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**CERTIFIED ACCOUNTING TECHNICIAN
STAGE 2 EXAMINATIONS**

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

DATE: MONDAY, 28 MARCH 2022

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

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

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

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

(2 Marks)

QUESTION TWO

Complete the following sentence using the picklist below:

Members must respect the of the information acquired through business relationships

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

(2 Marks)

QUESTION THREE

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

Which one of the following relates to the principle of professional behavior?

- A Behaving in a way to sustain or improve the reputation of the profession
- B Behaving with courtesy and consideration towards anyone you come into contact with professionally and in your personal life
- C Complying with the law
- D All of the above

(2 Marks)

QUESTION FOUR

You are an accountant in a certain organization. During a board meeting, one board member asks a technical question about a new accounting standard which you are not sure about.

What should you do first?

- A Tell the board member that she/he will get explanation about the new standard in a training being organized by a professional body for all board members
- B Clarify the limits of your expertise with the board member
- C Try to give a response based on the information you can remember
- D None of the above

(2 Marks)

QUESTION FIVE

Alex has been an accountant of one of district hospitals for five years. Recently, he saw a job advert at job in Rwanda where one organization was looking for someone on the position of the Head of Finance and Administration. One of the key experiences, was five years' confirmed practical experience in finance including at least 2 years on a managerial position. Alex decided to apply for the job, but he modified his CV a bit in order to meet the key experience requirement.

Which one of the following statements describes the above scenario?

- A Alex has not compromised his professional ethics because he has five years' experience
- B Alex has misled the potential employer and breached the ethical principle of objectivity
- C Alex has misled the potential employer and breached the ethical principle of integrity
- D None of the above

(2 Marks)

QUESTION SIX

Amelia Uwineza has been an engagement partner on the audit of T&T company for more than seven years.

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

- A Familiarity threat
- B Self-interest threat
- C A and B
- D None of the above

(2 Marks)

QUESTION SEVEN

Which of the following is not part of principles of public life?

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

(2 Marks)

QUESTION EIGHT

Which of the following are part of both fundamental ethical principles and principles of public life?

- A Accountability, integrity and objectivity
- B Confidentiality, Accountability and integrity
- C Objectivity, confidentiality and accountability
- D Integrity and objectivity

(2 Marks)

QUESTION NINE

Which of the following is also known as Nolan principles?

- A Fundamental ethical principles
- B Principles of public life
- C A and B
- D None of them

(2 Marks)

QUESTION 10

Behaving in an ethical manner involves acting appropriately.

This means acting with:

- A Sensitivity
- B Honesty
- C Fairness
- D All of the above

(2 Marks)

QUESTION 11

You have been recently recruited as an accountant in one of the private hospitals. During the induction you were briefed about the hospital's internal rules and regulations, and you were informed that during working hours you can use work phone for any work-related matters. A week ago, you realized that one of your colleagues have been using work phone for personal calls.

What is the action of your colleagues relating to?

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

(2 Marks)

QUESTION 12

When taking on work as an accountant, you must ensure that it gets done and meets professional standards.

Which one of the following personal qualities relates to the above statement?

- A Responsibility
- B Respect
- C Reliability
- D All of the above

(2 Marks)

QUESTION 13

Yvon is an accountant in one of the district hospitals. A month ago, his line manager requested him to process an invoice from one of their suppliers and informed him that he can process it right away because he has already reviewed the file.

What should Yvon do?

- A Process the invoice without review
- B Reject the invoice because he has a lot of work
- C Process the invoice after review
- D None of the above

(2 Marks)

QUESTION 14

Accountants have a public duty as well as a duty to their employer or client.

Which one of the following refer to the above statement?

- A Accountability
- B Social responsibility
- C Responsibility
- D All of the above

(2 Marks)

QUESTION 15

There are certain services that an accountant cannot legally offer unless they are authorized to do so by the relevant regulatory body.

Which one of the following is part of those services?

- A Insolvency practice
- B External audit
- C Investment business
- D All of the above

(2 Marks)

QUESTION 16

Handling clients' money can result in self-interest threats to integrity, objectivity and professional behavior.

The safeguards against those threats can be related to:

- A Use
- B Accountability
- C Separation
- D All of the above

(2 Marks)

QUESTION 17

Mishandling clients' money cause several problems.

Which one of the following can be a result of mishandling clients' money?

- A Breach of contract and breach of trust
- B Breach of trust, breach of contract and professional negligence
- C Accused of theft, breach of contract and trust
- D None of the above

(2 Marks)

QUESTION 18

The accountants must comply with all relevant laws and regulations relevant to the holding of, and accounting for, any client money they hold.

However, in some circumstances, accountants in practice should not hold clients' money.

Which of the following is not part of those circumstances?

- A There is a reason to believe that the money is criminal property
- B There is no justification to hold that money
- C They are the money of investment business, and the accountant is regulated
- D There is a condition on the accountant's license or registration to prohibit dealing in client monies

(2 Marks)

QUESTION 19

Confidentiality is one of the fundamental principles of ethics.

