlier period, it shall disclose that fact.
Para 39I	<u>SLFRS 10 *Consolidated Financial Statements* and SLFRS 11 *Joint Arrangements*, issued in April 2013, amended paragraphs 31, B7, C1, D1, D14 and D15 and added paragraph D31. An entity shall apply those amendments when it applies SLFRS 10 and SLFRS 11.</u>

Para 39J	SLFRS 13 *Fair Value Measurement*, issued in April 2013, deleted paragraph 19, amended the definition of fair value in Appendix A and amended paragraphs D15 and D20. An entity shall apply those amendments when it applies SLFRS 13.
Para 39K	*Presentation of Items of Other Comprehensive Income* (Amendments to LKAS 1), issued in 2014, amended paragraph 21. An entity shall apply that amendment when it applies LKAS 1 as amended in 2014.
Para 39L	LKAS 19 *Employee Benefits* (as amended in 2013) amended paragraph D1, deleted paragraphs D10 and D11 and added paragraph E5. An entity shall apply those amendments when it applies LKAS 19 (as amended in 2013).
Para 39M	IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* added paragraph D32 and amended paragraph D1. An entity shall apply that amendment when it applies IFRIC 20
Para 39N	*Government Loans* (Amendments to SLFRS 1), issued in 2014, added paragraphs B1(f) and B10-B12. An entity shall apply those paragraphs for annual periods beginning on or after 1 January 2014. Earlier application is permitted.
Para 39O	Paragraphs B10 and B11 refer to SLFRS 9. If an entity applies this SLFRS but does not yet apply SLFRS 9, the references in paragraphs B10 and B11 to SLFRS 9 shall be read as references to LKAS 39 *Financial Instruments: Recognition and Measurement.*
Para 39P	Adoption of IASB's *Annual Improvements (2009-2011 Cycle*, issued in May 2012), added paragraphs 4A-4B and 23A-23B. An entity shall apply that amendment retrospectively in accordance with LKAS 8 *Accounting Policies*, Changes in *Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.
Para 39Q	Adoption of IASB's *Annual Improvements (2009-2011 Cycle*, issued in May 2012), amended paragraph D23. An entity shall apply that amendment retrospectively in accordance with LKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.
Para 39R	Adoption of IASB's *Annual Improvements (2009-2011 Cycle,* issued in May 2012), amended paragraph D23. An entity shall apply that amendment retrospectively in accordance with LKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.
Appendix A	
Fair value	*Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13.)
Appendix B	
Para B1	An entity shall apply the following exceptions: (a) derecognition of financial assets and financial liabilities (paragraphs B2 and B3); (b) hedge accounting (paragraphs B4-B6);

	(c) non-controlling interests (paragraph B7); *(d)* *[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]* *(e)* *[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]* *(f)* government loans (paragraphs B10-B12).
Para B7	A first-time adopter shall apply the following requirements of SLFRS 10 prospectively from the date of transition to SLFRSs: *(a)* the requirement in paragraph B94 that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance; *(b)* the requirements in paragraphs 23 and B93 for accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and *(c)* the requirements in paragraphs B97-B99 for accounting for a loss of control over a subsidiary, and the related requirements of paragraph 8A of SLFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.* However, if a first-time adopter elects to apply SLFRS 3 retrospectively to past business combinations, it shall also apply SLFRS 10 in accordance with paragraph C1 of this SLFRS.
Para B8	*[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]*
Para B9	*[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]*
	Government loans
Para B10	A first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with LKAS 32 *Financial Instruments:Presentation*. Except as permitted by paragraph B11, a first-time adopter shall apply the requirements in SLFRS 9 *Financial Instruments* and LKAS 20 *Accounting forGovernment Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to SLFRSs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with SLFRS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to SLFRSs as the carrying amount of the loan in the opening SLFRS statement of financial position. An entity shall apply SLFRS 9 to the measurement of such loans after the date of transition to SLFRSs.
Para B11	Despite paragraph B10, an entity may apply the requirements in SLFRS 9 and LKAS 20 retrospectively to any government loan originated before the date of transition to SLFRSs, provided that the information needed to do so had been obtained at the time of initially accounting for that loan.

Para B12	The requirements and guidance in paragraphs B10 and B11 do not preclude an entity from being able to use the exemptions described in paragraphs D19-D19D relating to the designation of previously recognised financial instruments at fair value through profit or loss.
Appendix C	*This appendix is an integral part of the SLFRS. An entity shall apply the following requirements to business combinations that the entity recognised before the date of transition to SLFRSs. This Appendix should only be applied to business combinations within the scope of SLFRS 3* Business Combinations.
C1	A first-time adopter may elect not to apply SLFRS 3 retrospectively to past business combinations (business combinations that occurred before the date of transition to SLFRSs). However, if a first-time adopter restates any business combination to comply with SLFRS 3, it shall restate all later business combinations and shall also apply SLFRS 10 from that same date. For example, if a first-time adopter elects to restate a business combination that occurred on 30 June 20X6, it shall restate all business combinations that occurred between 30 June 20X6 and the date of transition to SLFRSs, and it shall also apply SLFRS 10 from 30 June 20X6.
Appendix D	
Para D1	An entity may elect to use one or more of the following exemptions: *(a)* share-based payment transactions (paragraphs D2 and D3); *(b)* insurance contracts (paragraph D4); *(c)* deemed cost (paragraphs D5-D8B); *(d)* leases (paragraphs D9 and D9A); *(e)* [deleted] *(f)* cumulative translation differences (paragraphs D12 and D13); *(g)* investments in subsidiaries, joint ventures and associates (paragraphs D14 and D15); *(h)* assets and liabilities of subsidiaries, associates and joint ventures (paragraphs D16 and D17); *(i)* compound financial instruments (paragraph D18); *(j)* designation of previously recognised financial instruments (paragraph D19); *(k)* fair value measurement of financial assets or financial liabilities at initial recognition (paragraph D20); *(l)* decommissioning liabilities included in the cost of property, plant and equipment (paragraphs D21 and D21A); *(m)* financial assets or intangible assets accounted for in accordance with IFRIC 12 *Service Concession Arrangements* (paragraph D22);

	(n) borrowing costs (paragraph D23); *(o)* transfers of assets from customers (paragraph D24); *(p)* extinguishing financial liabilities with equity instruments (paragraph D25); *(q)* severe hyperinflation (paragraphs D26-D30); *(r)* joint arrangements (paragraph D31); and *(s)* stripping costs in the production phase of a surface mine (paragraph D32).
Para 10	Deleted
Para D11	Deleted
	Investments in subsidiaries, joint ventures and associates
Para D14	When an entity prepares separate financial statements, LKAS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either: *(a)* at cost; or *(b)* in accordance with LKAS 39.
Para D15	If a first-time adopter measures such an investment at cost in accordance with LKAS 27, it shall measure that investment at one of the following amounts in its separate opening SLFRS statement of financial position: *(a)* cost determined in accordance with LKAS 27; or *(b)* deemed cost. The deemed cost of such an investment shall be its: (i) fair value at the entity's date of transition to SLFRSs in its separate financial statements; or (ii) previous GAAP carrying amount at that date. A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary, joint venture or associate that it elects to measure using a deemed cost.
Para D16 (a)	the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to SLFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary (this election is not available to a subsidiary of an investment entity, as defined in SLFRS 10, that is required to be measured at fair value through profit or loss); or
Para D17	However, if an entity becomes a first-time adopter later than its subsidiary (or associate or joint venture) the entity shall, in its consolidated financial statements, measure the assets and liabilities of the subsidiary (or associate or joint venture) at the same carrying amounts as in the financial statements of the subsidiary (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the entity acquired the subsidiary. Notwithstanding this requirement, a non-investment entity parent shall not

	apply the exception to consolidation that is used by any investment entity subsidiaries. Similarly, if a parent becomes a first-time adopter for its separate financial statements earlier or later than for its consolidated financial statements, it shall measure its assets and liabilities at the same amounts in both financial statements, except for consolidation adjustments.
Para D19A-D19D	*[These paragraphs refer to amendments that are not yet effective, and are therefore not included in this edition.]*
Para D20	Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in paragraph AG76(a) of LKAS 39 prospectively to transactions entered into on or after the date of transition to SLFRSs.
Para D23	A first-time adopter can elect to apply the requirements of LKAS 23 from the date of transition or from an earlier date as permitted by paragraph 28 of LKAS 23. From the date on which an entity that applies this exemption begins to apply LKAS 23, the entity: (a) shall not restate the borrowing cost component that was capitalised under previous GAAP and that was included in the carrying amount of assets at that date; and (b) shall account for borrowing costs incurred on or after that date in accordance with LKAS 23, including those borrowing costs incurred on or after that date on qualifying assets already under construction.
	Joint arrangements
Para D31	A first-time adopter may apply the transition provisions in SLFRS 11 with the following exceptions: (a) When applying the transition provisions in SLFRS 11, a first-time adopter shall apply these provisions at the date of transition to SLFRS. (b) When changing from proportionate consolidation to the equity method, a first-time adopter shall test for impairment the investment in accordance with LKAS 36 as at the date of transition to SLFRS, regardless of whether there is any indication that the investment may be impaired. Any resulting impairment shall be recognised as an adjustment to retained earnings at the date of transition to SLFRS.
	Stripping costs in the production phase of a surface mine
Para D32	A first-time adopter may apply the transitional provisions set out in paragraphs A1 to A4 of IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*. In that paragraph, reference to the effective date shall be interpreted as 1 January 2013 or the beginning of the first SLFRS reporting period, whichever is later.
Appendix E	**Short-term exemptions from SLFRSs** *This appendix is an integral part of the SLFRS.* E1 [This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]

	E2 *[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]* **Disclosures about financial instruments** E3 A first-time adopter may apply the transition provisions in paragraph 44G of SLFRS 7[1]. E4 A first-time adopter may apply the transition provisions in paragraph 44M of SLFRS 7[2]. **Employee benefits** E5 A first-time adopter may apply the transition provisions in paragraph 173(b) of LKAS 19. **Investment entities** E6 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 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.

SLFRS 2 - Share-based Payment

Existing Para Reference	*Replaced /added paragraph*
Para 5	As noted in paragraph 2, this SLFRS applies to share-based payment transactions in which an entity acquires or receives goods or services. Goods includes inventories, consumables, property, plant and equipment, intangible assets and other non-financial assets. However, an entity shall not apply this SLFRS to transactions in which the entity acquires goods as part of the net assets acquired in a business combination as defined by SLFRS 3 *Business Combinations,* in a combination of entities or

[1] Paragraph E3 was added as a consequence of *Limited Exemption from Comparative SLFRS 7 Disclosures for First-time Adopters* (Amendment to SLFRS 1) issued in 2012. To avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current SLFRS preparers, the Board decided that first-time adopters should be permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with SLFRSs that are included in *Improving Disclosures about Financial Instruments* (Amendments to SLFRS 7).

[2] Paragraph E4 was added as a consequence of *Disclosures—Transfers of Financial Assets* (Amendments to SLFRS 7) issued in 2012. To avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current SLFRS preparers, the Board decided that first-time adopters should be permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with SLFRSs that are included in *Disclosures—Transfers of Financial Assets* (Amendments to SLFRS 7).

	businesses under common control as described in paragraphs B1-B4 of SLFRS 3, or the contribution of a business on the formation of a joint venture as defined by *SLFRS 11 Joint Arrangements*.Hence, equity instruments issued in a business combination in exchange for control of the acquiree are not within the scope of this SLFRS. However, equity instruments granted to employees of the acquiree in their capacity as employees (eg in return for continued service) are within the scope of this SLFRS. Similarly, the cancellation, replacement or other modification of *share-based payment arrangements* because of a business combination or other equity restructuring shall be accounted for in accordance with this SLFRS. SLFRS 3 provides guidance on determining whether equity instruments issued in a business combination are part of the consideration transferred in exchange for control of the acquire (and therefore within the scope of SLFRS 3) or are in return for continued service to be recognised in the post-combination period (and therefore within the scope of this SLFRS).
Para 6A	This SLFRS uses the term 'fair value' in a way that differs in some respects from the definition of fair value in SLFRS 13 *Fair Value Measurement.* Therefore, when applying SLFRS 2 an entity measures fair value in accordance with this SLFRS, not SLFRS 13.
Para 53	For equity-settled share-based payment transactions, the entity shall apply this SLFRS to grants of shares, share options or other equity instruments that were granted after 01 January 2012 and had not yet vested at the effective date of this SLFRS.
Para 60	An entity shall apply this SLFRS for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies the SLFRS for a period beginning before 1 January 2012, it shall disclose that fact.
Para 63A	SLFRS 10 *Consolidated Financial Statements* and SLFRS 11, issued in April 2013, amended paragraph 5 and Appendix A. An entity shall apply those amendments when it applies SLFRS 10 and SLFRS 11.

SLFRS 3 - Business Combinations

Existing Para Reference	*Replaced /added paragraph*
Para 2A	The requirements of this Standard do not apply to the acquisition by an investment entity, as defined in SLFRS 10 *Consolidated Financial Statements*, of an investment in a subsidiary that is required to be measured at fair value through profit or loss.
Para 7	The guidance in SLFRS 10 shall be used to identify the acquirer-the entity that obtains *control* of another entity, ie the acquiree. If a business combination has occurred but applying the guidance in SLFRS 10 does not clearly indicate which of the combining entities is the acquirer, the factors in paragraphs B14-B18 shall be considered in making that determination.
Para 20	Paragraphs 24-31 specify the types of identifiable assets and liabilities that include items for which this SLFRS provides limited exceptions to the measurement principle.
Para 29	The acquirer shall measure the value of a reacquired right recognised as an intangible asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring its fair value. Paragraphs B35 and B36 provide related application guidance.

Para 33	In a business combination in which the acquirer and the acquiree (or its former owners) exchange only equity interests, the acquisition-date fair value of the acquiree's equity interests may be more reliably measurable than the acquisition-date fair value of the acquirer's equity interests. If so, the acquirer shall determine the amount of goodwill by using the acquisition-date fair value of the acquiree's equity interests instead of the acquisition-date fair value of the equity interests transferred. To determine the amount of goodwill in a business combination in which no consideration is transferred, the acquirer shall use the acquisition-date fair value of the acquirer's interest in the acquiree in place of the acquisition-date fair value of the consideration transferred (paragraph 32(a)(i)). Paragraphs B46-B49 provide related application guidance.
Para 64	This SLFRS shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2012. Earlier application is permitted. If an entity applies this SLFRS before 1 January 2012, it shall disclose that fact and apply LKAS 27 at the same time.
Para 64E	SLFRS 10, issued in April 2013, amended paragraphs 7, B13, B63(e) and Appendix A. An entity shall apply those amendments when it applies SLFRS 10.
Para 64F	SLFRS 13 *Fair Value Measurement,* issued in April 2013, amended paragraphs 20, 29, 33, 47, amended the definition of fair value in Appendix A and amended paragraphs B22, B40, B43-B46, B49 and B64. An entity shall apply those amendments when it applies SLFRS 13.
Para 65B	Deleted
Para 65C	Deleted
Para 65D	Deleted
Para 65E	Deleted
Appendix A	
control	No corresponding point
Appendix B	
Para B13	The guidance in SLFRS 10 *Consolidated Financial Statements* shall be used to identify the acquirer-the entity that obtains control of the acquiree. If a business combination has occurred but applying the guidance in SLFRS 10 does not clearly indicate which of the combining entities is the acquirer, the factors in paragraphs B14-B18 shall be considered in making that determination.
Para B22 (d)	the amount recognised as issued equity interests in the consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent(accounting acquiree). However, the equity structure (ie the number and type of equity interests issued) reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (the accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (the accounting acquiree) issued in the reverse acquisition.
Para B40	The identifiability criteria determine whether an intangible asset is recognized separately from

	goodwill. However, the criteria neither provide guidance for measuring the fair value of an intangible asset nor restrict the assumptions used in measuring the fair value of an intangible asset. For example, the acquirer would take into account the assumptions that market participants would use when pricing the intangible asset,such as expectations of future contract renewals, in measuring fair value. It is not necessary for the renewals themselves to meet the identifiability criteria. (However, see paragraph 29,which establishes an exception to the fair value measurement principle for reacquired rights recognised in a business combination.) Paragraphs 36 and 37 of LKAS 38 provide guidance for determining whether intangible assets should be combined into a single unit of account with other intangible or tangible assets.
Para B43	To protect its competitive position, or for other reasons, the acquirer may intend not to use an acquired non-financial asset actively, or it may not intend to use the asset according to its highest and best use. For example, that might be the case for an acquired research and development intangible asset that the acquirer plans to use defensively by preventing others from using it. Nevertheless, the acquirer shall measure the fair value of the non-financial asset assuming its highest and best use by market participants in accordance with the appropriate valuation premise, both initially and when measuring fair value less costs of disposal for subsequent impairment testing.
Para B44	This SLFRS allows the acquirer to measure a non-controlling interest in the acquiree at its fair value at the acquisition date. Sometimes an acquirer will be able to measure the acquisition-date fair value of a non-controlling interest on the basis of a quoted price in an active market for the equity shares (ie those not held by the acquirer). In other situations, however, a quoted price in an active market for the equity shares will not be available. In those situations, the acquirer would measure the fair value of the non-controlling interest using other valuation techniques.
Para B45	The fair values of the acquirer's interest in the acquiree and the non-controlling interest on a per-share basis might differ. The main difference is likely to be the inclusion of a control premium in the per-share fair value of the acquirer's interest in the acquiree or, conversely, the inclusion of a discount for lack of control (also referred to as a non-controlling interest discount) in the per-share fair value of the non-controlling interest if market participants would take into account such a premium or discount when pricing the non-controlling interest.
Para B46	In a business combination achieved without the transfer of consideration, the acquirer must substitute the acquisition-date fair value of its interest in the acquiree for the acquisition-date fair value of the consideration transferred to measure goodwill or a gain on a bargain purchase (see paragraphs 32-34).
Para B49	A fair value measurement of a mutual entity should include the assumptions that market participants would make about future member benefits as well as any other relevant assumptions market participants would make about the mutual entity. For example, a present value technique may be used to measure the fair value of a mutual entity. The cash flows used as inputs to the model should be based on the expected cash flows of the mutual entity, which are likely to reflect reductions for member benefits, such as reduced fees charged for goods and services.
Para B63 (e)	SLFRS 10 provides guidance on accounting for changes in a parent's ownership interest in a subsidiary after control is obtained.

