



Department of Education, Sabaragamuwa/weekly school

week- June 2

Subject-Accounting

Grade-13

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Competency 11.0 – Uses Sri Lanka Accounting Standards for the preparation and presentation of financial statements.

Competency Level 11.5- Defining basic concepts and accounting for property, plant and equipment.

02. Following are the details of a machine which is imported by a manufacturing company. The business is a VAT registered company.

	(Rs.000')
Listed of price of the machine	1000 (Trade discount 10%)
Import duties	200
Clearing fees	20
Carriage inwards	10
Unloading charges	05
Installation and assembly costs	35
Engineering and professional fees	10
Cost of first test round	08
Cash received from selling samples produced in the test round	03
VAT (Relevant for purchasing of the machine)	90
Reinstallation cost in another place	10
Machine repair expenses	12
Calculate the initial recognition cost of the machine?	

03. Mention two conditions needed to recognize property, plant and equipment as asset?