As a general rule confidentiality means that accountant must not:

- A Use confidential information acquired through their work to the accountant's or third party's advantage
- B Disclose information about their client's or employer's affairs
- C A and B
- D None of the above

(2 Marks)

QUESTION 20

Employers have a responsibility to ensure their staff respect the principles of confidentiality, and accounting firm could issue confidentiality contracts and guidelines to all members of staff as a safeguard to protect client confidentiality.

Which one of the following explain why confidentiality needs to be protected?

- A The information is private
- B The information is shared within a client relationship
- C The information is classified
- D All of the above

(2 Marks)

QUESTION 21

You have been working on an assignment of C&C transport company. In an exit meeting with your client, you agreed to share the final report on email by the end of the week after incorporating all client's comments. Three days after the agreed deadline, you received a reminder email about the submission of the final report. You immediately thought that maybe the email did not reach the client because it remained in outbox. Then you realized that the email was sent to the wrong email which happen to be of C&B IT company.

Is this a breach of confidentiality?

- A No, because C&B company is not in the same business with C&C company
- B Yes, because you have shared client C&C company's sensitive information with a third-party without their consent.
- C No, because C&B is not a competitor of C&C therefore that information is irrelevant for C&B
- D A and C

(2 Marks)

QUESTION 22

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

In which of the following examples would an accountant be permitted or required to disclose confidential information?

- A Suspected money laundering
- B Disclosure to potential buyers of the client company
- C Protection of a member's professional interests in legal proceedings
- D All of the above

(2 Marks)

QUESTION 23

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 one of the following is not part of the points to consider?

- A Reliability of the information
- B Appropriate recipient of the information
- C Completeness of the information
- D Legal liability by disclosing the information

(2 Marks)

QUESTION 24

You recently received an email from your client labelled “for your eyes only”.

What should be the meaning of this label?

- A Confidential
- B The email is only meant for you
- C You should understand your responsibility to protect the information received in that email from further disclosure
- D All of the above

(2 Marks)

QUESTION 25

Complete the following sentence using the picklist below:

If all the relevant facts are known and supported by good evidence, the disclosure may be clear cut but, if all you have is unsupported facts, opinions or suspicions, you may have to as to whether you disclose, how and to whom.

- A Consult the legal unit of your organization
- B Discuss it with your friend for guidance
- C Use your professional judgment
- D None of the above

(2 Marks)

QUESTION 26

Which one of the following statements is not correct?

- A Accountants are permitted to disclose confidential information if it is permitted by law and authorized by the client or employer
- B Accountants are permitted to disclose confidential information if it is required by law and it is a legal duty to do so
- C Accountants are required to disclose confidential information if there is a professional duty or right to disclose which is in the public interest and not prohibited by law
- D Accountants are required to disclose confidential information if it is permitted by law and not authorized by the client or employer

(2 Marks)

QUESTION 27

Complete the following sentence using the picklist below:

Disclosing money laundering is legally and you cannot be sued for breach of professional confidentiality.

- A Known
- B Considered
- C Privileged
- D Recognized

(2 Marks)

QUESTION 28

Which of the following principles can be applied in order to maintain neutrality and objectivity in the public sector?

- A Balancing rights and neutrality
- B Fair and honest advice
- C Freedom of expression
- D All of the above

(2 Marks)

QUESTION 29

Complete the following sentence using the picklist below:

Political bias could, potentially, representthreat for an accountant working in public sector.

- A Advocacy
- B Familiarity
- C Intimidation
- D All of the above

(2 Marks)

QUESTION 30

According to the principles applicable to political neutrality, which one of the following statements is not correct?

- A Public sector accountants have the same rights of political expression outside the workplace, and in their own time, as ordinary members of the public
- B Public sector accountants must keep their jobs out of politics, and politics out of their jobs
- C Public sector accountants should not publicly express any view either for or against the policies of the government
- D All of the above

(2 Marks)

QUESTION 31

Which one of the following is not part of the first five factors to consider when resolving ethical conflicts?

- A Legal advice
- B Ethical issues involved
- C Fundamental principles related to the matter in question
- D Relevant facts

(2 Marks)

QUESTION 32

In some situations, a member may wish to take a legal advice or to disclose an ethical conflict to a third party.

Please select the best explanation to the above statement from the list below

- A If no corrective action is being taken by the organization when the matter has been reported internally
- B No higher authority exists within the organization with whom the matter can be discussed
- C The higher authority with whom the matter can be discussed is on leave
- D A and B

(2 Marks)

QUESTION 33

Which one of the following is the best thing to do in relation to the disclosure of confidential information?

- A Keep detailed notes of any meetings, telephone conversation or other activities relating to the matter
- B Keep detailed notes of any meetings, telephone conversation or other activities relating to the daily activities
- C Keep detailed notes of any meetings, telephone conversation or other activities relating to the matter which support the decision to disclose the information to a third party
- D None of the above

(2 Marks)

QUESTION 34

Complete the following sentence using the picklist below:

If an accountant suspects that their immediate superior, or a member of the management team are involved in the unlawful or unethical act, then the accountant is encouraged to discuss the matter with.....in the organization.

