



Strand 1	Nature of Accounting
Sub strand 1.1	Conceptual framework and Accounting Bodies
Content Learning Outcome	Explore the nature of conceptual framework

## QUESTION 1 NATURE OF ACCOUNTING

1. Identify **one** role of the following institutions
  - i. Fiji Institute of Accountants
  - ii. Fiji revenue and Customs Services ( 2 marks)
  
2. Accounting Period and Matching Concepts are used hand in hand while preparing financial statements.
  - (i) State the meaning of Accounting Period Concept and Matching Concept. (2 marks)
  - (ii) List **one** drawback of each of the matching concepts given above. (1 marks)
  
3. Study the statements given below.
  - a. The private house of the business proprietor is included in the business assets in the balance sheet.
  - b. Sales is recorded in the financial report in units and not in dollar values.
  - c. The company each year changes its accounting method for stock valuation to suit its operation.

### For each of the statements given above:

- i. Identify the accounting concept which I being violated. (3 marks)
  - ii. Define the concept identified in (i) (3 marks)
4. Financial statements based on historical cost convention does not adequately account for price changes. One of the alternative approaches to overcome this problem is current cost accounting system.

Differentiate between **historical cost** and **current cost** accounting systems. (2 marks)

5. Explain the term Tax Evasion (1 mark)
6. Describe one role of FICAC (1 mark)
7. Who is a whistle blower? (1 mark)

