

Subject: Year 13 Accounting Worksheet 20 Name: _____

| | |
|--------------------------|--------------------------|
| Strand 1 | Nature of Accounting |
| Sub strand 1.2 | Ethics and Fraud |
| Content Learning Outcome | Explain Ethics and Fraud |

QUESTION 1 NATURE OF ACCOUNTING (20 marks)

Part A: Case Study Ethics and Frauds

Use the case Study given below to answer the questions that follow.

Mr. X between 1 May 2007 and 30 November 2009 derived \$109,848.50 by creating fictitious records of 30 tax payers on the FRCA database. Each tax payer was allocated a tax identification number. The tax payers lodged tax returns under salary and wage earner category. The 27 tax payers shared the same postal address of P.O. 1671 Nabuabua. The same postal address of the tax payers triggered internal investigations by FRCA. The tax returns lodged showed that certain amount was deducted as income tax. Mr. Y who was an auditor with FRCA had accessed the tax payer accounts and altered certain information. FRCA refunded the deductions and issued refund cheques which were posted to the address: P.O. Box 1671, Nabuabua.

The refund cheques were collected by Mr.X. 55 refund cheques were cashed by Mr.X. The names of the fictitious tax payers were the acquaintances of Mr. X and he used their identity details by lying to them. The significant degree of planning and execution over a long period of time and the fact that the sum of \$109,848.50 was not recovered by FRCA were considered as aggravating factors. Mr. X was convicted for one count of money laundering and was sentenced to seven years imprisonment and not eligible for parole until he completes five years and six months

- What type of fraud committed by the offender in the situation given above? (1 mark)
- Suggest **two** ways in which this type of fraud can be controlled in the business. (2 marks)
- Identify **two** reasons as to why do you think fraud is easily carried out in such organisations. (2 marks)
- Suppose you are also aware of the action taken by Mr.X. What will you do ensure this comes to an end. (1 mark)

Part B

- List and discuss **two** code of conducts for Professional Accountants. (2 marks)
- Identify and describe the role of Fiji Financial Intelligence Unit (FIU). (2 marks)

(c) Differentiate between Corruption and Bribery.

(2 marks)

Question 2 Ethics and Fraud

(a) Define Fraud

(1 mark)

(b) Define Ethics with an example.

(1 mark)

(c) Study the case study given below and answer the questions that follow:

Ajan is an accountant in Rimal's construction firm since 2017. He used to manipulate the accounting records such as expenses account. The funds he used to get from the manipulation of accounts were used for travelling and meeting his other expenses. When Rimal hired Tony as the business manager in 2019, it came to light that Ajan had misused over \$20 000 from the business account.

(i) Identify the type of fraudulent scheme from the above case study.

(1 mark)

(ii) Identify the ethical code of conduct that has been violated by Alina.

(1 mark)

(iii) List and discuss any three fundamental principles of professional accountants (3 marks)

(iv) Differentiate between skimming and cash larceny. (2 marks)

(v) Explain the term cash evasion. (1 mark)

(vi) List at least two organisations that deal with fraudulent acts in Fiji. (2 marks)