



CERTIFIED ACCOUNTING TECHNICIAN
STAGE 2 EXAMINATIONS
S2.3 PROFESSIONAL ETHICS IN ACCOUNTING AND
FINANCE

DATE: MONDAY 25, NOVEMBER 2024

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

Mugisha Robert is an audit engagement partner at BNP Ltd, a large commercial bank in Rwanda. The financial year ended 31st December 2023; the bank made unfavourable results. The BNP Ltd asked Mugisha Robert to accompany the bank in the meeting with shareholders and future potential investors and has been asked to speak favourably about the company's prospects and its forecasts.

What type of threat to Mugisha Robert independence is most likely to arise in this situation?

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

(2 Marks)

QUESTION TWO

Which one of the following statements is not true in relation to company credibility while maintaining professional values?

- A For many businesses, the reputation they develop can contribute to their success or failure in the market place
- B If employees start breaching company policies, and acting unethically or unlawfully, this could damage the business's reputation with clients, suppliers and the wider public
- C The twin forces of globalisation and digitalisation mean that any reported news about a company does not becomes instantly and widely available
- D In the modern business world; company reputations are becoming increasing important in determining their ability to proper

(2 Marks)

QUESTION THREE

Professional competence and due care means that having agreed to perform a task you have an obligation to perform it _____.

Which of the following is not required to complete the statement above, in order to comply with the principle?

- A With regard to the technical and professional standards expected of you as a professional
- B On time
- C Carefully, thoroughly
- D In the client or employer's best interests

(2 Marks)

QUESTION FOUR

A member shall not allow bias, conflict of interest or undue influence of others to override professional or business judgements.

Among the following fundamental ethical principles which one relates to above statement?

- A Professional Behaviour
- B Integrity
- C Objectivity
- D None of the above

(2 Marks)

QUESTION FIVE

An individual's right to freedom of expression has to be..... against the public interest in having politically neutral and effective civil servants.

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

- A Mixed
- B Outside the work place
- C Balanced
- D Un balanced

(2 Marks)

QUESTION SIX

The principle of political neutrality requires that accountants in public sector act impartially when dealing with governments and other officials to avoid favouring one political party over another.

However, there are general principles that apply to public sector accountant providing political neutral services.

Which of the following are general principles?

- i) Balancing rights and neutrality
- ii) Freedom of expression
- iii) Fair and honest advice
- iv) Integrity and objectivity

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

(2 Marks)

QUESTION SEVEN

Kimenyi Steven is the Chief Finance Officer for a medium-sized practice, composed mainly of qualified and ICPAR student members, and is considering the introduction of a Code of Conduct for the practice.

Which of the following are possible reasons for Kimenyi Steven to introduce such a Code of Conduct?

- i) Promoting stakeholder responsibilities
- ii) Conveying values to stakeholders
- iii) Promoting business objectives

- A (i) and (ii)
- B (i) only
- C (i) and (iii)
- D All of the above

(2 Marks)

QUESTION EIGHT

Kayesu Winnie is an ICPAR member in public sector working for the Ministry of Health in Rwanda. She usually takes one to two hours per day on phone leaving the patients behind unserved. Her colleague, Kabetesi Liliane has noticed this unethical behaviour done by Kayesu Winnie.

What is the most appropriate action for Kabetesi Liliane to take in this circumstance?

- A Report Kayesu Winnie to the Human Resources Department for an immediate action
- B Ignore it, because using phone in normal working hours is not causing any harm
- C Discuss her behaviour with her and encourage Kayesu Winnie to change
- D Report Kayesu Winnie to the Director General for her unethical behaviour

(2 Marks)

QUESTION NINE

To safeguard against the risk of being found liable to pay compensation, accountants may add which of the following to their work?