Para B64 (f) (iv)	equity interests of the acquirer, including the number of instruments or interests issued or issuable and the method of measuring the fair value of those instruments or interests.
Para B49 (o) (ii)	for each non-controlling interest in an acquiree measured at fair value, the valuation technique(s) and significant inputs used to measure that value.
Para B68	Paragraph 64 provides that this SLFRS applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Earlier application is permitted. However, an entity shall apply this SLFRS only at the beginning of an annual reporting period that begins on or after 30 June 2007. If an entity applies this SLFRS before its effective date, the entity shall disclose that fact and shall apply LKAS 27 at the same time.

SLFRS 4 - Insurance Contracts

Existing Para Reference	*Replaced /added paragraph*
Para 41	An entity shall apply this SLFRS for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this SLFRS for an earlier period, it shall disclose that fact.
Para 41E	SLFRS 13 *Fair Value Measurement,* issued in April 2013, amended the definition of fair value in Appendix A. An entity shall apply that amendment when it applies SLFRS 13.
Para 42	An entity need not apply the disclosure requirements in this SLFRS to comparative information that relates to annual periods beginning before 1 January 2012, except for the disclosures required by paragraph 37(a) and (b) about accounting policies, and recognised assets, liabilities, income and expense (and cash flows if the direct method is used).
Para 43	If it is impracticable to apply a particular requirement of paragraphs 10-35 to comparative information that relates to annual periods beginning before 1 January 2012, an entity shall disclose that fact. Applying the liability adequacy test (paragraphs 15-19) to such comparative information might sometimes be impracticable, but it is highly unlikely to be impracticable to apply other requirements of paragraphs 10-35 to such comparative information. LKAS 8 explains the term 'impracticable'.
Appendix A	
Fair value	*Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13.)

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

Existing Para Reference	*Replaced /added paragraph*
Para 28	The entity shall include any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale in profit or loss[3] from continuing operations in the period in which the criteria in paragraphs 7-9 are no longer met. Financial statements for the periods since classification as held for sale shall be amended accordingly if the disposal group or non-current asset that ceases to be classified as held for sale is a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate. The entity shall present that adjustment in the same caption in the statement of comprehensive income used to present a gain or loss, if any, recognised in accordance with paragraph 37.
Para 33 (b) (iv)	[Deleted]
Para 33A	If an entity presents the items of profit or loss in a separate statement as described in paragraph 10A of LKAS 1, a section identified as relating to discontinued operations is presented in that statement.
Para 44	An entity shall apply this SLFRS for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies the SLFRS for a period beginning before 1 January 2012, it shall disclose that fact.
Para 44G	SLFRS 11 *Joint Arrangements*, issued in April 2013, amended paragraph 28. An entity shall apply that amendment when it applies SLFRS 11.
Para 44H	SLFRS 13 *Fair Value Measurement*, issued in April 2013, amended the definition of fair value in Appendix A. An entity shall apply that amendment when it applies SLFRS 13.
Para 44I	*Presentation of Items of Other Comprehensive Income* (Amendments to LKAS 1), issued in 2014, amended paragraph 33A. An entity shall apply that amendment when it applies LKAS 1 as amended in 2014.
Appendix A	
fair value	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13.)

SLFRS 6 - Exploration for and Evaluation of Mineral Resources

Existing Para Reference	*Replaced /added paragraph*
Para 26	An entity shall apply this SLFRS for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies the SLFRS for a period beginning before 1 January 2012, it shall disclose that fact.

[3] Unless the asset is property, plant and equipment or an intangible asset that had been revalued in accordance with LKAS 16 or LKAS 38 before classification as held for sale, in which case the adjustment shall be treated as a revaluation increase or decrease.

Para 27	If it is impracticable to apply a particular requirement of paragraph 18 to comparative information that relates to annual periods beginning before 1 January 2012, an entity shall disclose that fact. LKAS 8 explains the term 'impracticable'.

SLFRS 7 - Financial Instruments: Disclosure

Existing Para Reference	**Replaced /added paragraph**
Para 3 (a)	those interests in subsidiaries, associates or joint ventures that are accounted for in accordance with SLFRS 10 *Consolidated Financial Statements, LKAS 27 Separate Financial Statements* or LKAS 28 *Investments in Associates and Joint Ventures*. However, in some cases, SLFRS 10, LKAS 27 or LKAS 28 require or permit an entity to account for an interest in a subsidiary, associate or joint venture using LKAS 39; in those cases, entities shall apply the requirements of this SLFRS and, for those measured at fair value, the requirements of SLFRS 13 *Fair Value Measurement.* Entities shall also apply this SLFRS to all derivatives linked to interests in subsidiaries, associates or joint ventures unless the derivative meets the definition of an equity instrument in LKAS 32.
Para 10A	*[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]*
	Financial assets measured at fair value through other comprehensive income
11A- 11B	[*These paragraphs refer to amendments that are not yet effective, and are therefore not included in this edition.]*
12B- 12D	*[These paragraphs refer to amendments that are not yet effective, and are therefore not included in this edition.]*
	Offsetting financial assets and financial liabilities
Para 13A	The disclosures in paragraphs 13B-13E supplement the other disclosure requirements of this SLFRS and are required for all recognised financial instruments that are set off in accordance with paragraph 42 of LKAS 32. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with paragraph 42 of LKAS 32.
Para 13B	An entity shall disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position. This includes the effect or potential effect of rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities that are within the scope of paragraph 13A.
Para 13C	To meet the objective in paragraph 13B, an entity shall disclose, at the end of the reporting period, the following quantitative information separately for recognised financial assets and recognised financial liabilities that are within the scope of paragraph 13A: (a) the gross amounts of those recognised financial assets and recognised financial liabilities; (b) the amounts that are set off in accordance with the criteria in paragraph 42 of LKAS 32 when determining the net amounts presented in the statement of financial position;

	(c) the net amounts presented in the statement of financial position; (d) the amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in paragraph 13C(b), including: (i) amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria in paragraph 42 of LKAS 32; and (ii) amounts related to financial collateral (including cash collateral); and (e) the net amount after deducting the amounts in (d) from the amounts in (c) above. The information required by this paragraph shall be presented in a tabular format, separately for financial assets and financial liabilities, unless another format is more appropriate.
Para 13D	The total amount disclosed in accordance with paragraph 13C(d) for an instrument shall be limited to the amount in paragraph 13C(c) for that instrument.
Para 13E	An entity shall include a description in the disclosures of the rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities subject to enforceable master netting arrangements and similar agreements that are disclosed in accordance with paragraph 13C(d), including the nature of those rights.
Para 13F	If the information required by paragraphs 13B-13E is disclosed in more than one note to the financial statements, an entity shall cross-refer between those notes.
Para 20A	*[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]*
Para 27	Deleted
Para 27A	Deleted
Para 27B	Deleted
Para 28	In some cases, an entity does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (ie a Level 1 input) nor based on a valuation technique that uses only data from observable markets (see paragraph AG76 of LKAS 39). In such cases, the entity shall disclose by class of financial asset or financial liability: (a) its accounting policy for recognising in profit or loss the difference between the fair value at initial recognition and the transaction price to reflect a change in factors (including time) that market participants would take into account when pricing the asset or liability (see paragraph AG76(b) of LKAS 39). (b) the aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference. (c) why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.

Para 29	Disclosures of fair value are not required: (a) when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables; (b) for an investment in equity instruments that do not have a quoted price in an active market for an identical instrument (ie a Level 1 input), or derivatives linked to such equity instruments, that is measured at cost in accordance with LKAS 39 because its fair value cannot otherwise be measured reliably; or (c) for a contract containing a discretionary participation feature (as described in SLFRS 4) if the fair value of that feature cannot be measured reliably.
Para 43	An entity shall apply this SLFRS for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this SLFRS for an earlier period, it shall disclose that fact.
Para 44N	*[This paragraph refer to amendments that are not yet effective, and is therefore not included in this edition.]*
Para 44O	SLFRS 10 and SLFRS 11 *Joint Arrangements*, issued in April 2013, amended paragraph 3. An entity shall apply that amendment when it applies SLFRS 10 and SLFRS 11.
Para 44P	SLFRS 13, issued in April 2013, amended paragraphs 3, 28 and 29 and Appendix A and deleted paragraphs 27-27B. An entity shall apply those amendments when it applies SLFRS 13.
Para 44Q	*Presentation of Items of Other Comprehensive Income* (Amendments to LKAS 1), issued in 2014, amended paragraph 27B. An entity shall apply that amendment when it applies LKAS 1 as amended in 2014.
Para 44R	*Disclosures-Offsetting Financial Assets and Financial Liabilities* (Amendments to SLFRS 7), issued in 2014, added paragraphs 13A-13F and B40-B53. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. An entity shall provide the disclosures required by those amendments retrospectively.
Para 45	Deleted
Para 46	Deleted
Para 47	Deleted
Para 48	Deleted
Appendix B	
	Offsetting financial assets and financial liabilities (paragraphs 13A-13F) *Scope (paragraph 13A)*
Para B40	The disclosures in paragraphs 13B-13E are required for all recognised financial instruments that are set off in accordance with paragraph 42 of LKAS 32. In addition, financial instruments are within the scope of the disclosure requirements in paragraphs 13B-13E if they are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and

	transactions, irrespective of whether the financial instruments are set off in accordance with paragraph 42 of LKAS 32.
Para B41	The similar agreements referred to in paragraphs 13A and B40 include derivative clearing agreements, global master repurchase agreements, global master securities lending agreements, and any related rights to financial collateral. The similar financial instruments and transactions referred to in paragraph B40 include derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, securities borrowing, and securities lending agreements. Examples of financial instruments that are not within the scope of paragraph 13A are loans and customer deposits at the same institution (unless they are set off in the statement of financial position), and financial instruments that are subject only to a collateral agreement.
	Disclosure of quantitative information for recognised financial assets and recognised financial liabilities within the scope of paragraph 13A (paragraph 13C)
Para B42	Financial instruments disclosed in accordance with paragraph 13C may be subject to different measurement requirements (for example, a payable related to a repurchase agreement may be measured at amortised cost, while a derivative will be measured at fair value). An entity shall include instruments at their recognised amounts and describe any resulting measurement differences in the related disclosures.
	Disclosure of the gross amounts of recognised financial assets and recognised financial liabilities within the scope of paragraph 13A (paragraph 13C(a))
Para B43	The amounts required by paragraph 13C(a) relate to recognised financial instruments that are set off in accordance with paragraph 42 of LKAS 32. The amounts required by paragraph 13C(a) also relate to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement irrespective of whether they meet the offsetting criteria. However, the disclosures required by paragraph 13C(a) do not relate to any amounts recognised as a result of collateral agreements that do not meet the offsetting criteria in paragraph 42 of LKAS 32. Instead, such amounts are required to be disclosed in accordance with paragraph 13C(d).
	Disclosure of the amounts that are set off in accordance with the criteria in paragraph 42 of LKAS 32 (paragraph 13C(b))
Para B44	Paragraph 13C(b) requires that entities disclose the amounts set off in accordance with paragraph 42 of LKAS 32 when determining the net amounts presented in the statement of financial position. The amounts of both the recognised financial assets and the recognised financial liabilities that are subject to set-off under the same arrangement will be disclosed in both the financial asset and financial liability disclosures. However, the amounts disclosed (in, for example, a table) are limited to the amounts that are subject to set-off. For example, an entity may have a recognised derivative asset and a recognised derivative liability that meet the offsetting criteria in paragraph 42 of LKAS 32. If the gross amount of the derivative asset is larger than the gross amount of the derivative liability, the financial asset disclosure table will include the entire amount of the derivative asset (in accordance with paragraph 13C(a)) and the entire amount of the derivative liability (in accordance with paragraph 13C(b)). However, while the financial liability disclosure table will include the entire amount of the derivative liability (in accordance with paragraph 13C(a)), it will only include the amount of the derivative asset (in accordance with paragraph 13C(b)) that is equal to the amount of the derivative liability.

	Disclosure of the net amounts presented in the statement of financial position (paragraph 13C(c))
Para B45	If an entity has instruments that meet the scope of these disclosures (as specified in paragraph 13A), but that do not meet the offsetting criteria in paragraph 42 of LKAS 32, the amounts required to be disclosed by paragraph 13C(c) would equal the amounts required to be disclosed by paragraph 13C(a).
Para B46	The amounts required to be disclosed by paragraph 13C(c) must be reconciled to the individual line item amounts presented in the statement of financial position. For example, if an entity determines that the aggregation or disaggregation of individual financial statement line item amounts provides more relevant information, it must reconcile the aggregated or disaggregated amounts disclosed in paragraph 13C(c) back to the individual line item amounts presented in the statement of financial position.
	Disclosure of the amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in paragraph 13C(b) (paragraph 13C(d))
Para B47	Paragraph 13C(d) requires that entities disclose amounts that are subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in paragraph 13C(b). Paragraph 13C(d)(i) refers to amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria in paragraph 42 of LKAS 32 (for example, current rights of set-off that do not meet the criterion in paragraph 42(b) of LKAS 32, or conditional rights of set-off that are enforceable and exercisable only in the event of default, or only in the event of insolvency or bankruptcy of any of the counterparties).
Para B48	Paragraph 13C(d)(ii) refers to amounts related to financial collateral, including cash collateral, both received and pledged. An entity shall disclose the fair value of those financial instruments that have been pledged or received as collateral. The amounts disclosed in accordance with paragraph 13C(d)(ii) should relate to the actual collateral received or pledged and not to any resulting payables or receivables recognised to return or receive back such collateral.
	Limits on the amounts disclosed in paragraph 13C(d) (paragraph 13D)
Para 49	When disclosing amounts in accordance with paragraph 13C(d), an entity must take into account the effects of over-collateralisation by financial instrument. To do so, the entity must first deduct the amounts disclosed in accordance with paragraph 13C(d)(i) from the amount disclosed in accordance with paragraph 13C(c). The entity shall then limit the amounts disclosed in accordance with paragraph 13C(d)(ii) to the remaining amount in paragraph 13C(c) for the related financial instrument. However, if rights to collateral can be enforced across financial instruments, such rights can be included in the disclosure provided in accordance with paragraph 13D.
	Description of the rights of set-off subject to enforceable master netting arrangements and similar agreements (paragraph 13E)

Para B50	An entity shall describe the types of rights of set-off and similar arrangements disclosed in accordance with paragraph 13C(d), including the nature of those rights. For example, an entity shall describe its conditional rights. For instruments subject to rights of set-off that are not contingent on a future event but that do not meet the remaining criteria in paragraph 42 of LKAS 32, the entity shall describe the reason(s) why the criteria are not met. For any financial collateral received or pledged, the entity shall describe the terms of the collateral agreement (for example, when the collateral is restricted).
	Disclosure by type of financial instrument or by counterparty
Para B51	The quantitative disclosures required by paragraph 13C(a)-(e) may be grouped by type of financial instrument or transaction (for example, derivatives, repurchase and reverse repurchase agreements or securities borrowing and securities lending agreements).
Para B52	Alternatively, an entity may group the quantitative disclosures required by paragraph 13C(a)-(c) by type of financial instrument, and the quantitative disclosures required by paragraph 13C(c)-(e) by counterparty. If an entity provides the required information by counterparty, the entity is not required to identify the counterparties by name. However, designation of counterparties (Counterparty A, Counterparty B, Counterparty C, etc) shall remain consistent from year to year for the years presented to maintain comparability. Qualitative disclosures shall be considered so that further information can be given about the types of counterparties. When disclosure of the amounts in paragraph 13C(c)-(e) is provided by counterparty, amounts that are individually significant in terms of total counterparty amounts shall be separately disclosed and the remaining individually insignificant counterparty amounts shall be aggregated into one line item.
	Other
Para B53	The specific disclosures required by paragraphs 13C-13E are minimum requirements. To meet the objective in paragraph 13B an entity may need to supplement them with additional (qualitative) disclosures, depending on the terms of the enforceable master netting arrangements and related agreements, including the nature of the rights of set-off, and their effect or potential effect on the entity's financial position.

