

**BA SANGAM COLLEGE
YEAR 13 ACCOUNTING
WORKSHEET 5**

QUESTION 1

NATURE OF ACCOUNTING

Part A

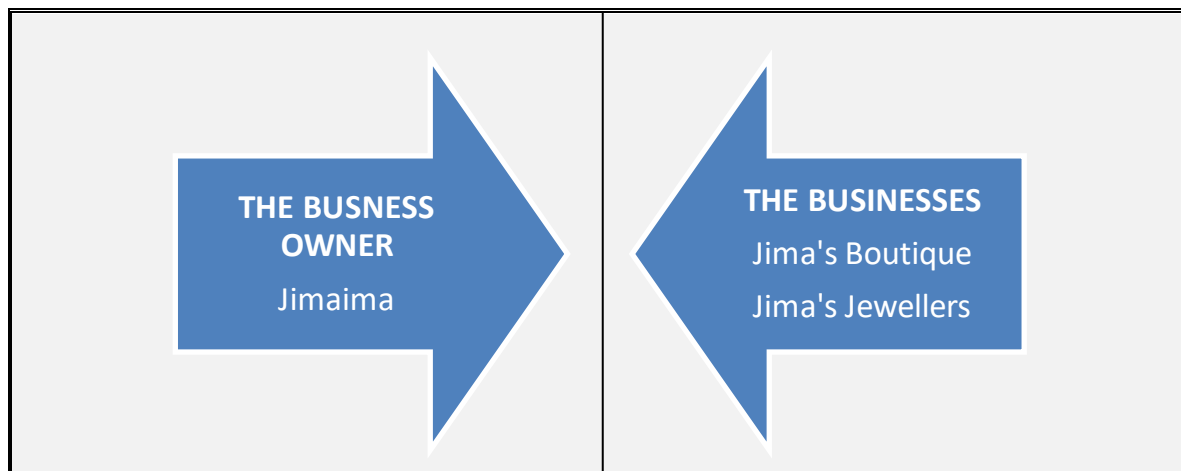
Accounting Concepts

1. The historical cost concept plays a vital role in financial reporting. It is very influential in determining the values of fixed assets in a business.

With reference to the above statement:

- a) Define **historical cost concept**.
 - b) **State the justification**.
 - c) State two drawbacks of it when used in financial reporting?
2. The **conservatism concept** is crucial in determining net profit of a business.
- a) Define conservatism concept.
 - b) Discuss the justification of this concept in accounting
 - c) State two problems faced by accountants when applying this concept
3. The **Materiality** concept is an established and recognized accounting convention. However, it has provision to violate **Matching** concept if it does not mislead readers of the financial statements.
- a) Define **Materiality** and **Matching** concepts.
 - b) Explain and provide an example on how **Materiality** concept assists in determining whether expenditure is classified as capital expenditure or revenue?

4. Study the diagram below and answer the question.



- a) Identify the accounting concept.
- b) State one drawback of this concept

Part B Accounting Standard & Regulatory Bodies

1. **Define:**
 - a) Conceptual framework
 - b) Accounting standards
2. Name the accounting standard that is used by accountants in Fiji.
3. Describe the roles of :
 - a) Office of Auditor General
 - b) Fiji Institute of Accountants
 - c) Institute of Internal Auditors in Fiji
4. State two purpose of Conceptual Framework?
5. List two of the major accounting firms in Fiji.
6. Name the organization that deals with changes in the accounting standard in Fiji

Part C Ethics & Fraud

1. State any four of the five fundamental principles of the code of conduct for the

Professional accountants?

2. Define ethics.
3. What is the role of the accounting profession in Fiji?
4. Explain the term whistle blower.
5. Describe the roles of:
 - a) Fiji Intelligence Unit
 - b) Fiji Revenue and Customs Services
 - c) FICAC

6. Study the case study and answer the questions.

\$16.5m tax probe

Monika Singh

Wednesday, November 16, 2016

A company that undervalued its sales by more than \$16.5 million to evade taxes is now under the taxman's radar with the possibility of paying almost the same amount in taxes.

A statement from the Fiji Revenue and Customs Authority (FRCA) yesterday gave a reminder that under the Tax Administration Decree, the maximum penalty for such an amount was 300 per cent of total taxes due.

FRCA Chief executive officer Visvanath Das said they would not tolerate tax evasion and warned offenders of the consequences.

"FRCA will come down hard on companies who are evading duties and taxes," he said.

Mr Das said the company under investigation was under-declaring its sales for the past three years, denying State covers in revenue in particular value added tax (VAT), which is 9 per cent, and income tax, which is 20 per cent.

He said despite the stiff penalties, some businesses are still bold enough to engage in tax evasion.

"Some other businesses are also being investigated for similar offences. We continue to receive complaints from law-abiding taxpayers about these untrustworthy traders on a daily basis," said Mr Das.

Source: www.fijitimes.com

- a) Identify from the above, the institution that deals with such fraudulent activities in Fiji?
- b) Assume you are an accountant, suggest ways in which you can deal with this situation?