- A Disclaimer of trust
- B Disclaimer of ability
- C Disclaimer of confidentiality
- D Disclaimer of liability

(2 Marks)

QUESTION 10

Which of the following statements is the most accurate? Ethics can be described as:

- A Commitment to upholding the law
- B An assumptions and beliefs about what constitutes right and wrong behaviour
- C A set of moral principles that guide behaviour
- D An art of being morally responsible and accountable for our behaviour

(2 Marks)

QUESTION 11

Kiza Geofry is an auditor working on the statutory audit of a client. Upon leaving the client at the end of the audit field work, Kiza Geofry accepted a valuable gift from the client's Chief Finance Officer, as thanks for the advice, Kiza Geofry had supplied during the audit.

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

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

(2 Marks)

QUESTION 12

The Law n° 019/2023 of 30/03/2023 amending Law N° 007/2021 of 05/02/2021 regulating companies in Rwanda stipulates that every company must keep certain records at its registered office, or at any other place in Rwanda. Where the company changes the place at which its records are kept, it must notify the Registrar General.

As per the Companies Act and above amended law in Rwanda, how long should the Registrar General be notified of a change in the registered office?

- A Within fifteen (15) days of the change
- B Within ten (10) days of the change
- C Within seven (7) days of the change
- D Within five (5) days of the change

(2 Marks)

QUESTION 13

Which of the following statements about whistle blowing is/are true?

- i) Whistleblowing disclosure in Rwanda must be made to the investigation unit
- ii) An accountant working in business in Rwanda must disclose any information they have about unethical behaviour in their workplace

- A Both of them
- B (i) only
- C Neither of them
- D (ii) only

(2 Marks)

QUESTION 14

As per the 2009 Companies Act of Rwanda, how long should a company keep all written communications to shareholders, including annual reports?

- A Permanent
- B 5 years
- C 10 years
- D 15 years

(2 Marks)

QUESTION 15

Money laundering is:

- i) A civil law
- ii) A criminal law
- iii) A civil and criminal offence

Which one of the following is the correct?

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

(2 Marks)

QUESTION 16

Which of the following will not typically be outlined in an organisation's ethical code of conduct?

- A Behaviours that are required of staff as a condition of ongoing employment
- B How the organisation sees its responsibilities to stakeholders
- C The organisation's strategic objectives
- D Behaviours that are prohibited of staff

(2 Marks)

QUESTION 17

Murara Peter is a professional accountant in practice has knowingly prepared a set of financial statements for one of its clients XP Ltd on the basis of inadequate information. XP Ltd was not aware that Murara Peter did this and had not asked him or put pressure on him, to omit any information from the financial statements.

Which of the ethical fundamental principles are most threatened here?

- A Professional competence and due care, integrity, and objectivity
- B Professional competence and due care, integrity, and professional behaviour
- C Integrity, objectivity, and confidentiality
- D Integrity, objectivity and professional behaviour

(2 Marks)

QUESTION 18

Hirwa Ltd, an accountancy firm located in Musanze district hold some monies on behalf of its clients. The firm has only a single bank account in which it holds its own money and their clients' money.

Which one of the following key safeguards for holding client money that Hirwa Ltd appear to not be applying in this situation?

- A Separation
- B Use
- C Accountability
- D None of the above

(2 Marks)

QUESTION 19

When an accountant is provided with information, the accountant should question that information in order to form their own opinion regarding its quality and reliability.

Which professional quality will the accountant be demonstrating in this situation?

- A Competence and due care
- B Accountability
- C Scepticism
- D Independence

(2 Marks)

QUESTION 20

Martin is an ICPAR member who works for Jade Ltd, an audit firm located in Gatsibo District. He is responsible for producing the final accounts and tax returns for KN Ltd, a client of the Jade Ltd.

Which of the following correctly describes the area in which Martin works?

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

(2 Marks)

QUESTION 21

The Institute of Business Ethics, for evaluating business decisions recommends looking at three key characteristics of a potential decision.

Which of the following is not one of these characteristics?

- A Effect
- B Fairness
- C Precedent
- D Transparency

(2 Marks)

QUESTION 22

Many organisations have codes of ethics. These may set out general principles about an organisation's beliefs and ethical values, and are often supported by a code of conduct for employees.