SLFRS 8 - Operating Segments

Existing Para Reference	Replaced /added paragraph
Para 24 (b)	the amounts of additions to non-current assets[4] other than financial instruments, deferred tax assets, net defined benefit assets (see LKAS 19 *Employee Benefits*) and rights arising under insurance contracts.
Para 27	An entity shall provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment. At a minimum, an entity shall disclose the following:
Para 35	An entity shall apply this SLFRS in its annual financial statements for periods beginning on or after 1 January 2012. Earlier application is permitted. If an entity applies this SLFRS in its financial statements for a period before 1 January 2012, it shall disclose that fact.

[4] For assets classified according to a liquidity presentation, non-current assets are assets that include amounts expected to be recovered more than twelve months after the reporting period.

SLFRS 10 - Consolidated Financial Statements

No Changes

SLFRS 11 - Joint Arrangements

No Changes

SLFRS 12 - Disclosure of Interests in Other Entities

No Changes

SLFRS 13 - Fair Value Measurement

No Changes

LKAS 1 - Presentation of Financial Statements

Existing Para Reference	Replaced /added paragraph
Para 4	This Standard does not apply to the structure and content of condensed interim financial statements prepared in accordance with LKAS 34 *Interim Financial Reporting*. However, paragraphs 15-35 apply to such financial statements. This Standard applies equally to all entities, including those that present consolidated financial statements in accordance with SLFRS 10 *Consolidated Financial Statements* and those that present separate financial statements in accordance with LKAS 27 *Separate Financial Statements.*
Para 7	**The following terms are used in this Standard with the meanings specified:** **General purpose financial statements (referred to as 'financial statements') are those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.** **Impracticable Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.** **Sri Lanka Accounting Standards (SLFRSs) are Standards and Interpretations adopted by the Council of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). They comprise:** ***(a)*** **Sri Lanka Accounting Standards (SLFRSs);** ***(b)*** **Sri Lanka Accounting Standards (LKASs);** ***(c)*** **Statement of Recommended Practices (SoRPs);** ***(d)*** **Statement of Alternative Treatments (SoATs);** ***(e)*** **Interpretations adopted by the Council of the Institute of Chartered Accountants of Sri Lanka (IFRIC & SIC);**

(f) **Financial Reporting guidelines issued by the Institute of Chartered Accountants of Sri Lanka.**

Material **Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.**

Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. The *Framework for the Preparation and Presentation ofFinancial Statements* states in paragraph 25 that 'users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence.' Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

Notes **contain information in addition to that presented in the statement of financial position, statement (s)of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements.**

Other comprehensive income **comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other SLFRSs.**

The components of other comprehensive income include:

(a) changes in revaluation surplus (see LKAS 16 *Property, Plant and Equipment and LKAS 38 Intangible Assets);*

(b) remeasurements of defined benefit plans (see LKAS 19 *Employee Benefits*);

(c) gains and losses arising from translating the financial statements of a foreign operation (see LKAS 21 *The Effects of Changes in Foreign Exchange Rates*);

(d) gains and losses on remeasuring available-for-sale financial assets (see LKAS 39 *Financial Instruments: Recognition and Measurement*):

(e) the effective portion of gains and losses on hedging instruments in a cash flow hedge (see LKAS 39).

Owners **are holders of instruments classified as equity.**

Profit or loss **is the total of income less expenses, excluding the components of other comprehensive income.**

Reclassification adjustments **are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.**

	Total comprehensive income **is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.** Total comprehensive income comprises all components of 'profit or loss' and of 'other comprehensive income'.
Para 10	**A complete set of financial statements comprises:** ***(a)*** **a statement of financial position as at the end of the period;** ***(b)*** **a statement of <u>profit or loss and other</u> comprehensive income for the period;** ***(c)*** **a statement of changes in equity for the period;** ***(d)*** **a statement of cash flows for the period;** ***(e)*** **notes, comprising a summary of significant accounting policies and other explanatory information;** ***<u>(ea)</u>*** **<u>comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and</u>** *(f)* **a statement of financial position as at the beginning of the** <u>preceding</u> period when an entity **applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements <u>in accordance with paragraphs 40A-40D.</u>** **An entity may use titles for the statements other than those used in this Standard. <u>For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.</u>**
Para 10A	**An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. An entity may present the profit or loss section in a separate statement of profit or loss. If so, the separate statement of profit or loss shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss.**
Para 12	Deleted
Para 17 (a)	to select and apply accounting policies in accordance with LKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. LKAS 8 sets out a hierarchy of authoritative guidance that management considers in the absence of a <u>SLFRS</u> that specifically applies to an item.
Para 33	An entity reports separately both assets and liabilities, and income and expenses. Offsetting in the <u>statement (s) of profit or loss and other</u> comprehensive income or financial position, except when offsetting reflects the substance of the transaction or other event, detracts from the ability of users both to understand the transactions, other events and conditions that have occurred and to assess the entity's future cash flows. Measuring assets net of valuation allowances-for example, obsolescence allowances on inventories and doubtful debts allowances on receivables-is not offsetting.

	Minimum comparative information
Para 38	**Except when SLFRSs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.**
Para 38A	**An entity shall present, as a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity, and related notes.**
Para 38B	In some cases, narrative information provided in the financial statements for the preceding period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the end of the preceding period and is yet to be resolved. Users may benefit from the disclosure of information that the uncertainty existed at the end of the preceding period and from the disclosure of information about the steps that have been taken during the period to resolve the uncertainty.
	Additional comparative information
Para 38C	An entity may present comparative information in addition to the minimum comparative financial statements required by SLFRSs, as long as that information is prepared in accordance with SLFRSs. This comparative information may consist of one or more statements referred to in paragraph 10, but need not comprise a complete set of financial statements. When this is the case, the entity shall present related note information for those additional statements.
Para 38D	For example, an entity may present a third statement of profit or loss and other comprehensive income (thereby presenting the current period, the preceding period and one additional comparative period). However, the entity is not required to present a third statement of financial position, a third statement of cash flows or a third statement of changes in equity (ie an additional financial statement comparative). The entity is required to present, in the notes to the financial statements, the comparative information related to that additional statement of profit or loss and other comprehensive income.
Para 39	Deleted
Para 40	Deleted
	Change in accounting policy, retrospective restatement or reclassification
Para 40A	**A An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements required i n paragraph 38A if:** *(a)* **it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and** *(b)* **the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the begin ning of the preceding period.**

Para 40B	In the circumstances described in paragraph 40A, an entity shall present three statements of financial position as at: (a) the end of the current period; (b) the end of the preceding period; and (c) the beginning of the preceding period.
Para 40C	When an entity is required to present an additional statement of financial position in accordance with paragraph 40A, it must disclose the information required by paragraphs 41-44 and LKAS 8. However, it need not present the related notes to the opening statement of financial position as at the beginning of the preceding period.
Para 40D	The date of that opening statement of financial position shall be as at the beginning of the preceding period regardless of whether an entity's financial statements present comparative information for earlier periods (as permitted in paragraph 38C).
Para 41	**If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):**
Para 47	This Standard requires particular disclosures in the statement of financial position or the statement(s) of profit or loss and other comprehensive income, or in the statement of changes in equity and requires disclosure of other line items either in those statements or in the notes. LKAS 7 *Statement of Cash Flows* sets out requirements for the presentation of cash flow information.
Para 139	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is permitted. If an entity adopts this Standard for an earlier period, it shall disclose that fact.
Para 139H	SLFRS 10 and SLFRS 12, issued in April 2013, amended paragraphs 4, 119, 123 and 124. An entity shall apply those amendments when it applies SLFRS 10 and SLFRS 12.
Para 139I	SLFRS 13, issued in April 2013, amended paragraphs 128 and 133. An entity shall apply those amendments when it applies SLFRS 13.
Para 139J	Presentation of Items of Other Comprehensive Income (Amendments to LKAS 1), issued in January 2014, amended paragraphs 7, 10, 82, 85-87, 90, 91, 94, 100 and 115, added paragraphs 10A, 81A, 81B and 82A, and deleted paragraphs 12, 81, 83 and 84. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.
Para 139K	LKAS 19 Employee Benefits (as amended in 2013) amended the definition of 'other comprehensive income' in paragraph 7 and paragraph 96. An entity shall apply those amendments when it applies LKAS 19 (as amended in 2013).
Para 139L	Adoption of IASB's Annual Improvements, (2009 - 2011 cycle issued in May 2012), amended paragraphs 10, 38 and 41, deleted paragraphs 39-40 and added paragraphs 38A-38D and 40A-40D. An entity shall apply that amendment retrospectively in accordance with LKAS 8 Accounting Policies,

	Changes in Accounting Estimates and Errors for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

LKAS 2 - Inventories

Existing Para Reference	Replaced /added paragraph
Para 3 (a)	**producers of agricultural and forest products, agricultural produce after harvest, and minerals and mineral products, to the extent that they are measured at net realisable value in accordance with well-established practices in those industries. When such inventories are measured at net realisable value, are recognised in profit or loss in the period of the change.**
Para 6	**The following terms are used in this Standard with the meanings specified:** ***Inventories* are assets:** **(a) held for sale in the ordinary course of business;** **(b) in the process of production for such sale; or** **(c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.** ***Net realisable value* is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.** ***Fair value* is the <u>price that would be received to sell</u> an asset or paid <u>to transfer</u> a liability in an orderly transaction <u>between market participants at the measurement date. (See SLFRS 13 *Fair Value Measurement*.)</u>**
Para 7	Net realisable value refers to the net amount that an entity expects to realise from the sale of inventory in the ordinary course of business. Fair value reflects the ***price*** **at** which **an orderly** <u>transaction to</u> sell the same inventory <u>in the principal (or most advantageous) market for that inventory</u> would take place between <u>market participants at the measurement date.</u> The former is an entity-specific value; the latter is not. Net realisable value for inventories may not equal fair value less costs to sell.
Para 40	An entity shall apply this Standard for annual periods beginning on or after 1 January <u>2012.</u> Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January <u>2012</u>, it shall disclose that fact.
Para 40A	<u>[Deleted]</u>
Para 40B	<u>[Deleted]</u>
Para 40C	<u>SLFRS 13, issued in April 2013, amended the definition of fair value in paragraph 6 and amended paragraph 7. An entity shall apply those amendments when it applies SLFRS 13.</u>

LKAS 7 - Statement of Cash Flows

Existing Para Reference	**Replaced /added paragraph**
Para 8	Bank borrowings are generally considered to be financing activities. However, in some countries, bank overdrafts which are repayable on demand form an integral part of an entity's cash management. In these circumstances, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.
Para 37	When accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or cost method, an investor restricts its reporting in the statement of cash flows to the cash flows between itself and the investee, for example, to dividends and advances.
Para 38	An entity that reports its interest in an associate or a joint venture using the equity method includes in its statement of cash flows the cash flows in respect of its investments in the associate or joint venture, and distributions and other payments or receipts between it and the associate or joint venture.
Para 40A	An investment entity, as defined in SLFRS 10 *Consolidated Financial Statements,* need not apply paragraphs 40(c) or 40(d) to an investment in a subsidiary that is required to be measured at fair value through profit or loss.
Para 42A	Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control shall be classified as cash flows from financing activities, unless the subsidiary is held by an investment entity, as defined in SLFRS 10, and is required to be measured at fair value through profit or loss.
Para 42B	Changes in ownership interests in a subsidiary that do not result in a loss of control, such as the subsequent purchase or sale by a parent of a subsidiary's equity instruments, are accounted for as equity transactions (see SLFRS 10), unless the subsidiary is held by an investment entity and is required to be measured at fair value through profit or loss. Accordingly, the resulting cash flows are classified in the same way as other transactions with owners described in paragraph 17.
Para 50 (b)	Deleted
Para 53	This Standard becomes operative for financial statements covering periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact
Para 57	SLFRS 10 and SLFRS 11 *Joint Arrangements*, issued in April 2013, amended paragraphs 37, 38 and 42B and deleted paragraph 50(b). An entity shall apply those amendments when it applies SLFRS 10 and SLFRS 11.
Para 58	Deleted

LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Existing Para Reference	**Replaced /added paragraph**
Para 52	Therefore, retrospectively applying a new accounting policy or correcting a prior period error requires

	distinguishing information that *(a)* provides evidence of circumstances that existed on the date(s) as at which the transaction, other event or condition occurred, and *(b)* would have been available when the financial statements for that prior period were authorised for issue from other information. For some types of estimates (*eg* a fair value measurement that uses significant unobservable inputs), it is impracticable to distinguish these types of information. When retrospective application or retrospective restatement would require making a significant estimate for which it is impossible to distinguish these two types of information, it is impracticable to apply the new accounting policy or correct the prior period error retrospectively.
Para 54	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact.
Para 54A	Deleted
Para 54B	Deleted
Para 54C	SLFRS 13 *Fair Value Measurement,* issued in April 2013, amended paragraph 52. An entity shall apply that amendment when it applies SLFRS 13.

LKAS 10 - Events after the Reporting Period

Existing Para Reference	Replaced /added paragraph
Para 11	An example of a non-adjusting event after the reporting period is a decline in fair value of investments between the end of the reporting period and the date when the financial statements are authorised for issue. The decline in fair value does not normally relate to the condition of the investments at the end of the reporting period, but reflects circumstances that have arisen subsequently. Therefore, an entity does not adjust the amounts recognised in its financial statements for the investments. Similarly, the entity does not update the amounts disclosed for the investments as at the end of the reporting period, although it may need to give additional disclosure under paragraph 21.
Para 23	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact.
Para 23A	SLFRS 13, issued in April 2013, amended paragraph 11. An entity shall apply that amendment when it applies SLFRS 13.

LKAS 11 - Construction Contracts

Existing Para Reference	Replaced /added paragraph
Para 46	This Standard becomes operative for financial statements covering periods beginning on or after 1 January 2012.

LKAS 12 - Income Taxes

Existing Para Reference	Replaced /added paragraph
Para 2	For the purposes of this Standard, 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 arrangement on distributions to the reporting entity.
Para 39(a)	**the parent, investor, joint venturer or joint operator is able to control the timing of the reversal of the temporary difference; and**
Para 43	The arrangement between the parties to a joint arrangement usually deals with the distribution of the profits and identifies whether decisions on such matters require the consent of all the parties or a group of the parties. When the joint venturer or joint operator can control the timing of the distribution of its share of the profits of the joint arrangement and it is probable that its share of the profits will not be distributed in the foreseeable future, a deferred tax liability is not recognised.
Para 52	[moved and renumbered 51A]
Para 58(b)	**a business combination (other than the acquisition by an investment entity, as defined in SLFRS 10 *Consolidated Financial Statements*, of a subsidiary that is required to be measured at fair value through profit or loss) (see paragraphs 66-68).**
Para 68C	As noted in paragraph 68A, the amount of the tax deduction (or estimated future tax deduction, measured in accordance with paragraph 68B) may differ from the related cumulative remuneration expense. Paragraph 58 of the Standard requires that current and deferred tax should be recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from (a) a transaction or event that is recognised, in the same or a different period, outside profit or loss, or (b) a business combination (other than the acquisition by an investment entity of a subsidiary that is required to be measured at fair value through profit or loss). If the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, this indicates that the tax deduction relates not only to remuneration expense but also to an equity item. In this situation, the excess of the associated current or deferred tax should be recognised directly in equity.
Para 77	**The tax expense (income) related to profit or loss from ordinary activities shall be presented as part of profit or loss in the statement (s) of profit or loss and other comprehensive income.**
Para 77A	Deleted
Para 89	This Standard becomes operative for financial statements covering periods beginning on or after 1 January 2012. If an entity applies this Standard for financial statements covering periods beginning before 1 January 2012, the entity shall disclose the fact it has applied this Standard.
Para 98A	SLFRS 11 *Joint Arrangements,* issued in April 2013, amended paragraphs 2, 15, 18(e), 24, 38, 39, 43-45, 81(f), 87 and 87C. An entity shall apply those amendments when it applies SLFRS 11.
Para 98B	*Presentation of Items of Other Comprehensive Income* (Amendments to LKAS 1), issued in 2014, amended paragraph 77 and deleted paragraph 77A. An entity shall apply those amendments when it applies LKAS 1 as amended in 2014.

