

LKAS 01 : Presentation of Financial Statements

AAT Level III
FAR - Financial Reporting

Sandeepa Jayasekera

ACA, B.Sc. (Accounting) Sp. Hons., ACMA (SL), SAT, CIMA Passed Finalist,
Reading for MBA (PIM), CA and CIMA Prize Winner



JMC Jayasekera Management Centre (Pvt) Ltd
Pioneers in Professional Education

65/2A, Chittampalam Gardiner Mawatha, Colombo 02 | T: +94 112 430451 | E: info@jmc.lk | F: +94 115 377917

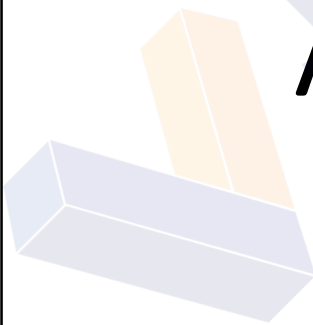
AAT Level 03 Financial Reporting



Sandeepa Jayasekera

B.Sc. (Acct.) Hons. Gold Medal Winner, ACA, SAT, ACMA (UK), CGMA (UK), CA Prize Winner for AFR subject in Strategic Level II, CA First in Order of Merit Prize Winner in CAB II Level, CIMA Strategic Level Aggregate Prize Winner, Reading for MBA (PIM-SJP).

Accounting Standards



What is an Accounting Standard?



Sandeepa Jayasekera - JMC

3

3

A Set of Guidelines

Issued by the Institute of Chartered Accountants (CA-Sri Lanka) to

↑ Uniformity

↑ Quality

in Preparing

in Presenting

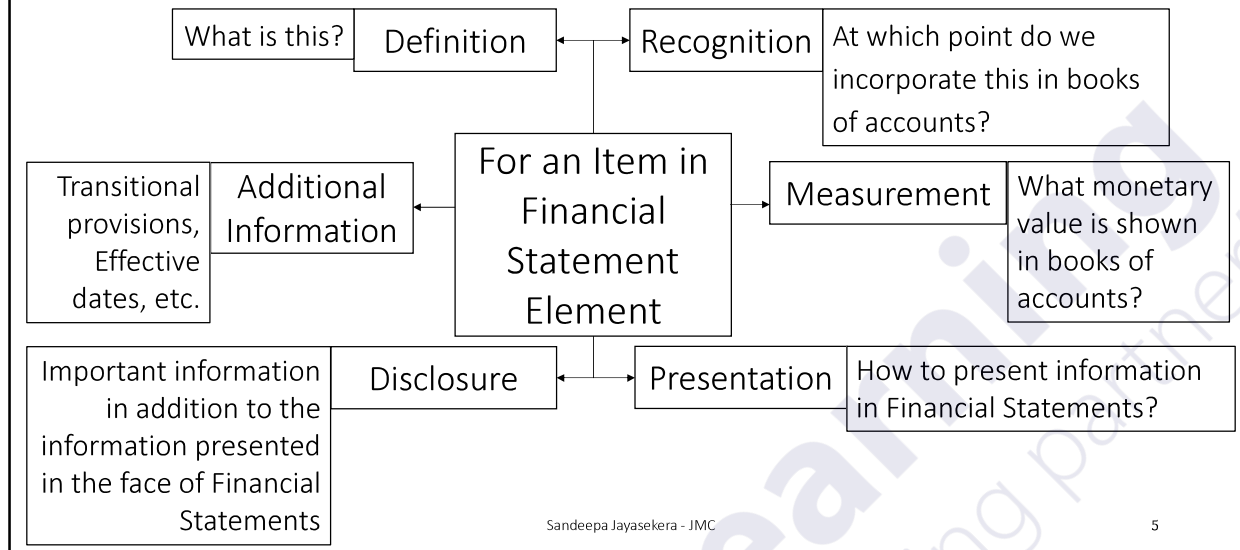
Financial Statements of Entities

Sandeepa Jayasekera - JMC

4

4

Contents of an Accounting Standard in General



5

Reasons to form Standards

↑ Comparability

↑ Meaningfulness of Disclosures

To assist Users of Financial Statements

To assist Preparers of Financial Statements

Sandeepa Jayasekera - JMC

6

6

As per Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995, adoption of Accounting Standards is a legal requirement for 'Specified Business Enterprises'.