Which one of the following is not among the pairs of key business values associated with ethical behaviour?

- A Truth and fairness
- B Transparency and fairness
- C Responsibility and respect
- D Responsibility and trust

(2 Marks)

QUESTION 23

Rutikanga James, an ICPAR member in business working for a coffee shop in Kicukiro district and has been instructed by his line supervisor, Muhire Fred to take a course of action which he feels is unethical.

Which of the following best describes how Rutikanga James should respond to the instructions?

- A Rutikanga James must obey an instruction from her line supervisor and should take the course of action requested
- B Rutikanga James is entitled to refuse the request
- C Rutikanga James is entitled and required to refuse the request of his line supervisor
- D Rutikanga James should escalate this request to other colleagues to seek advice before responding to his line supervisor

(2 Marks)

QUESTION 24

The International Ethics Standards Board for Accountants Code of Ethics (IESBA, 2016) outlines five factors that members should consider when attempting to resolve ethical conflicts.

Which of the following are among the five factors that members are advised to consider?

- i) Established internal procedures
- ii) All potential facts and rumours
- iii) Alternative courses of action, and their consequences

- A (i) and (ii) only
- B (i) and (iii) only
- C (ii) and (iii) only
- D (i), (ii) and (iii)

(2 Marks)

QUESTION 25

Fabien Ndagijimana is the audit engagement partner for the audit of a small company, FN Ltd located in Karongi District. FN Ltd has asked Fabien Ndagijimana to prepare the financial statements before auditing them.

Which of the following best describes the type of threat to which this request gives rise?

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

(2 Marks)

QUESTION 26

The principles of public life represent an attempt to improve the standards of behaviour for those in public life. One of these principles is described as follows.

“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 one of the following of principles of public life that is described correctly above?

- A Integrity
- B Leadership
- C Selflessness
- D None of the above

(2 Marks)

QUESTION 27

Which of the following statements is/are true?

- i) The Code of Ethics for Professional Accountants is legally binding
- ii) Under the Code of Ethics, as a minimum, accountants are expected to comply with the laws and regulations of the country in which they live and work.

- A Neither of them
- B (i) only
- C (ii) only
- D Both of them

(2 Marks)

QUESTION 28

One of the ways organisations can communicate to their employees the behaviour expected from them is through a code of practice. However, codes of practice or codes of conduct will only be effective if employees follow them.

Which of the following is not a reason why it is important to adhere to an organisational code of conduct?

- A Ensure legal compliance
- B Maintain the organisation's credibility
- C Maintain a good image with clients
- D To avoid the need for internal disciplinary procedures

(2 Marks)

QUESTION 29

When unethical or illegal behaviour is uncovered, whistleblowing should be carried out..... External whistleblowing should take place internal discussion.....with management.

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

- A 'Immediately' and 'following'
- B 'As a last resort' and 'following'
- C 'Immediately' and 'prior to'
- D 'As a last resort' and 'prior to'

(2 Marks)

QUESTION 30

An ICPAR member is involved in the process of deciding which supplier will be granted a new contract to supply Office furniture for their company. One supplier has asked the member if its bid is competitive.

Which of the fundamental ethical principles is the member most at risk of breaching in this situation?

- A Familiarity
- B Confidentiality
- C Integrity
- D Objectivity

(2 Marks)

QUESTION 31

Rwanda is a sovereign country under democracy and rule of law principles. Rwanda accepts multi-parties' system and encourages freedom of expression for its citizens. There are planned elections for parliament in Rwanda in 2024 for which different political parties will participate in. Mutoni Grace is an accountant in the Ministry of Infrastructure and is willing to participate in one of the political parties in Rwanda. She has approached you for an advice to comply ethically.

What is the correct course of action in dealing with political engagements?