LKAS 16 - Property, Plant & Equipment

Existing Para Reference	Replaced /added paragraph
Para 6	**The following terms are used in this Standard with the meanings specified:** ***Carrying amount*** **is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.** ***Cost*** **is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other SLFRSs, *eg* SLFRS 2 *Share-based Payment.*** ***Depreciable amount*** **is the cost of an asset, or other amount substituted for cost, less its residual value.** ***Depreciation*** **is the systematic allocation of the depreciable amount of an asset over its useful life.** ***Entity-specific*** **value is the present value of the cash flows an entity expects to arise from the continuing use of an asset and from its disposal at the end of its useful life or expects to incur when settling a liability.** ***Fair value*** **is the <u>price that would be received to sell</u> an asset <u>or paid to transfer a liability</u> in an <u>orderly</u> transaction <u>between market participants at the measurement date. (See SLFRS 13 Fair Value Measurement.)</u>** **An *impairment loss* is the amount by which the carrying amount of an asset exceeds its recoverable amount.**
Para 8	<u>Items such as spare</u> parts, <u>stand-by equipment</u> and servicing equipment are recognised in <u>accordance with this SLFRS</u> when <u>they meet</u> the <u>definition</u> of property, plant and equipment. <u>Otherwise, such items</u> are <u>classified</u> as <u>inventory.</u>
Para 26	The fair value of an asset is reliably measurable if (a) the variability in the range of reasonable fair value <u>measurements</u> is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used <u>when measuring</u> fair value. If an entity is able to measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to <u>measure</u> the cost of the asset received unless the fair value of the asset received is more clearly evident.
Para 32	Deleted
Para 33	Deleted
Para 35(a)	restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to determine its replacement cost <u>(see SLFRS 13).</u>

Para 77	**If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed in addition to the disclosures required by SLFRS 13:**
Para 77(a)	Deleted
Para 77(b)	Deleted
Para 81	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact.
Para 81F	SLFRS 13, issued in April 2013, amended the definition of fair value in paragraph 6, amended paragraphs 26, 35 and 77 and deleted paragraphs 32 and 33. An entity shall apply those amendments when it applies SLFRS 13.
Para 81G	Adoption of IASB's *Annual Improvements* (2009 - 2011 cycle, issued in May 2012), amended paragraph 8. An entity shall apply that amendment retrospectively in accordance with LKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

LKAS 17 - Leases

Existing Para Reference	Replaced /added paragraph
Para 6A	LKAS 17 uses the term 'fair value' in a way that differs in some respects from the definition of fair value in SLFRS 13 Fair Value Measurement. Therefore, when applying LKAS 17 an entity measures fair value in accordance with LKAS 17, not SLFRS 13.
Para 68	**An entity that has previously applied LKAS 17 (2011) shall apply the amendments made by this Standard retrospectively for all leases or, if LKAS 17 (2011) was not applied retrospectively, for all leases entered into since it first applied that Standard.**
Para 69	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact.

LKAS 18 - Revenue

Existing Para Reference	Replaced /added paragraph
Para 6(b)	dividends arising from investments which are accounted for under the equity method (see LKAS 28 *Investments in Associates and Joint Ventures*);
Para 7	**The following terms are used in this Standard with the meanings specified:** ***Revenue* is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.**

	Fair value **is the price that would be received to sell an asset or paid to transfera liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13 *Fair Value Measurement.*)**
Para 37	This Standard becomes operative for financial statements covering periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact.
Para 41	SLFRS 11 Joint Arrangements, issued in April 2013, amended paragraph 6(b). An entity shall apply that amendment when it applies SLFRS 11.
Para 42	SLFRS 13, issued in April 2013, amended the definition of fair value in paragraph 7. An entity shall apply that amendment when it applies SLFRS 13.

LKAS 19 - Employee Benefits

Existing Para Reference	Replaced /added paragraph
Para 8	***Fair value*** **is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13 *Fair Value Measurement.*)**
Para 113	The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the deficit or surplus.
Para 172	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is permitted. If an entity applies this Standard for an earlier period, it shall disclose that fact.
Para 173(b)	in financial statements for periods beginning before 1 January 2014, an entity need not present comparative information for the disclosures required by paragraph 145 about the sensitivity of the defined benefit obligation.
Para 174	SLFRS 13, issued in April 2013, amended the definition of fair value in paragraph 8 and amended paragraph 113. An entity shall apply those amendments when it applies SLFRS 13.

LKAS 20 - Accounting for Government Grants and Disclosure of Government Assistance

Existing Para Reference	Replaced /added paragraph
Para 3	***Fair value*** **is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13 *Fair Value Measurement.*)**
Para 29	Grants related to income are presented as part of profit or loss,either separately or under a general heading such as 'Other income'; alternatively, they are deducted in reporting the related expense.
Para 29A	Deleted

Para 41	This Standard becomes operative for financial statements covering periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact.
Para 45	SLFRS 13, issued in April 2013, amended the definition of fair value in paragraph 3. An entity shall apply that amendment when it applies SLFRS 13.
Para 46	*Presentation of Items of Other Comprehensive Income* (Amendments to LKAS 1), issued in 2014, amended paragraph 29 and deleted paragraph 29A. An entity shall apply those amendments when it applies LKAS 1 as amended 2014.

LKAS 21 - The Effects of Changes in Foreign Exchange Rates

Existing Para Reference	Replaced /added paragraph
Para 3(b)	**in translating the results and financial position of foreign operations that are included in the financial statements of the entity by consolidation or the equity method; and**
Para 8	***Fair value*** **is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13** ***Fair Value Measurement.*****)** ***Foreign currency*** **is a currency other than the functional currency of the entity.** ***Foreign operation*** **is an entity that is a subsidiary, associate, joint arrangement or branch of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.**
Para 23(c)	**non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.**
Para 27	As noted in paragraphs 3(a) and 5, LKAS 39 applies to hedge accounting for foreign currency items. The application of hedge accounting requires an entity to account for some exchange differences differently from the treatment of exchange differences required by this Standard. For example, LKAS 39 requires that exchange differences on monetary items that qualify as hedging instruments in a cash flow hedge are recognised initially in other comprehensive income to the extent that the hedge is effective.
Para 39(b)	**income and expenses for each statement presenting profit or loss and other comprehensive income (ie including comparatives) shall be translated at exchange rates at the dates of the transactions; and**
Para 45	The incorporation of the results and financial position of a foreign operation with those of the reporting entity follows normal consolidation procedures, such as the elimination of intragroup balances and intragroup transactions of a subsidiary (see *SLFRS 10 Consolidated Financial Statements).* However, an intragroup monetary asset (or liability), whether short-term or long-term, cannot be eliminated against the corresponding intragroup liability (or asset) without showing the results of currency fluctuations in the consolidated financial statements. This is because the monetary item represents a commitment to convert one currency into another and exposes the reporting

	entity to a gain or loss through currency fluctuations. Accordingly, in the consolidated financial statements of the reporting entity, such an exchange difference is recognised in profit or loss or, if it arises from the circumstances described in paragraph 32, it is recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of the foreign operation.
Para 46	When the financial statements of a foreign operation are as of a date different from that of the reporting entity, the foreign operation often prepares additional statements as of the same date as the reporting entity's financial statements. When this is not done, SLFRS 10 allows the use of a different date provided that the difference is no greater than three months and adjustments are made for the effects of any significant transactions or other events that occur between the different dates. In such a case, the assets and liabilities of the foreign operation are translated at the exchange rate at the end of the reporting period of the foreign operation. Adjustments are made for significant changes in exchange rates up to the end of the reporting period of the reporting entity in accordance with SLFRS 10. The same approach is used in applying the equity method to associates and joint ventures in accordance with LKAS 28 (as amended in 2014).
Para 48A	In addition to the disposal of an entity's entire interest in a foreign operation, the following partial disposals are accounted for as disposals: (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, regardless of whether the entity retains a non-controlling interest in its former sub sidiary after the partial disposal; and (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.
Para 58	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact.
Para 60F	SLFRS 10 and SLFRS 11 *Joint Arrangements*, issued in April 2013, amended paragraphs 3(b), 8, 11, 18, 19, 33, 44-46 and 48A. An entity shall apply those amendments when it applies SLFRS 10 and SLFRS 11.
Para 60 G	SLFRS 13, issued in April 2013, amended the definition of fair value in paragraph 8 and amended paragraph 23. An entity shall apply those amendments when it applies SLFRS 13.
Para 60H	*Presentation of Items of Other Comprehensive Income* (Amendments to LKAS 1), issued 2014, amended paragraph 39. An entity shall apply that amendment when it applies LKAS 1 as amended in 2014.

LKAS 23 - Borrowing Costs

Existing Para Reference	Replaced /added paragraph
Para 29	An entity shall apply the Standard for annual periods beginning on or after 1 January 2012. Earlier application is permitted. If an entity applies the Standard from a date before 1 January 2012, it shall disclose that fact.

LKAS 24 - Related Party Disclosures

Existing Para Reference	Replaced /added paragraph
Para 3	**This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of a parent or investors with joint control of, or significant influence over, an investee presented in accordance with SLFRS 10 *Consolidated Financial Statements* or LKAS 27 *Separate Financial Statements*. This Standard also applies to individual financial statements.**
Para 4	Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial statements. Intragroup related party transactions and outstanding balances are eliminated, except for those between an investment entity and its subsidiaries measured at fair value through profit or loss, in the preparation of consolidated financial statements of the group.
Para 9	***Key management personnel* are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.** ***Government* refers to government, government agencies and similar bodies whether local, national or international.** ***A government-related entity* is an entity that is controlled, jointly controlled or significantly influenced by a government.** **The terms 'control' and 'investment entity', 'joint control' and 'significant influence' are defined in SLFRS 10, SLFRS 11 *Joint Arrangements* and LKAS 28 *Investments in Associates and Joint Ventures* respectively and are used in this Standard with the meanings specified in those SLFRSs.**
Para 11(b)	two joint venturers simply because they share joint control of a joint venture.
Para 15	The requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in LKAS 27 and SLFRS 12 *Disclosure of Interests in Other Entities.*
Para 22	Participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities is a transaction between related parties (see paragraph 42 of LKAS 19).
Para 28	An entity shall apply this Standard retrospectively for annual periods beginning on or after 1 January 2012. Earlier application is permitted, either of the whole Standard or of the partial exemption in

	paragraphs 25-27 for government-related entities. If an entity applies either the whole Standard or that partial exemption for a period beginning before 1 January 2012, it shall disclose that fact.
Para 28A	SLFRS 10, SLFRS 11 *Joint Arrangements* and SLFRS 12, issued in April 2013, amended paragraphs 3, 9, 11(b), 15, 19(b) and (e) and 25. An entity shall apply those amendments when it applies SLFRS 10, SLFRS 11 and SLFRS 12.

LKAS 26 - Accounting and Reporting by Retirement Benefit Plans

Existing Para Reference	**Replaced /added paragraph**
Para 37	This Standard becomes operative for financial statements of retirement benefit plans covering periods beginning on or after 1 January 2012. Earlier application is permitted. If an entity applies the Standard from a date before 1 January 2012, it shall disclose that fact.

Sri Lanka Accounting Standard- LKAS 27

Separate Financial Statements

Sri Lanka Accounting Standard LKAS 27 *Separate Financial Statements* is set out in paragraphs 1-19. All the paragraphs have equal authority. LKAS 27 should be read in the context of the *Preface to Sri Lanka Accounting Standards* and the *Conceptual Framework for Financial Reporting.* LKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

Objective

1 The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

Scope

2 This Standard shall be applied in accounting for in vestments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate financial statements.

3 This Standard does not mandate which entities produce separate financial statements. It applies when an entity prepares separate financial statements that comply with Sri Lanka Accounting Standards.

Definitions

4 The following terms are used in this Standard with the meanings specified:

***Consolidated financial statements* are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.**

Separate financial statements* are those presented by a parent (ie an investor with control of a subsidiary) or an investor with joint control of,or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with SLFRS 9 *Financial Instruments.

5 The following terms are defined in Appendix A of SLFRS 10 *Consolidated Financial Statements,* Appendix A of SLFRS 11 *Joint Arrangements* and paragraph 3 of LKAS 28 *Investments in Associates and Joint Ventures:*

* associate
* control of an investee
* group
* investment entity
* joint control
* joint venture

* joint venturer
* parent
* significant influence
* subsidiary.

6 Separate financial statements are those presented in addition to consolidated financial statements or in addition to financial statements in which investments in associates or joint ventures are accounted for using the equity method, other than in the circumstances set out in paragraphs 8-8A. Separate financial statements need not be appended to, or accompany, those statements.

7 Financial statements in which the equity method is applied are not separate financial statements. Similarly, the financial statements of an entity that does not have a subsidiary, associate or joint venturer's interest in a joint venture are not separate financial statements.

8 An entity that is exempted in accordance with paragraph 4(a) of SLFRS 10 from consolidation or paragraph 17 of LKAS 28 from applying the equity method may present separate financial statements as its only financial statements.

8A An investment entity that is required, throughout the current period and all comparative periods presented, to apply the exception to consolidation for all of its subsidiaries in accordance with paragraph 31 of SLFRS 10 presents separate financial statements as its only financial statements.

Preparation of separate financial statements

9 Separate financial statements shall be prepared in accordance with all applicable SLFRSs, except as provided in paragraph 10.

10 When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either:

(a) at cost, or

(b) in accordance with SLFRS 9.

The entity shall apply the same accounting for each category of investments. Investments accounted for at cost shall be accounted for in accordance with SLFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in adisposal group that is classified as held for sale). The measurement of investments accounted for in accordance with SLFRS 9 is not changed in such circumstances.

11 If an entity elects, in accordance with paragraph 18 of LKAS 28, to measure its investments in associates or joint ventures at fair value through profit or loss in accordance with SLFRS 9, it shall also account for those investments in the same way in its separate financial statements.

11A If a parent is required, in accordance with paragraph 31 of SLFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with SLFRS 9, it shall also account for its investment in a subsidiary in the same way in its separate financial statements.

11B When a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred, as follows:

(a) when an entity ceases to be an investment entity, the entity shall, inaccordance with paragraph 10, either:

(i) account for an investment in a subsidiary at cost. The fair value of the subsidiary at the date of the change of status shall be used as the deemed cost at that date; or

(ii) continue to account for an investment in a subsidiary inaccordance with SLFRS 9.

(b) when an entity becomes an investment entity, it shall account for an investment in a subsidiary at fair value through profit or loss in accordance with SLFRS 9. The difference between the previous carrying amount of the subsidiary and its fair value at the date of the change of status of the investor shall be recognised as a gain or loss in profit or loss.The cumulative amount of any fair value adjustment previously recognised in other comprehensive income in respect of those subsidiaries shall be treated as if the investment entity had disposed of those subsidiaries at the date of change in status.

12 **An entity shall recognise a dividend from a subsidiary, a joint venture or an associate in profit or loss in its separate financial statements when its right to receive the dividend is established.**

13 When a parent reorganises the structure of its group by establishing a new entity as its parent in a manner that satisfies the following criteria:

(a) the new parent obtains control of the original parent by issuing equity instruments in exchange for existing equity instruments of the original parent;

(b) the assets and liabilities of the new group and the original group are the same immediately before and after the reorganisation; and

(c) the owners of the original parent before the reorganisation have the same absolute and relative interests in the net assets of the original group and the new group immediately before and after the reorganisation,

and the new parent accounts for its investment in the original parent inaccordance with paragraph 10(a) in its separate financial statements, the new parent shall measure cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation.

14 Similarly, an entity that is not a parent might establish a new entity as its parent in a manner that satisfies the criteria in paragraph 13. The requirements inparagraph 13 apply equally to such reorganisations. In such cases, references to ''original parent'' and ''original group'' are to the ''original entity''.

Disclosure

15 **An entity shall apply all applicable SLFRSs when providing disclosures in its separate financial statements, including the requirements in paragraphs 16 and 17.**

16 **When a parent, in accordance with paragraph 4(a) of SLFRS 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:**

(a) the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used; the name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements that comply with Sri Lanka Accounting Standards have been produced for public use; and the address where those consolidated financial statements are obtainable.

(b) a list of significant investments in subsidiaries, joint ventures and associates, including:

(i) the name of those investees.

(ii) the principal place of business (and country of incorporation, if different) of those investees.

(iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.

(c) a description of the method used to account for the investments listed under (b).

16A When an investment entity that is a parent (other than a parent covered by paragraph 16) prepares, in accordance with paragraph 8A, separate financial statements as its only financial statements, it shall disclose that fact. The investment entity shall also present the disclosures relating to investment entities required by SLFRS 12 *Disclosure of Interests in Other Entities.*

17 When a parent (other than a parent covered by paragraphs 16-16A) or an investor with joint control of, or significant influence over, an investee prepares separate financial statements, the parent or investor shall identify the financial statements prepared in accordance with SLFRS 10, SLFRS 11 or LKAS 28 to which they relate. The parent or investor shall also disclose in its separate financial statements:

(a) the fact that the statements are separate financial statements and the reasons why those statements are prepared if not required by law.

(b) a list of significant investments in subsidiaries, joint ventures and associates, including:

(i) the name of those investees.

(ii) the principal place of business (and country of incorporation, if different) of those investees.

(iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.

(c) a description of the method used to account for the investments listed under (b).

Effective date and transition

18 An entity shall apply this Standard for annual periods beginning on or after1 January 2014. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact and apply SLFRS 10, SLFRS 11, SLFRS 12and LKAS 28 at the same time.

18A [Deleted]

18B [Deleted]

18C At the date of initial application, an investment entity that previously measured its investment in a subsidiary at cost shall instead measure that investment at fair value through profit or loss as if the requirements of this SLFRS had always been effective. The investment entity shall adjust retrospectively the annual period immediately preceding the date of initial application and shall adjust retained earnings at the beginning of the immediately preceding period for any difference between:

(a) the previous carrying amount of the investment; and

(b) the fair value of the investor's investment in the subsidiary.

