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**CERTIFIED ACCOUNTING TECHNICIAN  
STAGE 2 EXAMINATIONS**

**S2.3: PROFESSIONAL ETHICS IN ACCOUNTING  
AND FINANCE**

**DATE: MONDAY 27, NOVEMBER 2023**

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**INSTRUCTIONS:**

1. Time allowed: **2 hours and 30 minutes**.
2. This examination has **one** section only: **SECTION A**
3. Section **A** has **50** compulsory multiple-choice questions equal to **2 marks each**.
4. Question paper should not be taken out of the examination room



## **SECTION A**

### **QUESTION ONE**

Brian is an ICPAR member who works for BNP Ltd. He performs routine tasks which includes the preparation of tax for the clients of BNP Ltd.

**Which of the following correctly describes the area in which Brian works?**

- A An accountant in business
- B An accountant in public sector
- C An accountant in practice
- D None of the above

**(2 Marks)**

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### **QUESTION TWO**

ICPAR requires its members and students to adopt and maintain high ethical standards.

**Which of the following fundamental ethical principles requires a professional accountant to comply with relevant laws and regulations and avoid any action that may discredit the profession?**

- A Objectivity
- B Integrity
- C Professional competence and due care
- D Professional behaviour

**(2 Marks)**

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### **QUESTION THREE**

**Which of the following statements best describes why accountants should comply with a professional code of ethics?**

- A To prevent dishonest individuals from entering the profession
- B To maintain public confidence in the profession
- C It increases the chance of them getting a pay rise
- D None of the above

**(2 Marks)**

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#### QUESTION FOUR

Peter is working at KNP Ltd, a telecommunication company in Kigali. Due to covid-19 pandemic, he was made redundant from his role in the sales and marketing department of the company. Before leaving, he copied a database of the company's key sales contacts and clients.

ABC Ltd approached him and signed a contract with him. ABC Ltd is competing with KNP Ltd the industry. During the meeting organised by the management of ABC Ltd on how to increase the sales and attract new clients. Peter shared the database of the company's key sales contacts and clients of KNP Ltd to his new employer and proposed a strategy to contact each of them to see if their businesses could be won.

**Which one of the following ethical principles has Peter breached here?**

- A Professional competence and due care
- B Integrity
- C Confidentiality
- D Objectivity

(2 Marks)

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#### QUESTION FIVE

The principle of professional behaviour is vital in maintaining the reputation of the profession.

**Which of the following is not primarily included in the principle of profession behaviour?**

- A Behaving with courtesy and consideration towards anyone you come into contact with professionally and in your personal life.
- B Being honest when describing the services, you can offer in a particular area of business.
- C As a minimum, complying with the law.
- D Completing work carefully, thoroughly and on timely basis.

(2 Marks)

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#### QUESTION SIX

**Which of the following best describes the approach which allows the individual to decide what behaviour is appropriate and to exercise professional judgment on case-by -case basis?**

- A The rules- based approach
- B The laissez-faire approach
- C The principles- based approach
- D None of the above

(2 Marks)

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## QUESTION SEVEN

William is a senior accountant at XYZ Ltd, a leading construction company in Rubavu district. The company is having an internal vacant post for the finance manager and one of the requirements is to have a professional qualification such as CPA or ACCA. William being the senior experienced staff in the finance and accounting department of the company is desperately in a process to secure a promotion, but he lacks one of the necessary qualifications.

William enrolled into the Certified Public Accountant (CPA) profession course, but on his application form that was submitted to the Human Resources department, he stated that he had completed the professional course in accounting.

**Which of the ethical principle has been breached here by William?**

- A Professional competence and due care
- B Confidentiality
- C Objectivity
- D Integrity

**(2 Marks)**

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## QUESTION EIGHT

The law No 11/ 2008 (Parliament of Republic of Rwanda) determines the ICPAR roles and responsibilities as well as how it governs and conduct its business.