- i) Mutoni Grace is allowed to join a political party
- ii) Mutoni Grace is not allowed to join a political party
- iii) Mutoni Grace should separate personal political views from her accounting profession

- A (i) only
- B (ii) only
- C (ii) and (iii)
- D (i) and (iii)

(2 Marks)

QUESTION 32

Reference to the above question, **which of the following is not a general principle that applies to political neutrality?**

- A Public sector accountants should not express their personal political views
- B It is in public interest for accountants, and other civil servants to be political neutral
- C An accountant's professional duty is to provide fair and honest advice, regardless of their political views.
- D Accountants in public sector need to keep their personal political views separate from their jobs

(2 Marks)

QUESTION 33

Mugisha Francis is a partner of an accounting firm, and he has invited an existing client to attend a charity basketball match as her guest. Mugisha Francis received the very important person (VIP) tickets free of charge as he is a patron of the charity hosting the event.

Which of the following best describes Mugisha Francis's offer here?

- A Corporate hospitality – this is neither a breach of professional ethics nor a criminal offence
- B Bribery – a potential criminal offence is being committed
- C Providing a gift – this would be a breach of professional ethics
- D Inducing a client – this is a breach of national laws

(2 Marks)

QUESTION 34

Employers have a responsibility to ensure their staff respect the principles of confidentiality.

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 family members who do not intend to use information for any person gain
- C Disclosure of information is permitted by law and authorised by the accountant's client
- D The accountant has professional duty or right to disclose the information because it is in the public interest and disclosure is not prohibited by law

(2 Marks)

QUESTION 35

Mulisa Harriet is working on an audit engagement for Best Ltd. She was given a task to complete with tight deadline by his audit supervisor, Byiringiro Fabrice. She is struggling to complete the work in the amount of time available, and is finding that she is having to work very long days and nights in an attempt to finish the engagement on time.

Which of the fundamental ethical principles is most likely to be threatened by Mulisa Harriet's situation?

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

(2 Marks)

QUESTION 36

Which of the following statements is/are true?

- i) If an accountant in business discovers an ethical conflict which they cannot resolve themselves, they should look to discuss it within their organisation before disclosing it to third parties.
- ii) If a suitable resolution to the conflict cannot be found, the accountant should consider resigning.

- A Neither of them
- B (i) only
- C (ii) only
- D Both of them

(2 Marks)

QUESTION 37

Niyonambaze Philomene is an ICPAR accountant working in industry. She has been offered gifts by the procurement manager of one of her employer's main suppliers, whom she has known for several years.

Which of the following statements are correct?

- A This is an intimidation threat to Philomene's objectivity
- B This is an intimidation threat to Philomene's professional competence and due care
- C This is a familiarity threat to Philomene's objectivity
- D None of the above

(2 Marks)

QUESTION 38

Uwera Agnes is the Chief financial officer of TTB Ltd, a large provider of timber to the construction industry. Last year she discovered that one of TTB Ltd's recently-appointed Non-Executive Directors was the Sister-In-Law of its Chief Executive Officer. Uwera Agnes challenged the appointment at the next board meeting.

Which of the following Principles of Public Life is Agnes most clearly demonstrating?

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

(2 Marks)

QUESTION 39

Informing the author of a transaction that it has been reported to the authorities is known as, and is an offence.

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

- A External whistle blowing
- B Money laundering
- C Internal whistle blowing
- D Tipping off

(2 Marks)

QUESTION 40

There are a number of other laws and regulations affecting the accounting and finance sector, and business in general. Accountants are obliged to understand the laws that apply mostly to their nature of work and conduct.

Which of the following other laws and regulations would mostly affect an accountant?

- (i) Employment law
- (ii) Environmental legislation
- (iii) Health and safety legislation

- A (i) only
- B (ii) and (iii) only
- C Both (i) and (ii)
- D All of the above

(2 Marks)

QUESTION 41

Musoni Jean is an accountant in business working for Green Hotel Ltd in Burera district and he has been serving well one of the hotel's clients. The client approached Musoni Jean and requested him if he can bring the gifts and have a friendly hospitality at Musoni Jean work place, but Musoni Jean is unaware if this is acceptable.

