



Department of Education, Sabaragamuwa/weekly school

week- June 4

Subject-Accounting

Grade-13

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

Competency Level 11.6 –Discloses and accounting for provisions,contingent liabilities and contingent assets according to Sri Lanka Accounting standard.

- Define the following according to LKAS 37
 - Provisions
 - Contingent Assets
 - Contingent liabilities
- Differentiate between contingent assets and contingent liabilities.
- Disclosure requirement
- Explain in brief each of the following situations to be presented in financial statements. Journal entries if it is a provision.
 1. Sales income for the year ended 31/03/2017 was two million. They provide a warrantee period. It is estimated that 2% provision could be provided as warrantee.
 2. An employee files a case against the company seeking compensation of 5 000 000 lawyer decided that it not required to be compensation. .
 3. Environmental authority files a case against company for a compensation of Rs. 200 000. It is reliably estimated that it should be paid in the future.
 4. An organization files a case against a businessman who broke the business agreement. Compensation value is Rs. 400 000' It is not decided that. This compensation is receivable or not.

