

YR 12 ACCOUNTING - WORKSHEET

Date: 22/04/2020

Week: 1

Worksheet No. : 1

Strand no: 1

Strand: Nature of Accounting

Sub Strand:

- Nature and environment of accounting
- Definitions for elements of accounting
- Conceptual Basis of Accounting
- definitions for elements of accounting

Objectives: Students should be able to revise on:

- the nature and environment of Accounting.
- the accounting concepts and assumptions and the qualitative characteristics currently used in financial reporting.
- the elements of Financial Statements

Notes

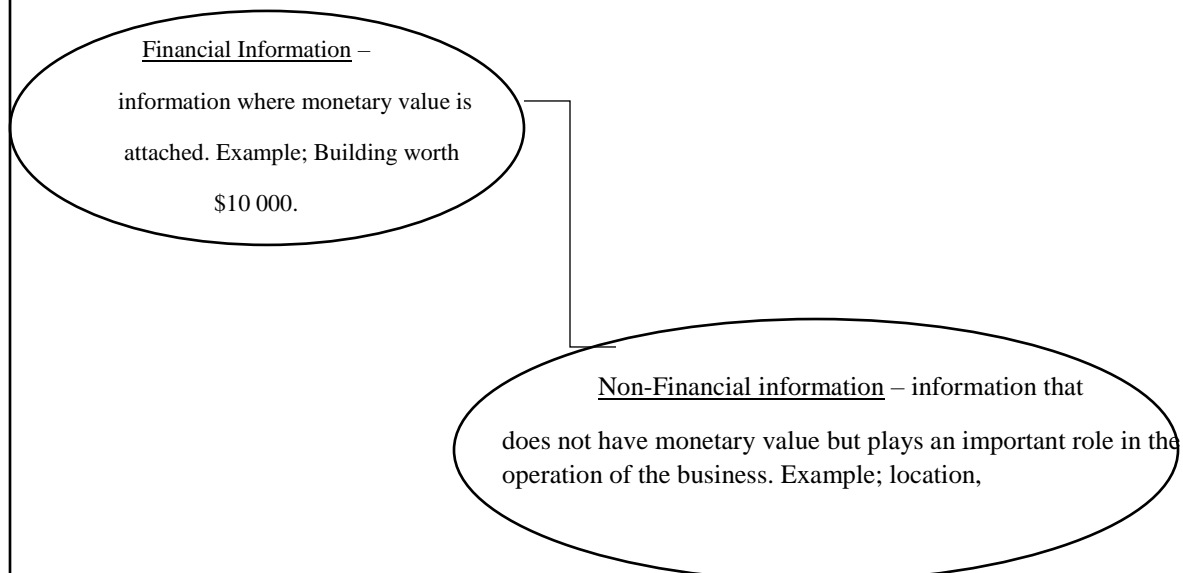
A. Nature and Environment of accounting

The basic function of accounting is to provide financial information to assist in making financial and economic decisions.

Accounting Process



Types of Information



B. The Conceptual Framework for Financial Reporting

- Is a set of guidelines that help in the preparation of financial statements.
- Assists in developing the accounting standards.

Accounting Standards

- Are principles that guide and standardize accounting practices.
- It assists accountants in the preparation of financial reports.
- In Fiji, the Fiji Institute of Accountants (FIA) implements the accounting standards, which are prepared by the International Accounting Standards Board (IASB).
- The accounting standards adopted and followed in Fiji is known as the International Financial Reporting Standards (IFRS)

Note: The Conceptual Framework is not a Standard.

C. The Accounting Concepts



Activities**(25 MARKS)****Instructions**

Students are required to answer the following questions on their own, by recalling what they have already learned in term 1.

A. Multiple Choice**Circle the letter which represents the best answer.****(5 marks)**Q1 Define **Accounting**.

- A. Process of only identifying financial information for various users for decision making
- B. Process of identifying and measuring financial information for various users for decision making
- C. Process of identifying, measuring and recording financial information for various users for decision making
- D. Process of identifying, measuring, recording and communicating financial information for various users for decision making

Q2 What is **financial informations**?

- A. Informations where monetary value is attached
- B. Informations only for managers for internal decision on planning and controlling the operations of the entity.
- C. Informations only for external users for decision making
- D. Informations where monetary value is not attached

Q3 What is **non financial informations**?

- A. Informations where monetary value is attached
- B. Informations only for managers for internal decision on planning and controlling the operations of the entity.
- C. Informations only for external users for decision making
- D. Informations where monetary value is not attached

Q4 Who are **internal users** of accounting information?

- A. Informations where monetary value is attached
- B. Informations only for managers for internal decision on planning and controlling the operations of the entity.
- C. Informations only for creditors, lenders, investors, etc for decision making
- D. Informations where monetary value is not attached

Q5 Who are **external users** of accounting information?

- A. Informations where monetary value is attached
- B. Informations only for managers for internal decision on planning and controlling the operations of the entity.
- C. Informations only for external users for decision making
- D. Informations where monetary value is not attached

- B. Complete the table below by finding the differences between management accounting and financial accounting. (10 marks)**

The list of possible answers are listed below:

1. External auditors	2. Internal auditors	3. internal users
4. Reports are prepared at regular interval		
5. Reports are according to management needs		
6. Reports are prepared on demand		
7. according to the accounting standards	8. external users	
9. special purpose financial reports		
10. general purpose financial reports		

Table

Differences between Management Accounting and Financial Accounting		
	Management Accounting	Financial Accounting
Users of Reports		
Types of reports prepared		
Frequency of reports		
Content and format of reports		
Verification		

**C. Matching : Match Concepts in column A with their descriptions in Column B
(10 marks)**

CONCEPTS		ANSWERS	
Column A	Column B	CONCEPT	CORRECT DESCRIPTION
1. Matching Concept	A. business entity is formed by a process of law	1	
2. Accounting Period Concept	B. assumes that the business will continue indefinitely	2	
3. Separate Entity Concept	C. business transactions are to be recorded at its original cost.	3	
4. Legal Entity Concept	D. the business is separate and distinct from the owner/s	4	
5. Monetary Concept	E. revenue and costs are recognized and included in the income statement as they accrued, earned or incurred and not as they are paid or received.	5	
6. Going Concern Concept	F. Revenues and profits are not anticipated but they are recognized by inclusion in the Income Statement	6	
7. Historical Cost Concept	G. the profit is included in the account of the period when the profit is recognized	7	
8. Conservatism	H. expenses are matched with related income	8	
9. Realisation Concept	I. all transactions in a business must be recorded in money terms.	9	
10. Accrual Concept	J. the life of the business is divided into periods of time	10	