**Which of the following is not a key role of the governing body of a profession, such as ICPAR?**

- A Promoting the competence and capacity of its members
- B Ensure that the scope of activities performed by the members is as wide as possible
- C Promoting and preserving the independence of its members
- D Apply disciplinary sanctions against members

**(2 Marks)**

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## QUESTION NINE

**In which one of the following circumstances may it be appropriate for an accountant to accept gifts and hospitality within a workplace?**

- A When they are intended to influence an accountant's judgement
- B When an auditor is given an expensive gift by a client at the completion of an audit
- C When they are in the normal course of public relations and marketing
- D When they are significant in value

**(2 Marks)**

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### QUESTION 10

John is audit partner of JJ Ltd Audit firm; the firm has been auditing one of the big banks in Kigali. Shortly before the year end audit, the management of the bank communicated to the JJ Ltd that the bank has received a cheaper offer/quote from a rival audit firm for conducting the annual audit, and that it is then considering changing the auditors next year.

**What is the threat to the JJ Ltd audit firm's principle here?**

- A Familiarity
- B Self-review
- C Advocacy
- D Intimidation

(2 Marks)

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### QUESTION 11

Regarding to scenario in question 10, **which of the following is the most appropriate potential safeguard for the JJ Ltd audit firm?**

- A Resign from the audit engagement.
- B Stay with the original audit plan for this year and give the bank a clear account of the time spent.
- C Reduce the coverage of the audit work to save costs so that the fee will be lower.
- D Contact the rival auditor and persuade them to raise their quote.

(2 Marks)

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### QUESTION 12

**Which of the following best defines the fundamental ethical principle of professional competencies and due care?**

- A Being honest and straightforward when answering queries and providing information.
- B Refraining from performing any services that you do not have sufficient knowledge or skills to perform.
- C Providing a quality of service that can reasonably be expected from a skilled and qualified practitioner.
- D Exercising reasonable judgment when making decisions

(2 Marks)

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### QUESTION 13

Aime is the Chief Accountant at Unity Project and has requested Diane, an accountant of the same project to review the last financial performance of the project but Aime is the one who is responsible for producing the financial statements that Diane will use as a basis for her review. Due to Aime's seniority, Diane decided not to question the accuracy of his work and not to perform her own checks on it before starting her review.



**Which threats to fundamental ethics has occurred in this situation?**

- A Familiarity threat
- B Intimidation threat
- C Self-review threat
- D Self-interest threat

**(2 Marks)**

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#### **QUESTION 14**

There are many reasons why ICPAR members should follow ICPAR professional Code of Ethics.

**Which of the following is not one of them?**

- A The Code encourages best practice and is in the public interest
- B The Code applies to members in practice and members in business
- C All ICPAR members must follow the Code as a condition of their membership.
- D ICPAR members are legally bound by the Code

**(2 Marks)**

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#### **QUESTION 15**

One of the seven principles of public life whose aim is to improve standards of behaviour in public life is described as follows:

‘Holders of public office should be truthful and should declare any private interests which could create a conflict of interest in their public duties.’

**Which one of the following principles of public life that is best described above?**

- A Leadership
- B Selflessness
- C Honesty
- D Integrity

**(2 Marks)**

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#### **QUESTION 16**

Since members who work in an accountancy practice are affected by different threats to those working in a commercial business, most codes make recommendations for each situation.

**Which of the following is not among the examples of specific threats affecting self-interest threat category?**

- A Having a concern about losing a client
- B Receiving a loan from a client or from its directors or officers
- C Acting on behalf of the of the client that is in dispute with a third party.
- D Having a close personal relationship with a client

**(2 Marks)**

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### QUESTION 17

**Which of the following is the international body representing all the major accountancy bodies across the world?**

- A International Federation of Accountants (IFAC)
- B International Ethics Standards Board of Accountants (IESBA)
- C International Accounting Standards Board (IASB)
- D Institute of Certified Public Accountant of Rwanda (ICPAR)

(2 Marks)

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### QUESTION 18

**Which of the following pairs of principles of behaviour are included in the seven principles of public life?**

- A Openness and Confidentiality
- B Confidentiality and Reliability
- C Reliability and Leadership
- D Openness and Leadership

(2 Marks)

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### QUESTION 19

The code of ethics (IESBA,2016) defines the safeguards as actions or other measures that may eliminate threats or reduce them to acceptable level.