- Banks
- Insurance Companies
- Factoring Companies
- Finance Companies
- Unit Trusts
- Fund Management Companies
- Stockbroker firms
- Stock Exchange
- Listed Companies
- Companies with a turnover in excess of Rs. 500 Mn
- Companies with gross assets in excess of Rs. 300 Mn
- Companies with capital in excess of Rs. 100 Mn
- Companies with bank loans in excess of Rs. 100 Mn
- Public corporations engaged in sale of goods or provision of services

Sandeepa Jayasekera - JMC

7

7

If a Specified Business Enterprise (SBE) does not prepare its Financial Statements in accordance with Accounting Standards, the Directors of such SBEs shall be liable to

A fine not exceeding
Rs. 500,000.

An imprisonment term
not exceeding five years.

Sandeepa Jayasekera - JMC

8

8

Accounting Standards applicable for AAT Level 03

1. LKAS 01 Presentation of Financial Statements
2. LKAS 08 Accounting Policies, Changes in Accounting Estimates and Errors
3. LKAS 10 Events after the Reporting Period
4. LKAS 12 Income Taxes
5. LKAS 16 Property, Plant & Equipment
6. LKAS 19 Employee Benefits
7. LKAS 36 Impairment of Assets
8. LKAS 23 Borrowing Costs
9. LKAS 37 Provisions, Contingent Liabilities and Contingent Assets
10. LKAS 38 Intangible Assets
11. SLFRS 15 Revenue from Contract with Customers
12. SLFRS 16 Leases
13. Basic understanding of Financial Instruments
14. Basic understanding on SLFRS for SMEs