- A A legal advisor in the organization
- B A line manager in the organization
- C A higher-level authority in the organization
- D All of the above

(2 Marks)

QUESTION 35

Which of the following statements is/are true?

- (i) If an accountant suspects that a client is behaving unethically, they should remain silent to protect the duty of confidentiality
- (ii) The accountant should refer to the internal policies and procedures of their organization for guidance about who to discuss potential illegal behavior with

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

(2 Marks)

QUESTION 36

Complete the following sentence using the picklist below:

Whenever arise the legal responsibilities and your professional standards take precedence.

- A Conflict of interest
- B Conflict of loyalties
- C Personal conflicts
- D All of the above

(2 Marks)

QUESTION 37

Which one of the following cannot be qualified as money laundering?

- A Acquiring, using or possessing criminal property
- B Concealing or disguising the nature and origin of criminal property
- C Converting, transferring or handling property
- D None of the above

(2 Marks)

QUESTION 38

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

Possible measures can be:

- (i) Developing a permanent audit function to ensure the necessary measures are adopted to comply with anti- money laundering legislation
- (ii) Implementing customer due diligence, keeping information for ten years
- (iii) Developing and maintaining programs against money laundering

Which one of the above measures can be adopted?

- A (i) and (iii)
- B (ii) and (iii)
- C (i) and (ii)
- D All of them

(2 Marks)

QUESTION 39

Complete the following sentence using the picklist below:

When considering what to do about an ethical issue, first of all consider the application ofto the particular situation you are facing.

- A Work procedures
- B Internal rules and regulations
- C Legal and ethical guidelines
- D All of the above

(2 Marks)

QUESTION 40

There are some aspects to consider in ethical test when evaluating a business decision such as:

- (i) Transparency
- (ii) Fairness
- (iii) Effect

Which one of them can be part of a simple ethical test?

- A All of them
- B (i) and (ii)
- C (i) and (iii)
- D (ii) and (iii)

(2 Marks)

QUESTION 41

Complete the following sentence using the picklist below:

If, in professional life, you have an ethical concern the most appropriate course of action would be to raise this with your.....

- A Employee helpline
- B Professional body
- C Colleagues in the same department
- D All of the above

(2 Marks)

QUESTION 42

There are some questions to consider when assessing whether actions or behaviors are appropriate or inappropriate such as:

- (i) Is the action balanced and fair?
- (ii) Is the action legal
- (iii) Is the action in line with company policy and professional guidelines?

Which one of the following can be part of the key questions to consider?

- A All of them
- B (ii) and (iii)
- C (i) and (ii)
- D Neither of them

(2 Marks)

QUESTION 43

Money laundering is:

- (i) Civil offence
- (ii) Criminal offence
- (iii) Civil and criminal offence

Which one of the following is correct?

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

(2 Marks)

QUESTION 44

You are an engagement partner at A&Y partners. You are about to conclude your audit assignment at DY company but three days ago one member of your audit team discovered a suspicious case of money laundering.

Which one of the following steps is not required while dealing with that case?

- A Document findings in written form
- B Submit a report to the financial investigation unit
- C Examine the background and purpose of the transactions
- D Submit a report to client

(2 Marks)

QUESTION 45

Which one of the following statements is correct?

- A Whistleblowing is a disclosure by an employer of illegal or unethical practices by his or her employee
- B Whistleblowing is a disclosure by an employee of illegal or unethical practices by his or her employer
- C Whistleblowing is a disclosure by an employee of illegal or unethical practices by his or her colleague in a workplace
- D All of the above

(2 Marks)

QUESTION 46

You are working for an international Non Governmental Organization (NGO) having different branches around the world. A week ago, you went for a field mission and discovered some unethical activities within your organization, back to office you decide to report the matter to the country representative.

What does this action represent?

- A Internal whistleblowing
- B External whistleblowing
- C Tipping off
- D None of the above

(2 Marks)

QUESTION 47

Kenzo is an accountant of a local NGO in Rwanda. Recently, that NGO got a funding and Kenzo has a reasonable motive to suspect that those funds are associated with money laundering.

What should Kenzo do?

- A Report the suspicion immediately to his line manager
- B Report the suspicion immediately to the Financial Investigation Unit
- C Remain silent
- D A and B

(2 Marks)

QUESTION 48

Complete the following sentence using the picklist below:

The legislation against money laundering requires accountants to pay special attention to all complex, unusual patterns of transactions, which have no apparent

- A Social or economic lawful purpose
- B Social or political lawful purpose
- C Economic or political lawful purpose
- D Economic or visible lawful purpose

(2 Marks)

QUESTION 49

Complete the following sentence using the picklist below:

Accountants have a responsibility to act inand a part of this obligation includes reporting or disclosing unethical behavior whenever identified.

- A The organization's interest
- B The professional body's interest
- C The public interest
- D All of the above

(2 Marks)

QUESTION 50

Which of the following statements is correct?

- A External whistleblowing should be a last resort option
- B External whistleblowing should not be a last resort option
- C Internal whistleblowing should be a last resort option
- D None of the above

(2 Marks)

End of question paper

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