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

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

(2 Marks)

QUESTION 42

Which of the following is the least suitable for an ICPAR accountant to consult with when dealing with a major ethical dilemma?

- A The Audit Committee of their organisation
- B A close colleague
- C Their line manager
- D Institute of Certified Public Accountants of Rwanda (ICPAR)

(2 Marks)

QUESTION 43

Hakizimana Alphonse, a student member of ICPAR is unsure about the meaning of the principle of confidentiality.

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)

QUESTION 44

Mbabazi Phionah is an ICPAR member in practice. She received an invitation from ICPAR to attend training on 13th Annual Tax Convention Edition II schedule to take place from 24th to 26th July 2024 in Musanze district. The training will facilitate tax professionals, accountants, and other stakeholders in the tax field to learn, discuss and deliberate on some of the most recent developments in tax legislation and administration, devise mechanisms to help them stay up to date with the changing tax landscape and improve their skills in tax planning, compliance, and advocacy. The training will generate a certificate of 21 hours (CPD) in the area of expertise.

Which of the following is the most important reason for Mbabazi Phionah to attend 13th Annual Tax Convention Edition II courses for continued professional development?

- A To demonstrate to the firm's clients that their staff are being treated in a professional manner.
- B To comply with the requirements of the professional body with respect to training.
- C To show leadership towards the junior staff and encourage them to attend training sessions.
- D To ensure the maintenance of the necessary knowledge and technical skills to produce work to the required standards.

(2 Marks)

QUESTION 45

ICPAR CPD Policy requires each member to keep adequate CPD records to demonstrate that they have complied with policy and have maintained and improved their technical skills and abilities. Though Tumusime Enock is an Institute of Certified Public Accountant of Rwanda (ICPAR) member working in public sector and he has failed to undertake CPD, and at the end of each year every member is required to register and renew membership for them to remain on the list of members in good standing. Tumusime Enock institution has paid for his renewal fees though ICPAR is currently investigating his failure to comply with the CPD declaration requirement.

Which of the following misconduct might Tumusime Enock be found to have committed?

- A Professional Negligence
- B Professional misconduct
- C Breach of trust
- D Breach of contract with ICPAR

(2 Marks)

QUESTION 46

Which of the following is not correct in regard to maintaining proper books of accounts by accountants?

- A Company records should be kept for a maximum period of 10 years as required by the law
- B Company records to be kept should contain complete, accurate and valid information
- C Keeping company records is a legal or regulatory requirement
- D Confidential records should be kept out of reach of the public

(2 Marks)

QUESTION 47

Even if the information can legitimately be disclosed, the accountant still has 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 reliable is information
- ii) How can you protect the on-going confidentiality of the information as far as possible
- iii) Will you incur legal liability by disclosing the information

- A (i) only
- B (ii), and (iii)
- C (iii) only
- D All of the above

(2 Marks)

QUESTION 48

Uwimana Olivier is a professional accountant in practice. He has several pieces of confidential information about one of his clients, Emmanuel Tuyisabe.

Under which one of the following circumstances is it appropriate for Uwimana Olivier to disclose the information?

- (i) Disclosure if Emmanuel Tuyisabe has broken criminal laws
- (ii) Disclosure that is not required by law but is authorised by Emmanuel Tuyisabe
- (iii) Disclosure that is in public interest

- A (i) only
- B (ii) only
- C (i) and (iii)
- D All of the above

(2 Marks)

QUESTION 49

Muneza Fred has been accused of failing to pay clients the interest earned while holding their monies in trust. Muneza Fred did not require clients to sign letters of engagement when he begins working with them, but is a member of ICPAR with significant experience of working in corporate finance.

Which of the following is Muneza Fred most at risk of having committed?

- A Professional negligence
- B Breach of contract
- C Breach of trust
- D Theft

(2 Marks)

QUESTION 50

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

- A International Ethics Standards Board for Accountants
- B International Accounting Standards Board
- C International Federation of Accountants
- D Financial Reporting Council

(2 Marks)

End of Question Paper

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