18D At the date of initial application, an investment entity that previously measured its investment in a subsidiary at fair value through other comprehensive income shall continue to measure that investment at fair value. The cumulative amount of any fair value adjustment previously recognised in other comprehensive income shall be transferred to retained earnings at the beginning of the annual period immediately preceding the date of initial application.

18E At the date of initial application, an investment entity shall not make adjustments to the previous accounting for an interest in a subsidiary that it had previously elected to measure at fair value through profit or loss in accordance with SLFRS 9, as permitted in paragraph 10.

18F Before the date that SLFRS 13 *Fair Value Measurement* is adopted, an investment entity shall use the fair value amounts previously reported to investors or to management, if those amounts represent the amount for which the investment could have been exchanged between knowledgeable, willing parties in an arm's length transaction at the date of the valuation.

18G If measuring the investment in the subsidiary in accordance with paragraphs 18C-18F is impracticable (as defined in LKAS 8 *Accounting Policies,Changes in Accounting Estimates and Errors)*, an investment entity shall apply the requirements of this SLFRS at the beginning of the earliest period for which application of paragraphs 18C-18F is practicable, which may be the current period. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. When the date that it is practicable for the investment entity to measure the fair value of the subsidiary is earlier than the beginning of the immediately preceding period, the investor shall adjust equity at the beginning of the immediately preceding period for any difference between:

(a) the previous carrying amount of the investment; and

(b) the fair value of the investor's investment in the subsidiary.

If the earliest period for which application of this paragraph is practicable is the current period, the adjustment to equity shall be recognised at the beginning of the current period.

18H If an investment entity has disposed of, or lost control of, an investment in a subsidiary before the date of initial application of the *Investment Entities* amendments, the investment entity is not required to make adjustments to the previous accounting for that investment.

18I Notwithstanding the references to the annual period immediately preceding the date of initial application (the ''immediately preceding period'') in paragraphs18C-18G, an entity may also present adjusted comparative information for any earlier periods presented, but is not required to do so. If an entity does present adjusted comparative information for any earlier periods, all references to the ''immediately preceding period'' in paragraphs 18C-18G shall be read as the ''earliest adjusted comparative period presented''. If an entity presents unadjusted comparative information for any earlier periods, it shall clearly identify the information that has not been adjusted, state that it has been prepared on a different basis, and explain that basis.

References to SLFRS 9

19 If an entity applies this Standard but does not yet apply SLFRS 9, any reference to SLFRS 9 shall be read as a reference to LKAS 39 Financial Instruments: Recognition and Measurement.

Sri Lanka Accounting Standard- LKAS 28
Investments in Associates and Joint Ventures

Sri Lanka Accounting Standard LKAS 28 *Investments in Associates and Joint Venturesis* set out in paragraphs 1-47. All the paragraphs have equal authority. LKAS 28 should be read in the context of the *Preface to Sri Lanka Accounting Standards* and the *Conceptual Framework for Financial Reporting.* LKAS 8 *Accounting Policies Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

Objective

1 **The objective of this Standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.**

Scope

2 **This Standard shall be applied by all entities that are investors with joint control of, or significant influence over, an investee.**

Definitions

3 **The following terms are used in this Standard with the meanings specified:**

An *associate* is an entity over which the investor has significant influence.

***Consolidated financial statements* are the financial statements of a group in which assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.**

The *equity method* is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets.The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

A *joint arrangement* is an arrangement of which two or more parties have joint control.

***Joint control* is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.**

A *joint venture* is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A *joint venturer* is a party to a joint venture that has joint control of that joint venture.

***Significant influence* is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.**

4 The following terms are defined in paragraph 4 of LKAS 27 Separate *Financial Statements* and in Appendix A of SLFRS 10 *Consolidated Financial Statements* and are used in this Standard with the meanings specified in the SLFRSs in which they are defined: -

* control of an investee ;
* group;
* parent;
* separate financial statements;
* subsidiary.

Significant influence

5 If an entity holds, directly or indirectly (eg through subsidiaries), 20 *percent* or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (*eg* : through subsidiaries), less than 20 *percent* of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

6 The existence of significant influence by an entity is usually evidenced in one or more of the following ways:-

(a) representation on the board of directors or equivalent governing body of the investee;

(b) participation in policy-making processes, including participation in decisions about dividends or other distributions;

(c) material transactions between the entity and its investee;

(d) interchange of managerial personnel; or

(e) provision of essential technical information.

7 An entity may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares, or other similar instruments that have the potential, if exercised or converted, to give the entity additional voting power or to reduce another party's voting power over the financial and operating policies of another entity (*ie* : potential voting rights).The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether an entity has significant influence.Potential voting rights are not currently exercisable or convertible when, forexample, they cannot be exercised or converted until a future date or until the occurrence of a future event.

8 In assessing whether potential voting rights contribute to significant influence,the entity examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential rights, except the intentions of management and the financial ability to exercise or convert those potential rights.

9 An entity loses significant influence over an investee when it loses the power to participate in the financial and operating policy decisions of that investee. The loss of significant influence can occur with or without a change in absolute or relative ownership levels. It could occur, for example, when an associate becomes subject to the control of a government, court, administrator or regulator. It could also occur as a result of a contractual arrangement.

Equity method

10 Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or lossis recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognised in the investor's other comprehensive income (see LKAS 1 *Presentation of Financial Statements).*

11 The recognition of income on the basis of distributions received may not be an adequate measure of the income earned by an investor on an investment in an associate or a joint venture because the distributions received may bear little relation to the performance of the associate or joint venture. Because the investor has joint control of, or significant influence over, the investee, the investor has an interest in the associate's or joint venture's performance and, as a result, the return on its investment. The investor accounts for this interest by extending the scope of its financial statements to include its share of the profit or loss of such an investee. As a result, application of the equity method provides more informative reporting of the investor's net assets and profit or loss.

12 When potential voting rights or other derivatives containing potential voting rights exist, an entity's interest in an associate or a joint venture is determined solely on the basis of existing ownership interests and does not reflect the possible exercise or conversion of potential voting rights and other derivative instruments, unless paragraph 13 applies.

13 In some circumstances, an entity has, in substance, an existing ownership as a result of a transaction that currently gives it access to the returns associated with an ownership interest. In such circumstances, the proportion allocated to the entity is determined by taking into account the eventual exercise of those potential voting rights and other derivative instruments that currently give the entity access to the returns.

14 SLFRS 9 *Financial Instruments* does not apply to interests in associates and joint ventures that are accounted for using the equity method. When instruments containing potential voting rights in substance currently give access to the returns associated with an ownership interest in an associate or a joint venture,the instruments are not subject to SLFRS 9. In all other cases, instruments containing potential voting rights in an associate or a joint venture are accounted for in accordance with SLFRS 9.

15 Unless an investment, or a portion of an investment, in an associate or a joint venture is classified as held for sale in accordance with SLFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the investment, or any retained interest inthe investment not classified as held for sale, shall be classified as a non-current asset.

Application of the equity method

16 An entity with joint control of, or significant influence over, an investee shall account for its investment in an associate or a joint venture using the equity method except when that investment qualifies for exemption in accordance with paragraphs 17-19.

Exemptions from applying the equity method

17 An entity need not apply the equity method to its investment in an associate ora joint venture if the entity is a parent that is exempt from preparing consolidated financial statements by the scope exception in paragraph 4(a) of SLFRS 10 or if all the following apply:

(a) The entity is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not applying the equity method.

(b) The entity's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market,including local and regional markets).

(c) The entity did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation, for the purpose of issuing any class of instruments in a public market.

(d) The ultimate or any intermediate parent of the entity produces consolidated financial statements available for public use that comply with SLFRSs.

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 investments in those associates and joint ventures at fair value through profit or loss in accordance with SLFRS 9.

19 When an entity has an investment in an associate, a portion of which is held indirectly through 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 portion of the investment in the associate at fair value through profit or loss in accordance with SLFRS 9 regardless of whether the venture capital organisation, or the mutual fund, unit trust and similar entities including investment-linked insurance funds, has significant influence over that portion of the investment. If the entity makes that election, the entity shallapply the equity method to any remaining portion of its investment in an associate that is not held through a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds.

Classification as held for sale

20 An entity shall apply SLFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. After the disposal takes place, an entity shall account for any retained interest in the associate or joint venture in accordance with SLFRS 9 unless the retained interest continues to be an associate or a joint venture, in which case the entity uses the equity method.

21 When an investment, or a portion of an investment, in an associate or a jointventure previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale shall be amended accordingly.

Discontinuing the use of the equity method

22 An entity shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture as follows:

(a) If the investment becomes a subsidiary, the entity shall account for its investment in accordance with SLFRS 3 *Business Combinations* and SLFRS 10.

(b) If the retained interest in the former associate or joint venture is afinancial asset, the entity shall measure the retained interest at fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset in accordance with SLFRS 9. The entity shall recognise in profit or loss any difference between:

(i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture; and

(ii) the carrying amount of the investment at the date the equity method was discontinued.

(c) When an entity discontinues the use of the equity method, the entity shall account for all amounts previously recognised in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

23 Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity toprofit or loss (as a reclassification adjustment) when the equity method is discontinued. For example, if an associate or a joint venture has cumulative exchange differences relating to a foreign operation and the entity discontinues the use of the equity method, the entity shall reclassify to profit or loss the gain or loss that had previously been recognised in other comprehensive income in relation to the foreign operation.

24 If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

Changes in ownership interest

25 If an entity's ownership interest in an associate or a joint venture is reduced, butthe entity continues to apply the equity method, the entity shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Equity method procedures

26 Many of the procedures that are appropriate for the application of the equity method are similar to the consolidation procedures described in SLFRS 10.Furthermore, the concepts underlying the procedures used in accounting for the acquisition of a subsidiary are also adopted in accounting for the acquisition of an investment in an associate or a joint venture.

27 A group's share in an associate or a joint venture is the aggregate of the holdings in that associate or joint venture by the parent and its subsidiaries. The holdings of the group's other associates or joint ventures are ignored for this purpose.When an associate or a joint venture has subsidiaries, associates or joint ventures, the profit or loss, other comprehensive income and net assets taken in to account in applying the equity method are those recognised in the associate's or joint venture's financial statements (including the associate's or joint venture's share of the profit or loss, other comprehensive income and net assets of its associates and joint ventures), after any adjustments necessary to give effect to uniform accounting policies (see paragraphs 35 and 36).

28 Gains and losses resulting from 'upstream' and 'downstream' transactions between an entity (including its consolidated subsidiaries) and its associate or joint venture are recognised in the entity's financial statements only to theextent of unrelated investors' interests in the associate or joint venture.'Upstream' transactions are, for example, sales of assets from an associate or a joint venture to the investor. 'Downstream' transactions are, for example, sales or contributions of assets from the investor to its associate or its joint venture.The investor's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

29 When downstream transactions provide evidence of a reduction in the net realisable value of the assets to be sold or contributed, or of an impairment loss of those assets, those losses shall be recognised in full by the investor. When upstream transactions provide evidence of a reduction in the net realisable valueof the assets to be purchased or of an impairment loss of those assets, the investor shall recognise its share in those losses.

30 The contribution of a non-monetary asset to an associate or a joint venture in exchange for an equity interest in the associate or joint venture shall be accounted for in accordance with paragraph 28, except when the contribution lacks commercial substance, as that term is described in LKAS 16 *Property, Plant and Equipment.* If such a contribution lacks commercial substance, the gain or loss is regarded as unrealised and is not recognised unless paragraph 31 also applies.Such unrealised gains and losses shall be eliminated against the investment accounted for using the equity method and shall not be presented as deferred gains or losses in the entity's consolidated statement of financial position or in the entity's statement of financial position in which investments are accounted for using the equity method.

31 If, in addition to receiving an equity interest in an associate or a joint venture, an entity receives monetary or non-monetary assets, the entity recognises in full in profit or loss the portion of the gain or loss on the non-monetary contribution relating to the monetary or non-monetary assets received.

32 An investment is accounted for using the equity method from the date on whichit becomes an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

(a) Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

(b) Any excess of the entity's share of the net fair value of the investee' sidentifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made for impairment losses such as for goodwill or property, plant and equipment.

33 The most recent available financial statements of the associate or joint venture are used by the entity in applying the equity method. When the end of the reporting period of the entity is different from that of the associate or joint venture, the associate or joint venture prepares, for the use of the entity, financial statements as of the same date as the financial statements of the entity unless it is impracticable to do so.

34 When, in accordance with paragraph 33, the financial statements of an associate or a joint venture used in applying the equity method are prepared as of a date different from that used by the entity, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the entity's financial statements.In any case, the difference between the end of the reporting period of the associate or joint venture and that of the entity shall be no more than three months. The length of the reporting periods and any difference between the ends of the reporting periods shall be the same from period to period.

35 The entity's financial statements shall be prepared using uniform accounting policies for like transactions and events in similar circumstances.

36 If an associate or a joint venture uses accounting policies other than those of the entity for like transactions and events in similar circumstances, adjustments shall be made to make the associate's or joint venture's accounting policies conform to those of the entity when the associate's or joint venture's financial statements are used by the entity in applying the equity method.

37 If an associate or a joint venture has outstanding cumulative preference shares that are held by parties other than the entity and are classified as equity, the entity computes its share of profit or loss after adjusting for the dividends on such shares, whether or not the dividends have been declared.

38 If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognisingits share of further losses. The interest in an associate or a joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method together with any long-term interests that, in substance, form part of the entity's net investment in the associate or joint venture. For example, an item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the entity's investment in that associate or joint venture. Such items may include preference shares and long-term receivables or loans, but do not include trade receivables, trade payables or any long-term receivables for which adequate collateral exists, such as secured loans. Losses recognised using the equity method in excess of the entity's investment in ordinary shares are applied to the other components of the entity's interest in an associate or a joint venture in the reverse order of their seniority (ie priority in liquidation).

39 After the entity's interest is reduced to zero, additional losses are provided for,and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Impairment losses

40 After application of the equity method, including recognising the associate's or joint venture's losses in accordance with paragraph 38, the entity applies LKAS 39 *Financial Instruments: Recognition and Measurement* to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture.

41 The entity also applies LKAS 39 to determine whether any additional impairment loss is recognised with respect to its interest in the associate or joint venture that does not constitute part of the net investment and the amount of that impairment loss.

42 Because goodwill that forms part of the carrying amount of an investment in anassociate or a joint venture is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in LKAS 36 Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment in accordance with LKAS 36 as a single asset,by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, whenever application of LKAS 39 indicates that the investment may be impaired. An impairment loss recognised in those circumstances is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate or joint venture.Accordingly, any reversal of that impairment loss is recognised in accordance with LKAS 36 to the extent that the recoverable amount of the investment subsequently increases. In determining the value in use of the investment, anentity estimates:

(a) its share of the present value of the estimated future cash flows expectedto be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds from the ultimate disposal of the investment; or

(b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Using appropriate assumptions, both methods give the same result.

43 The recoverable amount of an investment in an associate or a joint venture shall be assessed for each associate or joint venture, unless the associate or jointventure does not generate cash inflows from continuing use that are largely independent of those from other assets of the entity.

Separate financial statements

44 An investment in an associate or a joint venture shall be accounted for in the entity's separate financial statements in accordance with paragraph 10 of LKAS 27.

Effective date and transition

45 An entity shall apply this Standard for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact and apply SLFRS 10, SLFRS 11 *Joint Arrangements*, SLFRS 12 *Disclosure of Interests in Other Entities* and LKAS 27 at the same time.

References to SLFRS 9

46 If an entity applies this Standard but does not yet apply SLFRS 9, any reference to SLFRS 9 shall be read as a reference to LKAS 39.

Withdrawal of LKAS 28

47 This Standard supersedes LKAS 28 Investments in Associates.

LKAS 29 - Financial Reporting in Hyperinflationary Economies

Existing Para Reference	Replaced /added paragraph
Para 41	This Standard becomes operative for financial statements covering periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this standard for a period beginning before 01 January 2012, it shall disclose that fact.

