

Eastern University, Sri Lanka

Faculty of Commerce and Management

Third Year Second Semester Examination in Bachelor of Commerce  
(Specialization in Accounting and Finance) 2014/2015 (August 2017)

(Proper/Repeat)

DAF 3092 Accounting Standards

Answer all questions

Time: Two Hours

- (a) According to LKAS 01, what are the components to be included in a complete set of financial statements of an entity?  
(05 Marks)
- (b) List out the line items as a minimum to be included in the statement of financial position of an entity as prescribed by the LKAS 01.  
(05 Marks)
- (c) According to LKAS 02, describe with examples all the components of the cost of inventories.  
(05 Marks)
- (d) List out the information to be disclosed regarding inventories in the financial statement of an entity as required by the LKAS 02.  
(05 Marks)  
(Total 20 Marks)
- (a) Describe the meanings of the terms "Cash" and "Cash Equivalents" according to the LKAS 07.  
(05 Marks)
- (b) List out five examples of cash flows from investing activities according to the LKAS 07.  
(05 Marks)
- (c) What are the conditions that LKAS 08 stipulates to allow an entity to change an accounting policy?  
(05 Marks)
- (d) Explain the meaning of "Accounting Estimates" giving examples, and how shall the effect of change in an accounting estimate be recognized in the financial statement of an entity as prescribed by the LKAS 08.  
(05 Marks)  
(Total 20 Marks)

03. (a) Describe the meaning of the term "Events after the reporting period" and explain the two types of such events as per the LKAS 10.

(05 Marks)

(b) Give five examples of non-adjusting events after the reporting period that would generally result in disclosure.

(05 Marks)

(c) Explain the term "Tax Base" as per LKAS 12.

(05 Marks)

(d) What are the conditions that the LKAS 16 requires an entity to satisfy for recognizing the cost of an item of property, plant and equipment as an asset?

(05 Marks)

(Total 20 Marks)

04. (a) According to LKAS 17, explain how leases are classified.

(05 Marks)

(b) According to LKAS 23, explain the meaning of (i) Borrowing Cost, and (ii) Qualifying Assets.

(05 Marks)

(c) State the conditions where the control of parent may exist on subsidiaries as stated in the LKAS 27

(05 Marks)

(d) Explain the meaning of the term "Significant Influence" in relation to investment in associates as per the LKAS 28.

(05 Marks)

(Total 20 Marks)

05. (a) How is the Basic Earnings Per Share of an entity measured ?

(05 Marks)

(b) What do you understand by the terms "Dilution" and "Antidilution"

(05 Marks)

(c) Capital Structure and Earnings for Year 2016 of OIK plc are as follows:

Number of ordinary shares outstanding on 01.01.2016	5,000,000
Number of new ordinary shares issued on 01.04.2016	1,000,000
Number of 15% Convertible debentures of Rs.100 each	100,000
Ordinary Shares of issuable on conversion per debenture	10
Interest for the year	Rs.1,500,000
Net income for Year 2016	Rs.20,000,000
Tax relating to interest	20%

Required:

Calculate the following:

(a) Basic Earnings Per Share

(b) Diluted Earnings Per Share

(10 Marks)

(Total 20 Marks)