**Which of the following is not among the safeguards to threats in the work environment?**

- A Leadership which stresses the importance of ethical behaviour
- B Quality controls and internal audit procedures
- C Rotation of personnel
- D Professional standards

(2 Marks)

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### QUESTION 20

Safeguards can be used to protect members in business against the threats to the fundamental principles.

**Which of the following is not among the safeguards to threats to members in business?**

- A Communicating policies and procedures to all employees
- B Strong internal controls
- C Timely communication of the firm's policies and procedures
- D Appropriate disciplinary processes

(2 Marks)

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### QUESTION 21

The increasing diversity of the modern workplace requires-----, mutual respect, and open communication, as the basis for constructive working relationships.

**Which of the following words is missing from the statement above?**

- A Integrity
- B Honesty
- C Fairness
- D Sensitivity

**(2 Marks)**

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### QUESTION 22

When entering into negotiations regarding professional services, a member in practice may quote whatever fee is deemed to be appropriate.

**When determining the fee, which of the following is not required as part of the process?**

- A Explaining which services are covered by the quote fee.
- B Making the client aware of the terms of the engagement.
- C Explaining why staff have been assigned to the job.
- D Explain the basis on which fees are charged

**(2 Marks)**

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### QUESTION 23

The fundamental principle of objectivity requires accountants not to compromise their ..... due to bias, conflict of interest or undue influence or other reasons

**What are the missing words in the sentence?**

- A Earning capacity
- B Professional image
- C Professional judgement
- D Personal ethics

**(2 Marks)**

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### QUESTION 24

Janvier, an accountant in business, is helping to produce the annual budget for his organisation. He has been given the sales figures by the sales manager but is concerned because the budgeted sales figure is much lower than he expected.

He would like to talk to the sales manager about this and confirm whether the figure is correct.



**Which of the professional qualities expected from an accountant that Janvier is most clearly demonstrating in this situation?**

- A Reliability
- B Accountability
- C Scepticism
- D Responsibility

**(2 Marks)**

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**QUESTION 25**

**Which of the following personal qualities expected from an accountant which means that, when taking on work, the accountant ensures it gets done and meets the professional standards?**

- A Respect
- B Courtesy
- C Responsibility
- D Reliability

**(2 Marks)**

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**QUESTION 26**

**Which of the following correctly describes the ethical principle of ‘independence in appearance’?**

- A An accountant must complete their work free from bias or prejudice
- B An accountant must carry out their work with integrity, objectivity, and professional scepticism.
- C An accountant must carry out their work in such a way as to give a reasonable person no cause to question their objectivity.
- D An accountant must complete their work without excessive supervision

**(2 Marks)**

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**QUESTION 27**

**Which of the following is not a circumstance in which confidential information may be shared by an accountant?**

- A Disclosure of information is required by law and an accountant has legal duty to disclose
- B Information will only be disclosed to close family members who do not intend to use the information for any personal gain.
- C Disclosure of information is permitted by the law and authorised by the accountant’s client or employer.
- D The accountant has a professional duty or right to disclose the information because it is in the public interest and disclosure is not permitted by law.

**(2 Marks)**

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### QUESTION 28

Moses is an auditor working on the statutory audit of a client. Upon leaving the client at the end of the audit field work, he accepted a valuable gift from the client's financial controller, as thanks for advice Moses had given during the audit.

**Which personal quality of an accountant is most likely to have been breached here?**

- A Scepticism
- B Accountability
- C Independence
- D Social responsibility

**(2 Marks)**

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### QUESTION 29

The Code of Ethics identifies two aspects of independence.