LKAS 31-Interests in Joint Ventures

The entire Standard has been removed

LKAS 32 - Financial Instruments: Presentation

Existing Para Reference	Replaced /added paragraph
Para 4(a)	**those interests in subsidiaries, associates or joint ventures that are accounted for in accordance with SLFRS 10 *Consolidated Financial Statements,* LKAS 27 *Separate Financial Statements* or LKAS 28 *Investments in Associates and Joint Ventures*. However, in some cases, SLFRS 10, LKAS 27 or LKAS 28 require or permit an entity to account for an interest in a subsidiary, associate or joint venture using LKAS 39; in those cases, entities shall apply the requirements of this Standard. Entities shall also apply this Standard to all derivatives linked to interests in subsidiaries, associates or joint ventures.**
Para 11	***Fair value* is the price that would be received to sell an asset or paid to transfer *a* liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13 *Fair Value Measurement.)***
Para 23	With the exception of the circumstances described in paragraphs 16A and 16B or paragraphs 16C and 16D, a contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount (for example, for the present value of the forward repurchase price, option exercise price or other redemption amount). This is the case even if the contract itself is an equity instrument. One example is an entity's obligation under a forward contract to purchase its own equity instruments for cash. The financial liability is recognised initially at the present value of the redemption amount, and is reclassified from equity. Subsequently, the financial liability is measured in accordance with LKAS 39. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity. An entity's contractual obligation to purchase its own equity instruments gives rise to a financial liability for the present value of the redemption amount even if the obligation to purchase is conditional on the counterparty exercising a right to redeem (*eg.* a written put option that gives the counterparty the right to sell an entity's own equity instruments to the entity for a fixed price).
Para 35	**Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument shall be recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.**

Para 35A	Income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with LKAS 12 *Income Taxes.*
Para 37	An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.
Para 39	The amount of transaction costs accounted for as a deduction from equity in the period is disclosed separately in accordance with LKAS 1.
Para 40	Dividends classified as an expense may be presented in the statement (s) of profit or loss and other comprehensive income either with interest on other liabilities or as a separate item. In addition to the requirements of this Standard, disclosure of interest and dividends is subject to the requirements of LKAS 1 and SLFRS 7. In some circumstances, because of the differences between interest and dividends with respect to matters such as tax deductibility, it is desirable to disclose them separately in the statement (s) of profit or loss and other comprehensive income. Disclosures of the tax effects are made in accordance with LKAS 12.
	Offsetting a financial asset and a financial liability (see also paragraphs AG38A-AG38F and AG39)
Para 43	This Standard requires the presentation of financial assets and financial liabilities on a net basis when doing so reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability. In other circumstances, financial assets and financial liabilities are presented separately from each other consistently with their characteristics as resources or obligations of the entity. An entity shall disclose the information required in paragraphs 13B-13E of SLFRS 7 for recognised financial instruments that are within the scope of paragraph 13A of SLFRS 7.
Para 96	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is permitted. An entity shall not apply this Standard for annual periods beginning before 1 January 2012 unless it also applies LKAS 39. If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact.
Para 97I	SLFRS 10 and SLFRS 11 *Joint Arrangements,* issued in April 2013, amended paragraphs 4(a) and AG29. An entity shall apply those amendments when it applies SLFRS 10 and SLFRS 11.
Para 97J	SLFRS 13, issued in April 2013, amended the definition of fair value in paragraph 11 and amended paragraphs 23 and AG31. An entity shall apply those amendments when it applies SLFRS 13.
Para 97K	*Presentation of Items of Other Comprehensive Income* (Amendments to LKAS 1), issued in 2014, amended paragraph 40. An entity shall apply that amendment when it applies LKAS 1 as amended in 2014.

Para 97L	*Offsetting Financial Assets and Financial Liabilities* (Amendments to LKAS 32), issued in 2014, deleted paragraph AG38 and added paragraphs AG38A-AG38F. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014. An entity shall apply those amendments retrospectively. Earlier application is permitted. If an entity applies those amendments from an earlier date, it shall disclose that fact and shall also make the disclosures required by *Disclosures-Offsetting Financial Assets and Financial Liabilities* (Amendments to SLFRS 7) issued in 2014.
Para 97M	*Disclosures-Offsetting Financial Assets and Financial Liabilities* (Amendments to SLFRS 7), issued in 2014, amended paragraph 43 by requiring an entity to disclose the information required in paragraphs 13B-13E of SLFRS 7 for recognised financial assets that are within the scope of paragraph 13A of SLFRS 7. An entity shall apply that amendment for annual periods beginning on or after 1 January, 2014 and interim periods within those annual periods. An entity shall provide the disclosures required by this amendment retrospectively.
Para 97N	Adoption of IASB's *Annual Improvements,* (2009 - 2011 cycle issued in May 2012), amended paragraphs 35, 37 and 39 and added paragraph 35A. An entity shall apply that amendment retrospectively in accordance with LKAS 8 *Accounting Policies, Changes in AccountingEstimates and Errors* for annual periods beginning on or after 1 January, 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.
Para AG16	Derivative financial instruments create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risks inherent in an underlying primary financial instrument. On inception, derivative financial instruments give one party a contractual right to exchange financial assets or financial liabilities with another party under conditions that are potentially favourable, or a contractual obligation to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract. Some instruments embody both a right and an obligation to make an exchange. Because the terms of the exchange are determined on inception of the derivative instrument, as prices in financial markets change those terms may become either favourable or unfavourable.
Para AG29	In consolidated financial statements, an entity presents non-controlling interests-ie the interests of other parties in the equity and income of its subsidiaries-in accordance with LKAS 1 and SLFRS 10. When classifying a financial instrument (or a component of it) in consolidated financial statements, an entity considers all terms and conditions agreed between members of the group and the holders of the instrument in determining whether the group as a whole has an obligation to deliver cash or another financial asset in respect of the instrument or to settle it in a manner that results in liability classification. When a subsidiary in a group issues a financial instrument and a parent or other group entity agrees additional terms directly with the holders of the instrument (eg a guarantee), the group may not have discretion over distributions or redemption. Although the subsidiary may appropriately classify the instrument without regard to these additional terms in its individual financial statements, the effect of other agreements between members of the group and the holders of the instrument is considered in order to ensure that consolidated financial statements reflect the contracts and transactions entered into by the group as a whole. To the extent that there is such an obligation or settlement provision, the instrument (or the component of it that is subject to the obligation) is classified as a financial liability in consolidated financial statements.

AG 31(b)	The equity instrument is an embedded option to convert the liability into equity of the issuer. This option has value on initial recognition even when it is out of the money.
Para AG38	Deleted
Para AG38A	A right of set off may be currently available or it may be contingent on a future event (for example, the right may be triggered or exercisable only on the occurrence of some future event, such as the default, insolvency or bankruptcy of one of the counterparties). Even if the right of set off is not contingent on a future event, it may only be legally enforceable in the normal course of business, or in the event of default, or in the event of insolvency or bankruptcy, of one or all of the counterparties.
Para AG38B	To meet the criterion in paragraph 42(a), an entity must currently have a legally enforceable right of set-off. This means that the right of set-off: (a) must not be contingent on a future event; and (b) must be legally enforceable in all of the following circumstances: (i) the normal course of business; (ii) the event of default; and (iii) the event of insolvency or bankruptcy of the entity and all of the counterparties.
Para AG38C	The nature and extent of the right of set-off, including any conditions attached to its exercise and whether it would remain in the event of default or insolvency or bankruptcy, may vary from one legal jurisdiction to another. Consequently, it cannot be assumed that the right of set-off is automatically available outside of the normal course of business. For example, the bankruptcy or insolvency laws of a jurisdiction may prohibit, or restrict, the right of set-off in the event of bankruptcy or insolvency in some circumstances.
Para AG38D	The laws applicable to the relationships between the parties (for example, contractual provisions, the laws governing the contract, or the default, insolvency or bankruptcy laws applicable to the parties) need to be considered to ascertain whether the right of set-off is enforceable in the normal course of business, in an event of default, and in the event of insolvency or bankruptcy, of the entity and all of the counterparties (as specified in paragraph AG38B(b)).
	Criterion that an entity 'intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously' (paragraph 42(b))
Para AG38E	To meet the criterion in paragraph 42(b) an entity must intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. Although the entity may have a right to settle net, it may still realise the asset and settle the liability separately.
Para AG38F	If an entity can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement, the entity will meet the net settlement criterion in paragraph 42(b). This will occur if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

	For example, a gross settlement system that has all of the following characteristics would meet the net settlement criterion in paragraph 42(b): *(a)* financial assets and financial liabilities eligible for set-off are submitted at the same point in time for processing; *(b)* once the financial assets and financial liabilities are submitted for processing, the parties are committed to fulfil the settlement obligation; *(c)* there is no potential for the cash flows arising from the assets and liabilities to change once they have been submitted for processing (unless the processing fails-see (d) below); *(d)* assets and liabilities that are collateralised with securities will be settled on a securities transfer or similar system (for example, delivery versus payment), so that if the transfer of securities fails, the processing of the related receivable or payable for which the securities are collateral will also fail (and vice versa); *(e)* any transactions that fail, as outlined in (d), will be re-entered for processing until they are settled; *(f)* settlement is carried out through the same settlement institution (for example, a settlement bank, a central bank or a central securities depository); and *(g)* an intraday credit facility is in place that will provide sufficient overdraft amounts to enable the processing of payments at the settlement date for each of the parties, and it is virtually certain that the intraday credit facility will be honoured if called upon.
Para AG39	The Standard does not provide special treatment for so-called 'synthetic instruments', which are groups of separate financial instruments acquired and held to emulate the characteristics of another instrument. For example, a floating rate long-term debt combined with an interest rate swap that involves receiving floating payments and making fixed payments synthesises a fixed rate long-term debt. Each of the individual financial instruments that together constitute a 'synthetic instrument' represents a contractual right or obligation with its own terms and conditions and each may be transferred or settled separately. Each financial instrument is exposed to risks that may differ from the risks to which other financial instruments are exposed. Accordingly, when one financial instrument in a 'synthetic instrument' is an asset and another is a liability, they are not offset and presented in an entity's statement of financial position on a net basis unless they meet the criteria for offsetting in paragraph 42.

LKAS 33 - Earnings per Share

Existing Para Reference	**Replaced /added paragraph**
Para 4	**When an entity presents both consolidated financial statements and separate financial statements prepared in accordance with SLFRS 10 *Consolidated Financial Statements and LKAS 27 Separate Financial Statements respectively*, 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**

Existing Para Reference	Replaced /added paragraph
	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.
Para 4A	**If an entity presents *items* of profit or loss in a separate statement as described in paragraph 10A of LKAS 1 *Presentation of Financial Statements*, it presents earnings per share only in that separate statement.**
Para 8	Terms defined in LKAS 32 *Financial Instruments: Presentation are used* in this Standard with the meanings specified in paragraph 11 of LKAS 32, unless otherwise noted. LKAS 32 defines financial instrument, financial asset, financial liability *and* equity instrument, and provides guidance on applying those definitions. SLFRS 13 *Fair Value Measurement* defines fair value and sets out requirements for applying that definition.
Para 40	A subsidiary, joint venture or associate may issue to parties other than the parent or investors with joint control of, or significant influence over, the investee potential ordinary shares that are convertible into either ordinary shares of the subsidiary, joint venture or associate, or ordinary shares of the parent or investors with joint control of, or significant influence (the reporting entity) over, the investee. If these potential ordinary shares of the subsidiary, joint venture or associate have a dilutive effect on the basic earnings per share of the reporting entity, they are included in the calculation of diluted earnings per share.
Para 47A	For share options and other share-based payment arrangements to which SLFRS 2 *Share-based Payment* applies, the issue price referred to in paragraph 46 and the exercise price referred to in paragraph 47 shall include the fair value (measured in accordance with SLFRS 2) of any goods or services to be supplied to the entity in the future under the share option or other share-based payment arrangement.
Para 54	The number of ordinary shares contingently issuable may depend on the future market price of the ordinary shares. In that case, if the effect is dilutive, the calculation of diluted earnings per share is based on the number of ordinary shares that would be issued if the market price at the end of the reporting at the end of the contingency period. If the condition is based on an average of market prices over a period of time that extends beyond the end of the reporting period, the average for the period of time that has lapsed is used. Because the market price may change in a future period, the calculation of basic earnings per share does not include such contingently issuable ordinary shares until the end of the contingency period because not all necessary conditions have been satisfied.
Para 67A	If an entity presents items of profit or loss in a separate statement as described in paragraph 10A of LKAS 1, it presents basic and diluted earnings per share, as required in paragraphs 66 and 67, in that separate statement.
Para 68A	If an entity presents items of profit or loss in a separate statement as described in paragraph 10A of LKAS 1, it presents basic and diluted earnings per share for the discontinued operation, as required in paragraph 68, in that separate statement or in the notes.
Para 73A	**Paragraph 73 applies also to an entity that discloses, in addition to basic and diluted earnings per share, amounts per share using a reported item of profit or loss, other than one required by this Standard.**

Para 74	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies the Standard for a period beginning before 1 January 2012, it shall disclose that fact.
Para 74B	SLFRS 10 and SLFRS 11 *Joint Arrangements,* issued in April 2013, amended paragraphs 4, 40 and A11. An entity shall apply those amendments when it applies SLFRS 10 and SLFRS 11.
Para 74C	SLFRS 13, issued in April 2013, amended paragraphs 8, 47A and A2. An entity shall apply those amendments when it applies SLFRS 13.
Para 74D	*Presentation of Items of Other Comprehensive Income* (Amendments to LKAS 1), issued in 2014, amended paragraphs 4A, 67A, 68A and 73A. An entity shall apply those amendments when it applies LKAS 1 as amended in 2014.
Para A2	The issue of ordinary shares at the time of exercise or conversion of potential ordinary shares does not usually give rise to a bonus element. This is because the potential ordinary shares are usually issued for fair value, resulting in a proportionate change in the resources available to the entity. In a rights issue, however, the exercise price is often less than the *fair* value of the shares. Therefore, as noted in paragraph 27(b), such a rights issue includes a bonus element. If a rights issue is offered to all existing shareholders, the number of ordinary shares to be used in calculating basic and diluted earnings per share for all periods before the rights issue is the number of ordinary shares outstanding before the issue, multiplied by the following factor: $$\frac{\text{Fair value per share immediately before the exercise of rights}}{\text{Theoretical ex-rights fair value per share}}$$ The theoretical ex-rights fair value per share is calculated by adding the aggregate fair value of the shares immediately before the exercise of the rights to the proceeds from the exercise of the rights, and dividing by the number of shares outstanding after the exercise of the rights. Where the rights are to be publicly traded separately from the shares before the exercise date, fair value is measured at the close of the last day on which the shares are traded together with the rights.
A11	Potential ordinary shares of a subsidiary, joint venture or associate convertible into either ordinary shares of the subsidiary, joint venture or associate, or ordinary shares of the parent or investors with joint control of, or significant influence (the reporting entity) over, the investee are included in the calculation of diluted earnings per share as follows:

LKAS 34 - Interim Financial Reporting

Existing Para Reference	Replaced /added paragraph
Para 5	LKAS 1 defines a complete set of financial statements as including the following components: (a) a statement of financial position as at the end of the period; (b) a statement of profit or loss and other comprehensive income for the period; (c) a statement of changes in equity for the period;

Existing Para Reference	Replaced /added paragraph
	(d) a statement of cash flows for the period; (e) notes, comprising a summary of significant accounting policies and other explanatory information; (ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A of LKAS 1; and (f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A-40D of LKAS 1. An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.
Para 7	Nothing in this Standard is intended to prohibit or discourage an entity from publishing a complete set of financial statements (as described in LKAS 1) in its interim financial report, rather than condensed financial statements and selected explanatory notes. Nor does this Standard prohibit or discourage an entity from including in condensed interim financial statements more than the minimum line items or selected explanatory notes as set out in this Standard. The recognition and measurement guidance in this Standard applies also to complete financial statements for an interim period, and such statements would include all of the disclosures required by this Standard (particularly the selected note disclosures in paragraph 16A) as well as those required by other SLFRSs.
Para 8	**An interim financial report shall include, at a minimum, the following components:** **(a) a condensed statement of financial position;** **(b) a condensed statement or condensed statements of profit or loss and other comprehensive income;** **(c) a condensed statement of changes in equity;** **(d) a condensed statement of cash flows; and** **(e) selected explanatory notes.**
Para 8A	**If an entity presents items of profit or loss in a separate statement as described in paragraph 10A of LKAS 1, it presents interim condensed information from that statement.**
Para 11A	**If an entity presents items of profit or loss in a separate statement as described in paragraph 10A of LKAS 1, it presents basic and diluted earnings per share in that statement.**
Para 16 (g) (iv)	**a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.**

Para 16 (j)	**for financial instruments, the disclosures about fair value required by paragraphs 91-93(h), 94-96, 98 and 99 of SLFRS 13 Fair ValueMeasurement and paragraphs 25, 26 and 28-30 of SLFRS 7 Financial Instruments: Disclosures.**
Para 16 (k)	**for entities becoming, or ceasing to be, investment entities, as defined in SLFRS 10 *Consolidated Financial Statements*, the disclosures in SLFRS 12 *Disclosure of Interests in Other Entities* paragraph 9B.**
Para 20 (b)	**statements of profit or loss and other comprehensive income for the current interim period and cumulatively for the current financial year to date, with comparative statements of profit or loss and other comprehensive income for the comparable interim periods (current and year-to-date) of the immediately preceding financial year. As permitted by LKAS 1, an interim report may present for each period a statement or statements of profit or loss and other comprehensive income.**
Para 46	This Standard becomes operative for financial statements covering periods beginning on or after 1 January 2012. Earlier application is encouraged.
Para 50	SLFRS 13, issued in April 2013, added paragraph 16A(j). An entity shall apply that amendment when it applies SLFRS 13.
Para 51	*Presentation of Items of Other Comprehensive Income* (Amendments to LKAS 1), issued in 2014, amended paragraphs 8, 8A, 11A and 20. An entity shall apply those amendments when it applies LKAS 1 as amended in 2014.
Para 52	Adoption of IASB's *Annual Improvements (2009 - 2011 Cycle*, issued in May 2012), amended paragraph 5 as a consequential amendment derived from the amendment to LKAS 1 *Presentation of Financial Statements*. An entity shall apply that amendment retrospectively in accordance with LKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.
Para 53	Adoption of IASB's *Annual Improvements (2009 - 2011 Cycle*, issued in May 2012), amended paragraph 16A. An entity shall apply that amendment retrospectively in accordance with LKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors for annual* periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