Sandeepa Jayasekera - JMC

9

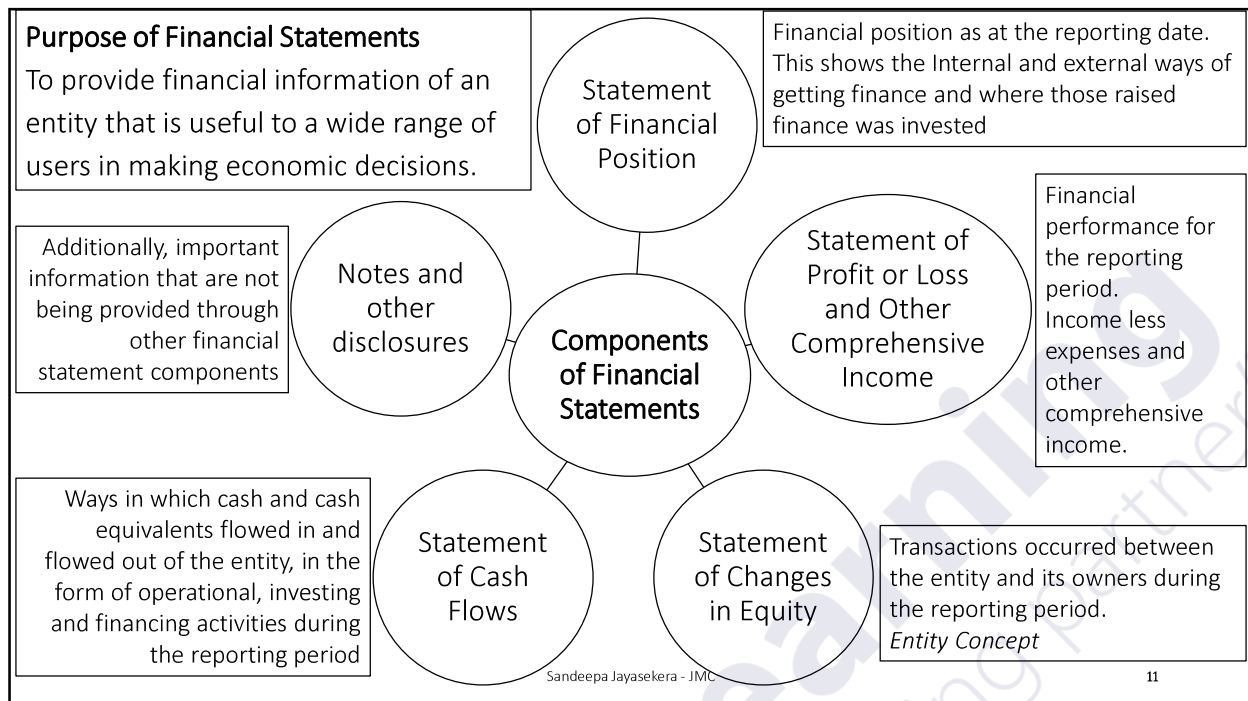
9

LKAS 01 – Presentation of Financial Statements

Sandeepa Jayasekera - JMC

10

10



11

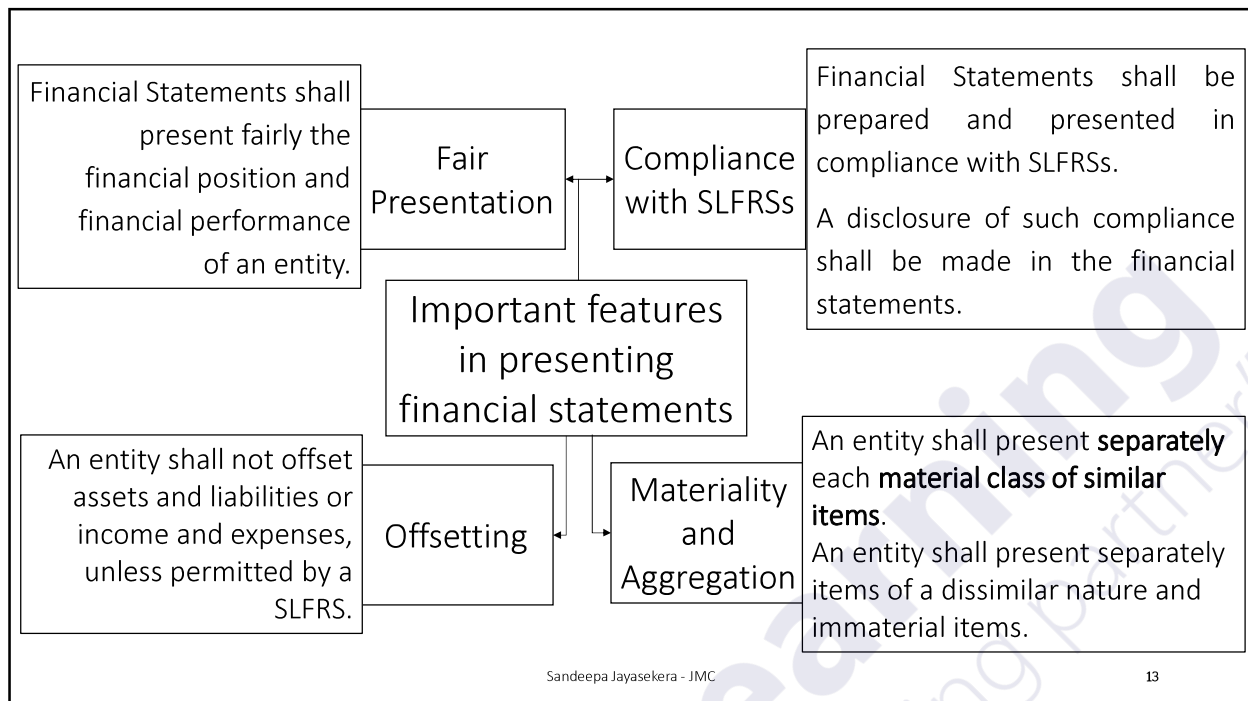
Other Comprehensive Income

Other non-operational income and expenses that are not included in profit or loss. Other Comprehensive Income includes the following:

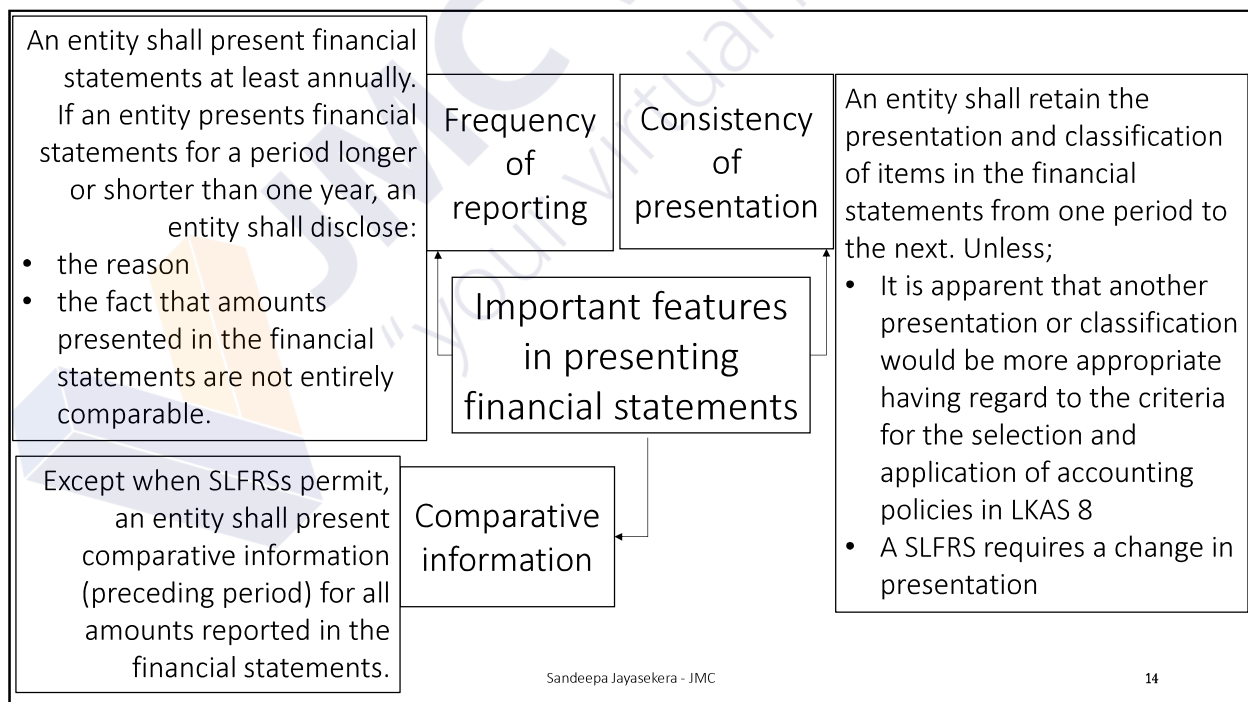
- Revaluation gains/losses arising through LKAS 16 and LKAS 38
- Actuarial gains/losses on Defined Benefit Plans arising through LKAS 19
- Gains/losses arising from translating financial statements of a foreign operation in accordance with LKAS 21
- Gains/losses from financial instruments measured at fair value through other comprehensive income (FVOCI) in accordance with SLFRS 09 Financial Instruments
- Gains/losses on hedging instruments

Sandeepa Jayasekera - JMC

12



13



14

Contents of Financial Statements

Following information should be presented in Financial Statements in general

- Name of the reporting entity
- Whether financial statements are of an individual entity or a group of entities
- Reporting period
- Presentation currency
- Level of precision used in presenting amounts in financial statements (Rs., Rs. '000, Rs. Mn.)

