

Challenges of IFRS Convergences of Insurance Industries in Sri Lanka

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The Institute of Chartered Accountants of Sri Lanka (CASL) committed to convergence International Financial Reporting Standards (IFRS) with effect from 1st January 2012. The convergence have been generated significant challenges and problems on financial reporting in the terms of recognition, measurement, disclosures on accounting policies, consolidation and reporting to the insurance companies operated in Sri Lanka. This research highlights the challenges in convergence of IFRS in Sri Lankan insurance sector and the possible ways to overcome those challenges. The qualitative method was used for the study based on both primary and secondary data gathered from interviewing of selected insurance companies and annual reports. The measures taken by CASL and the other regulatory bodies to facilitate the smooth convergence to IFRS were admirable. The remedial actions such as consulting reputed audit and advisory firms relating to IFRS issues, giving foreign learning opportunity to the accounting staff to obtained the IFRS knowledge, the knowledge of IFRS on newly recruited accounting staff have been taken to overcome the problems and challenges.

Keywords: IFRS, Convergence challenges, CASL, Insurance sector