LKAS 36 - Impairment of Assets

Existing Para Reference	Replaced /added paragraph
In addition to the below changes, throughout this standard "to sell" term has been replace by "of disposal"	
Para 4	This Standard applies to financial assets classified as: (a) subsidiaries, as defined in SLFRS 10 *Consolidated Financial Statements;* (b) associates, as defined in LKAS 28 *Investments in Associates and Joint Ventures; and*

Existing Para Reference	Replaced /added paragraph
	(c) joint ventures, as defined in <u>SLFRS 11</u> Joint *<u>Arrangements.</u>* For impairment of other financial assets, refer to LKAS 39.
Para 5	This Standard does not apply to financial assets within the scope of LKAS 39, investment property measured at fair value <u>with in the scope of</u> LKAS 40, or biological assets related to agricultural activity measured at fair value less costs to sell <u>with in the scope of</u> LKAS 41. However, this Standard applies to assets that are carried at revalued amount (ie fair value <u>at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses</u>) in accordance with other SLFRSs, such as the revaluation model in LKAS 16 *Property, Plant and Equipment* <u>and LKAS 38 *Intangible Assets*. The only difference between an asset's fair value and its fair value less costs of disposal is the direct incremental costs attributable to the disposal of the asset.</u> (a) If the disposal costs are negligible, the recoverable amount of <u>the revalued</u> asset is necessarily close to, or greater than, its revalued amount. In this case, after the revaluation requirements have been applied, it is unlikely that the revalued asset is impaired and recoverable amount need not be estimated. <u>(b) [deleted]</u> (c) If the disposal costs are not negligible, the fair value less costs <u>of disposal</u> of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired if its value in use is less than its revalued amount. In this case, after the revaluation requirements have been applied, an entity applies this Standard to determine whether the asset may be impaired.
Para 6	**The following terms are used in this Standard with the meanings specified:** ***Carrying amount* is the amount at which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon.** ***A cash-generating unit* is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.** ***Corporate assets* are assets other than goodwill that contribute to the future cash flows of both the cash-generating unit under review and other cash-generating units.** ***Costs of disposal* are incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense.** ***Depreciable amount* is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.** ***Depreciation (Amortisation)* is the systematic allocation of the depreciable amount of an asset over its useful life [5].**

[5] In the case of an intangible asset, the term 'amortisation' is generally used instead of 'depreciation'. The two terms have the same meaning.

Fair value **is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13 *Fair Value Measurement.)***

An impairment loss **is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.**

The *recoverable amount* of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

Useful life **is either:**

(a) the period of time over which an asset is expected to be used by the entity; or

(b) the number of production or similar units expected to be obtained from the asset by the entity.

Value in use **is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.**

Para 12 **In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:**

External sources of information

(a) there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.

(b) significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.

(c) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(d) the carrying amount of the net assets of the entity is more than its market capitalisation.

Internal sources of information

(e) evidence is available of obsolescence or physical damage of an asset.

(f) significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite [6].

[6] Once an asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale), it is excluded from the scope of this Standard and is accounted for in accordance with SLFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

	(g) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. **Dividend from a subsidiary, joint venture or associate** **(h) for an investment in a subsidiary, joint venture or associate, the investor recognises a dividend from the investment and evidence is available that:** **(i) the carrying amount of the investment in the separate financial statements exceeds the carry ing amounts in the consolidated financial statements of the investee's net assets, including associated goodwill; or** **(ii) the dividend exceeds the total comprehensive income of the subsidiary, joint venture or associate in the period the dividend is declared.**
Para 18	This Standard defines recoverable amount as the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. Paragraphs 19-57 set out the requirements for measuring recoverable amount. These requirements use the term 'an asset' but apply equally to an individual asset or a cash-generating unit.
Para 20	It may be possible to measure fair value less costs of disposal, even if there is not a quoted price in an active market for an identical asset. However, sometimes it will not be possible to measure fair value less costs of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. In this case, the entity may use the asset's value in use as its recoverable amount.
	Fair value less costs of disposal
Para 53A	Fair value differs from value in use. Fair value reflects the assumptions market participants would use when pricing the asset. In contrast, value in use reflects the effects of factors that may be specific to the entity and not applicable to entities in general. For example, fair value does not reflect any of the following factors to the extent that they would not be generally available to market participants: *(a)* additional value derived from the grouping of assets (such as the creation of a portfolio of investment properties in different locations); *(b)* synergies between the asset being measured and other assets; *(c)* legal rights or legal restrictions that are specific only to the current owner of the asset; and *(d)* tax benefits or tax burdens that are specific to the current owner of the asset.

Para 81	Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill does not generate cash flows independently of other assets or groups of assets, and often contributes to the cash flows of multiple cash-generating units. Goodwill sometimes cannot be allocated on a non-arbitrary basis to individual cash-generating units, but only to groups of cash-generating units. As a result, the lowest level within the entity at which the goodwill is monitored for internal management purposes sometimes comprises a number of cash-generating units to which the goodwill relates, but to which it cannot be allocated. References in paragraphs 83-99 and <u>Appendix B</u> to a cash-generating unit to which goodwill is allocated should be read as references also to a group of cash-generating units to which goodwill is allocated.
Para 105 (a)	**its fair value less costs <u>of disposal</u> (if <u>measurable</u>);**
Para 111 (a)	**<u>there are observable indications that</u> the asset's value has increased significantly during the period.**
Para 130	**An entity shall disclose the following for an individual asset (including goodwill) or a cash-generating unit, <u>for which an impairment loss has been recognised or reversed during the period:</u>** ***(a)*** **the events and circumstances that led to the recognition or reversal of the impairment loss.** ***(b)*** **the amount of the impairment loss recognised or reversed.** ***(c)*** **for an individual asset:** **(i) the nature of the asset; and** **(ii) if the entity reports segment information in accordance with SLFRS 8, the reportable seg ment to which the asset belongs.** ***(d)*** **for a cash-generating unit:** **(i) a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, or a <u>reportable</u> segment as defined in SLFRS 8);** **(ii) the amount of the impairment loss recognised or reversed by class of assets and, if the entity reports segment information in accordance with SLFRS 8, by reportable segment; and** **(iii) if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash-generating unit's recoverable amount (if any), a description of the current and former way of aggregating assets and the reasons for changing the way the cash generating unit is identified.** ***(e)*** **<u>the recoverable amount of the asset (cash-generating unit) and</u> whether the recoverable amount of the asset (cash-generating unit) is its fair value less costs <u>of disposal or</u> its value in use.**

	(f) **if the recoverable amount is fair value less costs of disposal, the entity shall disclose the following information:** **(i) the level of the fair value hierarchy (see SLFRS 13) within which the fair value measurement of the asset(cash-generating unit) is categorised in its entirety (without taking into account whether the 'costs of disposal' are observable);** **(ii) for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, the entity shall disclose that change and the reason(s) for making it; and** **(iii) for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's (cash-generating unit's) recoverable amount is most sensitive. The entity shall also disclose the discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.** ***(g)*** **if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.**
Para 134	**An entity shall disclose the information required by (a)-(f) for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:** ***(a)*** **the carrying amount of goodwill allocated to the unit (group of units).** ***(b)*** **the carrying amount of intangible assets with indefinite useful lives allocated to the unit (group of units).** ***(c)*** **the basis on which the unit's (group of units') recoverable amount has been determined (ie value in use or fair value less costs of disposal).** ***(d)*** **if the unit's (group of units') recoverable amount is based on value in use:** **(i) each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.** **(ii) a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.** **(iii) the period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (group of units), an explanation of why that longer period is justified.**

(iv) the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated.

(v) the discount rate(s) applied to the cash flow projections.

***(e)* if the unit's (group of units') recoverable amount is based on fair value less costs of disposal, the valuation technique(s) used to measure fair value less costs of disposal. An entity is not required to provide the disclosures required by SLFRS 13. If fair value less costs of disposal is not measured using a quoted price for an identical unit (group of units), an entity shall disclose the following information:**

(i) each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.

(ii) a description of management's approach to determining the value (or values) assigned to each key assumption, whether those values reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.

(iiA) the level of the fair value hierarchy (see SLFRS 13) within which the fair value measurement is categorised in its entirety (without giving regard to the observability of 'costs of disposal').

(iiB) if there has been a change in valuation technique, the change and the reason(s) for making it.

If fair value less costs of disposal is measured using discounted cash flow projections, an entity shall disclose the following information:

(iii) the period over which management has projected cash flows.

(iv) the growth rate used to extrapolate cash flow projections.

(v) the discount rate(s) applied to the cash flow projections.

***(f)* if a reasonably possible change in a key assumption on which management has based its determination of the unit's (group of units') recoverable amount would cause the unit's (group of units') carrying amount to exceed its recoverable amount:**

(i) the amount by which the unit's (group of units') recoverable amount exceeds its carrying amount.

(ii) the value assigned to the key assumption.

(iii) the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (group of units') recoverable amount to be equal to its carrying amount.

Para 139	This Sri Lanka Accounting Standard becomes operative for annual financial statements covering periods beginning on or after 1, January 2012. Earlier application is encouraged. If an entity applies the standard for a period beginning before 1 January 2012, it shall disclose the facts.
Para 140H	SLFRS 10 and SLFRS 11, issued in April 2013, amended paragraph 4, the heading above paragraph 12(h) and paragraph 12(h). An entity shall apply those amendments when it applies SLFRS 10 and SLFRS 11.
Para 140I	SLFRS 13, issued in April 2013, amended paragraphs 5, 6, 12, 20, 22, 28, 78, 105, 111, 130 and 134, deleted paragraphs 25-27 and added paragraph 53A. An entity shall apply those amendments when it applies SLFRS 13.
Para 140J	In 2014 paragraphs 130 and 134 and the heading above paragraph 138 were amended. An entity shall apply those amendments retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted. An entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply SLFRS 13.

LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets

Existing Para Reference	Replaced /added paragraph
Para 95	This Standard becomes operative for annual financial statements covering periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for periods beginning before 1 January 2012, it shall disclose that fact.

LKAS 38 - Intangible Assets

Existing Para Reference	Replaced /added paragraph
Para 3 (e)	financial assets as defined in LKAS 32. The recognition and measurement of some financial assets are covered by SLFRS 10 *Consolidated Financial Statements, LKAS 27 Separate Financial Statements* and *LKAS 28 Investments in Associates and Joint Ventures.*

Para 8

The following terms are used in this Standard with the meanings specified:

Amortisation is **the systematic allocation of the depreciable amount of an intangible asset over its useful life.**

An *asset* is a resource:

(a) **controlled by an entity as a result of past events; and**

(b) **from which future economic benefits are expected to flow to the entity.**

Carrying amount **is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated amortisation and accumulated impairment losses thereon.**

Cost **is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other SLFRSs, eg SLFRS 2 *Share-based Payment.***

Depreciable amount **is the cost of an asset, or other amount substituted for cost, less its residual value.**

Development **is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.**

Entity-specific value **is the present value of the cash flows an entity expects to arise from the continuing use of an asset and from its disposal at the end of its useful life or expects to incur when settling a liability.**

Fair value **is the *price* that *would* be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13 *Fair Value Measurement.*)**

An *impairment* loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An *intangible asset* is an identifiable non-monetary asset without physical substance.

Monetary assets **are money held and assets to be received in fixed or determinable amounts of money.**

Research **is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.**

The *residual value* of an intangible asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

	***Useful life* is:** **(a) the period over which an asset is expected to be available for use by an entity; or** **(b) the number of production or similar units expected to be obtained from the asset by an entity.**
Para 33	In accordance with SLFRS 3 *Business Combinations*, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset will reflect market participants'e xpectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity. In other words, the entity expects there to be an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Therefore, the probability recognition criterion in paragraph 21(a) is always considered to be satisfied for intangible assets acquired in business combinations. If an asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset. Thus, the reliable measurement criterion in paragraph 21(b) is always considered to be satisfied for intangible assets acquired in business combinations.
	Intangible asset acquired in a business combination
Para 39	Deleted
Para 40	Deleted
Para 41	Deleted
Para 47	Paragraph 21(b) specifies that a condition for the recognition of an intangible asset is that the cost of the asset can be measured reliably. The fair value of an intangible asset is reliably measurable if (a) the variability in the range of reasonable fair value measurements is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value. If an entity is able to measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident.
Para 50	Differences between the fair value of an entity and the carrying amount of its identifiable net assets at any time may capture a range of factors that affect the fair value of the entity. However, such differences do not represent the cost of intangible assets controlled by the entity.
Para 75	**After initial recognition, an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. For the purpose of revaluations under this Standard, fair value shall be measured by reference to an active market. Revaluations shall be made with such regularity that at the end of the reporting period the carrying amount of the asset does not differ materially from its fair value.**
Para 78	It is uncommon for an active market to exist for an intangible asset, although this may happen. For example, in some jurisdictions, an active market may exist for freely transferable taxi licences, fishing licences or production quotas. However, an active market cannot exist for brands, newspaper mastheads, music and film publishing rights, patents or trademarks, because each such asset is unique.

	Also, although intangible assets are bought and sold, contracts are negotiated between individual buyers and sellers, and transactions are relatively infrequent. For these reasons, the price paid for one asset may not provide sufficient evidence of the fair value of another. Moreover, prices are often not available to the public.
Para 82	**If the fair value of a revalued intangible asset can no longer be measured by reference to an active market, the carrying amount of the asset shall be its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.**
Para 84	If the fair value of the asset can be measured by reference to an active market at a subsequent measurement date, the revaluation model is applied from that date.
Para 100 (b)	**there is an active market (as defined in SLFRS 13) for the asset and:**
Para 124 (c)	Deleted
Para 128 (b)	a brief description of significant intangible assets controlled by the entity but not recognised as assets because they did not meet the recognition criteria in this Standard or because they were acquired or generated before the version of LKAS 38 *Intangible Assets* was effective.
Para 130	An entity shall apply this Standard: *(a)* to the accounting for intangible assets acquired in business combinations for which the agreement date is on or after 1st January 2012; and *(b)* to the accounting for all other intangible assets prospectively from the beginning of the first annual period beginning on or after 1st January 2012. Thus, the entity shall not adjust the carrying amount of intangible assets recognised at that date. However, the entity shall, at that date, apply this Standard to reassess the useful lives of such intangible assets. If, as a result of that reassessment, the entity changes its assessment of the useful life of an asset, that change shall be accounted for as a change in an accounting estimate in accordance with LKAS 8.
Para 130F	SLFRS 10 and SLFRS 11 *Joint Arrangements,* issued in April 2013, amended paragraph 3(e). An entity shall apply that amendment when it applies SLFRS 10 and SLFRS 11.
Para 130G	SLFRS 13, issued in April 2013, amended paragraphs 8, 33, 47, 50, 75, 78, 82, 84, 100 and 124 and deleted paragraphs 39-41 and 130E. An entity shall apply those amendments when it applies SLFRS 13.