Sandeepa Jayasekera - JMC

15

15

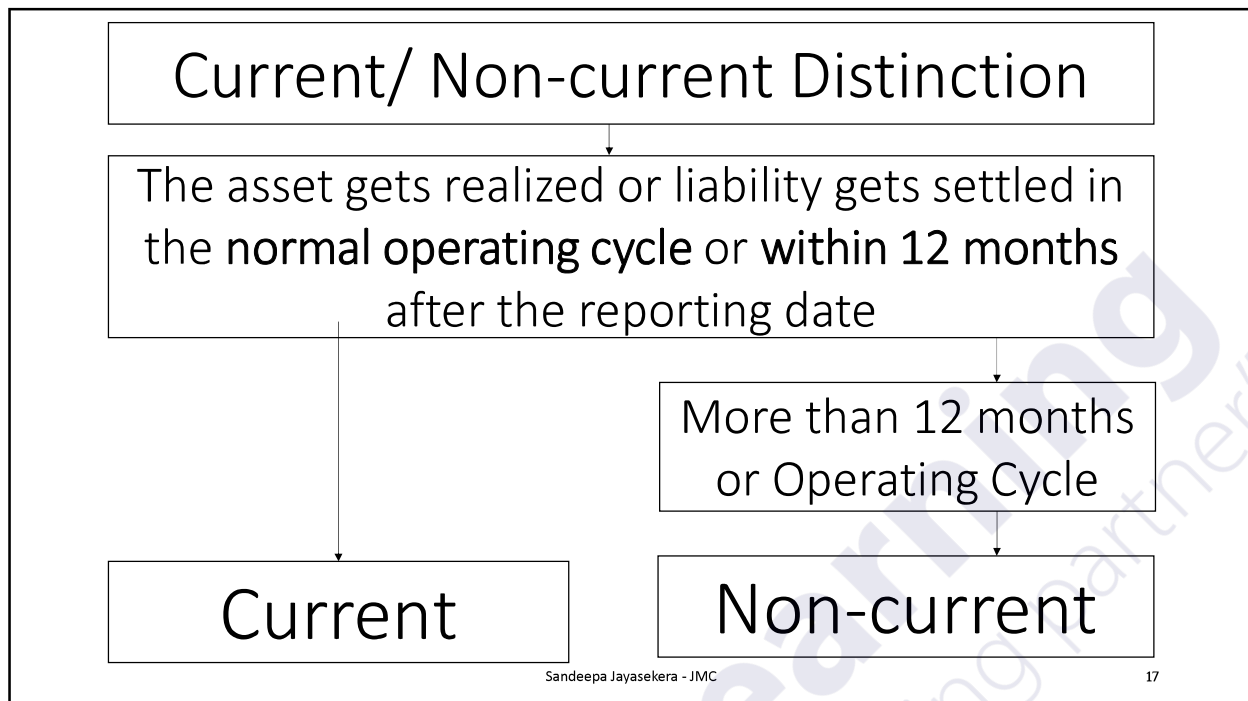
Information to be presented in the face of the Statement of Financial Position

- | | |
|---------------------------------|--|
| • Property, Plant and Equipment | • Financial liabilities |
| • Investment Property | • Cash and Cash Equivalents |
| • Intangible assets | • Deferred Tax Assets and Deferred Tax Liabilities |
| • Financial assets | • Issued capital and reserves |
| • Inventories | |
| • Trade and other receivables | |
| • Trade and other payables | |
| • Provisions | |

Sandeepa Jayasekera - JMC

16

16



17

Information to be presented in the face of the Statement of profit or loss and other comprehensive income

- Revenue
- Finance costs
- Share of profits or losses of associates and joint ventures accounted for using the equity method
- Tax expense
- Profit or loss for the period attributable to non-controlling interests and owners of the parent and comprehensive income for the period attributable to non-controlling interests and owners of the parent
- Other comprehensive income

Sandeepa Jayasekera - JMC

18

18

Information to be presented in the face of the Statement of changes in equity

- Total profit or loss for the period
- Other comprehensive income for the period
- Dividends
- Share issues
- Effects of retrospective application or retrospective restatement recognised in accordance with LKAS 08

Sandeepa Jayasekera - JMC

19

19

Information to be included under Notes and Disclosures

- A note stating that financial statements are prepared in compliance with SLFRSs
- Accounting policies
- Additional information in relation to information presented in other components of financial statements
- Contingent liabilities
- Events after the reporting period
- Non-financial disclosures
- Measurement basis used in preparing the financial statements

Sandeepa Jayasekera - JMC

20

20