**Which of the following correctly identifies these two key aspects?**

- A Independence of thought; independence of mind
- B Independence of thought; independence of appearance
- C Independence of mind; independence of appearance
- D Profession independence; personal independence

**(2 Marks)**

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### QUESTION 30

**Which of the following does not constitute a threat to professional competence and due care?**

- A Requesting additional time to spend on duties
- B Inadequate information for performing the duties properly
- C Insufficient experience or training
- D Inadequate resources

**(2 Marks)**

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### QUESTION 31

**Which of the following best describes the professional quality of social responsibility?**

- A Questioning information given to you so that you form your own opinion regarding its quality and reliability.
- B Recognising that you are accountable for your own judgements and decisions
- C Recognising that you have public duty as well as a duty to your employer or clients
- D Competing your work without bias or prejudice

**(2 Marks)**

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### QUESTION 32

Holding client money can result in self-interest threats to integrity, objectivity, and professional behaviour.

**Which of the following is not one of the key safeguards an accountant in practice can apply in relation to holding client money?**

- A Separation
- B Accountability
- C Appropriation
- D Use

(2 Marks)

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### QUESTION 33

Although accountants have a duty to respect the confidentiality of information, there are certain circumstances in which accountants are permitted to, or required, to disclose confidential information.

**Which one of the following is not an example of the circumstances in which disclosure is required by the law and an accountant has a legal duty to disclose?**

- A Required by legal proceedings
- B Protection of a member's professional interests in legal proceedings
- C Required by public authorities
- D Actual or suspected money laundering financing

(2 Marks)

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### QUESTION 34

All information you receive through your work as an accountant should be regarded as confidential that it is given in trust and that it will not be shared or disclosed.

**Which of the following best describes the principle of confidentiality?**

- A The duty of confidentiality can be overridden in the public interest
- B The duty of confidentiality is an absolute ethical obligation
- C The duty of confidentiality is a legal obligation
- D None of the above

(2 Marks)

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### QUESTION 35

Government needs to be able to trust public sector accountants both to provide them with reliable and accurate information, and to carry its instructions. As such, accountants who work in the public sector must be politically neutral.

**Which of the following is not among the general principles that apply to public sector accountant providing political neutral services.?**

- A Freedom of expression
- B Independence and objectivity
- C Balancing rights and neutrality
- D Fair and honest advice

(2 Marks)

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### QUESTION 36

Even if the information can legitimately be disclosed, the accountants still have to consider a number of points in deciding whether or how to proceed.

**Which of the following are possible factors to consider in disclosing confidential information?**

- (i) How can you protect the ongoing confidentiality of the information as far as possible?
  - (ii) Who is the appropriate recipient of the information?
  - (iii) Will you incur legal liability by disclosing the information?
  - (iv) How reliable is information?
- A (i) and (ii)
  - B (i), (ii), and (iii)
  - C (ii), (iii) and (iv)
  - D All of the above

(2 Marks)

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### QUESTION 37

The duty of confidentiality requires an accountant to respect the confidentiality of information acquired as a result of professional and business relationships.

**Which of the following is not allowable disclosure of confidential information?**

- A Disclosing information is required by public authorities
- B Disclosing information to a news paper about the story of public interest
- C Disclosing information in order to comply with the requirements of professional body
- D Making voluntary disclosure to a regulator

(2 Marks)

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### QUESTION 38

According to the companies Act 2009, **for how long does a Rwandan company need to keep its accounting records at its head office?**

- A Three years
- B Permanently
- C Ten years
- D Five years

(2 Marks)

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### QUESTION 39

Financial institutions and reporting authorities are required to adopt measures to help prevent and identify money laundering and terrorist financing.

**Which of the following is not one of the anti- money laundering measures that financial institutions in Rwanda should adopt?**

- A Developing a permanent audit function
- B Implementing customer due diligence, and keeping information for ten years
- C Banning whistleblowing, to protect client confidentiality
- D Developing and maintaining programs, such as employee training

(2 Marks)

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### QUESTION 40

Accountants must comply with all relevant laws and regulations to holding of, and accounting for, any client's money they hold.