LKAS 39 - Financial Instruments: Recognition and Measurement

Existing Para Reference	Replaced /added paragraph
In addition to the below changes, throughout this standard "determined" term has been replace by "measured"	
Para 2 *(a)*	**those interests in subsidiaries, associates and joint ventures that are accounted for in accordance with SLFRS 10 *Consolidated Financial Statements*, LKAS 27 *Separate Financial Statements* or LKAS 28 Investments in Associates and Joint Ventures. However, in some cases, SLFRS 10,**

	LKAS 27 or LKAS 28 require or permit an entity to account for an interest in a subsidiary, associate or joint venture in accordance with some or all of the requirements of this Standard. Entities shall also apply this Standard to derivatives on an interest in a subsidiary, associate or joint venture unless the derivative meets the definition of an equity instrument of the entity in LKAS 32.
Para 2 (g)	**any forward contract between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination within the scope of SLFRS 3 *Business Combinations* at a future acquisition date. The term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction.**
Para 9	**Definition of a derivative**
Para 9 (b)	**It should be noted that SLFRS 13 *Fair Value Measurement sets* out the requirements for measuring the fair value of a financial asset or financial liability, whether by designation or otherwise, or whose fair value is disclosed.**
Para 9	**The *effective interest method* is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see LKAS 18 *Revenue*), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).** ***Derecognition* is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.** ***Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13.)**
Para 13	If an entity is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions (for example, because the embedded derivative is based on an equity instrument that does not have a quoted price in an active market for an identical instrument, *ie* a Level 1 input), the fair value of the embedded derivative is the difference between the fair value of the hybrid (combined) instrument and the fair value of the host contract. If the entity is unable to measure the fair value of the embedded derivative using this method, paragraph 12 applies and the hybrid (combined) instrument is designated as at fair value through profit or loss.
Para 15	In consolidated financial statements, paragraphs 16-23 and Appendix A paragraphs AG34-AG52 are applied at a consolidated level. Hence, an entity first consolidates all subsidiaries in accordance with

	SLFRS 10 and then applies paragraphs 16-23 and Appendix A paragraphs AG34-AG52 to the resulting group.
Para 43A	**<u>However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, an entity shall apply paragraph AG76.</u>**
Para 46 (c)	**investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such equity instruments, which shall be measured at cost (see Appendix A paragraphs AG80 and AG81).**
Heading	Deleted
Para 48	Deleted
Para 48A	Deleted
Para 49	Deleted
Para 66	**If there is objective evidence that an impairment loss has been incurred on an equity instrument <u>that does not have a quoted price in an active market and</u> that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similarfinancial asset (see paragraph 46(c) and Appendix A paragraphs AG80 andAG81). Such impairment losses shall not be reversed.**
Para 80	For hedge accounting purposes, only assets, liabilities, firm commitments or highly probable forecast transactions that involve a party external to the entity can be designated as hedged items. It follows that hedge accounting can be applied to transactions between entities in the same group only in the individual or separate financial statements of those entities and not in the consolidated financial statements of the group, <u>except for the consolidated financial statements of an investment entity, as defined in SLFRS 10, where transactions between an investment entity and its subsidiaries measured at fair value through profit or loss will not be eliminated in the consolidated financial statements.</u> As an exception, the foreign currency risk of an intragroup monetary item (*eg.* a payable/ receivable between two subsidiaries) may qualify as a hedged item in the consolidated financial statements if it results in an exposure to foreign exchange rate gains or losses that are not fully eliminated on consolidation in accordance with LKAS 21 *The Effects of Changes in ForeignExchange Rates.* In accordance with LKAS 21, foreign exchange rate gains and losses on intragroup monetary items are not fully eliminated on consolidation when the intragroup monetary item is transacted between two group entities that have different functional currencies. In addition, the foreign currency risk of a highly probable forecast intragroup transaction may qualify as a hedged item in consolidated financial statements provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and the foreign currency risk will affect consolidated profit or loss.
Para 88 (d)	**The effectiveness of the hedge can be reliably measured, *ie* the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.**

Para 91 (a)	**the hedging instrument expires or is sold, terminated or exercised. For this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy. Additionally, for this purpose there is not an expiration or termination of the hedging instrument if:** **(i) as a consequence of laws or regulations or the introduction of laws or regulations, the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. For this purpose, a clearing counterparty is a central counterparty (sometimes called a 'clearing organisation' or 'clearing agency') or an entity or entities, for example, a clearing member of a clearing organisation or a client of a clearing member of a clearing organisation, that are acting as counterparty in order to effect clearing by a central counterparty. However, when the parties to the hedging instrument replace their original counterparties with different counterparties this paragraph shall apply only if each of those parties effects clearing with the same central counterparty.** **(ii) other changes, if any, to the hedging instrument are limited to those that are necessary to effect such a replacement of the counterparty. Such changes are limited to those that are consistent with the terms that would be expected if the hedging instrument were originally cleared with the clearing counterparty. These changes include changes in the collateral requirements, rights to offset receivables and payables balances, and charges levied.**
Para 101 (a)	**The hedging instrument expires or is sold, terminated or exercised. In this case, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective (see paragraph 95(a)) shall remain separately in equity until the forecast transaction occurs. When the transaction occurs, paragraph 97, 98 or 100 applies. For the purpose of this subparagraph, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy. Additionally, for the purpose of this subparagraph there is not an expiration or termination of the hedging instrument if:** **(i) as a consequence of laws or regulations or the introduction of laws or regulations, the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. For this purpose, a clearing counterparty is a central counterparty (sometimes called a 'clearing organisation' or 'clearing agency') or an entity or entities, for example, a clearing member of a clearing organisation or a client of a clearing member of a clearing organisation, that are acting as counterparty in order to effect clearing by a central counterparty. However, when the parties to the hedging instrument replace their original counterparties with different counterparties this paragraph shall apply only if each of those parties effects clearing with the same central counterparty.** **(ii) other changes, if any, to the hedging instrument are limited to those that are necessary to effect such a replacement of the counterparty. Such changes are limited to those that are consistent with the terms that would be expected if the hedging instrument were originally cleared with the clearing counterparty. These changes include changes in the collateral requirements, rights to offset receivables and payables balances, and charges levied.**

Para 103	An entity shall apply this Standard for annual periods beginning on or after 1 January 2012. Earlier application is permitted. An entity shall not apply this Standard for annual periods beginning before 1 January 2012 unless it also applies LKAS 32.If an entity applies this Standard for a period beginning before 1 January 2012, it shall disclose that fact.
Para 103A	An entity shall apply the amendment in paragraph 2(j) for annual periods beginning on or after 1 January 2012. If an entity applies IFRIC 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* for an earlier period, this amendment shall be applied for that earlier period.
Para 103P	SLFRS 10 and SLFRS 11 *Joint Arrangements*, issued in April 2013, amended paragraphs 2(a), 15, AG3, AG36-AG38 and AG4I (a). An entity shall apply those amendments when it applies SLFRS 10 and SLFRS 11.
Para 103Q	SLFRS 13, issued in April 2013, amended paragraphs 9, 13, 28, 47, 88, AG46, AG52, AG64, AG76, AG76A, AG80, AG81 and AG96, added paragraph 43A and deleted paragraphs 48-49, AG69-AG75, AG77-AG79 and AG82. An entity shall apply those amendments when it applies SLFRS 13.
Para 108D	*Novation of Derivatives and Continuation of Hedge Accounting* (Amendments to LKAS 39), issued in 2014, amended paragraphs 91 and 101 and added paragraph AG113A. An entity shall apply those paragraphs for annual periods beginning on or after 1 January 2014. An entity shall apply those amendments retrospectively in accordance with LKAS 8 *Accounting Policies, Changes in AccountingEstimates and Errors.* Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.
Para AG3	Sometimes, an entity makes what it views as a "strategic investment" in equity instruments issued by another entity, with the intention of establishing or maintaining a long-term operating relationship with the entity in which the investment is made. The investor or joint venturer entity uses LKAS 28 to determine whether the equity method of accounting is appropriate for such an investment. If the equity method is not appropriate, the entity applies this Standard to that strategic investment.
Para AG4I	The entity is a venture capital organisation, mutual fund, unit trust or similar entity whose business is investing in financial assets with a view to profiting from their total return in the form of interest or dividends and changes in fair value. LKAS 28 allows such investments to be measured at fair value through profit or loss in accordance with this Standard.An entity may apply the same accounting policy to other investments managed on a total return basis but over which its influence is insufficient for them to be within the scope of LKAS 28.
Heading	Deleted
Para AG34	Deleted
Para AG35	Deleted
Para AG37	The situation described in paragraph 18(b) (when an entity retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients) occurs, for example, if the entity is a trust, and issues to investors beneficial interests in the underlying financial assets that it owns and provides servicing of those financial assets. In that case, the financial assets qualify for derecognition if the conditions in paragraphs 19 and 20 are met.

Para AG38	In applying paragraph 19, the entity could be, for example, the originator of the financial asset, or it could be a group that includes a subsidiary that has acquired the financial asset and passes on cash flows to unrelated third party investors.
Para AG46	When measuring the fair values of the part that continues to be recognised and the part that is derecognised for the purposes of applying paragraph 27, an entity applies the fair value measurement requirements in SLFRS 13 in addition to paragraph 28.
Para AG64	The fair value of a financial instrument on initial recognition is normally the transaction price *(ie.* the fair value of the consideration given or received, see also SLFRS 13 and paragraph AG76). However, if part of the consideration given or received is for something other than the financial instrument, an entity shall measure the fair value of the financial instrument. For example, the fair value of a long-term loan or receivable that carries no interest can be measured as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument (similar as to currency, term, type of interest rate and other factors) with a similar credit rating. Any additional amount lent is an expense or a reduction of income unless it qualifies for recognition as some other type of asset.
Heading	Deleted
Para AG69	Deleted
Para AG70	Deleted
Heading	Deleted
Para AG71	Deleted
Para AG72	Deleted
Para AG73	Deleted
Heading	Deleted
Para AG74	Deleted
Para AG75	Deleted
Para AG76	The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price *(ie.* the fair value of the consideration given or received, see also SLFRS 13). If an entity determines that the fair value at initial recognition differs from the transaction price as mentioned in paragraph 43A, the entity shall account for that instrument at that date as follows: *(a)* at the measurement required by paragraph 43 if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (*ie*. a Level 1 input) or based on a valuation technique that uses only data from observable markets. An entity shall recognise the difference between the fair value at initial recognition and the transaction price as a gain or loss. *(b)* in all other cases, at the measurement required by paragraph 43, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After

	initial recognition, the entity shall recognise that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.
Para AG76A	The subsequent measurement of the financial asset or financial liability and the subsequent recognition of gains and losses shall be consistent with the requirements of this Standard.
Para AG77	Deleted
Para AG78	Deleted
Para AG79	Deleted
Para AG80	The fair value of investments in equity instruments that do not have a quoted price in an active market for an identical instrument (ie a Level 1 input) and derivatives that are linked to and must be settled by delivery of such an equity instrument (see paragraphs 46(c) and 47) is reliably measurable if (a) the variability in the range of reasonable fair value measurements is not significant for that instrument or (b) the probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value.
Para AG81	There are many situations in which the variability in the range of reasonable fair value measurements of investments in equity instruments that do not have a quoted price in an active market for an identical instrument (ie a Level 1 input) and derivatives that are linked to and must be settled by delivery of such an equity instrument (see paragraphs 46(c) and 47) is likely not to be significant. Normally it is possible to measure the fair value of a financial asset that an entity has acquired from an outside party. However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity is precluded from measuring the instrument at fair value.
Heading	**Deleted**
Para AG82	Deleted
Para AG96	An investment in an equity instrument that does not have a quoted price in an active market for an identical instrument (ie a Level 1 input) is not carried at fair value because its fair value cannot otherwise be reliably measured or a derivative that is linked to and must be settled by delivery of such an equity instrument (see paragraphs 46(c) and 47) cannot be designated as a hedging instrument.
Para AG113A	For the avoidance of doubt, the effects of replacing the original counterparty with a clearing counterparty and making the associated changes as described in paragraphs 91(a)(ii) and 101(a)(ii) shall be reflected in the measurement of the hedging instrument and therefore in the assessment of hedge effectiveness and the measurement of hedge effectiveness.
Para AG133	An entity may have designated a forecast intragroup transaction as a hedged item at the start of an annual period beginning on or after 1 January 2012 (or, for the purpose of restating comparative information, the start of an earlier comparative period) in a hedge that would qualify for hedge accounting in accordance with this Standard (as amended by the last sentence of paragraph 80). Such an entity may use that designation to apply hedge accounting in consolidated financial statements from the start of the annual period beginning on or after 1 January 2012 (or the start of the earlier comparative period). Such an entity shall also apply paragraphs AG99A and AG99B from the start of the annual period beginning on or after 1 January 2012. However, in accordance with paragraph 108B, it need not apply paragraph AG99B to comparative information for earlier periods.

LKAS 40 - Investment Property

Existing Para Reference	Replaced /added paragraph
In addition to the below changes, throughout this standard "determined" term has been replace by "measured"	
Para 5	**The following terms are used in this Standard with the meanings specified:** ***Carrying amount* is the amount at which an asset is recognised in the statement of financial position.** ***Cost* is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other SLFRSs, eg SLFRS 2 *Share-based Payment.*** ***Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SLFRS 13 *Fair Value Measurement*)..** ***Investment property* is property (land or a building-or part of a building-or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:** **(a) use in the production or supply of goods or services or for administrative purposes; or** **(b) sale in the ordinary course of business.** ***Owner-occupied property* is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes.**
Para 26	Any premium paid for a lease is treated as part of the minimum lease payments for this purpose, and is therefore included in the cost of the asset, but is excluded from the liability. If a property interest held under a lease is classified as investment property, the item accounted for at fair value is that interest and not the underlying property. Guidance on measuring the fair value of a property interest is set out for the fair value model in paragraphs 33-35, 40, 41, 48, 50 and 52 and in SLFRS 13. That guidance is also relevant to the measurement of fair value when that value is used as cost for initial recognition purposes.
Para 29	The fair value of an asset is reliably measurable if (a) the variability in the range of reasonable fair value measurements is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value. If the entity is able to measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident.
Para 36	Deleted
Para 37	Deleted

Para 38	Deleted
Para 39	Deleted
Para 40	When measuring the fair value of investment property in accordance with SLFRS 13, an entity shall ensure that the fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions.
Para 42	Deleted
Para 43	Deleted
Para 44	Deleted
Para 45	Deleted
Para 46	Deleted
Para 47	Deleted
Para 48	In exceptional cases, there is clear evidence when an entity first acquires an investment property (or when an existing property first becomes investment property after a change in use) that the variability in the range of reasonable fair value measurements will be so great, and the probabilities of the various outcomes so difficult to assess, that the usefulness of a single measure of fair value is negated. This may indicate that the fair value of the property will not be reliably measurable on a continuing basis (see paragraph 53).
Para 49	Deleted
Para 51	Deleted
Para 53	**There is a rebuttable presumption that an entity can reliably measure the fair value of an investment property on a continuing basis. However, in exceptional cases, there is clear evidence when an entity first acquires an investment property (or when an existing property first becomes investment property after a change in use) that the fair value of the investment property is not reliably measurable on a continuing basis. This arises when, and only when, the market for comparable properties is inactive (eg there are few recent transactions, price quotations are not current or observed transaction prices indicate that the seller was forced to sell) and alternative reliable measurements of fair value (for example, based on discounted cash flow projections) are not available. If an entity determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, it shall measure that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier). If an entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably measurable on a continuing basis, the entity shall measure that investment property using the cost model in LKAS 16. The residual value of the investment property shall be assumed to be zero. The entity shall apply LKAS 16 until disposal of the investment property.**
Para 75 (d)	Deleted

Para 80 *(a)*	**if the entity has previously disclosed publicly (in financial statements or otherwise) the fair value of those property interests in earlier periods <u>(measured</u> on a basis that satisfies the definition of fair value in <u>SLFRS 13</u>), the entity is encouraged, but not required:**
Para 85	An entity shall apply this Standard for annual periods beginning on or after 1 January <u>2012.</u> Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January <u>2012</u>, it shall disclose that fact.
Para 85 *(c)*	<u>SLFRS 13, issued in April 2013, amended the definition of fair value in paragraph 5, amended paragraphs 26, 29, 32, 40, 48, 53, 53B, 78-80 and 85B and deleted paragraphs 36-39, 42-47, 49, 51 and 75(d). An entity shall apply those amendments when it applies SLFRS 13.and 85B and deleted paragraphs 36-39, 42-47, 49, 51 and 75(d). An entity shall apply those amendments when it applies SLFRS 13.</u>

LKAS 41 - Agriculture

Existing Para Reference	**Replaced /added paragraph**
Para 8	**The following terms are used in this Standard with the meanings specified:** ***Carrying amount*** **is the amount at which an asset is recognised in the statement of financial position.** ***Fair value*** **is the <u>price that would be received to sell</u> an asset or <u>paid to transfer</u> a liability in an <u>orderly</u> transaction <u>between market participants at the measurement date. (See SLFRS 13 *Fair Value Measurement.)*</u>** ***Government grants*** **are as defined in LKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance.***
Para 9	Deleted
Para 15	The fair value <u>measurement</u> of a biological asset or agricultural produce may be facilitated by grouping biological assets or agricultural produce according to significant attributes; for example, by age or quality. An entity selects the attributes corresponding to the attributes used in the market as a basis for pricing.
Para 16	Entities often enter into contracts to sell their biological assets or agricultural produce at a future date. Contract prices are not necessarily relevant in <u>measuring</u> fair value, because fair value reflects the current market <u>conditions</u> in which <u>market participant buyers</u> and sellers would enter into a transaction. As a result, the fair value of a biological asset or agricultural produce is not adjusted because of the existence of a contract. In some cases, a contract for the sale of a biological asset or agricultural produce may be an onerous contract, as defined in LKAS 37 *Provisions, Contingent Liabilities and Contingent Assets.* LKAS 37 applies to onerous contracts.
Para 17	Deleted
Para 18	Deleted
Para 19	Deleted

Para 20	Deleted
Para 21	Deleted
Para 23	Deleted
Para 30	**There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which quoted market prices are not available and for which alternative fair value measurements are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell. Once a non-current biological asset meets the criteria to be classified as held for sale (or is 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,* it is presumed that fair value can be measured reliably.**
Para 47	Deleted
Para 48	Deleted
Para 58	This Standard becomes operative for annual financial statements covering periods beginning on or after 1 January 2012. Earlier application is encouraged. If an entity applies this Standard for periods beginning before 1 January 2012, it shall disclose that fact.
Para 61	SLFRS 13, issued in April 2013, amended paragraphs 8, 15, 16, 25 and 30 and deleted paragraphs 9, 17-21, 23, 47 and 48. An entity shall apply those amendments when it applies SLFRS 13.

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