

Introduction to Accounting Standards

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Accounting Standards

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Accounting Standards Introduction

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What is an Accounting Standard?



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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

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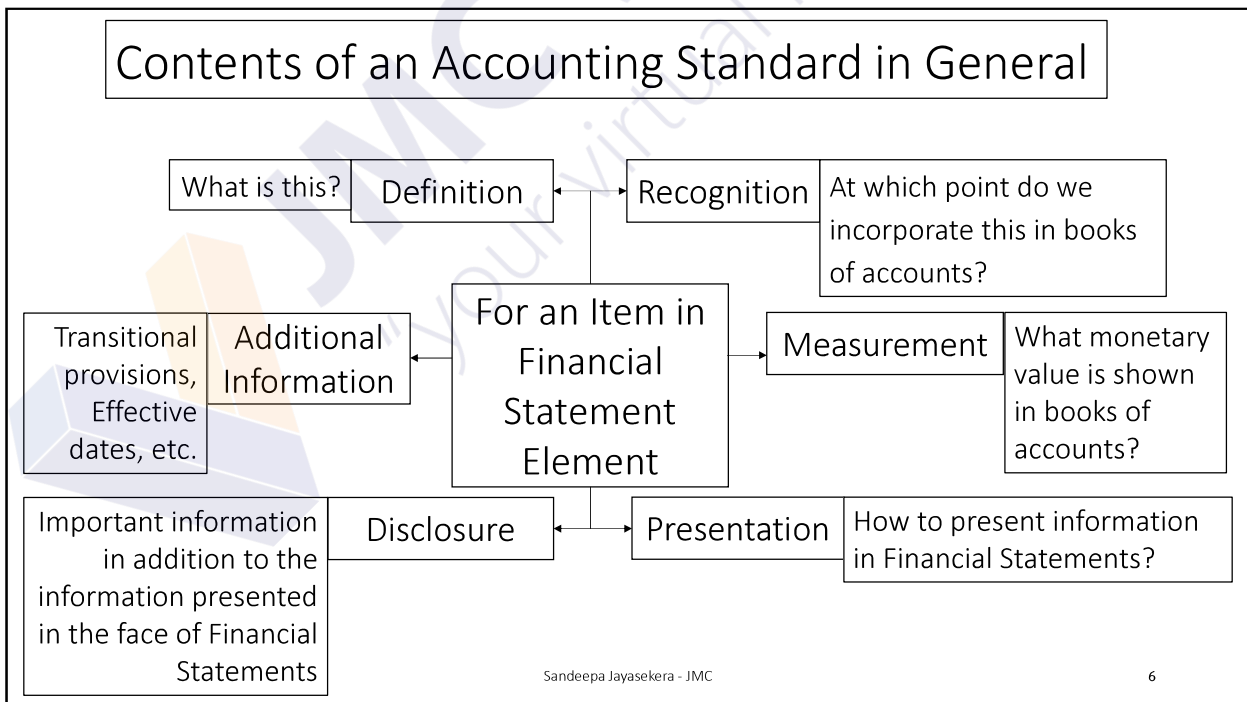
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Reasons to form Standards

- ↑ Comparability
- ↑ Meaningfulness of Disclosures
- To assist Users of Financial Statements
- To assist Preparers of Financial Statements

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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

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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.

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