**Which of the following are situations in which accountants in practice should not hold client's monies?**

- (i) There is a condition on the accountant's licence or registration to prohibit dealing in client monies.
- (ii) They are the monies of investment business clients, and the accountant is not regulated.
- (iii) The accountant has reason to believe the money is criminal property.

- A (i) only
- B (ii) and (iii)
- C (i), (ii) and (iii)
- D None of the above

(2 Marks)

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### QUESTION 41

**Complete the following sentence by selecting the appropriate words from the list below.**

If an accountant has reasonable motive to suspect that funds are associated with money laundering, they must report their suspicion..... to appropriate authorities.

- A Prior
- B as a last resort
- C Immediately
- D Following

**2 Marks)**

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### QUESTION 42

Hirwa is an ICPAR member working in business and has been instructed by his line manager to take a course of action which he feels it is unethical.

**Which of the following best describes how Hirwa should respond to the instructions from his line manager?**

- A Hirwa should obey an instruction from the line manager and should take the course of action requested.
- B Hirwa is requested to refuse the request
- C Hirwa should seek advice from colleagues before responding to her line supervisor
- D Hirwa is entitled and required to refuse the request

**(2 Marks)**

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### QUESTION 43

Esther, an accountant in business working for a large manufacturing company, is facing an ethical dilemma at work.

**Which of the following would be least appropriate for her to consult for advice?**

- A Her supervisor
- B Family members
- C ICPAR
- D None of the above

**(2 Marks)**

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#### QUESTION 44

One of the ways in which an accountant could raise an ethical issue is through whistle blowing. The Law No 35/2012 makes a number of provisions in relation to a public servants and employees of both public and private entities.

**Which of the following statements is true in relation to Law No 35/2012?**

- A The whistle blower who discloses in good faith may still become the object of legal action where their information proves untrue.
- B The whistle blower must disclose any information they have about offences in the workplace.
- C The whistle blower may choose not to disclose information they have about offences in the workplace.
- D The whistle blower may make disclosures to any public organ

(2 Marks)

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#### QUESTION 45

An accountant may face a range of different situations where they need to take action in response to illegal or unethical activities.

**Which of the following steps is not required when dealing with suspicions of money laundering at a client?**

- A Document finding in written form
- B Examine the background and purpose of transactions
- C Provide an audio recording of the client discussing money laundering
- D Submit a report to the Financial Investigation Unit

(2 Marks)

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#### QUESTION 46

**Complete the following statements:**

Behaving ethically means acting with integrity, honesty, fairness and ..... in dealings with the clients, suppliers, colleagues, and others.

- A Respect
- B Confidence
- C Responsibility
- D Sensitivity

(2 Marks)

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### QUESTION 47

Law N° 47/2008 (law on prevention and penalising the crime of money laundering and financing terrorism) was introduced in response to the threats posed by money laundering and financing terrorism.

**Which of the following is not an aspect of money laundering?**

- A Concealing or disguising the nature and origin of the criminal property
- B Appropriating property belonging to another, with an intention to permanently deprive them of it.
- C Participating in, or association with, attempts to commit any of the activities related to money laundering
- D Converting, transferring, or handling criminal property

(2 Marks)

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### QUESTION 48

Claude is a junior member of staff and has been asked to complete a complex sales ledger reconciliation. Normally, the work should take two days, however Claude has been allocated one morning to complete the work.

**Which of the following fundamental ethical principles is most at breach here?**

- A Professional behaviour
- B Integrity
- C Professional competence and due care
- D Objectivity

(2 Marks)

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### QUESTION 49

“Holders of public office should act solely in the terms of public interest rather than to gain financial or other benefits for themselves or their families and friends”.

**Which of the below principles of public life does the following statements relates to?**

- A Openness
- B Objectivity
- C Selflessness
- D Accountability

(2 Marks)

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### QUESTION 50

Janet an accountant of JED Ltd has been ill. JED's audit firm has been asked to prepare the financial statements and audit the financial statements.

**Which one of the following threats is most relevant to the above situation?**

- A Self-interest threat
- B Familiarity threat
- C Self review threat
- D Advocacy threat

**(2 Marks)**

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