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அரசு கணக்குகள் திணைக்களம்
Department of State Accounts

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22.02.2024

State Accounts Guideline No: 03/2024

All Secretaries of Ministries

All Heads of Departments

All District Secretaries


Adjustment for Exchange Rate Parity in Financial Statements of Foreign Funded Projects

It was noted that a few reporting entities are making parity adjustments for assets being recorded in the Financial Statements of Foreign Funded projects. Therefore, the Department of State Accounts provides the following guidelines on the determination of the necessity for making the parity adjustment in the Financial Statements of foreign-funded projects.

1. The foreign currency monetary items shall be translated using the closing rate and nonmonetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. The essential feature of a monetary item is a right to receive or an obligation to deliver a fixed or determinable number of units of currency. Conversely, the essential feature of a non-monetary item is the absence of a right to receive or an obligation to deliver a fixed or determinable number of units of currency.
2. Foreign loans provided by the Treasury for the projects are not reflected in the Statement of Financial Position of Projects as a liability, as projects do not have an obligation to repay the same.
3. Since foreign loans are recognized as a liability in the financial statements of the Government, the parity adjustment is being made at the end of each financial year using the closing rate as of 31st December of each financial year, published by the

Central Bank of Sri Lanka and the loan balances are shown, having included the parity adjustments, in the Government Financial Statements.

Therefore adjusting the parity variance in the project financial statements is not necessary.


W.A.Samantha Upananda
Director General
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1. Auditor General, National Audit Office
2. Director General, Department of Treasury Operations
3. Director General, Department of External Resources